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### **Offshore Transmission Cost Assessment Development Proposals**

Dear Roger,

Thank you for the opportunity to respond to this consultation. We have answered each question in turn below.

#### Chapter Two: Question 1

We have not identified any other factors for consideration.

#### Chapter Three: Question 1

Although we agree with Ofgem's view that the FTV (or DFTV) provides a complete picture for the purposes of assessing different projects costs, there may be value in using the ITV Stage at ITT, or at least only that information that relates to the un-amended contract prices. This is because the contract prices show what was obtained through the procurement process, without additional variation orders that may have been submitted through events on the project or alterations to the scope.

#### Question 2

Total project cost benchmarking provides one source of comparative information. Instead of using the total installed generation capacity it may be better to use Transmission Entry Capacity (TEC) as this reflects the export capacity of the offshore transmission assets. There may be more wind turbines installed than TEC to cover turbine availability and maintenance schedules whilst maximising generation output.

#### Question 3

We would welcome the additional market information that component cost benchmarking would provide, although there are limits to the value of this information

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and it is not an appropriate substitute for individual project cost assessments. This is because of the benchmarking methodology limitations, project specific offshore transmission designs and technology choices, the timeframe and market conditions of the procurement activity and the different contract strategies of companies and their risk appetite, which is hard to quantify the effects of.

#### Chapter 4: Question 1

As an experienced offshore wind farm developer, with experience of the OFTO cost assessment process, we have not identified any other approaches to engagement.

#### Question 2

Given our experience we agree with Ofgem's conclusion that improvements to the existing process under Option 1 is the right way forward.

#### Chapter Five: Question 1

We do not see a benefit from an additional incentive mechanism on generators under the generator build option. This is because the generator already has the right incentives to minimise the overall cost of the offshore transmission assets, as the Final Transfer Value feeds through to the Transmission Network Use of System (TNUoS) Charges paid by the generator.

The level of any incentive is also unlikely to be sufficient to have a material effect on the generators behaviour given the total cost of the both the wind farm and offshore transmission assets, particularly if compared against any TNUoS saving. From the information provided in the consultation it is not clear how any such incentive would work; it would add additional complexity at the margin to an already complex regime and it is not clear how this would therefore be in the interests of customers.

We hope you find our response of help and would be happy to discuss any aspect of it with you further.

Yours sincerely

Guy Phillips  
Grid Interface Executive