

TRANSMISSION CAPITAL PARTNERS

James Norman
New Transmission Investment
9 Millbank
London
SW1P 3GE

19th March 2018

Dear James,

Hinkley Seabank project (“HSB”): minded-to consultation on delivery model

Transmission Capital Partners (“TCP”) – a joint venture formed of Amber Infrastructure Group (“Amber”) and Transmission Investment LLP (“TI”) with in-depth knowledge of financial, technical and regulatory issues associated with electricity transmission in the UK – is pleased to provide you with a response regarding the “*Hinkley – Seabank project: minded-to consultation on delivery model*”. TCP manages one of the largest offshore electricity transmission portfolios in terms of the capacity of offshore wind connected. Our managed portfolio of Offshore Transmission Owner (OFTO) assets includes the connections to the Robin Rigg, Gunfleet Sands, Barrow, Ormonde, Lincs and Westermost Rough offshore wind farms - a portfolio of over 1000MW (circa £800m in capital employed).

In addition, Amber and TI have a strong and proven track record in the procurement of large scale infrastructure projects through their respective involvement in the Tideway Tunnel (“Tideway”) and the France-Alderney-Britain (“FAB”) interconnector.

International Public Partnerships (“INPP”) a FTSE-250 listed investment company managed by Amber is a primary investor in over 125 infrastructure projects, including all OFTOs managed by TCP, Tideway and in Cadent (formerly known as National Grid Gas). Amber and TCP have therefore direct and recent experience in the successful procurement of Tideway. We believe HSB and Tideway share many similarities notably a new, high value and separable infrastructure project procured by a utility company all in the context of a stable regulatory framework.

TI is developing and procuring the circa 220km 1400MW FAB interconnector project in partnership with French national grid company, RTE. This large infrastructure project, regulated in the UK under Ofgem’s cap & floor regime, is expected to be one of the first electricity transmission projects structured for project finance, to be constructed in the UK. TI is therefore at the leading edge in specifying, contracting for and structuring electricity projects to be constructed using project finance.

We remain strong advocates of introducing competition into the delivery of onshore transmission and TCP continues to support the development of the required arrangements *inter alia* through industry groups, responding to consultations such as these and, when called upon, providing evidence to parliament. We welcome Ofgem’s innovative approach on HSB in the absence of parliamentary time to enact the primary legislation necessary for the full CATO model.

TCP still believes that the SPV model should achieve the best value for money to the UK consumer if and when it becomes available. However, we also recognise that the SPV model requires development, involving co-operation from the incumbent TOs and the industry more widely. We acknowledge that further work is required in this area and we intend to input where requested into devising suitable SPV arrangements.

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In the absence of a workable SPV model, we agree that the competition proxy model will provide best value for money to the UK consumer. We do not though feel it appropriate for us to comment on the specifics of the competition proxy model.

Yours sincerely,



Chris Veal

Director

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