



Department for  
Energy Security  
& Net Zero

# Notice of Proposed Supply Licence Exemption

For Green Volt Offshore Windfarm Limited  
(Green Volt)

Closing date: 9 February 2024 (extended from 7 February)



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Any enquiries regarding this publication should be sent to us at: [oslexemptionapplications@energysecurity.gov.uk](mailto:oslexemptionapplications@energysecurity.gov.uk)

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# Introduction

*Exemption from the Requirement for a Licence to Supply Electricity: Proposal to make the Electricity (Individual Exemption from the Requirement for a Supply Licence) (Green Volt) Order 2023.*

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# General information

## Why we are consulting

We are seeking views on a proposed exemption from the requirement to hold a supply licence in respect of the Green Volt Floating Offshore Wind Farm ("Green Volt").

## Consultation details

**Issued:** 10 January 2024

**Respond by:** 9 February 2024 (extended from 7 February)

**Enquiries to:** [oslexemptionapplications@energysecurity.gov.uk](mailto:oslexemptionapplications@energysecurity.gov.uk)

**Consultation reference:** Notice of proposed supply licence exemption for Green Volt Offshore Wind Farm Limited.

**Territorial extent:** Great Britain, including the devolved administrations.

## How to respond

Representations should be made with respect to the proposed exemption to:

**Email to:** [oslexemptionapplications@energysecurity.gov.uk](mailto:oslexemptionapplications@energysecurity.gov.uk)

**Write to:**

Offshore Supply Licence Exemptions Team  
Energy Development Directorate  
Department for Energy Security and Net Zero  
7<sup>th</sup> Floor  
3-8 Whitehall Place  
London  
SW1A 2AQ

When responding, please state whether you are responding as an individual or representing the views of an organisation.

## Confidentiality and data protection

Information you provide in response to this consultation, including personal information, may be disclosed in accordance with UK legislation (the Freedom of Information Act 2000, the Data Protection Act 2018 and the Environmental Information Regulations 2004).

If you want the information that you provide to be treated as confidential please tell us, but be aware that we cannot guarantee confidentiality in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not be regarded by us as a confidentiality request.

We will process your personal data in accordance with all applicable data protection laws. See our [privacy policy](#).

We will summarise all responses and publish this summary on [GOV.UK](#). The summary will include a list of names or organisations that responded, but not people's personal names, addresses or other contact details.

## Quality assurance

This notice has been carried out in accordance with the government's [consultation principles](#).

If you have any complaints about the way this notice has been conducted, please email: [bru@energysecurity.gov.uk](mailto:bru@energysecurity.gov.uk).

# Notice of proposed offshore supply licence exemption

## Summary

This statutory notice seeks views on our proposal to make the Electricity (Individual Exemption from the Requirement for a Supply Licence) (Green Volt) (Scotland) Order 2023 (“the Order”) under section 5(1) of the Electricity Act 1989 (“the Act”).

## Proposal

The Secretary of State, pursuant to sections 5(2) and 5(3) of the Electricity Act 1989 (the Act), hereby gives notice of a proposal to make an order under section 5(1) of the Act by granting an exemption from the requirement to hold a supply licence under section 4(1)(c) of the Act to the following wind farm in respect of supply to offshore installations (as defined in the Order):

- Green Volt Offshore Wind Farm Limited (company number SC698787) in respect of the Green Volt floating offshore wind farm, with an overall capacity of between 525MW and 560MW, off the coast of Aberdeenshire, Scotland, and supplying up to 195.5MW to offshore installations.

In making this decision, Secretary of State has taken into consideration the principal objective and general duties under Section 3A of the Act. This consultation seeks views on the proposed Order.

## Legislative background

Section 4 of the Act sets out the activities for which licences are required, which includes supply of electricity (as defined in section 4(4)). A supply licence is granted by the Gas and Electricity Markets Authority<sup>1</sup> (the Authority) under section 6(1)(d) of the Act. Unlicensed supply is an offence under section 4(1)(c) of the Act unless an exemption from the requirement to be licenced is granted.

Section 5(1) of the Act provides that the Secretary of State may, by order, grant exemption from section 4(1) to a person (an “individual exemption”) or a class of persons. Section 5(1)(c) allows the Secretary of State to specify conditions that apply to exemptions. Section 5(2) of the Act sets out the procedure for making such an order. The exemption can be revoked if it appears to the Secretary of State inappropriate that the exemption should continue to have effect, as set out in section 5(8).

On 1 October 2001, the Electricity (Class Exemptions from the Requirement for a Licence) Order 2001 (“the Class Exemptions Order”) came into force. The Class Exemptions Order contains classes of generation, distribution and supply activity which are exempt from the requirement to hold a licence and therefore do not require a licence. Suppliers self-assess

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<sup>1</sup> GEMA’s functions are exercised by Ofgem

whether they fall under any of the exempt classes in Schedule 4 of the Class Exemptions Order.

## The Secretary of State's Principal Objective

When considering granting any exemption from the requirement to hold a supply licence, the Secretary of State must consider the principal objective and general duties under section 3A of the Act. In summary, the principal objective of the Secretary of State is to protect the interests of existing and future consumers in relation to electricity conveyed by distribution systems or transmission systems. Consideration of consumers' interests includes the reduction of emissions of targeted greenhouse gases and security of supply of electricity to consumers. The Secretary of State shall carry out their functions under Part 1 in the manner which they consider is best calculated to further the principal objective, wherever appropriate by promoting effective competition, and must have regard to the interests in section 3A(2), including the need to contribute to the achievement of sustainable development.

## Guidance on Licence exemptions

Electricity licences set out the rules for suppliers that participate in the electricity system. Electricity licence exemptions are an integral and proportionate part of the licencing regime that remove the regulatory burdens on operators to encourage provision from secure and sustainable sources of generation at competitive prices, whilst providing adequate protection for consumers.

In August 2023, the Department published guidance on applications for individual exemptions for direct supply (not via the onshore grid) of electricity to an end user located offshore (the "offshore supply guidance")<sup>2</sup>. This supersedes the previous guidance for applications within its scope only. The offshore supply guidance is designed to support novel, innovative, and coordinated early movers in the expansion of offshore electricity networks, while protecting the interests of consumers and the electricity system. Such projects might include first movers using a new technology, or innovative uses of supply to existing offshore infrastructure. It describes a series of objective criteria based on the Secretary of State's principal objective against which individual exemption applications are assessed.

The Secretary of State considers all applications for individual exemptions on their merits in accordance with the principal objective and exemptions policy. No applicant is guaranteed an exemption.

## Reasons for proposed order

Green Volt is a floating offshore wind farm that is being developed by Flotation Energy Limited in a joint venture with Vargrønn. Green Volt Offshore Windfarm Limited, a subsidiary of Flotation Energy Limited, will operate the wind farm.

The Secretary of State has carefully considered the application for an individual exemption for the supply of renewable electricity generated by Green Volt to offshore installations. Flotation

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<sup>2</sup> See the guidance document here: <https://www.gov.uk/government/publications/individual-offshore-supply-license-exemptions/individual-offshore-supply-license-exemptions>



Energy and Vargrønn have self-assessed and determined that Green Volt is not eligible for a supply licence exemption under the Class Exemptions Order and that an individual exemption is the only route available to a supply licence exemption. In order to lawfully generate electricity, Green Volt will require a generation licence and, where required, will fulfil the obligations associated with that licence.

Green Volt has applied for an individual electricity supply licence exemption for up to 195.5MW of electricity demand for a period of 35 years. The consumers that will create that demand are offshore oil and gas installations that would be supplied via private wires from the wind farm. Should offshore installations secure a source of renewable energy, this would reduce their emissions from production of oil and gas as part of industry's commitment to the North Sea Transition Deal target to achieve a 50% reduction in production emissions in 2030 compared with a 2018 baseline.

The exemption application was submitted under the offshore supply guidance. The Secretary of State has considered the application against the objective criteria in the guidance and the Secretary of State's principal objective.

The Secretary of State has provisionally concluded that an exemption for Green Volt would not pose a threat to the operation of the electricity system or the interests of consumers. Furthermore, the Secretary of State's principal objective under the Act is fulfilled because supply from Green Volt to offshore installations will protect the interests of existing and future consumers in relation to electricity conveyed by distribution or transmission systems, including their interests in the reduction of emissions of targeted green-house gases and security of electricity supply.

Granting an exemption would directly support future reductions in greenhouse gases and increases in domestic production of electricity. The energy supplied by Green Volt is intended to replace energy generated with fossil fuels (currently used by offshore installations) and to supply additional renewable energy to the onshore grid. This will support the development of a net zero basin in the North Sea, and it will contribute to the decarbonisation of the wider economy by 2050.

Compared with the current power arrangements for offshore installations, the exemption would enable a small positive impact on consumer bills as the wind farm will facilitate a connection to shore which the offshore installations will use to source electricity under a supply licence at times of low wind. As this will be licenced supply outside the individual exemption, additional revenue for applicable levies will be distributed across the system, saving consumers money.

## Terms of proposed exemption

The Secretary of State has considered whether the terms of the exemption should include conditions to ensure the exemption has the intended effect, and considers that the following are appropriate:

- Except in circumstances outside the reasonable control of Green Volt, no more than 195.5MW of electricity may be supplied to offshore installations.
- The exemption is time limited. It begins when the wind farm becomes operational and remains in force for a period of 35-years. This period conforms to the useful life of a wind farm to maximise the potential for emissions abatement.

## Notice of Proposed Supply Licence Exemption for Green Volt Offshore Wind Farm Limited

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- Green Volt would be permitted to supply electricity only to offshore installations (as defined in the Order) under the proposed exemption. They may also generate electricity for the onshore grid, subject to holding a generation licence.
- The operator of Green Volt would be required to submit a written report on their exempt supply arrangements to the Department five years from the date of the exemption coming into force, and every five years after that until the exemption expires.

We invite views from interested parties on a proposal for the Secretary of State to use their powers under the Electricity Act 1989 to grant an exemption from the requirement to hold a supply licence under these conditions.

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This consultation is available from: [www.gov.uk/government/publications/electricity-supply-licence-exemption-green-volt-offshore-wind-farm](https://www.gov.uk/government/publications/electricity-supply-licence-exemption-green-volt-offshore-wind-farm)

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