

Press Release

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THE FIRST OFFSHORE TRANSMISSION OPERATOR ANNOUNCED BY DECC AND OFGEM

Transmission Capital Partners* (TCP) has secured the first licence from energy regulator Ofgem to operate a high voltage link with an offshore wind farm in GB.

A newly created company, to be known as TC Robin Rigg OFTO Ltd, will now hold the Offshore Transmission Owner (OFTO) Licence. It will operate the £65 million link transporting renewable electricity from the 180 MW Robin Rigg wind farm to the onshore grid for a period of 20 years. As part of the licence grant, the transmission link has transferred from the wind farm owner (E.on) to the OFTO.

The acquisition of the transmission assets is a result of competitive tendering for offshore links under the OFTO regime. It represents the first injection of the projected billions of pounds of new capital into the offshore wind industry arising from the new regime. Ofgem views this as being critical in ensuring sufficient investment is forthcoming to deliver the UK's energy infrastructure needs.

Alistair Buchanan, Ofgem's Chief Executive, said: "This milestone highlights how the offshore transmission regulatory regime has successfully attracted new entrants and fresh sources of investment in the GB transmission sector. This will go towards delivering some of the £200 billion worth of investment in energy infrastructure that Britain needs.

"Overall, the regime is expected to deliver investment of a total value of around £20 billion, while ensuring these links are built on time and provide good value for consumers' money."

Charles Hendry, Minister for Energy, said: "We must do all we can to ensure a safe, secure, low carbon and affordable energy mix for the future. Getting the infrastructure in place to support the move to low carbon is crucial. As we can see from the award of this landmark first licence, it is a real investment opportunity."

The offshore transmission regulatory regime has been developed by Government and Ofgem and was launched in 2009 to deliver high voltage links to offshore wind farms as cost effectively as possible. Licences for these regulated assets are granted through a competitive tendering process managed by Ofgem.

* a consortium comprising International Public Partnerships Ltd, Amber Infrastructure Group and Transmission Capital Ltd.

Today's news marks the success of the regime's first tender round for £1.1 billion of offshore transmission links to nine offshore wind farms. The tender attracted almost £4 billion of investment appetite and is expected to deliver savings of around £350 million. Ofgem expects to grant licences for the other eight links in the first round over the next year.

The second transitional round already has eight bidders competing for the first three projects to link over 1.4 GW of offshore wind, with the winners to be announced this summer. These projects are worth a further £1 billion with billions more of investment opportunities to be tendered over the coming years.

Notes to editors

1. Ofgem announced that Transmission Capital Partners (a consortium comprising International Public Partnerships Ltd, Amber Infrastructure Group and Transmission Capital Ltd) had been selected as the preferred bidder for Robin Rigg (in the Solway Firth) on 5 August 2010. More information is available from the following websites: www.internationalpublicpartnerships.com www.amberinfrastructure.com

2. The offshore regulatory regime for licensing offshore electricity transmission uses competitive tendering to ensure the cable connections are delivered on time and at a reasonable cost. It is the first time that Ofgem has used competitive tendering in this way. 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. Subsequent tenders will be undertaken under an enduring regulatory regime which will enable Ofgem to run transmission investment tenders that allow for either:

- Offshore Transmission Owners (OFTOs) to design, build, operate and maintain the transmission assets;
- Generators to build the transmission assets and then transfer to OFTOs under completion of construction.

3. Ofgem announced the long-list of bidders for three more offshore transmission links that are part of the second transitional round on 26 January 2011. The short-list of bidders will be decided in the spring with the winning tenders selected later this year. See Press Release:

<http://www.ofgem.gov.uk/Media/PressRel/Documents1/Press%20release%20Offshore%20R3%20-%20260111.pdf>

4. Ofgem E-Serve was created in September 2009 as a new business unit focusing on delivery of Government sustainability projects. The regulatory functions of Ofgem, such as setting network price controls and monitoring the markets, continue under a separate business unit within the Ofgem Group.

For further press information contact:

Chris Lock **020 7901 7225**

Alison Wright **020 7901 7217**

