

Offshore Transmission Owners
(OFTOs), preferred bidders and
other interested parties

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Date: 26 April 2013

Dear colleague,

**Decision on changes to the regulatory instructions and guidance described by
Amended Standard Condition E12 – D1 of the offshore transmission licence**

On 22 February 2013 we published an open consultation letter outlining our proposed modifications to the existing regulatory instructions and guidance (RIGs)¹. This open consultation letter² set out the proposed modifications, the reasons for these modifications, specified that any representations should be made within 30 days (that is, on or before 25 March 2013) and said that the updated RIGs will be applicable to the regulatory reporting for the period from 1 April 2012 to 31 March 2013. This letter contains the decision of that consultation.

The changes that have been consulted on are purely intended to enhance the clarity of the existing reporting requirements therefore we do not believe the timing of these changes will make complying with the requirements difficult. The proposed modifications are summarised in Appendix 1 of this letter.

Representations and our decision

We did not receive any responses to our consultation on proposed changes to the RIGs.

We have made the modifications proposed to the RIGs as set out in the Appendix 1 of this letter and Appendix 1 of the consultation open letter. The reasons are contained in the consultation open letter and summarised in the Direction to modify the RIGs issued under Amended Standard Condition E12- D1 of the offshore transmission licences of TC Robin Rigg OFTO Limited, TC Gunfleet Sands OFTO Limited, TC Barrow OFTO Limited, TC Ormonde OFTO Limited, Blue Transmission Walney 1 Limited and Blue Transmission Walney 2 Limited.

We have published the modified RIGs alongside this letter and Direction. The effective date for the modifications to the RIGs is 29 April 2013.

¹ The consultation open letter can be found here alongside the RIGs documents:
<http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=9&refer=NETWORKS/OFFTRANS/PDC/CDR/2013>

² In accordance with paragraph 13 of Amended Standard Condition E12 – D1 of the Offshore Transmission Licence

For more information regarding this Direction, please contact in the first instance Daniel Rock, Senior Manager, Financial Analysis, by email on Daniel.Rock@ofgem.gov.uk.

Yours faithfully

Min Zhu

**Associate Director, Offshore Transmission
For and on behalf of the Authority**

Appendix 1 Changes to the RIGs

Revenue Reporting RIGs

Paragraph(s)	Change
2.3	Updated the wording for $OFTO_t$ in the RIGs Revenue document so that it is consistent with the licence.
2.8.1	Provided greater clarity in the RIGs Revenue document on the reporting of outages.
2.8.2	Provided clarity on incremental capacity and the Composite Circuit Rating (CCR) term in the RIGs Revenue document. Included information about incremental capacity in the RIGs Revenue document.

Revenue Reporting Workbook

Worksheet	Change
All sheets	Linked in the 'Universal Data' across all of the worksheets.
"Sign Off"	Included the name, position and date in the declaration box on the Sign Off sheet.
1	Updated the worksheet so that the RPI data is now user input, not Ofgem input. Updated the average specified Barclays Interest Rate to bring it in line with what is shown in the licence.
2d	Updated the cells for Transmission System Availability Credit (TSAC) and Transmission System Availability Failure (TSAF) for year 21 so they reference row 36 not row 35.
2f	Updated the $OFTO_t$ calculation so it subtracts K_t not adds it, in order to be consistent with the licence.
4a	Renamed cell D8 to 'Maximum operational days in month.' Renumbered the years so that it starts from year $y=2$ not $y=1$, so that it is consistent with the licence.
4b	Renumbered the years so that it starts from year $y=2$ not $y=1$, so that it is consistent with the licence.
Various sheets	Updated the wording for formulae PA_t , BR_t , PT_t and $OFTO_t$ throughout the spreadsheets in the revenue reporting template so that it matches the licence and the RIGs document. Removed references to K_{t+1} when talking about 'Over/under recovery' throughout the spreadsheets in the revenue reporting template.

Cost Reporting Workbook

Worksheet	Change
"Sign Off"	Included the name, position and date in the declaration box on the Sign Off sheet.
All sheets	Linked in the 'Universal Data' across all of the worksheets.