

By email: offshore.enduring@ofgem.gov.uk

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Dear Hannah,

2 December 2013

RE: Consultation on the generic OFTO licence for TR 3

Our ref. 131202 OFTO TR3 licence

ebjoh@dongenergy.co.uk
Tel 02078115200

Thank you for the opportunity to respond to the consultation on the generic licence for the upcoming Offshore Transmission Owner licences. DONG Energy is one of the leading developers and operators of offshore wind farms in the world, and has participated in 7 OFTO tenders in TR1 and TR2. In respect of TR3 we have qualified one project for tendering, and have a strong pipeline of future projects.

We strongly welcome Ofgem's decision to review the availability incentive, and believe that the proposed option will bring benefits in terms of aligning the OFTO's incentive to minimise outages with the generator's requirements for uninterrupted access to the onshore transmission network.

We believe the current proposal for $a=1$ and $b=1.3$ is appropriate. We do however note that there could be benefits in the future of revising these numbers, for example to reflect improvements in maintenance operations and developments in industry best practice. The 'a' parameter determines when the OFTO's penalty cap is hit, and there could be merit in changing this in the future. For example, if the time to source a supply chain item to carry out repair of an asset such as jack-up vessels to repair subsea cable is reduced e.g. from 6 months to 3 months then there may be benefits in the revenue cap being reached more rapidly (in month 3 instead of in month 6). Otherwise, there is a risk that the incentive would not be strong enough to ensure that the fastest repair solution is found.

At the moment the generator has the opportunity to specify (within limits) the seasonal weighting that applies to the availability incentive mechanism at the time of ITT. Ofgem should consider allowing a generator preference for the values of 'a' and 'b' to be specified at the time of ITT for future tenders, where the generator can provide evidence as justification for moving away from the

currently established values. This would mirror current arrangements, and would allow for project specific flexibilities.

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Yours sincerely

A handwritten signature in black ink, appearing to read 'Ebba Phillips John', written over a light blue horizontal line.

Ebba Phillips John
Regulatory Affairs Advisor

DONG Energy