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24 February 2014

Catherine McArthur
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Initially by email
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Dear Catherine

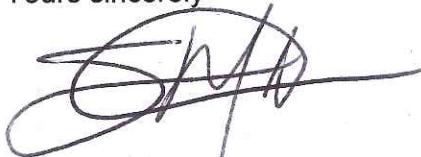
Response to consultation on implementation of the Generator Commissioning Clause in the Energy Act 2013

Balfour Beatty Investments acting as agent for the Balfour Beatty Group Limited ("Group") is pleased to respond to your **consultation on implementation of the Generator Commissioning Clause in the Energy Act 2013**, dated 24 January 2014.

In principle we support the concept of asset transfer 18 months after issue of a completion notice, subject to relevant protections being put in place in the event of asset failure or non-compliance.

Our response is provided as an appendix to this letter and we would be pleased to discuss in further detail with you.

Yours sincerely



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RESPONSE TO: Offshore Electricity Transmission: Consultation on implementation of the Generator Commissioning Clause in the Energy Act 2013

Question 2.1: Do you consider, based on the analysis presented, that Option 1: ION Part B is the best point at which to issue a completion notice in line with the requirements of the Clause? Please provide evidence in support of any other option.

We agree that Option, ION Part B, is the best point at which to issue a completion notice in line with the requirements of the Clause.

Question 2.2: Do you have any further comments about our minded-to completion notice trigger point?

We agree in principle that asset transfer could take place within 18 months of a Completion Notice issued in accordance with Ofgem's minded to position. This does depend critically, however, on the nature and severity of any asset failure or non-compliance and the degree to which that would expose the OFTO to construction risks after the 18 month period. For that reason it would be helpful if Ofgem could expand on the range of options which could be considered on a case by case basis, including, where appropriate, suitable licence protections for the OFTO.

Question 2.3: Do you feel that any further clarification is necessary to aid your understanding of how the Clause will work in practice for phased and /or staged projects? If so, please stipulate which points require further clarification.

As laid out in our response to 2.2 above, we believe that it is important to understand more clearly the options available to Ofgem. In a phased or staged project, if a failure or non-compliance occurs during the last phase, it could result in a failure to achieve a satisfactory commercial agreement between the OFTO and the Developer within 18 months of the issue of the completion notice, unless there are suitable protections for the OFTO against construction risks after asset transfer. Clarification of the possible options would be helpful.

Question 2.4: Do you consider that there are WNBI or GFAI projects that would create a need for us to consider further the implementation of the Clause at this stage?

We believe the generator commissioning clause and Ofgem's minded to position can be applied where WNBI and GFAI are taken forward under Generator build, subject to the clarifications requested above.

Question 3.1: Do you have any comments in relation to our minded-to position for implementation of the Clause in respect of projects in flight?

We agree with Ofgem's proposals.

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Question 4.1: We invite comments on all aspects of the proposed drafting provided in Annex 1. In particular, do you agree that the proposed transmission licence modifications adequately implement the provisions in the Clause and our proposals set out in this document? Please provide reasons to support your answer.

We have no comments on the proposed drafting provided in Annex 1.

Question 4.2: Do you consider there are other transmission licence modifications that are needed to implement the Clause? If so, please provide details.

We are not aware of any other transmission licence modifications that would be required.

Question 5.1: We invite comments on all aspects of the proposed drafting provided in Annexes 1 and 2. In particular, do you agree that the proposed code modifications adequately implement the provisions in the Clause and our proposals set out in this document? Please provide evidence to support your answer.

We have no comments on the proposed drafting provided in Annex 1 and 2.

Question 5.2: Do you consider there are other code modifications that are needed to implement the Clause? Please provide evidence to support your answer.

We are not aware of any other code modifications that would be required.