

Press release

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OFGEM ANNOUNCES EIGHT BIDDERS FOR THREE MORE OFFSHORE TRANSMISSION PROJECTS

Ofgem has announced the eight bidders which have successfully qualified to compete for three more high-voltage transmission links with offshore wind farms as part of Ofgem E-Serve's latest competitive tender process. Ultimately the winning bidders will then own and operate the links for the next 20 years.

Today's announcement is the list of bidders which will compete for the links to the Gwynt y Môr, Lincs and London Array (phase 1) offshore windfarms. These are three of the UK's largest offshore windfarms, representing over 1.4GW of renewable power. The next stage of the process is to select a shortlist of bidders in spring 2011, which will then go through to the final stage to select the winning tenders this summer*.

Ofgem E-Serve's Managing Director – Commercial, Robert Hull, said: "A strong field of bidders competing in this second tender round is further proof that the offshore regulatory regime is very successful in encouraging investment and attracting new players into the transmission sector."

This is the first stage in the second round of tenders in the GB offshore transmission regime, and follows the success of the first round for £1.1 billion of transmission links, which attracted almost £4 billion of investment appetite and is expected to deliver savings of around £350 million.

Tenders for a further three projects – Humber Gateway, West of Duddon Sands and Race Bank – are expected to start next spring. In total these six projects represent £1.9 billion of offshore transmission links to connect some 2.8 GW of offshore wind.

The longlist of bidders that have qualified to proceed to the Qualification to Tender stage are:

- 1. Balfour Beatty Capital Ltd**
- 2. Blue Transmission (a consortium of Macquarie Capital Group, Barclays Infrastructure Funds Management Ltd and Frontier Power Ltd)**
- 3. Cheung Kong Infrastructure Holdings Ltd/Hongkong Electric International Ltd**
- 4. Green Energy Transmission (a consortium of Equitix Ltd and AMP Capital Investors Ltd)**
- 5. Mitsubishi Corporation**
- 6. National Grid Offshore Ltd**
- 7. Transmission Capital Partners (a consortium of Transmission Capital Ltd, International Public Partnerships Ltd and Amber Infrastructure)**

8. Ventran Consortium (a consortium of BRITEL Fund Trustees Ltd (as custodian of BT Pension Scheme) and Universities Superannuation Scheme Ltd)

*The winning bidder for Gwynt y Môr will be selected later than the bidders for the other two projects, as construction is not as far advanced as for Lincs and London Array (phase 1).

Notes to editors

1. First 3 projects in second transitional tender round (Tranche A)

Project	Developer(s)	Initial transfer value	MW
Gwynt y Mor	RWE Innogy, Stadtwerke Munchen, Siemens	£305.7 million	576
Lincs	Centrica Plc, Siemens, DONG Energy	£310.5 million	250
London Array (phase 1)	DONG Energy, E.ON Climate & Renewables, Masdar	£475.7 million	630

2. Second 3 projects in second transitional tender round (Tranche B)

Project	Developer(s)	Developer estimated transfer value	MW
Humber Gateway	E.ON	£218.3 million	300
West of Duddon Sands	SP Renewables, DONG Energy	£255 million	389
Race Bank	Centrica	c.£500 million	500 - 620

3. Map showing second transitional tender round windfarms



4. Offshore connections

The offshore regulatory regime for licensing offshore electricity transmission, introduced in 2009, uses competitive tendering to ensure the cable connections are delivered on time and at a reasonable cost.

The first phase of the project involves two transitional tender rounds and opens the way for transmission licensees to own and operate transmission assets for offshore renewable projects which have been or are being constructed by the offshore

generator. The preferred bidders for the projects in the first tender round were announced in August last year. Today's announcement relates to the bidders selected to tender for the first three projects in the second transitional tender round.

Subsequent tenders will to be undertaken under an enduring regulatory regime. This regime enables Ofgem to run transmission investment tenders that allow for either:

- Offshore Transmission Owners (OFTO's) to design, build, operate and maintain the transmission assets; or
- Generator Developers to build the transmission assets and then transfer to OFTOs upon completion of construction;

For more information see Factsheet "Networks for offshore wind power – regulating for sound investment" (factsheet No. 91) available from Ofgem website at www.ofgem.gov.uk .

5. Ofgem E-Serve

To reflect the importance of sustainability and the low carbon agenda, the Ofgem Group is made up of two Business Units: Ofgem, the regulator and Ofgem E-Serve, its delivery arm.

Ofgem E-Serve focuses on administering environmental programmes such as the Renewables Obligation, Carbon Emission Reduction Target, Community Energy Saving Programme, the Feed-in Tariffs Scheme for micro-generation and the Climate Change Levy exemption for renewable. It also manages the delivery of sustainability projects such as offshore transmission connections.

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