



**Diamond Transmission Partners**  
**RB Limited**  
**Annual Compliance Report**

**Document History**

<b>Issue</b>	<b>Date</b>	<b>Summary of Changes / Reasons</b>	<b>Author(s)</b>	<b>Approved By (Inc. Job Title)</b>
1	26/10/21	New document	T Gwatinyanya	DTPRB Board

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## **1 INTRODUCTION**

- 1.1 The Annual Compliance Report is prepared pursuant to Amended Standard Condition E12 – C4 (Appointment of compliance officer) of the Offshore Electricity Transmission Licence (the "**Licence**") as granted to Diamond Transmission BBE Limited (the "**Licensee**") (registered in England with number 10457056) whose registered office is Mid City Place, 71 High Holborn, London, WC1V 6BA under section 6(1)(b) of the Electricity Act 1989.
- 1.2 The Licence was issued to the Licensee on 09 October 2019 and came into force on 10 October 2019, addresses:
- a) compliance with the relevant duties (as defined below) during the period of this annual report being the period 30 October 2020 through to 26 October 2021 inclusive; and
  - b) implementation of the practices, procedures and systems adopted in accordance with the "Separation and Independence of the Transmission Business Compliance Statement" or "the Statement" which was published by the Licensee on 25 October 2019 and the updated v7 approved by Ofgem on 23 April 2021.
- 1.3 The relevant duties of the Licensee require compliance with the following conditions of Licence granted to the Company on 09 October 2019:
- standard condition E6 (Prohibition of Cross-subsidies);
  - standard condition E7 (Restriction on Activity and Financial Ring Fencing);
  - amended standard condition E12 - C1 (Conduct of the Transmission Business);
  - amended standard condition E12 – C2 (Separation and Independence of the Transmission Business);
  - amended standard condition E12 – C3 (Restriction on use of certain information); and
  - amended standard condition E12 – C4 (Appointment of compliance officer).
- 1.4 For the avoidance of doubt this compliance report relates solely to the Licensee's compliance with its relevant duties and business separation practices and references to any other compliance report included herein are provided for information purposes only.

## **2 COMPLIANCE WITH THE RELEVANT DUTIES**

- 2.1 Under the terms of the Licence, the Licensee is required to publish a compliance statement (the "**Statement**") that details how the Licensee intends to comply with its obligations under amended standard condition E12 – C2 of the Licence. The Statement was approved by the Licensee's Board and by the Authority on 25 October 2019. The Statement has been published on the Diamond Transmission website and is available via the following link:  
[Race Bank OFTO - Our Projects - Diamond Transmission Partners](#)
- 2.2 For the period 30 October 2020 through to 26 October 2021 inclusive, the Licensee held an offshore electricity transmission licence to operate an independent offshore electricity transmission system.
- 2.3 The Licensee is jointly owned by a consortium of independent investors being Mitsubishi Corporation ("**MC**"), through its wholly owned subsidiaries Diamond Transmission Corporation Limited ("**DTC**") and Diamond Transmission UK Limited ("**DTUK**") owns 51% of the shares; Sun Life Financial Inc. ("**SLF**") and InfraRed Capital Partners (Management) LLP ("**IRCPMLLP**") owns 49% of the shares, via SLF's wholly owned subsidiary InfraRed (UK) Holdco 2020 Limited

- (“**IR(UK)H**”) owning 80% and IRCPMLLP owning 20% of InfraRed Partners LLP (“**IRPLLP**”), which wholly owns InfraRed Capital Partners (Holdings) Limited (“**IRCPHL**”), which wholly owns InfraRed Capital Partners Limited (“**IRCPL**”), which wholly owns Infrastructure Investments General Partner Limited (“**IIGPL**”), which has the 100% legal ownership of Infrastructure Investments Trafalgar Limited (“**IITL**”), which wholly owns Infrastructure Investments OFTO1 Limited (“**IIO1L**”); HICL Infrastructure Plc (“**HICL**”), via its wholly owned subsidiary HICL Infra.2 SARL owns the beneficial interest in 49% of the shares via the 100% beneficial ownership of IITL.
- 2.4 MC wholly owns Diamond Generation Europe Limited (“**DGE**”). DGE has a 33.4% stake in the Moray Firth Offshore Wind Farm (“**MFOW**”) which holds an electricity generation licence. MC also owns a 20% stake in the energy supply company OVO Energy (“**OVO**”). Finally, MC owns 80% of the shares in Eneco Groep N.V. (“**Eneco**”). IRCPL is the Fund Manager for ‘The Renewables Infrastructure Group’ (“**TRIG**”), the London Stock Exchange listed renewables infrastructure fund. TRIG owns in excess of 50 wind and solar p.v. projects of which several have a generation licence. In addition, IRCPL is the Fund Manager for InfraRed Fund V – 5, where several projects have a generation licence. The Licensee operates independently from DGE, Eneco, OVO, MFOW, TRIG and InfraRed Fund V – 5. Sun Life Financial Inc. does not control any entities that undertake a System Operator role, generates or supplies electricity.
- 2.5 DTUK owns 50% of the Blue Transmission Investments (“**BTI**”). BTI has 100% indirect equity interests in Blue Transmission Walney 1 Limited, Blue Transmission Walney 2 Limited, Blue Transmission Sheringham Shoal Limited and Blue Transmission London Array limited which each hold an offshore electricity transmission licence to operate an offshore electricity transmission system, together “the **Blue Transmission OFTOs**”. In addition, DTUK and IIO1L each own 50% and 50% respectively of Diamond Transmission Partners BBE Limited (“**DTPBBE**”), and 51% and 49% respectively of Diamond Transmission Partners Galloper Limited (“**DTPG**”) and Diamond Transmission Partners Walney Extension Limited (“**DTPWE**”). In addition, DTUK owns 20% of Diamond Transmission Hornsea One Limited (“**DTPH**”) which each hold an offshore electricity transmission licence to operate an offshore electricity transmission system, together (the “**DTP OFTOs**”). All relevant DTUK staff as shareholders and directors of Blue Transmission OFTOs are aware of the relevant BTI and DTP OFTOs company Separation and Independence of the Transmission Business Compliance Statement. The Licensee operates independently from the Blue Transmission OFTOs and DTP OFTOs.
- 2.6 The Licensee has taken appropriate steps to ensure business separation was effective during the period of this annual report and the relevant issues understood by the directors of the Licensee together with the employees, directors and consultants of DTUK (provider of management services to the Licensee).
- 2.7 For the period of this report the Licensee has been in compliance with its relevant duties.
- 2.8 An annual compliance plan was produced by the compliance officer for the purpose of ensuring compliance with the relevant duties of the Licensee. The annual compliance plan detailed the actions to be undertaken by the compliance officer in relation to the relevant duties of the Licensee and included a consideration of:
- a) advice and information to be provided by the compliance officer;
  - b) information sharing processes;
  - c) the Licensee’s Licence monitoring processes;

- d) the agendas, papers and minutes of the Licensee’s Board and committee meetings, reporting; and
- e) complaint handling.

Further details of the monitoring, responsibilities and reporting obligations in so far as they relate to the relevant duties of the Licensee and how the Board, Compliance Committee and compliance officer discharge those duties can be seen from section 10 to 12 of the Licensee’s Statement – a hyperlink to this statement is provided above.

### **3 COMPLIANCE COMMITTEE**

- 3.1 The Compliance Committee is a permanent internal body having an informative and consultative role, without executive functions, with powers of information, assessment and presentation to the Licensee’s Board. The Compliance Committee is a committee of the Licensee’s Board and reports to the Licensee’s Board in relation to matters of compliance with the Licence and has been formed to assist the Licensee’s Board in the effective discharge of its responsibilities as to compliance with the obligations placed on the Licensee as a result of being granted the Licence.
- 3.2 Dr Graeme Hutchison the Licensee’s compliance officer. Dr Hutchison is not engaged in the management or operation of the licensed transmission business system, or the activities of any associated business.
- 3.3 Members of the Compliance Committee during the period of this report and who were members for the whole period and through to the date of this report unless otherwise noted were as follows:

<b>Name</b>	<b>Appointed</b>	<b>Resigned</b>
Gary Thornton	11 November 2019	
David Foot	11 November 2019	
Matthew Pitts	5 November 2020	
Jo Beswetherick	5 November 2020	

- 3.4 No issues in relation to the relevant duties of the Licensee have arisen during the period and no complaints have been received by the compliance officer.
- 3.5 The Licensee does not have an internal audit department and therefore no routine audits of compliance with the relevant duties have been undertaken; however, the Compliance Committee, the Licensee’s Board and the compliance officer have considered the various compliance reports and other evidence in respect of the relevant duties of the Licensee and have concluded that no such audit is necessary as no issues have arisen.
- 3.6 Detailed references to the work of the compliance officer are given in Section 9.

### **4 AMENDED STANDARD CONDITION E12-C1 (CONDUCT OF THE TRANSMISSION BUSINESS)**

- 4.1 The Licensee has complied at all times during the period of this report with the requirements of amended standard condition E12 – C1.
- 4.2 The Licensee has conducted the business of its Transmission Business consistent with the Statement in general and in particular the code of conduct (“the **code**”) included at Appendix 1 to the Statement. A hyperlink to the Statement is given above. All employees of the Licensee (although in fact the Company had no

- employees during the period of this report), the Licensee's directors together with all employees, directors and consultants of any of the Licensee's affiliates including DTUK that are engaged in providing management services to the Licensee are obliged to abide by the code and the Licensee and compliance officer has monitored compliance with the code.
- 4.3 In respect of the Licensee's conduct of its transmission business, through the application of the procedures and processes referenced in its Statement: the Compliance Committee; the Licensee's Board; and the compliance officer all concur that no unfair commercial advantage has been conferred on or by the Licensee, its affiliates or related undertakings, any user of the national electricity transmission system or any other transmission licensee.
- 4.4 In particular the Compliance Committee; the Company's Board and compliance officer have all noted or concluded, as appropriate, during the period of this report the following:
- a) that all employees and consultants of DTUK (its affiliates and related undertakings to the extent those employees and consultants provide management services directly or indirectly to the Licensee) had confirmed their acceptance of the code that informs those individuals of their obligations under the Licence (as amended by any consents granted by the Authority);
  - b) that in respect of the individuals referenced in a) above that they had confirmed adherence to the code;
  - c) that the compliance officer had interviewed some of the individuals referenced in a) above to ensure that they understand the importance of the code and for them to confirm adherence and he has satisfied himself that they have done so;
  - d) that the operating model as described in the Section 4 of the Statement has resulted in the Licensee primarily contracting with independent third parties with limited contractual arrangements being entered into with any affiliate, related undertakings and/or related parties of the Licensee. Consequently, the risk of the Licensee (including its affiliates and related undertakings), any user of the national electricity system or any other transmission licensee obtaining an unfair commercial advantage is considered very unlikely;
  - e) the Licensee has a procurement policy in place that requires certain authorisations to be obtained at different levels of procurement that is designed to prevent unauthorised, non-compliant behaviour.
- 4.5 Consequently, the Licensee's Board have concluded that the Licensee has been in compliance at all times with paragraph 1 of amended standard condition E12 - C1 (Conduct of the Transmission Business) over the period of this report.
- 4.6 The Compliance Committee, the Licensee's Board and compliance officer also note that the Licensee has secured and procured separate premises, equipment, systems for recording and storing data, facilities, staff, and property that these are held separately from:
- a) those owned by the transmission licensee that, being a holder of a co-ordination licence, is responsible for co-ordinating and directing the flow of electricity onto or over the national electricity transmission system; and
  - b) Associated business of the licensee that is authorised to generate or supply electricity being DGE, MFOW, Eneco, OVO, TRIG and InfraRed Fund V – 5.

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**5 AMENDED STANDARD CONDITION E12 – C2 (SEPARATION AND INDEPENDENCE OF THE TRANSMISSION BUSINESS)**

- 5.1 The Licensee has complied at all times during the period of this report with the requirements of amended standard condition E12 – C2.
- 5.2 The Licensee has conducted the business of its Transmission Business consistent with the Statement in general and in particular paragraph 6 and the sub-clauses thereto of the Statement.
- 5.3 A description of the corporate governance arrangements that applied during the period of this report that are consistent with the arrangements described in the Statement. This was seen in the Licensee’s audited regulatory accounts published in July 2021.
- 5.4 The Compliance Committee, the Licensee’s Board and the compliance officer note the publication of the Statement was compliant with the requirements of paragraph 2, 3 and 4 of amended standard condition E12 – C2;
- 5.5 The Compliance Committee, the Licensee’s Board and the compliance officer has monitored the activities and plans during the reporting period to ensure the Licensee has not shared any resources with any entity that meets the operating characteristics of Amended Standard Condition E12 - C2 paragraph 4(b)(i) and (ii) during the reporting period. Consequently the Licensee is compliant with the conditions of Amended Standard Condition E12 - C2 paragraph 4b(i) and (ii).
- 5.6 The Compliance Committee, the Licensee’s Board and the compliance officer has monitored any person who has ceased to be engaged in, or in respect of the management and operation of the transmission business from being engaged in, or in respect of, the activities of an associated business until the expiry of an appropriate time. As no persons has ceased to be engaged in, or in respect of the management and operation of the transmission business from being engaged in, or in respect of, the activities of an associated business, the Licensee’s Board has concluded that the Licensee has been in compliance with paragraph 4(b)(iii) of amended standard condition E12 – C2 (Separation and Independence of the Transmission Business) over the period of this report.

**6 AMENDED STANDARD CONDITION E12-C3 (RESTRICTION ON USE OF CERTAIN INFORMATION)**

- 6.1 The Licensee has complied at all times during the period of this report with the requirements of amended standard condition E12 – C3.
- 6.2 All employees of the Licensee (although as previously noted there were no such employees during the period of this report) together with all employees, directors and consultants of DTUK engaged in the supply of management services to the Licensee (either directly or indirectly) are obliged to abide by the code which makes specific reference to the restrictions on the use of certain information and ensuring in sharing information no unfair advantage shall be provided and the Licensee has monitored compliance with the code by way of enquiry of management; the activities of the compliance officer; and discussions held within the Compliance Committee and/or the Licensee’s Board.
- 6.3 Management has put in place controls and procedures to restrict access to information to authorised personnel only. These include controlling physical access to buildings and rooms within buildings and logical access / password protection in relation to data stored on computer systems and related data storage systems. In addition, management assesses the risk of the deliberate disclosure of information to unauthorised personnel as being highly unlikely as the commercial value of such information is considered very low. The

compliance officer, Compliance Committee and the Licensee's Board concur with this assessment.

## **7 STANDARD CONDITION E6 – PROHIBITION OF CROSS-SUBSIDIES**

- 7.1 The Licensee has complied at all times during the period of this report with the requirements of standard condition E6.
- 7.2 The Licensee has complied with the requirement not to give or receive a cross subsidy at any time during the period covered by this report to or from any other business or an affiliate or related undertaking of the Licensee.
- 7.3 As noted at paragraph 8.4 of the Statement the nature of the operating model inherently minimises the risk of cross subsidisation as the nature of the regulatory arrangements means that the pricing of transmission services are set for the whole of the period that the Licence has been granted – 20 years. As a consequence, there is no incentive on the management, and/or any individual or individuals to intentionally receive or give a cross subsidy to or from the licensee or its affiliates and related undertakings as it can have no impact on the revenue of the licensee.
- 7.4 The Compliance Committee, the Licensee's Board and the compliance officer note that there have been no transactions with affiliates or related parties of the Licensee during the period of this report that were not permitted by the offshore electricity transmission licence.

## **8 STANDARD CONDITION E7 – RESTRICTION ON ACTIVITY AND RING FENCING**

- 8.1 The Licensee has complied at all times during the period of this report with the requirements of standard condition E7.
- 8.2 The Licensee has conducted the business of its Transmission Business consistent with the Statement in general and in particular paragraph 9 of the Statement.
- 8.3 During the period of this report, the Compliance Committee, the Licensee's Board and compliance officer have considered the activities undertaken by the Licensee to ensure that they fall within the remit of those activities permitted under the Licence. This consideration has included, amongst other matters, a review of:
- c) the budget;
  - d) forecasts;
  - e) quarterly management reports;
  - f) reports prepared by DTUK (provider of management services to the Licensee); and
  - g) any reports prepared by the compliance officer after carrying out his activities.
- 8.4 The Compliance Committee, the Licensee's Board and the compliance officer have reviewed the nature of the activities undertaken by the Licensee or contemplated by the Licensee and are satisfied that all the activities undertaken during the period of this report or contemplated during the period of this report and included within the budget or forecast are all permitted activities under the terms of the licence.
- 8.5 The Compliance Committee, the Licensee's Board and compliance officer having considered the evidence available to them in the form of the reports etc. referenced above noting that during the period of this report, the Licensee, which does not have any "relevant associates" (as defined under its offshore



electricity licence), has not carried out any activities other than those activities that directly relate to the operation of an offshore transmission business.

## **9 AMENDED STANDARD CONDITION E12-C4 - APPOINTMENT OF COMPLIANCE OFFICER**

- 9.1 Dr Graeme Hutchison is the Licensee's appointed compliance officer for the reporting period. Dr Hutchison has worked for over fifteen years in the UK electricity supply industry holding senior positions in Power Systems Consultants ("PSC"), Ramboll and Parson Brinkerhoff. Dr Hutchison's is a qualified lead auditor and has been engaged by transmission and distribution electricity businesses and regulators to undertake regulatory compliance audits.
- 9.2 As compliance officer Dr Hutchison prepared an annual compliance plan for the Licensee which was presented to the Licensee's Compliance Committee and the Licensee's Board on 26 October 2021.
- 9.3 By way of enquiry during the period of this report of both the management of the Licensee and the compliance officer together with a review of reports provided by the compliance officer and management and having observed the activities of the compliance officer, the Compliance Committee and the Licensee's Board satisfied themselves that consistent with the requirements of amended standard condition E12 – C4 (3) that the compliance officer was not engaged in the management or operation of the of the Licensee's transmission system or that of any associated business. In addition, the Licensee's Board and Compliance Committee noted and the compliance officer confirmed that the compliance officer had not been engaged in the management or operation of the Licensee's transmission system or that of any associated business during the period of this report.
- 9.4 The Licensee's Board noted that a compliance Committee (being a committee of the Licensee's Board of directors of the Licensee) had been established in accordance with amended standard condition E12 – C4 (4) for the purpose of overseeing and ensuring the performance of the duties and tasks of the compliance officer as set out in paragraph 7 of amended standard condition E12-C4 and the compliance of the Licensee with its relevant duties.
- 9.5 The Licensee's Board further noted that the compliance committee, consistent with the requirements of paragraph 4 of amended standard condition E12-C4, had:
- a) reported to the Company's Board; and
  - b) included within their membership: a director who took responsibility for day-to-day compliance with the activities of the Licence; and such persons from within the Licensee's business who are responsible for the management of regulatory issues relating to the Licence.
- 9.6 The Licensee's Board and the compliance committee by way of regular enquiry of the compliance officer and management confirmed that they were satisfied that during the period of this report, that the compliance officer had been provided with such staff, premises, equipment, facilities and other resources as necessary together with such access to the Licensee's premises, systems, information and documentation as necessary for the compliance officer to carry out his duties. The Licensee's Board and compliance committee noted and the compliance officer concurred that in accordance with amended standard condition E12 – C4 (5) that the compliance officer had been provided with all the staff, premises, equipment, facilities and other resources together with access to premises, systems, information and documentation as required to carry out the duties of the compliance officer.

- 9.7 The Licensee's Board noted that the Licensee had received no complaint or representation from any person in respect of a matter arising under or by virtue of the relevant duties.
- 9.8 The compliance officer's activities during the year included:
- a) preparation and presentation of an annual compliance plan to the compliance committee;
  - b) reviewing all Board and management papers and minutes to ensure compliance with the relevant duties of the Licensee;
  - c) discussion with certain DTUK employees and consultants to ensure that the principles and practices of the relevant duties in general were understood and that the principles and practices relating to business separation in particular were adhered to;
  - d) reviewing policy and process documents together with employment contracts and the code to confirm that compliance with the relevant duties of the Licensee was properly represented and adhered to;
  - e) reviewing the register of obligations to ensure compliance with the relevant duties of the Licensee;
  - f) presenting reports to the Licensee's compliance committee in line with the annual compliance plan and discussing any potentially regulatory compliance issues with the Committee; and
  - g) reporting annually to the Licensee's Board on compliance with the relevant duties of the Licensee.
- 9.9 The compliance officer was not asked to investigate any complaints during the period of this report and did not identify any breaches of the Licensee's relevant duties which required the attention of the compliance committee or the Licensee's Board.

## **10 CERTIFICATE OF COMPLIANCE**

- 10.1 The certificate of Compliance as required under Amended Standard Condition E12-C4 (9) (d) is attached as Annex 1.

### **WHO TO CONTACT FOR MORE INFORMATION**

Dr G Hutchison  
Compliance officer  
Diamond Transmission Partners RB Limited c/o  
Power Systems Consultants UK Limited  
116 Quayside  
Newcastle Upon Tyne  
NE1 3DX  
United Kingdom

**Annex 1**

Certificate of Compliance as required under Amended Standard Licence  
Condition, E12-C4 (9) (d).

SEE ATTACHED CERTIFICATE