

To:

1. **The Company Secretary**
TC Dudgeon OFTO plc
3 More London Riverside,
London,
SE1 2AQ

DIRECTION UNDER AMENDED STANDARD CONDITION E12 – D1 (OFFSHORE REGULATORY REPORTING) OF THE OFFSHORE TRANSMISSION LICENCE OF TC DUDGEON OFTO PLC

AND

NOTICE OF REASONS UNDER SECTION 49A OF THE ELECTRICITY ACT 1989

1. TC Dudgeon OFTO plc (the 'Licensee') is the holder of an offshore electricity transmission Licence (the 'Licence') granted by the Gas and Electricity Markets Authority (the 'Authority') under section 6(1)(b) of the Electricity Act 1989 (the 'Act') to participate in the transmission of electricity offshore, subject to the conditions contained in the Licence.
2. The purpose of amended standard condition E12–D1 (Offshore Regulatory Reporting) (the 'Condition') of the Licence is to secure the collection of specified information from the Licensee to an appropriate degree of accuracy so as to enable the Authority to effectively monitor the revenue, costs and sulphur hexafluoride emissions of the Licensee's consolidated transmission business.
3. In accordance with the Condition, the Authority by this direction issues modified offshore regulatory reporting – regulatory instructions and guidance (the 'RIGs').
4. On 01 March 2019, we consulted on our proposed RIGs, which apply to the licensees of a licence granted in tender round 5 (TR5). Separate RIGs have been published today in respect of licences granted under tender round 4 (TR4). The reason for having separate RIGs for projects in different tender rounds is that the licence revenue formulae may differ. Each offshore transmission owner (OFTO) for TR5 projects will be obliged to report as required by the new RIGs.
5. We received one response to our consultation letters. The response suggested several changes for clarity and to make the RIGs more user-friendly. A summary of our response and the consequent amendments made can be found in the covering letter that accompanies this Direction, with full detail provided in Appendix 1 to the letter.
6. It has also come to the Authority's attention that the reporting workbook in the RIGs contained a few minor formula and formatting errors. These have been corrected.
7. We consider that further consultation in respect of the changes described in paragraphs 5 and 6 is not required as they do not change the reporting requirements and are made solely for clarity, ease of use by licensees and housekeeping.
8. The reasons for the decision to issue the modified TR5 RIGs, including amendments pursuant to the consultation response, is to enhance the clarity of the existing reporting requirements, provide the Licensee with the information it needs in order to comply with the Condition, and to ensure the RIGs reflect the licence.
9. In accordance with paragraph 15 of the Condition, the Authority by this direction issues the modified TR5 RIGs comprising the document entitled "Offshore Transmission Regulatory Instructions and Guidance: Tender Round 5" and the accompanying reporting workbook.

10. We have published these modified RIGs alongside this Direction. The Licensee is obliged to comply with these modified RIGs which will be applicable for regulatory reporting periods beginning on or after 1 April 2018.
11. The documents mentioned in this Direction are available on the Ofgem website (www.ofgem.gov.uk).
12. This document also constitutes the notice under section 49A of the Act of the reasons for the Authority's decision to give a direction pursuant to the Condition.

Jourdan Edwards
Head of the OFTO Regime

Duly authorised on behalf of the
Gas and Electricity Markets Authority

09 May 2019