



Blue Transmission Investments Limited
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17 February 2014

Neil Roberts
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Offshore Transmission
9 Millbank
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Dear Neil,

Consultation on the Proposed Offshore Transmission Owner Regulatory Instructions and Guidance for licences granted in transitional tender round 2

We would like to thank you for providing us with the opportunity to respond to your consultation. My apologies for the slight delay in the response to the consultation that officially closed on 14 February. However, we do not believe that our comments are material to the “aim” of the consultation as we have already responded on the detail of some of the sheets contained within the revenue model on 8 January 2014.

We are familiar with the RIGS in relation to the transitional round 1 projects and have reported under those RIGS in respect of the Walney 1 and Walney 2 projects. We recognise the need for a different set of RIGS as the licence issued in respect of the transitional Round 2 licences does differ from that of the transitional Round 2 projects and welcome the guidance contained therein.

We have considered the guidance notes and the accompanying model included within the consultation, and note that you have, in particular, requested feedback on sheets 1, 2, 4a, 4b, 5a, 5b and 5c of the excel workbook. In that regard, we would make the following observations:

General

- The excel workbook has some embedded links contained within that model that appear to “point” to an internal Ofgem spreadsheet. We believe that this link needs to be broken when circulating to users of the spreadsheet;
- We believe it would be helpful to define the “period” of reporting more closely. For example, if a licence is granted to a licensee during a particular financial year, then income and costs will only accrue to the licensee from licence grant / asset transfer date. However, the period prior to this will probably be a “dormant” period with no transactions. Nevertheless, the financial year comprises the “dormant” period plus the period of activity from licence grant / asset transfer date. It is not clear from the guidance whether the required period of reporting is from the later

of: 1) the previous 1 April or 2) financial close/ asset transfer date. There is no practical difference as to the income/costs/cash flows reported in the scenario described but it would provide clarity as to the correct “period” being reported. We favour a reporting basis from the previous 1 April so that it would be consistent with our statutory accounts;

Sheet 1

- Ofgem might consider including a formula to allow the RPI index to be updated by a forecast RPI rate;
- It is not clear what purpose cell “A13” serves as it is populated with “FALSE”;

Sheet 2

- It is not clear what purpose cell “A13” serves as it is populated with “FALSE”;

Sheet 4 (a)

- We believe it would be helpful to provide some explanation in the guidance notes as to the manner in which cell C9 should be populated on this sheet;
- We believe it would be helpful to describe how the “partial years” should be populated pre-financial close/asset transfer date and the assumption to adopt immediately after the 20 year anniversary of the project’s commencement;
- We believe it would be helpful to make it clear that the “days in the month” should be adjusted to reflect the situation as applicable to each licensee.

Sheet 4 (b)

- No observations;

Sheet 5 (a)

- Column H and J appear to have drop down boxes, but these appear to be inoperative.

Sheet 5 (b)

- Column H and J appear to have drop down boxes, but these appear to be inoperative.

Sheet 5 (c)

- Column G and K appear to have drop down boxes, but these appear to be inoperative.

Yours sincerely

Steve Noonan
Blue Transmission Investments Limited