



Electricity

Transmission News

11 March

Issue 6



Dear Stakeholder

You may have noticed that our newsletter has a new name and a new focus.

This reflects internal changes bringing the teams managing onshore, offshore and interconnector work together in a new electricity transmission team. While it's 'business as usual', you may find that some of your contacts at Ofgem change over time. However, we will contact you directly to explain any changes. See section three for more details on the changes.

Meanwhile, a lot has been happening with our offshore transmission and interconnector projects. We have appointed three new offshore transmission owners since the last issue and we have also made progress on the

[Electricity Transmission](#)

[Electricity Interconnectors](#)

[Offshore Transmission](#)

[Offshore tenders](#)

[Contact us](#)

Nemo and NSN interconnector projects. To find out more, read on.

News in brief



[Progress on interconnectors](#)

We are currently consulting on proposals to approve three new interconnectors, which would provide 3.4GW of additional energy capacity. [View our consultation](#)

We also recently consulted on proposals to approve the case for awarding a cap and floor regulatory support mechanism for a new sub-sea link between Great Britain (GB) and Norway. We expect to decide in March. [Find out more about the planned interconnector](#)

We also decided on the cap and floor regime for the Nemo interconnector project that will connect GB and Belgium. Nemo is expected to be the first interconnector built under the cap and floor regulatory regime and is due to come on line in 2019. [Read about our Nemo](#)



[Unbundling legislation](#)

The Department of Energy and Climate Change (DECC) has made changes to the GB ownership unbundling provisions of the Electricity Act 1989 and Gas Act 1986. These provisions set out how transmission companies need to be separate from interests in production or supply.

The changes are designed to introduce further flexibility and to give us greater discretion when we consider certification cases that do not present risk of any harmful outcome.

We recently published updated guidance on ownership unbundling which can be found on our website.

[**View our guidance on ownership unbundling**](#)



[Providing flexibility now and in the future](#)

We recently published our proposals for making the offshore transmission owner (OFTO) build option more flexible.

All offshore transmission projects are different, so our new OFTO build framework will help us meet the current and future requirements of offshore generators.

If you are an offshore generator, or an organisation interested in bidding for an OFTO build project, we would be happy to discuss how this option could work for you.

[**Read our OFTO build proposals**](#)

[decision](#)

Find out more about
interconnectors

Latest tenders and transactions

[Balfour Beatty Equitix consortium secures Gwynt y Môr transmission licence](#)



Ofgem has appointed an OFTO for the Gwynt y Môr project, bringing total investment in the regime to over £2.2 billion. Over £800 million of this has been invested in the last six months alone.

On 11 February we granted a licence to own and operate the £352 million transmission system to Gwynt y Môr OFTO plc, which is owned by the Balfour Beatty Equitix consortium.

The purchase was funded through a project bond, rather than bank debt, and used the European Investment Bank's project bond credit enhancement (PBCE) product. The PBCE reduced the risk for bond investors, enabling the OFTO to attract cheaper finance. This will ultimately cut costs for consumers. [Read more](#)



Interactive map:
[see the locations of projects we're tendering and their estimated value.](#)



[Thanet marks the end of first offshore tender round](#)

On 17 December 2014 Thanet became the final project to reach financial close and be granted a licence in Ofgem's first tender round.

Thanet OFTO Limited, which is 100% owned by Balfour Beatty Investments Limited, was granted a licence to own and operate Thanet Offshore Wind Farm's £164 million transmission system.

Independent analysis estimates that the first tender round has led to significant cost savings for consumers of between £200 million and £400 million. [Read more](#)

[View the OFTO Revenue Report 2014](#)

[UK Regulators Network \(UKRN\) publishes investor guide](#)

[Lincs licence grant and financial close](#)

On 4 November 2014 Lincs became the second project in the second tender round to reach financial close and be granted a licence.

TC Lincs OFTO Limited, which is owned by the Transmission Capital Partners consortium, secured a licence to own and operate the £308 million transmission system.

Lincs becomes the fifth OFTO licence awarded to Transmission Capital Partners. [Read more](#)

Latest internal developments



Moves within Ofgem

As many of you know, Bob Hull, E-Serve's Managing Director, moved on from Ofgem in late January to a new role in KPMG. Bob had played a key role in developing the offshore regime over several years.

We have now brought offshore together with other areas of transmission regulation in a new electricity transmission division under the Senior Partner for Electricity Transmission, Martin Crouch.

Steve Beel will continue to be responsible for OFTOs as well as interconnectors, while Min Zhu will be responsible for technical and costs and outputs activities for wider electricity transmission. They join Kersti Berge who continues to lead regulation of onshore electricity transmission, while Cathryn Scott will oversee work on extending competition onshore.

[View our management team on Ofgem's organisational chart](#)

About the Offshore Transmission Regime

We established with DECC a regulatory regime for offshore transmission networks. Since 2009 it's been connecting offshore renewable generation projects to Britain's electricity grid in a competitive and efficient way. This helps to bear down on long-term connection costs and ultimately, the costs passed to consumers. We grant licences to offshore transmission owners and make sure they meet their licence conditions.

[More on the Offshore Transmission Regime](#)

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ofgem

Making a positive difference
for energy consumers



