

Stephen.Taylor@ofgem.gov.uk

24th September 2020

Dear Stephen,

Consultation on proposed modifications to Offshore Transmission Licences

EDF is the UK's largest producer of low carbon electricity. We operate low carbon nuclear power stations and are building the first of a new generation of nuclear plants. We also have a large and growing portfolio of renewable generation, including onshore and offshore wind and solar generation, as well as coal and gas stations and energy storage. We have around five million electricity and gas customer accounts, including residential and business users.

EDF aims to help Britain achieve net zero by building a smarter energy future that will support delivery of net zero carbon emissions, including through digital innovations and new customer offerings that encourage the transition to low carbon electric transport and heating.

We believe the proposed modifications to Offshore Transmission Licences provide the foundation for a stable and legally solid definition of income-adjusting events. We agree with the removal of the reference to force majeure definitions in the SO-TO code, and with the removal of any reference to "fault or failure of Plant and Apparatus" within the IAE headings for force majeure.

As the value of these offshore assets increases it makes sense for the threshold to increase, to reflect the growing value of the OFTO transfer values by keeping the minimum threshold for IAE claims as a proportion of the transfer value at the average of roughly 1:100 that prevailed in tender round one. We suggest that the value be set at £5.0m where the transfer value exceeds £500m; and set at £10.0m where the transfer value exceeds £1,000m.

We agree with all the "B" clause changes, and in particular agree strongly that OFTOs have a responsibility to pursue commercial recourse against other parties wherever this is possible, and that when the quantum of an IAE revenue adjustment is calculated, this should be offset by the amount of any recourse recovered by the OFTO. We agree that an interim, estimated adjustment may be made to the IAE if the recourse action takes time.

We have no additional comments to make on Part C (proposed modifications for named existing OFTO licences)

Yours sincerely

Paul Mott, Senior Adviser – Electricity Market Arrangements