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**Re: Offshore Electricity Transmission Competitive Tender Process**

Dear Richard,

E.ON UK welcomes the further detail provided by the consultation and this opportunity to respond with our comments.

Whilst we address each of the questions raised in the consultation in turn below, we have one important comment to make on the flexibility of the proposed tender regulations to accommodate early enduring projects prior to Go Live. It is important that, if necessary, those projects that do not believe that they can satisfy the transitional criteria by Go Live, but are in development now, can enter a tender at Go Active in order to minimise any delay to the project programme, thus ensuring that an OFTO is appointed in sufficient time to meet the project's agreed connection date. We welcome the footnote (number 18) to this extent in Chapter 6.

Chapter 4

We welcome the acknowledgement that will be required by applicants of a willingness to accept the project's requirements. By this we assume it to mean the generation developers requirements.

We support the selection process as outlined. Whilst the financial prequalification criteria has been developed further, we would emphasise the importance of applicants technical ability to construct, own and maintain offshore transmission networks. Understanding Ofgem's minimum requirements in response to the questions listed will be important to give generation developer's confidence in the final selection of OFTO bid.

We welcome the clarity provided on OFTO's being able to bid for multiple projects. Indeed it is the evolution of this principle that may enable more strategic offshore transmission

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network development for future enduring offshore projects.

It is not clear at this time why the ITT stage would need to be rerun if the number of applicants is purposefully limited to four. We would be concerned that re-running the ITT stage would add delay in to the process.

With regard to information to be provided by the developer, we would welcome further guidance on what form evidence of compliance with applicable legislation, regulations and industry governance arrangements should take.

In relation to the developers written warranty as to the information contained in the data room, we reserve our position until such time as the extent of the warranty is clarified.

With respect to any variant bids submitted, the generation developer must be consulted as to the suitability of any variant bid.

#### Chapter 5

We welcome further discussion with Ofgem on the process and information requirements for conducting the RAV assessments. It is important that the developer is given sufficient time to collate any required information ahead of commencing the tender. To this extent we await the next consultation on the development of the offshore transmission regime and any guidance it can give on implementation timescales and the first transitional tender.

For those transitional projects that have been funded on balance sheet but subsequently did not proceed or are part completed, it is not clear what form the proposed parent company guarantee would take or what Ofgem would do with any balance of funds it would recover under the guarantee.

#### Chapter 6

The prospect of any variant bids under the enduring regime is important to potentially realise any benefits of innovation or more strategic investment. The generation developer must however be consulted as to the suitability of any variant bid.

Whilst there are a number of different potential approaches, allowing the developer to progress much of the design and consenting for the offshore transmission network will help to ensure delivery and provide more certain information in the data room to OFTO bidders. In this case it will be important that the developer has the ability in its contracts and consents to transfer consents, rights and any proprietary information, such as the results of any seabed surveys, to the OFTO. The developers must have confidence that

their development costs will be allowed in the event that a variant bid is selected.

With regard to NGET's technical assessment of bids, NGET Licence obligations on business separation will be important in this regard, as the unregulated part of National Grid may also be an applicant bidder. However we recognise the balance that must be struck with co-ordinating the onshore transmission network reinforcement that may be required. We believe that the nature of NGET's role in this regard is best set out in its transmission licence. This is because this ensures that its Licence obligations on business separation can sit alongside any new obligations with regard to offshore transmission.

We hope you find our comments useful and look forward to working with Ofgem and DECC in finalising the regime and its implementation. If you would like to discuss any aspect of our response further please do not hesitate to contact me.

Yours sincerely



Guy Phillips  
Senior Project Developer

