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Offshore Electricity Transmission: Consultation on implementation of the Generator Commissioning Clause in the Energy Bill

Dear Catherine

Thank you for the opportunity to respond to this consultation. We address each question in turn below, however in summary whilst we broadly welcome the objectives of the proposed changes to the affected Industry Codes, in our view a variation of ION B Option 3 is preferable; whereby a Completion Notice is issued once a defined percentage of active export power has occurred.

We would suggest that this would be with reference to the day when 20% of the Transmission Entry Capacity (TEC) of either the single or final stage of a Qualifying Project is exported and recorded through the Metering System. In the case of a Qualifying Project comprising multiple stages, the TEC for the final stage would be by reference to the TEC for the offshore platform to which the final stage relates, as specified in Appendix C of the Bilateral Connection Agreement. The active power export would be visible to National Grid and the developer through operational metering and evidenced by settlement data. This would then enable National Grid to confirm the date when the Completion Notice should be issued.

This is important as until a degree of active power has been transmitted a developer undertaking OTSDUW Build cannot be confident that the offshore transmission assets are available for ongoing use. This mitigates against a situation where a failure occurs on the offshore transmission assets when active power export first occurs or shortly thereafter as the levels of export increase.

Depending on the nature of the failure, this may prevent an OFTO from completing a purchase of the offshore transmission assets within 18 months of the Completion Notice being issued. This is because it will not have been possible for the developer to achieve

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full export across the offshore transmission assets within the 18 months, and thereby demonstrating the full capability of the offshore transmission assets enabling an OFTO to complete the purchase, due to the failure having occurred and the length of time required to rectify the fault.

As provided for by the clause in the Energy Bill, this allows a developer to ensure that not only is it possible but can also demonstrate that it can carry on "an activity to which section 4(1)(b) applies by making available for use that system".

We hope that you find our response of help. Should you wish to discuss any aspect of our response in further detail please do not hesitate to contact me.

Yours sincerely

Guy Phillips
Grid Interface Executive

Response to Consultation Questions

Question 2.1

We agree with the proposal to split the ION in to Part A and Part B. As the legal text provides these can still both be issued on the same day if required. Should Reactive Power export be necessary for commissioning purposes ahead of first Active Power export then enabling this through ION Part A is appropriate. Requiring the Completion Notice to be issued as a condition under ION Part B is also appropriate where Active Power export occurs at a later date.

Question 2.2

We do not agree with options assessed for the Completion Notice Trigger Point for the reasons set out in the first half of our response above. We believe a variation on option 3 is more appropriate with Trigger Point being when Active Power export up to a defined level is achieved. To support our reasoning we would cite practical experience encountered in commissioning the onshore substation assets for London Array phase 1:

<https://www.ofgem.gov.uk/ofgempublications/83142/appendix4skmexportcableandclevelandincidentreview.pdf>

In summary the 400kV cable sealing ends at Cleve Hill onshore substation failed on 28 March 2012, affecting two export cables at the time. The sealing ends had been in service for 150 hours, just over 6 days, when the failure occurred. Following investigation it was decided that all of the cable sealing ends should be replaced, the works were planned to complete on 27 October 2012, 7 months later. The first turbine was installed in January 2012. The ION was first issued by National Grid at the beginning of March 2012. The failure delayed first export and during the replacement works London Array was unable to export. The incident occurred during the later part of the ITT stage of the OFTO tender process and was resolved after the Preferred Bidder had been announced. First generation export occurred at the end of October 2012. The OFTO transaction completed in September 2013, 19 months after the ION was first issued.

Although this example is close to the 18 month deadline, as offshore transmission systems become more complex, the nature of any events could be even more significant and potentially take longer to rectify. If as a consequence of this it makes it difficult or potentially impossible to prove the full capability of the assets proposed to be sold within the 18 month period, not only does it affect the bargaining power of parties to the transaction, it may make it impossible for a Preferred Bidder to obtain final financial approvals to close the transaction. Limiting the period when the 18 month period

commences at this time restricts an element of flexibility that may be desirable to all parties involved in the OFTO tender process in the future.

Question 2.3

We agree that ION Part B is the best point to include the Completion Notice Trigger Point, however, as stated we present an alternative set of circumstances defining when the notice should be issued.

Question 2.4

Nothing in addition to the first half of our response above.

Question 3.1

We agree with the proposal that projects in flight should be issued a Completion Notice to ensure consistent treatment across all projects upon full commencement of the regime.

Question 3.2

We have not proposed any alternative options on this aspect.

Question 4.1

As set out in the document we agree that the licence changes reflect the proposed option.

Question 4.2

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

Question 5.1

As set out in the document we agree that the legal text changes to the CUSC and Grid Code reflect the proposed option.

Question 5.2

Alternative legal drafting would be necessary to reflect our variation to Option 3 under ION Part B for issuing the Completion Notice. We have not considered the detail of this but would be happy to do so in conjunction with Ofgem and National Grid if it agrees with our alternative proposal.