

Information Note

27 June 2013

OFGEM GRANTS SHERINGHAM SHOAL OFFSHORE TRANSMISSION LICENCE

The Blue Transmission consortium, comprising Macquarie Capital Group Limited and Barclays Infrastructure Funds, has today completed the transaction to own and operate the transmission link to Sheringham Shoal wind farm.

Ofgem appointed Blue Transmission to take over ownership of the link from Scira Offshore Energy Limited following a competitive tender under the Offshore Transmission Owner (OFTO) regime. Scira Offshore Energy Limited is a joint-venture company owned equally by Statoil and Statkraft.

Blue Transmission is buying the link for £193m, making it the largest transaction to reach financial close so far in the OFTO regime. It brings the total amount of investment in the first tender round of the OFTO regime to around £660m.

This is also the first offshore transmission project involving Scira Offshore Energy Limited.

The Sheringham Shoal windfarm, located off the coast of North Norfolk, has a capacity of up to 317MW and comprises 88 wind turbines that will generate around 1.1TWh of green energy per annum.

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Note to Editors

1. This transaction is the seventh and largest to reach financial close so far in the first tender round of the OFTO regime. Blue Transmission will now own and operate the offshore transmission link for 20 years.
2. Blue Transmission has previously been awarded OFTO licences to operate the offshore transmission links to the 184MW Walney 1 and the 184MW Walney 2 windfarms, located in the Irish Sea.
3. Blue Transmission was also appointed by Ofgem E-Serve as the preferred bidder to own and operate the high voltage link for the London Array (Phase 1) wind farm in September 2012.
4. The first transitional tender round attracted almost £4 billion of investment appetite for £1.1 billion of offshore transmission links to nine offshore wind farms.
5. Press statements on the six OFTO licences previously granted for projects in the first transitional tender round (Barrow, Gunfleet Sands, Robin Rigg, Walney 1, Ormonde and Walney 2), are available here:
 - <http://www.ofgem.gov.uk/Media/PressRel/Documents1/Walney%20OFTO.pdf>
 - http://www.ofgem.gov.uk/Media/PressRel/Documents1/barrow%20OFTO%20licence%20grant_9_2011.pdf
 - <http://www.ofgem.gov.uk/Media/PressRel/Documents1/Gunfleet%20OFTO%2019%20July%202011.pdf>
 - <http://www.ofgem.gov.uk/Media/PressRel/Documents1/First%20OFTO%20press%20release.pdf>
 - http://www.ofgem.gov.uk/Media/PressRel/Documents1/20120710_Ormonde_information_note-Final.pdf
 - http://www.ofgem.gov.uk/Media/PressRel/Documents1/20120926_Walney_2.pdf
6. The offshore regulatory regime, developed by DECC and Ofgem, was launched in 2009 and uses competitive tendering for licensing offshore electricity transmission.

The regime is being delivered in two parts, transitional and enduring. The transitional regime involves two tender rounds, opening the way for transmission licencees to own and operate transmission assets for offshore renewable projects which have been or are being constructed by an offshore generator. Future tenders will fall under the enduring regime which will enable Ofgem to run tenders for projects where:

- Offshore Transmission Owners (OFTOs), design, build, operate and maintain the transmission assets; or
- Generators, build the transmission assets and then transfer them to OFTOs at construction completion.

7. Ofgem expect the first enduring tender round, Tender Round 3 (TR3), to launch in later in 2013.

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