

To:

1 Company Secretary
Blue Transmission London Array Limited
c/o Dundas and Wilson
Northwest Wing Bush House
Aldwych
London
United Kingdom
WC2B 4EZ

DIRECTION UNDER AMENDED STANDARD CONDITION E12 - D1 (OFFSHORE REGULATORY REPORTING) OF THE OFFSHORE TRANSMISSION LICENCE OF BLUE TRANSMISSION LONDON ARRAY LIMITED

AND

NOTICE OF REASONS UNDER SECTION 49A ELECTRICITY ACT 1989 FOR GIVING THE DIRECTION

1. Blue Transmission London Array Limited ("the Licensee") is the holder of an offshore electricity transmission licence ("the Licence") granted under section 6(1)(b) of the Electricity Act 1989 ("the Act") to participate in the transmission of electricity offshore subject to the conditions contained in the Licence.
2. The purpose of amended standard condition E12 – D1 (Offshore Regulatory Reporting) (the 'Condition') of the Licence is to secure the collection of specified information from the Licensee as required by the offshore regulatory reporting – regulatory instructions and guidance (the 'RIGs') issued by the Authority under the Condition to enable the Authority to effectively monitor the revenue and costs of the Licensee's consolidated transmission business.
3. On 17 December 2013, under paragraph 13 of the Condition we consulted on proposed RIGs¹ (the 'Consultation'), which apply to the Licensee of a Licence granted in transitional tender round 2 (TR2). Separate RIGs have been published today in respect of licences granted under transitional tender round 1 (TR1). The reason for having separate RIGs applying to licences for TR1 and TR2 projects is that the licence revenue formulae differ. Each offshore transmission owner (OFTO) for TR2 projects will be obliged to report as required by the new RIGs from the date of licence grant.
4. We received one representation to the Consultation and have adopted some of the proposed amendments suggested therein. The respondent suggested several changes for clarity and to make the RIGs more user-friendly. A summary of the consultation response and the consequent amendments made can be found in the covering letter that accompanies this Direction, with full detail provided in Appendix 1 to the letter.
5. It has also come to the Authority's attention that the reporting workbook in the RIGs contained a few minor formula and formatting errors. These have been corrected.
6. We consider that further consultation in respect of the changes described in paragraphs 4 and 5 is not required as they do not change the reporting requirements and are made solely for clarity, ease of use by Licensees and housekeeping.
7. In accordance with paragraph 12 of the Condition, the Authority by this direction issues the TR2 RIGs comprising the document entitled "Offshore Transmission Regulatory Instructions and Guidance: Transitional Tender Round 2" and the

¹ The consultation open letter can be found here:
<https://www.ofgem.gov.uk/ofgem-publications/85196/oftorigsconsultationletterfinal.pdf>

accompanying reporting workbook.

8. We have published these RIGs alongside this Direction. These will be applicable for the regulatory reporting year ended 31 March 2014 and Licensees are obliged to comply with them on and from 1 April 2014.
9. The documents mentioned in this Direction are available from the Ofgem Research and Information Centre and on the Ofgem website (www.ofgem.gov.uk).
10. This document also constitutes the notice under section 49A of the Act of the reasons for the Authority's decision to give a direction pursuant to the Condition.

.....

Min Zhu
Associate Director, Offshore Transmission

Duly authorised on behalf of the
Gas and Electricity Markets Authority

Date: 28 March 2014