



Making a positive difference  
for energy consumers

Gwneud gwahaniaeth gwirioneddol  
i ddefnyddwyr ynni

To all with an interest in offshore  
electricity transmission

Direct Dial: 020 7901 7420  
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Date: 27 January 2015

Dear colleague,

### **Information about future offshore projects**

As you are aware, Ofgem and DECC introduced a regulatory regime for offshore electricity transmission in 2009. A key part of the regime is that offshore electricity transmission licences are granted to an Offshore Transmission Owner (OFTO) following a competitive tender exercise run by Ofgem. The regime is being delivered in two parts: a transitional regime, Tender Rounds 1 and 2, comprising 13 tenders, and an enduring regime, which commenced in March 2014 with Tender Round 3.

To inform our work on the future offshore regime, we are seeking to update our understanding of offshore generator developers' ("developers") plans for future offshore transmission projects. This builds on the information provided during bilateral meetings and in response to our similar letters of previous years.

### ***Future offshore regime***

Under the Offshore Transmission regime eleven projects worth over £1.9bn have already been granted OFTO licences. A further four projects worth ca £1bn are currently in the tender process.

For future offshore tenders, we continue to offer developers the choice of Generator build or OFTO build tender options. Our latest position on Generator build is set out in our July 2013 statement.<sup>1</sup> We also published a policy update in December 2014 setting out the extended OFTO build framework.<sup>2</sup> We welcome feedback on the framework in writing, in bilateral meetings or over the phone, particularly before the end of January 2015.

In September 2014 we published our draft conclusions consultation on the Integrated Transmission Planning and Regulation (ITPR) project. The consultation closed on 24 November and we intend to publish our final conclusions on ITPR in spring 2015.<sup>3</sup>

### ***Project information***

We are seeking updated information on developers' plans for future offshore transmission projects. Having the most up to date information will be critical to ensuring the tender

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<sup>1</sup> <https://www.ofgem.gov.uk/publications-and-updates/offshore-electricity-transmission-statement-future-generator-build-tenders>

<sup>2</sup> <https://www.ofgem.gov.uk/publications-and-updates/ofto-build-providing-additional-flexibility-through-extended-framework>

<sup>3</sup> <https://www.ofgem.gov.uk/electricity/transmission-networks/integrated-transmission-planning-and-regulation>

process is designed and implemented in the most timely and appropriate way to meet the needs of future projects.

To take this forward, we request that you fill in and return the attached table with information on your project plans. Please complete a separate table for each project as appropriate. In addition, it would be helpful to provide us with high level project plans where possible to further inform our understanding of your projects. Note that there is no need to complete the table for projects where a tender is currently being run, or will commence shortly.

In order to most helpfully feed into our internal planning, we ask that you return the table by Tuesday 3 March by email to [offshore.enduring@ofgem.gov.uk](mailto:offshore.enduring@ofgem.gov.uk). Please note that any information provided will be used for internal planning purposes only and will be kept confidential. Furthermore, the provision of this information will not be considered binding – we are seeking to understand your current thinking in this area.

We intend to continue our engagement with you at meetings and events during the course of this year. If you have not recently done so, we would encourage you to arrange a meeting with us to discuss your particular project plans privately in the context of the future offshore regime. In order to arrange such a meeting, or if you have any questions about this letter, please contact me or my colleague Philip Smith ([Philip.Smith@ofgem.gov.uk](mailto:Philip.Smith@ofgem.gov.uk) or 0207 901 7199) in the first instance.

We look forward to hearing from you.

Yours sincerely,

James Norman

**Head of Offshore Tender Design and Delivery**