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**RE: Consultation on implementation of the Generator  
Commissioning Clause**

24 October 2013

We welcome the introduction of the generator commissioning clause, as this should provide a good solution to the issue of transmission without a licence during the commissioning period prior to asset transfer to the OFTO.

Our ref. 131024\_Generator  
Commissioning Clause

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It is important that the issuing of the completion notice is linked to a clear trigger point, that is independent of the structure of delivery of the transmission assets. It is also important that the 18 months 'count down' from the issuance of the completion notice allows for a timely and efficient OFTO transfer. We are concerned that the proposed ION B point is too early, and that as projects increase in size and complexity the likelihood of completing commissioning and transfer within this point in time is less likely. We believe a more appropriate point would be linked to the wind farm achieving a certain level of generation. This would provide increased confidence to all parties that the assets are working as expected, and initial discussions with National Grid suggests that it could be linked to a formal notification.

Our responses to the detailed questions can be found below.

Yours sincerely



**Ebba Phillips John**  
Regulatory Affairs Advisor

DONG Energy

**Question 2.1: Do you agree with our proposal to split the ION into an ION Part A and ION Part B? Please provide reasons to support your answer.**

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The split of ION into Part A and Part B is functional to the decision of having the completion notice trigger point at the issue of the ION Part B. However, we believe that the ION part B is too early, and that Ofgem should consider a later trigger point (see answer to question 2.3 below). Should Ofgem decide that the trigger point should align with the ION Part B, then it makes sense to split the ION into two parts.

**Question 2.2: Do you agree with our assessment of the options for the completion notice trigger point? Please provide reasons to support your answer.**

See answer to question 2.3

**Question 2.3: Do you agree that ION Part B represents the best trigger point for the completion notice? Please provide reasons to support your answer.**

It is important that the generator commissioning clause achieves its aim, and avoids a situation where generators have to continue to seek comfort from DECC for legitimate reasons to avoid the risk of transmitting power without a licence. We do not think that the proposed 18 months between the issuing of ION B and the completion of the asset transfer is sufficient. Experience from existing projects shows that 18 months from that date represents a very tight timescale:

- London Array had a failure of the export system during installation and 19 months were required to achieve the OFTO transfer from the issuing of the equivalent of ION B.
- Other projects took around 18 months even though there were no major issues during the period between the issue of ION and the transfer to the OFTO.

From the generator's point of view, a tight schedule for completing commissioning and handing over the assets would result in a stronger bargaining position for the OFTO, who would benefit from knowing the generator is in a position where it is forced to enter into the transfer agreements when the end of the 18 months approaches, or be in breach of the law. We do not believe this would lead to efficient and effective transactions, and note that the generator already has a strong incentive to not delay the OFTO transaction as it will not be able to recoup its capital expenditure to recycle into new investment opportunities until the transaction is closed.

We think this could be solved by moving the start of the 18 months to a later period beyond the ION B trigger point to when a certain level of generation has been achieved, for instance when 20% of installed active power / 20% of load level on final offshore BMU/GEP. This gives the generator and the OFTO more confidence that the assets are working well, and we believe this would facilitate an efficient transaction and commissioning process to be achieved in a more realistic timeframe. However, there will never be full certainty as to whether the transmission assets are fully reliable until the assets have been tested with 100% generation.

DONG Energy and other industry participants have discussed this issue with National Grid, and they believe it will be possible to provide a solution with a

formal notification to be issued when a generation-linked threshold, for example 20%, has been achieved.

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**Question 2.4: Are there any other points in the commissioning process that you feel we haven't considered in the options above that would be a more appropriate point for triggering the completion notice? Please provide reasons to support your answer.**

See our answer to question 2.3 above

**Question 3.1: Do you agree that the proposed approach, that projects in flight be issued a completion notice when the code and licence modifications take effect and full commencement has occurred, is the most appropriate approach for such projects? Please provide reasons to support your answer.**

Yes, we agree with the proposed solution as this would allow projects in flight to have enough time complete the transfer.

**Question 3.2: Do you consider any other possible approaches we have not outlined would be a more suitable solution for projects in flight? It should be noted that options are limited by the scope of the Clause.**

No, we don't have any further comment

**Question 4.1 – 5.2: Comments on licence/code drafting**

We do not have any comments on the proposed licence and code drafting.