

By email: project.transmit@ofgem.gov.uk

Re: Further consultation on proposals to change the electricity transmission charging methodology

Thank you for the opportunity to respond to this consultation. DONG Energy is one of the leading energy groups in Northern Europe. Headquartered in Denmark, we have an interest in several European markets and cover a wide range of energy sector activities. In the UK, we are the market leading developer and operator of offshore wind farms. Together with our partners we have a current portfolio of 1.1 GW of operational projects, 700 MW of projects under construction, and a strong pipeline of future projects.

We have engaged with project TransmiT since 2010, and welcome the fact that Ofgem are about to make a final decision. The process has considered several solutions in depth, and Ofgem's most recent consultation document shows that many different viewpoints across industry have been considered in detail. National Grid's publication of estimated TNUoS tariffs for WACM 2 as part of their quarterly and five-year tariff forecasts have now also helped industry participants to understand the detailed implications of the proposed policy change.

We do not agree with Ofgem's conclusion that HVDC converter stations should be fully incorporated into the TNUoS tariff. We believe there is strong evidence, as presented during the workgroup process, that there are elements of HVDC converter stations that perform the same functions as AC converter stations where the costs are socialised. As the use of HVDC technology is set to increase through their use in providing 'bootstrap reinforcement' on the east and west coast of GB, and also for connecting far-from-shore offshore wind farms, we believe there will be more experience and evidence to support the removal of some of the HVDC costs from locational tariffs in the future.

We support Ofgem's minded-to position to implement WACM 2 in April 2016, as this should give sufficient time to all relevant parties to incorporate the new tariffs into contracts and internal forecasts.

Yours sincerely



Ebba Phillips John
Regulatory Affairs Advisor
DONG Energy

DONG Energy Power (UK) Ltd.
33 Grosvenor Place
Belgravia
London SW1X 7HY
United Kingdom

Tel +44 (0) 207 811 5200
Fax +44 (0) 207 811 5298

www.dongenergy.com
Company no. 49 84 787

27 May 2014

Our ref. 140527 TransmiT response

ebjoh@dongenergy.co.uk
Tel 02078115200