



Department for
Energy Security
& Net Zero

Notice of Proposed Transmission License Exemption

for Spiorad na Mara wind farm array systems

Closing date: 8 November 2024



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Any enquiries regarding this publication should be sent to us at: essupport@energysecurity.gov.uk

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General information

Why we are consulting

We are seeking views on a proposed enduring transmission licence exemption from the requirement to hold a transmission licence to use high voltage cables (132kV+), at Spiorad na Mara offshore wind farm.

Consultation details

Issued: 11 October 2024

Respond by: 8 November 2024

Enquiries to: essupport@energysecurity.gov.uk

Consultation reference: Transmission licence exemption for wind farm array system at Spiorad na Mara.

Audiences: We welcome views from anyone, however we are specifically seeking views from offshore wind generators, offshore transmission owners, renewable energy trade associations and offshore wind industry representatives.

Territorial extent: England, Scotland and Wales.

How to respond

Email to: essupport@energysecurity.gov.uk

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](https://www.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 consultation has been carried out in accordance with the government's [consultation principles](#).

If you have any complaints about the way this consultation has been conducted, please email: bru@energysecurity.gov.uk

The proposals

Exemption from the requirement for a licence to transmit electricity: Proposal to make the Electricity (Individual Exemption from the Requirement for a Transmissions Licence) (Spiorad na Mara) (Scotland) Order 2024

Summary

This consultation seeks views on a proposal to make an exemption from the requirement to hold a transmission licence for Spiorad na Mara’s wind farm array system, owned and operated by Spiorad na Mara Limited.

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 granting exemption from the requirement to hold a transmission licence under section 4(1)(b) of the Act to Spiorad na Mara wind farm array systems.

Legislative background

The Electricity Act 1989 (“the Act”) sets out the electricity licensing regime for GB:

[Section 4](#) sets out the activities for which licences are required. This includes the transmission of electricity. It specifies that an offence is committed if these activities are carried out without a licence. A transmission licence is granted by the Authority (the Gas and Electricity Markets Authority) under section 6(1)(b) of the Act.

Under section 4(4), “Transmission” in relation to electricity, means transmission by means of a transmission system; “transmission system” means a system which consists (wholly or mainly) of high voltage lines and electrical plant, and is used for conveying electricity from a generating station to a substation, from one generating station to another or from one substation to another.

Under [section 64](#), a “high voltage line” is an electric line which (a) if it is in Scotland or is a relevant offshore line (as defined in subsection (1A)), is of a nominal voltage of 132kV or more; and (b) in any other case, is of a nominal voltage of more than 132kV.

Under section 6C(6), “offshore transmission” means the transmission within an area of offshore waters of electricity generated by a generating station in such an area.

Under [section 5](#), the Secretary of State may grant exemptions from the requirement to hold a licence to a person or a class of persons. If a person falls under a class exemption, it exempts that person from the (standard, and where applicable, special) conditions arising from holding such licences. Section 5(1)(c) allows the Secretary of State to specify conditions that apply to exemptions.

Under [section 10A](#), a person that holds a transmission licence and transmits electricity for the purpose of giving or enabling a supply to any premises, is to be certified as independent by Ofgem.

The Electricity (Class Exemptions from the Requirement for a Licence) Order 2001 (the “Class Exemptions Order 2001”) sets out classes of persons which the Secretary of State has exempted from the requirement for a licence under section 4(1)(a) (generation), 4(1)(bb) (distribution) and 4(1)(c) (supply) of the Act. At present, the Class Exemptions Order 2001 does not contain any class exemptions from the requirements for a licence under section 4(1)(b) (transmission).

The Trade and Cooperation Agreement between the UK and the EU is a treaty which sets out the UK’s relationship with the EU (“the Agreement”) and includes provision in respect of transmission system operators as well as in respect of ownership unbundling (see Articles 300, 307, 308, and Annex 28 in particular).

Policy background and reasons for proposed order

Offshore wind generators currently own and operate the array system between the turbines and the offshore substation, while Offshore Transmission Owners (OFTOs) own and operate the export system (which is ‘offshore transmission’ under the Act) which connects the offshore substation to the onshore grid. The array system commonly consists of the array cables from the turbines to the offshore substation, the array cable entry, and the switchgear on the substation¹. If voltages do not exceed 132kV, the array system between turbines and offshore substations are a ‘low voltage line’ under the Act. Voltages of 132kV and above are considered a ‘high voltage line’. The voltage of an asset has meant there has been a clear line between what is owned and operated by generators and OFTOs.

Offshore wind farms are increasing in size and complexity. Wind turbine capacity has increased over time from a typical rated capacity of 0.05MW in 1985 to now beginning to exceed 15MW generating capacity, which could potentially make the current 66kV array systems less cost effective in comparison to higher voltage systems. Higher array voltage will be necessary to allow more power to be transmitted through array systems. However, under the Act, the installation of 132kV+ array cables between the wind farm and offshore substation would require the array system to be licensed as transmission, and therefore be subject to the OFTO regime. The Department for Energy Security and Net Zero (DESNZ) therefore published a class exemption for all offshore wind farms array systems connecting to an offshore

¹ Ownership and operation of the offshore substation can vary between the OFTO and generator.

substation. This exempts a person operating this system from the need to hold a transmission licence, which means that generators could continue to own and operate these array systems, even if they installed 132kv+ array systems.

On the Isle of Lewis, the developers of the new Spiorad na Mara offshore wind farm plan to install 132kV array systems but they will not be connecting to an offshore substation. This is because the wind farm is close to shore and so installing an offshore substation will be uneconomical. Instead, the array systems will connect direct to shore at a land-based substation located near the northern coast of the Isle of Lewis.

This means that Spiorad na Mara is not covered by the new class exemption for array systems. The Secretary of State is minded to grant an enduring transmission licence exemption to Spiorad na Mara Limited for Spiorad na Mara's array systems to allow them to continue to own and operate these systems even at 132kV.

The Secretary of State's Principal Objective

The Secretary of State's principal objective is stated in section 3A(1) of the Act. "The principal objective of the Secretary of State and the Gas and Electricity Markets Authority (in this Act referred to as "the Authority") in carrying out their respective functions under this Part is to protect the interests of existing and future consumers in relation to electricity conveyed by distribution systems or transmission systems".

Under section 3A(1A), those interests of existing and future consumers are their interests taken as a whole, including:

- their interests in the reduction of electricity-supply emissions of targeted greenhouse gases;
- their interests in the security of the supply of electricity to them;
- their interests in the fulfilment by the Authority, when carrying out its designated regulatory functions, of the designated regulatory objectives.

Further, section 3A(1B) provides that "the Secretary of State and the Authority shall carry out their respective functions under this Part in the manner which the Secretary of State or the Authority (as the case may be) considers is best calculated to further the principal objective, wherever appropriate by promoting effective competition between persons engaged in, or in commercial activities connected with, the generation, transmission, distribution or supply of electricity or the provision or use of electricity interconnectors".

We consider it to be in the public interest to exempt array systems which are operating at a high voltage from the requirement to hold an offshore transmission licence. Enabling the deployment of 132kV+ cables in the array systems will contribute to the development of a more robust and efficient energy system.

Providing an enduring individual exemption to Spiorad na Mara Limited will support future reductions in greenhouse gases. This is in line with the government's Clean Energy Superpower and Growth missions.

Therefore, the Secretary of State is minded to use the powers granted under section 5 of the Act to provide an enduring transmission licence exemption for the Spiorad na Mara wind farm array systems.

Existing guidance on licence exemptions

In August 2023, the department published a guidance note for individual offshore Transmission Licence Exemptions². The guidance states that transmission is a licensable activity under Section 4 of the Act, and engaging in transmission in the absence of a licence or exemption is an offence. Under section 5 of the Act, the Secretary of State has the power to grant exemptions from the requirement to hold an offshore transmission licence, and to impose conditions on that exemption. The granting of offshore transmission licence exemptions follows a statutory process set out in the Act, which can take approximately 6 months to complete and includes a 28-day public consultation.

The guidance note also states that the Secretary of State's principal objective as stated in Section 3A of the Act is 'to 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). These are relevant considerations in respect of why the Secretary of State may or may not grant an offshore transmission licence exemption for a generator in exceptional circumstances. Should the Secretary of State receive an application for an offshore transmission licence exemption, the Secretary of State will assess any application fairly and reasonably using the guidance note. The Secretary of State will consider the principal objective of protecting the interests of existing and future consumers wherever appropriate by promoting effective competition. The Secretary of State will also consider the need to ensure security of supply and the need to contribute to the achievement of sustainable development goals. In the absence of an exemption, developers must bear the risk, so it is imperative that sufficiently persuasive reasons are put to the Secretary of State.

Terms of proposed exemption

The exemption is proposed to be from the requirement to hold a transmission licence, and the conditions that apply to such a licence. The exemption only covers this specific transmission activity. As Spiorad na Mara Limited owns and operates the connected array system, the company will continue to be required to hold a generation licence (or exemption). This proposed exemption does not seek to exempt Spiorad na Mara Limited from any standard (and where applicable, special) conditions under their generation licence. We expect that Spiorad

² <https://assets.publishing.service.gov.uk/media/64ca699a6ae44e001311b40e/offshore-transmission-licence-exemptions-august-2023-guidance.pdf>

na Mara Limited will still need to adhere to the codes of conduct, industry agreements and behaviour conventions that are provided under a generation licence.

Summary

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 transmission licence for Spiorad na Mara's wind farm array systems. The exemption would be enduring and would commence when the completion notice is issued by National Grid ESO to Spiorad na Mara Limited. The exemption would expire at the end of the wind farm's life.

This consultation is available from: www.gov.uk/government/publications/electricity-transmission-license-exemption-spiorad-na-mara-wind-farm-array-systems

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