

Sean McLachlan
GET BB Consortium
c/o Balfour Beatty Investments
350 Euston Road
London
NW1 3AX

Direct Dial: 020 7901 7358
Email: offshoretransmission@ofgem.gov.uk

Date: 26 September 2013

Dear Sean,

Notice of consultation to modify conditions of the transmission licence proposed to be granted to the successful bidder for the Greater Gabbard project

We have today commenced a consultation under section 8A of the Electricity Act 1989 on the proposed modifications to certain standard conditions of the transmission licence that may be granted to Greater Gabbard OFTO plc¹ (the **Potential Licensee**). The transmission licence will be granted to the Potential Licensee if the GET Balfour Beatty consortium (a consortium of Balfour Beatty Investments Limited, Equitix Ltd and AMP Capital Investors Limited) (the **Preferred Bidder**) becomes the successful bidder for the Greater Gabbard project (the **Project**).

The attached consultation notice is published on our website and sets out details of the proposed modifications, the closing date of the consultation and how to respond. We have posted hard copies to you, Hugh Crossley, Juhani Sillanpaa and the Company Secretary of the Potential Licensee.

We are proposing to add a number of amended standard conditions to the transmission licence that may be granted to the Potential Licensee should the Preferred Bidder become the successful bidder for the Project. These proposed conditions are annexed to the section 8A notice.

In accordance with our statutory requirements and best practice we have brought the proposed modifications to the attention of persons likely to be affected and also provided copies of the notice to:

- The Secretary of State of Energy and Climate Change;
- Consumer Futures;
- The Health and Safety Executive (HSE);
- The Scottish Executive;
- The Welsh Assembly; and
- The Project Developer (a consortium of SSE and RWE Innogy).

Project specific Licence modifications

Amended Standard Condition E12-A2 (Market Rate Revenue Adjustment)

The Authority proposes to include "bond spreads" under the definition of "market rates" in Amended Standard Condition E12-A2, paragraph 7. This is to incorporate flexibility into the

¹ The proposed licensee entity incorporated by the Preferred Bidder.

calculation of the Market Rate Revenue Adjustment, to accommodate alternative funding solutions (e.g. capital market solutions).

Tender revenue stream

Amended standard condition E12-J2 (Restriction of Transmission Revenue: Revenue from Transmission Owner Services) sets out the proposed tender revenue stream for the Project for the purposes of the section 8A consultation (the **s8A TRS**). The s8A TRS is based on the tender revenue stream bid by the Preferred Bidder at the re-tender of the Invitation to Tender (**Re-ITT**) stage of the tender process, which has been updated to reflect further information available to the Preferred Bidder since the date of the Re-ITT submission, including the draft final transfer value for the Project. The s8A TRS assumes that 100% of the draft final transfer value will be paid to the project developer on asset transfer. Details of the transfer value which is reflected in the s8A TRS are set out in the draft cost assessment report for the Project, which is published on our website today (www.ofgem.gov.uk).

If you have any queries regarding the information contained within this letter you should contact Hannah Evans on 020 7901 7358 or by email offshoretransmission@ofgem.gov.uk

Yours sincerely

Stephen Beel
Associate Director, Offshore Transmission