

To:

**All holders of an offshore electricity transmission licence who are relevant licence holders for the purposes of section 11A(10) of the Electricity Act 1989.**

**Electricity Act 1989  
Section 11A(1)(b)**

**MODIFICATION OF THE STANDARD CONDITIONS OF OFFSHORE ELECTRICITY TRANSMISSION LICENCES GRANTED UNDER SECTION 6(1)(b) OF THE ELECTRICITY ACT 1989.**

Whereas –

1. Each of the companies to whom this document is addressed (a Licence Holder) has been granted a licence (a Licence) under section 6(1)(b) of the Electricity Act 1989 (the Act).
2. In accordance with section 11A(2) of the Act the Gas and Electricity Markets Authority (the Authority) gave Notice on 18 July 2014 (the Notice) that it proposed to insert a new amended standard condition E12-D2 (the Condition) of the Licence and requiring any representations to the modification to be made on or before 17 August 2014<sup>1</sup>.
3. In accordance with section 11A(4)(b) of the Act, the Authority gave notice of its intention to make the modification to the Secretary of State and has not received a direction not to make the modification.
4. Prior to the close of the consultation period in respect of the Notice, the Authority received one response from Greater Gabbard OFTO plc. The respondent raised concerns that a Licence Holder may not be party to the sale documentation and will have no ability to require details of the sale to be disclosed, that the Condition will apply differently to different Licence Holders and noted that it would like clarity on the use of such information. This response has been placed on the Ofgem website<sup>2</sup>.
5. The Authority has carefully considered the representation received. A new provision has been added to the Condition to allow for the Authority to consent to the Licence Holder not providing certain details of an equity transaction where the Authority is satisfied that the Licence Holder cannot provide such details. The Authority also considers that the provision will apply equally to all Licence Holders.
6. In accordance with section 49A of the Act the Authority gives the following reasons for making the licence modification:
  - a) to provide further transparency in respect of equity transactions which impact the Licence Holder following licence grant; and
  - b) to provide the Authority with information on the appetite in the secondary equity market for investment in OFTOs.

This information will be used to inform the ongoing development of the offshore regime, including design of the competitive tender process.

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<sup>1</sup> <https://www.ofgem.gov.uk/publications-and-updates/statutory-consultation-proposed-licence-modifications-implement-equity-transaction-reporting-requirement>

<sup>2</sup> <https://www.ofgem.gov.uk/ofgem-publications/90586/2014-07eqsaleconsultgqresponsetos11a.pdf>

7. The effect of the modification will be to require OFTOs to provide details of relevant equity transactions as described in the Notice.
8. The Authority has also considered it necessary to make a number of alterations to the Condition set out in the notice. These alterations are shown as double underscore for new text and strikethrough for deletion of text in the attached Schedule 1. The reasons for any difference between the modifications set out in the Notice and the modifications reflected in Schedule 1 are for reason of clarity and to introduce the changes for the purpose of paragraph 5.
9. Where an application for permission to appeal the Authority's decision is made to the Competition and Markets Authority (CMA) under section 11C of the Act, Rule 5.7 of the CMA's Energy Licence Modification Appeals Rules<sup>3</sup> requires that the appellant must send to any relevant licence holders who are not parties to the appeal a non-confidential notice setting out the matters required in Rule 5.2. The attached Schedule 2 provides a list of the relevant licence holders in relation to this modification. The meaning of 'relevant licence holder' is set out in section 11A(10) of the Act.

**Now therefore**

In accordance with the powers contained in section 11A(1)(b) of the Act, the Authority hereby modifies the standard licence conditions for all offshore electricity transmission licences in the manner specified in attached Schedule 1. This decision will take effect on and from 15 December 2014.

This document constitutes notice of the reasons for the decision to modify the offshore electricity transmission licences as required by section 49A of the Act.

**The Official Seal of the Gas and Electricity Markets Authority  
here affixed is authenticated by the signature of**

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**Min Zhu  
Associate Director, Offshore Transmission  
Duly authorized on behalf of the  
Gas and Electricity Markets Authority**

**14 October 2014**

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<sup>3</sup> The rules were published by the Competition Commission in September 2012. On 1 April 2014, the Competition Commission was abolished and its functions transferred to the Competition and Markets Authority (CMA).

## Schedule 1: Amended Standard Condition E12-D2

### Amended Standard Condition E12-D2: Equity Transaction Reporting Requirement

#### Part A: Introduction

1. The purpose of this condition is to require the licensee to provide an annual submission to the Authority ~~detailing the value~~providing details of any ~~Relevant Equity Transactions~~relevant equity transactions.

#### Part B: Licensee's Obligations

2. ~~Subject to paragraphs 3 and 4, following~~Following the date of ~~Asset Transfer~~licence grant, the licensee shall prepare and submit to the Authority by ~~the~~ 31 July 2016 and then by ~~the~~ 31 July of each year following (~~unless otherwise agreed by the Authority~~), details of any ~~and all Relevant Equity Transaction~~relevant equity transaction(s) that took place in the most recent ~~Relevant Year~~including relevant year except that the licensee may with the prior consent of the Authority not provide certain details of the relevant equity transaction where the Authority is satisfied that the licensee cannot provide such details.
3. Subject to paragraph 5, details to be prepared and submitted to the Authority for the purpose of paragraph 2 shall include:
  - (a) the date of the transaction(s);
  - (b) the value of the transaction(s);
  - (c) where applicable, the number of shares in the licensee transferred, issued or bought back and the percentage of the total shares of the licensee this represents; and
  - (d) where applicable, the percentage of the licensee now owned by the new ~~Ultimate Controller~~ultimate controller(s).
4. The licensee's initial submission to the Authority under paragraph 2 should also include details of the quantity and value of equity invested in the licensee at the point of ~~Asset Transfer~~asset transfer.
5. Where a ~~Relevant Equity Transaction~~relevant equity transaction occurs as part of a transaction involving the issue, sale (or otherwise transfer)~~issue~~ or buy back of shares in a company of which the licensee or a holding company of the licensee is a subsidiary, details of the value of the transaction provided to the Authority under paragraph 23 shall relate only to the value placed on the licensee for the purpose of that transaction.
6. Where ~~Asset Transfer~~licence grant falls between 1 January and 31 March of any year the reporting requirements specified in paragraph 2 will not be required on the first 31 July following ~~Asset Transfer~~licence grant. In such circumstances the information reporting requirements specified in paragraph 2 shall be prepared and submitted on the second 31 July following ~~Asset Transfer~~licence grant and must cover the period from ~~Asset Transfer~~licence grant to the end of the following ~~Relevant Year~~relevant year (t=2).
7. For the purposes of this condition:

~~Relevant Equity Transaction~~  
relevant equity transaction

~~Means~~means any transaction which:

- (i) involves the issue, sale (or otherwise transfer) or buy back of shares in the licensee; and/or
- (ii) results in a change in an ultimate controller of the licensee.

## **Schedule 2: Relevant licence holders<sup>4</sup>**

TC Robin Rigg OFTO Limited  
TC Gunfleet Sands OFTO Limited  
TC Barrow OFTO Limited  
TC Ormonde OFTO Limited  
Blue Transmission Walney 1 Limited  
Blue Transmission Walney 2 Limited  
Blue Transmission Sheringham Shoal Limited  
Blue Transmission London Array Limited  
Greater Gabbard OFTO plc

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<sup>4</sup> Details of all electricity licensees can be found at <https://www.ofgem.gov.uk/publications-and-updates/list-all-electricity-licensees-registered-or-service-addresses>