

Guidance

Early-Stage Assessment Guidance Document

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This guidance document is for developers who are seeking to coordinate the development of offshore transmission infrastructure using Anticipatory Investment.

This document provides applicants with guidance on how to submit their applications for the approval of Anticipatory Investment via the Early-Stage Assessment process. It explains the process that we follow in the assessment of applications and offers guidance on how to prepare applications for review.

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Executive Summary

In our consultation on the Early-Stage Assessment for Anticipatory Investment published on 25 May 2023 (**our May Consultation**)¹, we sought views on our approach to the Early-Stage Assessment (**ESA**). We produced a draft guidance document² alongside our May 2023 Consultation to inform all interested parties of our proposed approach to the ESA. We have since updated the draft guidance document in accordance with consultation feedback, resulting in this final guidance document.

The purpose of the ESA is to reduce barriers to coordination by providing developers with confidence that any Anticipatory Investment spent on coordinated infrastructure will be treated as an allowable cost in any future cost assessment process. We consulted on the design of this assessment, the interchangeability of the initial user and later user, our approach to cost allowances and the proposed process for dealing with material changes. Stakeholders requested further clarity and guidelines on what is required to be submitted to make use of the Anticipatory Investment policy and what the framework for assessing applications is.

We will keep this guidance and our general approach to ESA under review to ensure alignment with policy developments. We will continue to engage with stakeholders to ensure this guidance remains fit for purpose.

In the case of any inconsistencies, the provisions in our decisions or licences will take precedence over this guidance.

¹ [Consultation on the Early-Stage Assessment for Anticipatory Investment | Ofgem](#)

² [Draft Early-Stage Assessment Guidance Document | Ofgem](#)

1. Introduction

Anticipatory Investment

- 1.1. We use the term 'Anticipatory Investment' to refer to investment in offshore transmission infrastructure to support the later connection of a specific offshore development or developments. This is investment which goes beyond the needs of the immediate offshore development or developments.
- 1.2. We refer to the developer making the investment in the shared asset as the 'initial user'. We refer to the developer or developers that will use the shared asset in the future as the 'later user(s)'.

Anticipatory Investment and the Early-Stage Assessment

- 1.3. The ESA seeks to provide applicants with confidence that any Anticipatory Investment spent on coordinated infrastructure meets the necessary criteria, as set out in Chapter 3.
- 1.4. The value agreed at the ESA does not indicate complete certainty on the efficient level of cost for the proposed infrastructure that would be included in any future valuation. We will only be able to provide greater certainty for applicants who have evidence-based costs relating to Anticipatory Investment.
- 1.5. The ESA process is valuable because it provides a layer of assurance to applicants by ensuring that any Anticipatory Investment proposals for coordinated infrastructure can be tested to determine whether they meet the objectives of the Offshore Transmission Network Review (**OTNR**). The OTNR was launched in July 2020 with the objective of ensuring that the transmission connections for offshore wind generation are delivered in an optimal way, considering the United Kingdom's ambitions for offshore wind energy in achieving net zero. This aims to balance environmental, social and economic costs.

2. The Early-Stage Assessment Approach

Section summary

This section provides an overview of our approach to the ESA, including what we expect prior to the submission of an ESA application.

Purpose of the Early-Stage Assessment

- 2.1. This guidance document applies our Anticipatory Investment policy to all projects seeking Anticipatory Investment approval.
- 2.2. The Early-Stage Assessment (**ESA**) seeks to provide applicants with confidence that any Anticipatory Investment spent on coordinated infrastructure will:
 - be an economic and efficient cost;
 - be treated as an allowable cost in any future cost assessment process provided they have met the criteria set out in the ESA;
 - meet the needs set out in the Holistic Network Decision (**HND**) or Holistic Design Follow Up Exercise (**HNDFUE**) for applicants in the Pathway to 2030 workstream.
- 2.3. The ESA is mandatory for any developers looking to recover Anticipatory Investment in offshore coordinated infrastructure through Ofgem's cost assessment process.
- 2.4. In addition to this, the ESA will also be used to provide an initial spend profile and cost figure to the ESO so that user commitment arrangements for the later user(s) can be established.

Timing of Submission

- 2.5. We require applicants to have a clear understanding of the offshore transmission infrastructure in which they are investing, and which will be used by the later user(s).

- 2.6. Applicants are expected to apply for an assessment at the point in the project development process most suitable to them. Provided the applicant(s) has met the criteria for our Eligibility Assessment, there are no specific requirements on the applicant(s) as to which stage they must be in the project development process to undertake the ESA.
- 2.7. The framework is intended to be as flexible and adaptable as possible, to reflect the likely different circumstances for each project.
- 2.8. Applicants will need to take into consideration the time taken by Ofgem to assess applications while deciding when to submit, as set out in paragraphs 2.13 to 2.20 of this document. Following submission, if the content of the submission changes significantly, applicants should inform us as soon as possible.

Overview of the Early-Stage Assessment Process

Application Submission

- 2.9. The ESA consists of two parts: the Eligibility Assessment and the Technical Assessment. Both parts of the ESA application must be submitted at the same time, with the exception of the Technical Assessment cost review, which can be submitted separately at a later stage at the discretion of the applicant.
- 2.10. The ESA process only applies to projects which include Anticipatory Investment, other offshore projects will follow existing processes.

Eligibility Assessment

- 2.11. The Eligibility Assessment will require proof of the later user acknowledging and accepting the initial user's intent to submit an ESA application on their behalf. More information is provided in Section 3, below.

Technical Assessment

- 2.12. The Technical Assessment requires the applicant(s) to provide a detailed description of the relevant projects involved in the shared offshore transmission assets, clearly indicating which assets will be included in the cost assessment process as Anticipatory Investment. This is more fully set out in Section 3, below.

Review Period

- 2.13. Upon receipt of a complete application, the review period will commence. Subject to any additional information being required from the applicant, we will aim to complete our reviews within a four-month period. We will assess whether each application meets the objectives of the OTNR and whether it benefits from our proposed changes to allow the Anticipatory Investment to be recovered through the OFTO transfer process, following the cost assessment stage.
- 2.14. We will assess and provide a response for the Eligibility Assessment within twenty-eight calendar days. We will aim to conclude the Technical Assessment within four months from the initial date of submission, provided that we have been given all information necessary to make that assessment.
- 2.15. If an application does not contain enough information to allow us to fully assess the application, we will request additional information for the purposes of our review. We will only be able to undertake our assessments and reach an outcome for an application once we have the required level of information to do so.
- 2.16. Where we request further information, we will indicate a date by which that information is to be provided. When additional information is requested, the review period will be paused. This will, therefore, extend the review period by the number of days the applicant takes to provide the additional information.
- 2.17. Regular engagement with applicants will remain a priority to help mitigate the potential risk of a delay in the assessment process. Where possible, to reduce any delays caused by a pause in the assessment, we will progress our assessment of other areas of the submission which aren't impacted by the missing information.
- 2.18. In the instance where the applicant(s) fails to submit any additional information by the required date, we will pause the assessment. Applicants should adhere to any timescales provided wherever possible and should make us aware as soon as possible if additional time is needed to gather and submit the required information.
- 2.19. To avoid any delay to the expected review period, we will regularly engage with applicants so that they can raise and resolve issues and are supported throughout the application process.

2.20. We may choose to discuss matters relating to the proposed Anticipatory Investment with other interested parties, including The Crown Estate and Crown Estate Scotland, the ESO and the Department for Energy Security and Net Zero. We will ensure any such discussions are only to the extent necessary to fully assess the application. Applicants will also be given the opportunity to propose the redaction of any commercially confidential information if the outcome of any application requires public consultation.

Assessment Outcome

2.21. The outcome of the ESA will be communicated to the applicant(s) in a private letter from Ofgem providing an indication on the extent to which the applicant making the Anticipatory Investment would, in principle, be able to recover that cost as part of the final transfer value of the offshore transmission assets to the OFTO, following any future cost assessment process.

2.22. Where we consider the consumer benefit for an applicant is not clear, we may choose to consult on the decision of the application, but with due consideration to confidentiality and commercial sensitivity.

2.23. In addition to this, we will provide an initial spend profile and indicative Anticipatory Investment cost figure to the ESO so that User Commitment Arrangements for the later user can be established. Section 15 of the Connection and User of System Code (**CUSC**) sets out how liabilities are calculated and the security arrangements that will be required in respect of this.³

³ [NG Electricity System Operator | Guidance for Customer Securities \(CUSC Section 15\)](#)

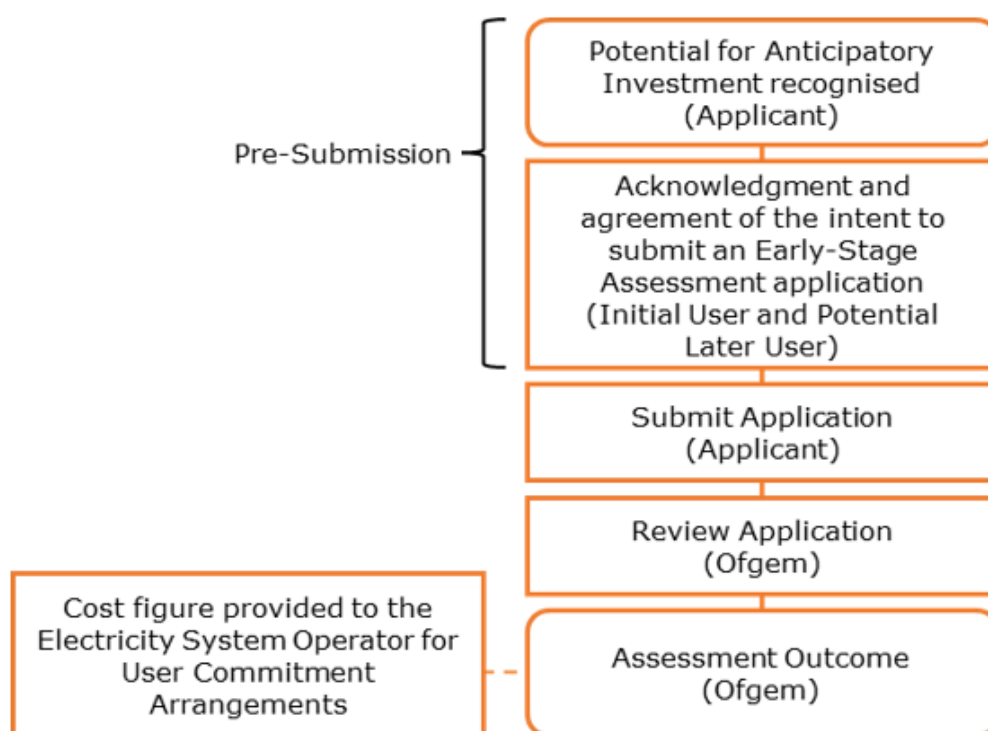


Figure 1 - Overview of Early-Stage Assessment

Costs of the Anticipatory Investment

- 2.24. As part of the Technical Assessment, we will conduct a cost review. The cost review stage of the process will provide an estimate of costs that we consider ought to be incurred in the provision of the proposed Anticipatory Investment.
- 2.25. The purpose of this cost review is to provide an indicative value for the Anticipatory Investment to be transferred to the later user, by calculating the economic and efficient costs which ought to be, or ought to have been, incurred in connection with developing and constructing the coordinated solution.
- 2.26. The cost review can be submitted as part of the Technical Assessment or can be submitted at a later date. Applicants must disclose when they plan to submit their cost review in the Eligibility Assessment timeline. Where applicants decide to submit costs at a later date, a preliminary version of the cost should be provided as part of the initial submission.

- 2.27. In the event an applicant submits the cost information at a later stage, we would review and assess the new information within three months of receipt.
- 2.28. To assess whether the cost of the Anticipatory Investment is a reasonable estimate, we will compare the applicant's cost submissions with costs from other transmission projects we have assessed (making allowances for project specific elements) and other cost data held by Ofgem and our advisers. Following the identification of any cost anomalies, we will discuss the reasons for these differences with the applicant(s) to inform our review.
- 2.29. As noted earlier, applicants have the flexibility to submit costs at an early stage should they decide to. We will be able to provide a greater level of certainty to applicants who provide evidence-based costs for the proposed Anticipatory Investment. Where applicants apply with cost estimates and later find that the cost relating to the Anticipatory Investment has changed materially, we expect applicants to inform us as soon as possible.
- 2.30. One of the outcomes of the cost review stage is to provide the applicant(s) and the ESO with the value of the Anticipatory Investment cost figure. Costs indicated at this stage may be revisited in any future cost assessment stages.

3. The Early-Stage Assessment Process

Section summary

This section provides a detailed breakdown of the key aspects involved in the ESA process.

Assessment Requirements

- 3.1. The application consists of two main parts:
 - 1) Eligibility Assessment
 - 2) Technical Assessment

- 3.2. The Eligibility Assessment requires evidence that all the offshore wind projects involved in the shared offshore transmission assets incorporating Anticipatory Investment meet the following criteria (as appropriate):
 - each project has a valid and enforceable Agreement for Lease (**AfL**) with The Crown Estate or Crown Estate Scotland;
 - for projects in scope of the Early Opportunities workstream, each project has a Connection and Infrastructure Options Note from the ESO;
 - for projects in scope of the Pathway to 2030 workstream, each project has a connections agreement and is included in the HND or HNDFUE.

- 3.3. Ofgem has discretion to waive any of the eligibility requirements listed above on a case-by-case basis should there be specific issues outside of the applicant's control, such as delayed connection agreements. We will also take into account the context and conditions likely to affect the competitiveness of the energy markets in which the applicant operates. No factor alone will be decisive and further factors may be relevant to our ability to exercise discretion.

- 3.4. In addition to meeting the above criteria, each application must include a joint letter showing the later user(s)'s acknowledgement of, and agreement with, the application being submitted. The joint letter must also show confirmation that the later user(s) is willing to take responsibility for constructing the coordinated asset(s) should the initial user be materially delayed (to the extent where the later

user(s) will, as a result of the delay, take its final investment decision before the initial user).

- 3.5. A joint letter should ensure that the later user(s) is not delayed from connecting, and the coordinated solution is still carried forward. Should the later user(s) become responsible for the delivery of the coordinated solution, they will be required to carry it out in line with the costs agreed between Ofgem and the initial user at the ESA stage.
- 3.6. The Technical Assessment requires the applicant(s) to provide a detailed account of the Anticipatory Investment being proposed alongside a specific set of criteria. A detailed description of what is expected can be found in Appendix 1, and can be summarised as follows:
 - 3.6.1. a description of the projects connecting to the shared offshore transmission assets including an overview of the existing and planned commercial arrangements and structures between the project companies involved;
 - 3.6.2. a detailed description of the proposed coordinated solution and the asset(s) being built on behalf of the later user(s);
 - 3.6.3. a breakdown of the associated cost of the proposed coordinated solution, which applicants have the option to submit at a later stage should they wish to. The cost review should specify which parts of the offshore transmission assets will be constructed using Anticipatory Investment (rather than wider project costs). In the case applicants choose to submit their cost breakdown at a later stage, they must still provide a high-level indicative cost as part of their Technical Assessment;
 - 3.6.4. a detailed timeline for both the initial user and later user through to energisation of the system and proposed asset transfer date to the OFTO. If the applicant(s) chooses to undertake cost review at a later date, the date at which they plan to submit must be clearly expressed in the timeline;

- 3.6.5. a risk log which includes any risks which may have an impact on the development, construction and/or completion of the proposed coordination solution;
 - 3.6.6. an options analysis of alternative coordinated solutions, with costings and justification for the selected solution (only for coordinated solutions which vary from the HND/HNDFUE);
 - 3.6.7. an indicative breakdown of the monetary benefit for consumers/developers/other parties as a direct result of the proposed coordinated solution;
 - 3.6.8. for projects within the scope of Early Opportunities, a detailed breakdown of the additional benefits including (but not limited to) environmental and social benefits, to allow us to assess whether each proposal meets the objectives of the OTNR; and
 - 3.6.9. for projects within the scope of PT2030, and subject to sections 3.8 to 3.10 below, a confirmation that the proposal is aligned with the coordination set out by the ESO in the HND/HNDFUE.
- 3.7. If the applicant is unable to provide the requested information, they must provide an explanation as to why, together with any supporting documentation which the applicant considers relevant. It is at our discretion to consider the application and decide whether to allow it to proceed and/or whether, and what, further information may be required.

Variations from the HND/HNDFUE

- 3.8. For non-radial offshore transmission projects within the scope of PT2030, if the proposed coordinated solution set out in the application varies from the HND or HNDFUE, the differences must be detailed together with an explanation of how the proposal submitted meets the objectives of the OTNR.
- 3.9. We may request a cost benefit analysis (**CBA**) in addition to the criteria set out in 3.6 above, which meets the conditions specified in 3.10 below. If the proposed coordinated solution has been included in the HND or HNDFUE and has not been varied, a CBA or options analysis will not be necessary.

3.10. If we require a detailed CBA as part of the Technical Assessment, it must include the following:

- 3.10.1. an indicative summary of the cost for the proposed Anticipatory Investment and avoided cost for any later user(s), the consumer, and any other impacted parties;
- 3.10.2. A breakdown of the benefits and disbenefits for each of the potential coordinated solutions which require Anticipatory Investment to be made and justification for the proposed coordinated solution selected; and
- 3.10.3. a qualitative breakdown of the additional benefits of the proposed coordinated solution; this must include environmental and social considerations.

Technical Assessment

3.11. As part of the technical assessment, we will focus on two main aspects: project design and costs for Anticipatory Investment.

Project Design

3.12. The main purpose of the project design assessment is to ensure that the design of the transmission infrastructure is functionally appropriate for the connected generation. The project design requires us to review the overall design of the coordinated solution, including features such as the choice of electrical design, procurement plan and efficiency, risk logs and the technology options evaluated.

3.13. If all or part of the project design is considered inefficient, we will discuss this with the applicant to inform our review.

Cost Review

- 3.14. The cost review will follow the same principles as we currently use for offshore transmission cost reviews. This is contained in the Offshore Transmission Cost Assessment Guidance.⁴
- 3.15. The costs submitted through the ESA will retain rules around anticompetitive behaviour, even when projects are sharing infrastructure, under the common understanding that they are required to cooperate on the transmission elements of the project, without sharing unnecessary information about generation and eventual bid formation. We ensure that the information required as part of the ESA process will adhere to this principle. Any information required by Ofgem beyond that which is directly related to the shared transmission infrastructure will be treated confidentially in line with our statutory duties.
- 3.16. To consider the costs submitted by the applicant, we will compare the applicant's cost submissions with costs from other transmission projects we have assessed (making allowances for project specific elements), and the cost data held by Ofgem and our advisers. Following the identification of any cost anomalies, we will discuss the reasons for these differences with the applicant, to inform our consideration of the costs.
- 3.17. For costs to be considered eligible for recovery at a later point, the costs submitted must be evidence-based, with clear rationale for the costs included in the submission. Any shared work or assets being proposed must have any allocations clearly indicated with the methodology and the reasons for using that allocation explained in detail. The applicant is required to provide as much detailed evidence as possible to allow us to provide greater certainty that the costs will be recoverable through the cost assessment process.
- 3.18. A 10% threshold will be allocated to any underspend or overspend on agreed costs. Should applicants overinflate the figures to such an extent where in their final cost submissions the Anticipatory Investment portion is more than 10% below what was initially submitted at the ESA, then all costs for the Anticipatory Investment will be subject to the normal cost assessment process.

⁴ [Offshore Transmission Cost Assessment Guidance | Ofgem](#)

- 3.19. In any future assessment, these Anticipatory Investment costs will be subject to our standard forensic process of verifying that they were incurred economically and efficiently in constructing the part of the offshore transmission assets intended for use by the later user(s), as set out in the ESA and the actual amounts incurred. This involves verification of invoices submitted by contractors, through to the actual payments being made by the applicant. Any costs not evidenced as being incurred in carrying out the Anticipatory Investment work will not be included in the calculation of the transfer value.
- 3.20. The outcome of the cost review stage is to set out the Anticipatory Investment cost figure, which includes any interest during construction (**IDC**), to be provided to the ESO and to the applicant in a decision.

Timely provision of data throughout the process

- 3.21. Under the ESA process, the Authority can require the applicant to submit further information to assist in the cost review. Where the Authority requests further information, it shall indicate a date by which that information is to be provided. This will extend the review period by the number of days the applicant takes to provide the additional information. Where an applicant submits the information after the required date, the Authority may decide not to take into account the information provided when determining the value of the Anticipatory Investment that is taken forward. Where requested information has not been provided by the applicant, the assessment of the application will be paused.

Interaction with Later User(s)

- 3.22. The later user is a key stakeholder in the ESA application. They are expected to be a user of any coordinated infrastructure and will contribute to the Anticipatory Investment costs once connected, via Transmission Network Use of System (**TNUoS**) tariffs, with the costs recovered via the Transmission Demand Residual (**TDR**) charge prior to the later user connecting.
- 3.23. As part of the ESA submission, we require written confirmation from the later user (by way of the joint letter referred to in paragraph 3.4), which demonstrates its consent to the Anticipatory Investment being made on its behalf in respect of the coordinated infrastructure which will be used by it.

- 3.24. We recognise that there may be circumstances in which the initial user's project is delayed. The initial user should inform Ofgem of the delay as soon as practicably possible.
- 3.25. If the initial user's project is delayed to such an extent that the user originally designated as the later user will take its final investment decision earlier than the initial user, we expect the later user to take responsibility for the construction of the coordinated asset. We expect that the joint letter, submitted as part of the ESA, from the initial user to also show confirmation that the later user is willing to take responsibility for building the asset should the initial user become delayed to the extent that project delivery is expected after the planned later user.
- 3.26. In these circumstances, both users will be expected to also inform the ESO for the purposes of correcting User Commitment payments.

Material Change to Anticipatory Investment Proposals

- 3.27. Material change includes, but is not limited to:
- a change in the lead developer or initial user,
 - an increase in the cost estimate above the 10% threshold,
 - a fall in the cost estimate below the 10% threshold,
 - any change which could have a negative impact on the needs case and/or consumer benefits,
 - a variation in the design of the coordinated assets, which reduces coordination and/or changes the coordinating parties.
- 3.28. Given the preliminary stage at which the ESA will take place, cost variations may be expected as the project progresses. We understand that costs can change and are not fixed until projects have undertaken the relevant procurement processes.

- 3.29. We require timely notice of any projects that experience a material change in the Anticipatory Investment cost or technical specification once their ESA outcome has been decided. In respect of projects seeking changes to the Anticipatory Investment proposals, we may request a secondary (albeit more streamlined) ESA.
- 3.30. Once the applicant informs Ofgem of a change to their proposal, we will aim to inform the applicant whether a secondary ESA will be required within twenty-eight calendar days. We may request supplementary information before or during the secondary assessment to help inform our decision.
- 3.31. In the event that a material change occurs, and a re-assessment is necessary, Ofgem will only re-assess the areas of the original submission, which have been impacted by the material change. For example, if the cost of the coordinated solution has increased significantly, we will only review the cost increases and the impact on consumer benefit, the remaining elements of the original application would remain eligible.
- 3.32. To reduce the possibility of delay, applicants are encouraged to engage with Ofgem on potential material changes that may arise as early as possible.

Appendices

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Appendix 1 –Application Requirements

Overview

As set out in the main body of this document, to undertake our ESA, we need to be provided with reasoning supported with evidence for the proposed coordinated solution. This appendix provides guidance on how applicants are expected to prepare their submissions for our review, and some of the key documents that we require.

As we review applications, we may request further information from applicants to ensure we have a complete understanding of the project and its associated costs.

Eligibility Assessment

The purpose of the Eligibility Assessment is to ensure the project is sufficiently advanced before applying under the ESA. The table below sets out the main requirements for the eligibility assessment. However, this list is not exhaustive. Where there have been any notable changes to the project, these need to be clearly explained and justified in the relevant application.

Eligibility Assessment Criteria	Requirement	Application Area
Agreement for Lease (AFL)	A digital copy of the AFL with the Crown Estate or Crown Estate Scotland.	Narrative
Connection Agreement	A digital copy of the connection agreement.	Narrative
Joint letter	A copy of a joint letter from the applicant(s), i.e., the initial user and later user(s) agreeing on the coordinated solution and the later user(s) agreeing to take responsibility for delivering the asset should they reach their final investment decision before the initial user.	Narrative

Technical Assessment

The purpose of the Technical Assessment is to provide a general overview of the project, explain to us the benefit of the coordinated solution and summarise the project costs at a high level.

This section requires applicants to provide a clear rationale for the coordinated solution, any assumptions that impact project costs must be clearly explained in the narrative. Applicants are required to submit a document that provides complete transparency on the reasoning behind the coordinated solution and its costs.

The table below sets out the main requirements for the Technical Assessment. However, this list is not exhaustive. Where there have been any notable changes to the project, these need to be clearly explained and justified in the relevant application.

Technical Assessment Criteria	Requirement	Application Area
A description of the relevant offshore wind project(s)	General overview of the project, including ownership, connection points and asset type. Also including an overview of the existing and planned commercial arrangements and structures between the project companies involved	Narrative
Detailed description of the proposed coordinated solution and the Anticipatory Investment required to deliver coordination;	Breakdown of the coordinated solution, including asset type(s) and total cost to reach said solution.	Narrative
Breakdown of Anticipatory Investment costs	<p>Breakdown of the cost associated with the coordinated solution that will require Anticipatory Investment. This figure will be assessed at a high level and used to calculate User Commitment charges for the later user.</p> <p>A detailed breakdown of the cost can be submitted at a later stage for review; however a preliminary version of the cost should be submitted as part of the initial submission.</p>	Cost Spreadsheet
Project timelines	Detailed breakdown of the timeline from early project planning through to energisation of the project(s).	Narrative
Risk log	Itemised risks to the project as a whole and to the coordinated solution. This must include monetary implications where possible. Each risk must include a probability and impact ranking and any mitigations that applicants have made.	Risk spreadsheet

Cost Benefit Analysis / Quantitative benefits	A breakdown of the monetary benefits to applicants, consumers, and other stakeholders where relevant against the cost expected to be incurred. This is only required where projects deviate from the HND/HNDFUE.	Narrative/Supplementary document
Options Analysis	Breakdown of alternative coordinated solutions considered. This must include justification for preferred option.	Narrative/Supplementary document
Qualitative benefits	Breakdown of hard-to-monetise benefits, including environmental and societal benefits and contribution towards achieving OTNR objectives.	Narrative/Supplementary document

Practical Guidance for Submissions

All cost-related submissions must be submitted in Excel format.

Documents or reports must be submitted in Word or PDF document formats.

The narrative must be submitted in both PDF and Word formats.

File/folder names must not contain any of the following characters in the title:

% ~ & \ # / : * ? " < > | { }

Appendix 2 – Glossary

A

AfL

Agreement for Lease

Anticipatory Investment

Investment that goes beyond the needs of immediate generation, reflecting the needs created by a likely future generation project or projects.

Applicant

By “applicant” or “applicant(s)”, we refer to the person(s) making a formal application for the Early-Stage Assessment. The terms “applicant”, “applicant(s)” and “developer” are used interchangeably in this document.

Authority

The Gas and Electricity Markets Authority established by Section 1(1) of the Utilities Act 2000. The Authority governs Ofgem. “Ofgem”, “the Authority” and “we” are used interchangeably in this document.

C

CBA

Cost Benefit Analysis

CfD

Contracts for Difference

CUSC

Connection and Use of System Code

D

Developer

In respect of a generator build offshore transmission project Section 6D(2)(a) of the Electricity Act 1989, defines such a person as ‘the person who made the connection request for the purposes of which the tender exercise has been, is being or is to be, held’. In

practice, such person is also the entity responsible for the construction of the generation assets and, under generator-build, the transmission assets. Under generator-build, this is the person who requests that Ofgem commence the tender process in respect of a proposed project. The developer in this case will be responsible for the construction of the generation assets as well as the transmission assets. The developer will make submit the ESA application and the terms "developer" and "applicant" are used interchangeably in this document

E

ESA

Early-Stage Assessment

ESO

Electricity System Operator

H

HND

Holistic Network Design

HNDFUE

Holistic Network Design Follow-Up Exercise

I

IDC

Interest during construction

Initial User

We refer to the developer making the investment in the shared asset as the initial user.

L

Later User

The developer or developers that will connect into and use the shared asset.

O

Ofgem

Office of Gas and Electricity Markets. Ofgem is governed by the Gas and Electricity Markets Authority established by Section 1(1) of the Utilities Act 2000. "Ofgem", "us", "we" are used interchangeably in this document.

OFTO

Offshore Transmission Owner

OTNR

Offshore Transmission Network Review

P

PT2030

Pathway to 2030

T

TDR

Transmission Demand Residual is the mechanism used to ensure overall allowed revenues are recovered, and it remains positive.

TNUoS

Transmission Network Use of System

U

User Commitment Arrangements

Prospective users are required to demonstrate their commitment to developing their scheme by putting in place user commitment arrangements which place liabilities on them in respect of the investment being undertaken on their behalf. Section 15 of the CUSC sets out how these liabilities are calculated and the security arrangements that will be required in respect of this.