

Energy Bill 2012-13: Offshore transmission systems

Lead Directorate: Energy Markets & Networks

Issue: A technical amendment to avoid offshore wind generators constructing transmission assets falling foul of the law.

Policy commitment:

The Coalition Programme stated: “We will deliver an offshore electricity grid in order to support the development of a new generation of offshore wind power” (p16).

This policy facilitates the timely, secure and cost-effective delivery of connections from offshore wind farms to the onshore grid.

Legislative proposal:

Developers constructing an offshore generating station have the choice of also constructing the offshore transmission assets for the purposes of connecting the electricity generated to the onshore grid, before transferring the assets to an Offshore Transmission Owner (OFTO) appointed through a competitive tender process. The legislative proposal amends section 4 of the Electricity Act 1989 to create an exception to the prohibition of participating in the transmission of electricity without a licence, for transmission activity connected to offshore transmission during a commissioning period.

This technical change to the Electricity Act 1989 is crucial to ensure that UK offshore grid constructors can build and test infrastructure to export power without committing a criminal offence. Not making this change would act as a significant barrier to this infrastructure investment.

Relationship to other legislative proposals:

None

Background:

In 2010, the Government decided to enable offshore windfarm developers to build their own transmission infrastructure back to shore for the export of power (the generator build model). This enhanced choice provides maximum flexibility for generators to progress their projects, in a way that is compatible with the competitive regime and the desire to deliver large amounts of offshore renewable energy.

Some conveyance of electricity is considered necessary in order to test and commission the transmission assets which facilitate the acceptance of the assets by an OFTO. We recognise that it is also desirable for renewable electricity to keep flowing over these assets during the finalisation of commercial activities to reach financial close and grant of a transmission licence to an OFTO.

DECC and Ofgem have worked together to develop a solution to these concerns, which balances the need for generators to be able to test and commission their transmission assets, under the enduring generator build option, with the need for ensuring that generators transfer the transmission assets to the OFTO in a timely manner.