

Offshore Workshop

Wokingham 1 February 2008

	Name	Question	Response
1	Garth Graham	CUSC Changes for offshore regime – timescale for consideration?	John Greasley, National Grid: National Grid aims to provide draft text by end of March for Ofgem to then consult on.
2	Tony Cotton	Will initial offer be a binding offer with TEC allocated?	Jo Habberley, National Grid: Yes, it is the intention that TEC will be allocated along with onshore works (based on an assumed offshore solution and landing point). There will need to be significant caveats to reflect the uncertainty over the offshore solution and the fact that this may have a knock-on change to the onshore solution once the most economic overall (on and offshore) solution is identified.
3	John Gafney	Would the pre-application feasibility study cover onshore and/or offshore design?	John Zammit-Haber, National Grid: Predominantly onshore since offshore information will be limited. It could make use of desk top information on offshore conditions (using a consultant with expertise in this area) but primarily National Grid would look at options of different onshore connection points and their implications (e.g. potential for use of DNO system for an “embedded transmission” solution). It may be that the developer would have more knowledge on the offshore conditions (associated with their studying of the offshore wind farm site) and so the developer might provide the offshore input to the study. Andy Balkwill, National Grid: Noted that any feasibility study is based on information known at the time (e.g. the contracted generation background). By the time the study is completed the developer has considered it and submitted a subsequent connection application the contracted background may have changed significantly and so that the resulting Connection Offer could involve a different solution and the developer may be surprised by this. This is the principal reason that National Grid is not normally very keen on feasibility studies.
4	Garth Graham	What Mod App fees would apply?	Jo Habberley / John Greasley, National Grid: Still for consideration. Another stage of detail. E.g. if need to cover DNO network involvement etc.
5	Kjartan Hauglum	Will the model lead to multiple TOs?	Jo Habberley, National Grid: Yes, it could lead to multiple OFTOs

	Statnett	This is likely to lead to inefficient network overall?	Colin Green – Ofgem: most people looking at radial development so Ofgem don't consider there is an issue at present. However need to keep under review as position may change. National Grid have obligation to ensure the Transmission System is Economic and Efficient and therefore need to take an overview.
6	Kjartan Hauglum Statnett	Need to think of the longer term – radial initially but likely to be a mesh later so need someone to co-ordinate.	Colin Green, Ofgem: Ofgem – consulted with industry and various views – some strongly against a single overall transmission company for offshore.
7	Michael Doble	Iteration of offer process – does National Grid have a veto role over competency of application? Will Ofgem be identifying the winning tender? – What say / confidence will developer have over this choice.	Jo Habberley, National Grid: Yes - National Grid will only accept competent applications. In terms of the tender, the developer will have been involved in initial offer. They will be further involved throughout the tender process so the final offer should not be a surprise. Nothing to stop a developer seeking to be OFTO for their project (subject to EU unbundling rules) so they can ensure that at least one TO is offering a solution that they are comfortable with.
8	John Gafney	Parties with a connection agreement but fall outside transitional regime – could this lead to a different connection point onshore.	Jo Habberley, National Grid: It is expected that these parties will have undertaken much of the work offshore themselves so that the best solution should already be known. National Grid is assuming therefore that a prospective OFTO is unlikely to come up with a radically different solution – however this is just a working assumption. Colin Green, Ofgem: Tender process is undertaken against a specification determined by the developer so this should give developer confidence. It depends on the level of detail in the Tender Specification – if very prescriptive then the solution will follow....
9	Not known	Tender Window – if you loose out in an interactive offer then the re-issued offer could be another 3 months and this may mean that you miss a tender window and your project is delayed a year (to the next tender window)	Jo Habberley, National Grid: Yes this is correct.
10	Matthew Knight	Surely whole point of a tender window is to bring projects together. Interactivity seems to result in projects being forced apart while	N/a – see below

		revised designs are developed.	
11	Guy Phillips	Give that the initial offer is not firm, is the interactivity process necessary.	Jo Habberley, National Grid: The onshore aspect of the Offer is relatively firm (includes TEC and a connection date).
12	Joe Duddy	Interactivity is determined by National Grid so could they not anticipate this and take account of it in developing our offers.	Martin Moran / Andy Balkwill: Difficult – number of issues to deal with over timing off applications / offers. Where National Grid can take account of multiple interactive projects then it will (e.g. the mid Wales approach) but often design for first project is already frozen before second application is received. An alternative approach may be to assume other applicants are in the contracted background but if one of those applicants then failed to sign their offer then the design (and hence offers / agreements) would need to be revised. This is a GB process issue rather than specifically an offshore issue.
13	Various	Various concerns expressed over implication of Tender window and impact of interactivity and how developers time their applications to National Grid. Concern that they will be driven to apply early (to manage the risk of a delay due in losing an interactivity race)?	n/a
	Chris Veal	Scenario 2 – depends on whether applications are before or after Crown Estates allocate block (e.g. if after allocation then only one application per block).	Jo Habberley, National Grid: The Crown Estates and BERR are still considering the options for releasing blocks (presentation to the industry later in February). Once we have sight of this we can refine our process to take account of their thinking.
14	Tony Cotton	Will onshore generators be included in the “clustering process” (concern that onshore generators will “sneak in ahead” of the offshore projects.	Jo Habberley, National Grid. Yes, they will be included (to the extent that they apply at the same time). On shore generators may well be able to apply ahead of offshore ones if the location of the offshore projects is public (which we assume is likely).
15	Tony Cotton	Concern over the timescale difference for connection that involve a DNO (Embedded Transmission)	Bridget Morgan, Ofgem: DNOs have Licence obligation to make offers of connection within 3 months – it would be discriminatory if they were required to respond in less time for offers to the GBSO. Andy Balkwill, National Grid: It is likely that it may take some weeks into the 3 month application assessment to identify in a particular case that an embedded transmission solution is likely to be most economic. Given the 3 month response from DNOs this means that National Grid’s Initial Offer will not be based on an Offer from a DNO for embedded

			transmission. <i>Post Meeting Note: It is likely however that the Initial Offer would reference the fact that an Embedded Transmission solution appears to be promising and that this will be further assessed during the tender process and if appropriate reflected in revised connection offer to the developer.</i>
16	John Gafney	Risk that if the generator is allowed to specify an embedded transmission solution then they could try to drive solution down an inefficient solution.	John Greasley, National Grid: No. It would not remove our obligation to produce an economic and efficient solution – however it gives the developer a chance to express an interest in an embedded transmission solution where their own assessments indicate that this is likely to be best solution.
17	Matthew Knight	Fears of discrimination in the ESI not an issue -Developer should get an offer in 90 days regardless and we should not be so concerned about the “details” of current industry rules / processes.	Jo Habberley: National Grid: Syndicate group 2 will examine this issue later.
18	Garth Graham	Mod Apps – fees should only relate to the area of work to be undertaken and a developer should not have to pay a fee for OFTO, DNO, ONTO and GBSO to all undertake Mod App when it is clear that the Mod App only relates to say the offshore work.	Andy Balkwill, National Grid: OK but it will not always be <u>clear</u> that the works relate to only one area and there are no knock on effects. Issue needs to be considered as part of the charging regime.
19	Colin Green	Referred offers – Ofgem seeking industry feedback on the process that should apply where an offer is referred. Risk that waiting for resolution means they won’t go in to the Tender Process. Should e.g. a disputed offer be able to go into the tender process??	
20	Tony Cotton	Should Ofgem be able to determine signed agreements?	Andy Balkwill, National Grid: They can already for changes to agreements that were envisaged in the original agreement.
21	Paul Barnard	Tendering process takes 1y+ then needs to be reviewed (way too long). Need a “framework contractor” established for each region in advance so that as soon as the application is made National Grid know who	n/a

		to work with, what the costs (rates) are.	
22	Garth Graham	Spreading offshore tender work by region is excellent idea.	n/a
23	Graeme Cooper	Industry stakeholders continue to raise issues over Merchant vs exclusive vs non-exclusive arrangements. Is there an opportunity to run a process to review all these options as a matter of urgency? This would then either silence the doubters or ensure that we don't press ahead with the wrong answer?	n/a
24	Kjartan Hauglum Statnett	The industry needs to start thinking about the big picture and the longer term.	n/a
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Other general points made by various participants

Strong views on tender process, generally along the lines that it will introduce delay, will not lead to lowest cost solution, leads to overly long drawn out process. Application needed 6 years(?) before connection.

Current proposals try to force co-ordination of OFTO solution but developers will still dictate due to own project timescales (i.e. will not want to be dependent on other projects) and so may undo attempts at co-ordination.