



Making a positive difference
for energy consumers

To:

Blue Transmission Walney 1 Limited,
Blue Transmission Walney 2 Limited,
Blue Transmission Sheringham Shoal Limited,
Blue Transmission London Array Limited

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Cc: European Commission, DECC

Date: 4 February 2016

Dear Colleague,

**Certification review in accordance with the Electricity Act 1989 –
Decision of the Gas and Electricity Markets Authority ('the Authority')**

Blue Transmission Walney 1 Limited ('Walney 1'), Blue Transmission Walney 2 Limited ('Walney 2'), Blue Transmission Sheringham Shoal Limited ('Sheringham Shoal'), and Blue Transmission London Array Limited ('London Array') (collectively and individually the 'Certified Persons') reported updates to the circumstances and structure of the joint venture which owns the Certified Persons. The Authority has undertaken a review of their certification, in accordance with section 10I(5)(b) of the Electricity Act 1989 (the 'Act').¹ This letter sets out the Authority's final decision of our certification review under section 10L of the Act that the certification of the Certified Parties continues to apply.

Certification review - background

The Certified Persons are licensed offshore transmission system operators. Walney 1 has been certified since February 2013, and the other three Certified Persons since April 2013.

The Certified Persons are owned and controlled by the same joint venture, Blue Transmission Investments Limited.

The Certified Persons have the same sole business focus in accordance with their respective licences, which is transmission of wind generated electricity from a designated area offshore to the onshore national grid or distribution network.

Since 8 November 2013, the Certified Persons are ultimately jointly owned and controlled by Mitsubishi Corporation (hereafter, "Mitsubishi") and 3i Group plc (hereafter "3i") on the basis of respective equity interests of 50%. Following this change in ownership, we adopted a further certification decision on 2 April 2014 by which it confirmed the certification status of the Certified Persons.

Both 3i and Mitsubishi hold participations in several electricity producers; 3i for onshore windfarms and solar plants in UK and Italy; Mitsubishi for renewable energy producers in Spain, France, Portugal, Italy and the Netherlands.

2015 certification review

¹ An 'own initiative review' was triggered by the Authority on 4 June 2015 in accordance with section 10I(5)(b) of the Act. We requested further information from the Blue Transmission Consortium on 12 August 2015 and an updated version of the recertification application was received on 1 September 2015.

This review of their certification was triggered, in accordance with section 10I(5)(b) of the Act, by the Authority's receipt of information regarding changes of circumstances reported by the Certified Persons. This included a change in operational status of an offshore windfarm ('Q10') that is part of Mitsubishi's generation investment portfolio.

The Certified Persons requested continuation of their certification status on the first certification ground, set out in section 10E(3) of the Act. The first certification ground is that an applicant meets the ownership unbundling requirement in section 10F of the Act.

The circumstances relevant to the Authority's review of each of their certification are essentially the same (i.e. the Certified Persons are ultimately owned and controlled by the same persons, are part of the same corporate group and have the same sole business focus) and as such, it was considered appropriate to review their certification collectively.

GB unbundling legislation

The Authority is required to apply five tests in order to determine whether, following the acquisition, the basis on which the Authority decided to certify the Certified Persons continues to apply.

The first test is that the applicant—

- (a) does not control a relevant producer or supplier;
- (b) does not have a majority shareholding in a relevant producer or supplier; and
- (c) will not, on or after the relevant date, exercise shareholder rights in relation to a relevant producer or supplier.

The second test is that, where the applicant is a company, partnership or other business, none of its senior officers has been, or may be, appointed by a person who—

- (a) controls an electricity undertaking which is a relevant producer or supplier; or
- (b) has a majority shareholding in an electricity undertaking which is a relevant producer or supplier.

The third test is that, where the applicant is a company, partnership or other business, none of its senior officers is also a senior officer of an electricity undertaking which is a relevant producer or supplier.

The fourth test is that the applicant is not controlled by a person who controls a relevant producer or supplier.

The fifth test is that the applicant is not controlled by a person who has a majority shareholding in a relevant producer or supplier.

Where one or more of the tests is not passed, the Authority may decide to treat such tests as passed if the Authority is satisfied that there is no risk of discrimination and it would be in line with the Authority's principal objective and general duties to do so.

Conclusion

On the basis of the information contained in the updates, the Authority considered that each of the five tests set out in section 10F of the Electricity Act remained to be met by the Certified Persons.

The Authority made its preliminary decisions under section 10L(1)(a) of the Act on 12 November 2015 that their certification should be continued. The Authority's preliminary decisions were notified to the European Commission (the 'Commission') in accordance with section 10L(5) of the Act.

The Authority received the Commission's opinion on 8 January 2016². In accordance with Article 3(2) of the Electricity Regulation, the Authority has taken utmost account of that opinion in reaching its final decision which is set out below.

The Authority's final decision is that as of and from the date of this decision, the certification of each of the Certified Persons should be continued as the basis on which the Authority decided to certify the Certified Persons continues to apply.

In accordance with section 10L(7) of the Electricity Act, the Authority hereby notifies its final decision to continue the certification to the Certified Persons, Commission and the Secretary of State.

In accordance with section 10I of the Electricity Act, the Authority will continue to monitor whether the basis on which it decided to certify the Certified Persons continues to apply following the Authority's final decisions and if appropriate, will review its certification decisions.

Attached to this letter are copies of the final decisions.

Yours sincerely,

Stephen Beel
Partner, Competitive Networks

² The Commission's opinion can be viewed online on https://ec.europa.eu/energy/sites/ener/files/documents/2015_119_ofotos_en.pdf