

Information Note

19 July 2011

OFGEM GRANTS OFFSHORE TRANSMISSION OWNER LICENCE FOR GUNFLEET SANDS WIND FARM AND BEGINS TENDER PROCESS FOR LINCS WIND FARM

Ofgem E Serve has today announced that TC Gunfleet Sands OFTO Limited (Transmission Capital Partners) has secured a licence to operate the high voltage link to the Gunfleet Sands wind farm.

TC Gunfleet Sands OFTO Limited can now operate the £49.5 million link to the onshore grid for a period of 20 years. The wind farm, located 7 km off Clacton-on-Sea, has a total capacity of 172 MW. As part of the licence grant process, the link has been transferred to TC Gunfleet Sands OFTO Limited from Dong Energy, owner of the wind farm.

The acquisition results from the competitive tendering for offshore links under the Offshore Transmission Owner (OFTO) regime, run by Ofgem. This is the second licence which Ofgem has awarded under the regime. The first - also awarded to Transmission Capital Partners - was for the £65 million link to the Robin Rigg wind farm. The OFTO regime has now delivered over £100m of finance from new sources of funding into the UK offshore wind sector. This is an important milestone that signals confidence in the new regime, and delivers savings that help to lower the costs of delivering energy from renewable sources.

Gunfleet Sands was part of the first transitional tender round comprising £1.1 billion of offshore transmission links to nine offshore wind farms. The tender round attracted almost £4 billion of investment appetite and Ofgem E Serve expects to conclude the grant of licences for the other links in the first round over the coming year.

The second transitional tender round has four short-listed bidders competing for the first three projects to link another 1.4 GW of offshore wind farms with a total value of £1bn. The invitation to tender process for one of these projects - the £281.6m link to the Lincs wind farm - began on 18th July. Ofgem E Serve anticipates announcing a preferred bidder by the end of the year.

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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 Gunfleet Sands on 5 August 2010.

2. The offshore regulatory regime was developed by Government and Ofgem and was launched in 2009. The regime is for licensing offshore electricity transmission and 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; or
- Generators to build the transmission assets and then transfer to OFTOs under completion of construction.

3. The shortlisted bidders for the first three projects in the second transitional tender round, Gwynt y Mor, Lincs and London Array (phase 1), are

- Balfour Beatty Equitix consortium (a consortium of Balfour Beatty Capital Ltd and Equitix Ltd)
- Blue Transmission (a consortium of Macquarie Capital Group Ltd, Barclays Infrastructure Funds Management Ltd and Mitsubishi Corporation)
- National Grid Offshore Limited
- Transmission Capital Partners (a consortium of Transmission Capital Partners Ltd and International Public Partnerships Ltd)

A press release detailing their selection is available here:

<http://www.ofgem.gov.uk/Media/PressRel/Documents1/OFTO%20TR2%20shortlist%20Press%20Release28April2011.pdf>

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

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