

Offshore Electricity Transmission

Options for Implementing the Price Control Regime

Options for implementation:

1. **Extension of Onshore Arrangements to adjacent Offshore areas**
This option would extend the licences of the current 3 onshore TOs to adjacent zones offshore.
2. **Single Offshore Zone (competitive tender)**
A competitive tender would be held for a single offshore zone, awarded to one TO.
3. **3-5 Offshore Zones (competitive tender)**
This option would establish between 3 and 5 zones encompassing the Strategic Areas. A competitive tender would be held for a single TO licence per zone (resulting in between 1 and 5 TOs).
4. **3-5 Bundles of Lines (competitive tender)**
This option would establish between 3-5 'bundles' of generating stations located in proximity to each other. A competitive tender would be held for a single TO licence per bundle (resulting in between 1 and 5 TOs).
5. **Distribution Model (applications)**
The current applications route would be used to grant TO licences for a single offshore zone. Developers would be able to (jointly or individually) hold a competitive tender, inviting licensed TOs to bid for the provision of their grid connection.
6. **Point to Point (applications)**
A developers would (jointly or individually) hold a competitive tender, inviting prospective TOs to bid for the provision of their grid connection. The winner would apply to Ofgem for a TO licence, covering only the connection, via the current applications route.

Objectives

- Delivering 2010 target (speed)
- Delivering 2020 aspiration (capacity)
- Enduring Regime
- Reliability and Security of Supply
- Consistency with onshore regime
- Minimises environmental impact
- Compliance with EU and domestic legislation
- Timeliness - providing certainty to industry
- Consumer protection and prices
- Meets Better Regulation principles (complexity)
- Increases competition
- Increases innovation