

Yvonne Naughton
Ofgem (Offshore)
3rd Floor, Cornerstone
107 West Regent Street
Glasgow
G2 2BA

11 July 2014

Dear Yvonne,

Statutory Consultation on Proposed Licence Modifications to the Electricity Generation Licence Standard Conditions to reflect offshore developments

Thank you for the opportunity to comment on the above proposed licence modifications.

While we would not want in any way to disrupt the process, we think that Ofgem should stress-test the proposed changes to the licence to ensure that they do not have any unintended effects. Questions of territorial extent can be extremely tricky and removing all such references (rather than generalising to include Great Britain and any Renewable Energy zones) need to be tested for unintended effects. For example:

- (a) What happens if the licensee has not constructed or is not operating a generator in GB or the REZ but the same legal person has a station in Northern Ireland or another part of the EU? Are they required to join the CUSC etc?
- (b) You say in your letter that the "national electricity transmission system" does not extend beyond GB and the REZ, presumably because the lines must be owned or operated by transmission licensees. Again, what happens if the legal entity that is a transmission licensee also owns high voltage lines in Northern Ireland, elsewhere in the EU or even the USA?

We are not directly affected by these issues and are happy to rely on yourselves to have checked these and similar points carefully. However, it could be unwise to have definitions in place which work only because of particular corporate structures. It may be that there are explicit or implicit provisions that mean that the word "licensee" only applies to an entity's activities within GB and the REZ or within its authorised area, but a quick scan of some sample licences suggests that "licensee" may simply refer to the corporate entity.

We would therefore ask you to double check the proposed licence drafting to ensure that it reflects Ofgem's intent. Subject to that, we have no comments on the proposals.

Yours sincerely,



Rupert Steele
Director of Regulation