

Guidance

Guidance for the cap and floor scheme application: Long Duration Electricity Storage (window one)

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Contact:	Long Duration Electricity Storage team
Team:	Low Carbon Infrastructure
Email:	LDES@ofgem.gov.uk

This guidance is provided by Ofgem to assist developers who want to apply for the cap and floor scheme for Long Duration Electricity Storage (LDES) projects. It explains the application and eligibility assessment processes for application window one. Additionally, it provides further clarifications on aspects of the scheme that stakeholders have asked about since the publication of the Technical Decision Document (TDD). The application period is from **Tuesday April 8 to Monday June 9, 2025**.

Ofgem will provide a link to an online data portal and access information to all potential applicants for the LDES cap and floor scheme window one. Applicants can request this link and access information at any time while the application window is open. Ofgem requests that prospective applicants notify their intent to apply by the **deadline of 22 April 2025**.

The TDD published in March 2025 outlines the LDES cap and floor regime. More information on the eligibility assessment process is provided in the Eligibility Criteria Assessment Framework published as an appendix to this document.

Guidance – Guidance for the cap and floor scheme application: Long Duration Electricity Storage (window one)

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Executive Summary

Approach to developing the guidance

The guidance for the first window of the LDES cap and floor scheme was shaped by stakeholder feedback. Following Ofgem's call for input in December 2024,¹ stakeholders requested further clarification on the scheme. The Technical Decision Document (TDD) published in March 2025² indicated that Ofgem would provide further information in an application guidance document.

Following the publication of the TDD in March 2025, developers have been requesting further information and clarification from Ofgem. This additional information may be necessary for them to understand how to apply for the LDES cap and floor scheme when the application window opens in April. We have addressed some of the key questions from developers' feedback throughout this document. Detailed information can be found in Appendix 1 of this document. Additional information is provided in Appendix 2: the Eligibility Criteria Assessment Framework.

Scope and purpose

This guidance is focused on developers applying for the first window of the LDES cap and floor scheme. It aims to help developers understand the submission requirements for those planning to apply in the first application window and the selection process at the eligibility assessment stage. The Eligibility Criteria Assessment Framework, provided as an appendix to this guidance, aims to ensure transparency around the information we expect to use to assess projects.

This guidance does not focus on the later stages of the process, such as the Cost-Benefit Analysis (CBA) stage, cost submission and assessment during that stage, or the final cap and floor award stage. Details for those stages will be provided in a separate guidance and template that we expect to release in Q3 2025.

¹ https://www.ofgem.gov.uk/sites/default/files/2024-12/Dec_OpenLetter_LDES_0.pdf

² <https://www.ofgem.gov.uk/sites/default/files/2025-03/Long%20Duration%20Electricity%20Storage%20Technical%20Decision%20Document.pdf>

Context

In October 2024, the Government introduced a cap and floor scheme to encourage investment in LDES. This scheme provides a minimum revenue for LDES projects, helping developers manage high capital costs and long build times. The cap on revenue helps lower costs for consumers in return for their support in providing a minimum revenue.

Ofgem was appointed as the regulator for this scheme due to our experience with the interconnector cap and floor regime. The Government announced the intent to publish a joint TDD with Ofgem in the winter, which was published in March 2025, confirming key details of the LDES cap and floor scheme.

In the TDD, Ofgem noted it would publish an application guidance document for window one when the scheme opens, along with an eligibility assessment framework detailing the evaluation criteria for projects. This guidance aligns with the outcome themes for LDES in Ofgem's 2025/26 Forward Work Programme, which supports the Government's goal to make Britain a clean energy superpower and achieve the Clean Power 2030 objective.

In its Clean Power 2030 Action Plan, the Government sees a big role for LDES technologies by 2030 and aims for net zero by 2050. We are committed to setting up a new cap and floor regime for LDES and expect to approve the first projects by Q2 2026.

Key sections

Introduction and overview of the application guidance.

Application process covering steps, documentation and deadlines.

Eligibility assessment stage.

Costs submission for eligibility assessment.

Next steps.

Appendices.

Next steps

Applicants should review the guidance and prepare their applications for submission between 8 April 2025 and 9 June 2025. Ofgem requests that prospective applicants notify their intent to apply in this first application window via email at LDES@Ofgem.gov.uk by **22 April 2025**. Applicants should provide a separate email for each prospective application, using the subject heading "LDES SCHEME APPLICATION: [Project Name]". The body of the email should include which track you wish to be considered

under, the project name, project location (postcode or geographical co-ordinates) and technology type of project (e.g. pumped storage hydro, battery, ammonia etc.).

Applicants can request the link to the portal and access information at any time while the application window is open.

We expect to follow this publication with a CBA framework workshop and consultation in Q2 2025. At the workshop, stakeholders may have the opportunity to provide feedback on the scope and scenarios that could be used in the LDES CBA assessment. NESO has indicated a willingness to support Ofgem with the necessary assessment.³

³ <https://www.neso.energy/document/356906/download>

1. Overview of the guidance

Introduction

- 1.1 This guidance has been provided to assist developers in applying for the cap and floor scheme for window one LDES projects. It outlines the application process, eligibility assessment, and the essential information that we require all applicants to include in their applications, helping developers understand the requirements and timelines before they decide to apply to the window opening in April. It also provides more information in some areas where developers have requested clarity to aid them in their potential applications.
- 1.2 The timelines set out in the TDD provide reasonable advance notice and a clear timetable for assessments and consultations, allowing both Ofgem and applicants to plan and allocate resources effectively.

Related publications

- 1.3 Links to related publications provided below:
 - Long Duration Electricity Storage: Technical Decision Document (March 2025): <https://www.ofgem.gov.uk/sites/default/files/2025-03/Long%20Duration%20Electricity%20Storage%20Technical%20Decision%20Document.pdf>
 - Long Duration Electricity Storage Response to DESNZ Request: Q1 and Q2 (2025): <https://www.neso.energy/document/356906/download>
 - Future Energy Pathways Guidance (2025): https://www.ofgem.gov.uk/sites/default/files/2025-02/Future_Energy_Pathways_Guidance.pdf
 - Ofgem's Forward Work Programme 2025/26: <https://www.ofgem.gov.uk/sites/default/files/2025-03/Forward-Work-Programme-2025-to-2026.pdf>
 - Ofgem's Open Letter: A call for input – LDES cap and floor regime (December 2024): https://www.ofgem.gov.uk/sites/default/files/2024-12/Dec_OpenLetter_LDES_0.pdf
 - Clean Power 2030 Action Plan (December 2024): <https://www.gov.uk/government/publications/clean-power-2030-action-plan>

- Long duration electricity storage consultation: Government Response (October 2024):
<https://assets.publishing.service.gov.uk/media/670660eb366f494ab2e7b57a/LDES-consultation-government-response.pdf>
- Long duration electricity storage consultation (January 2024):
<https://assets.publishing.service.gov.uk/media/659bde4dd7737c000ef3351a/long-duration-electricity-storage-policy-framework-consultation.pdf>
- Infrastructure and Ports Authority: Cost Estimating Guidance - A best practice approach for infrastructure projects and programmes (2021):
https://assets.publishing.service.gov.uk/media/6050c9528fa8f55d324b0c84/IPA_Cost_Estimating_Guidance.pdf.
- 69R-12: Cost Estimate Classification System - As Applied in Engineering, Procurement, and Construction for the Hydropower Industries (August 2020):
<https://www.pathlms.com/aace/courses/2928/documents/3852>

Your feedback

- 1.4 We are keen to receive your comments about this guidance. We'd also like to get your answers to these questions:
- Do you have any comments about the overall quality of this guidance?
 - Do you have any comments about its tone and content?
 - Was it easy to read and understand? Or could it have been better written?
 - Any further comments?

Please send any general feedback comments to LDES@ofgem.gov.uk.

2. Application process

This section covers the steps to apply for the LDES cap and floor scheme, required information and the submission process as well as key deadlines.

Steps to apply

- 2.1 Applicants should follow these steps:
 1. Review all relevant documents, including the TDD, the Eligibility Criteria Assessment Framework (Appendix 2 of this application guidance document) and the Application Form provided as an Excel based template published together with this application guidance document.
 2. Prepare the submission documentation and complete the Application Form. Each submitted document should provide relevant information to support the application.
 3. Ensure all documents are in the required format, as specified by Ofgem, adhere to the application guidance document, and the Eligibility Criteria Assessment Framework.
 4. Submit applications through the Ofgem provided application portal by the specified deadline.
- 2.2 Applicants can submit their information in Word documents, PDFs, or Excel templates and upload these files to the online data portal provided by Ofgem. Ofgem will provide a link to the portal and access information to all potential applicants who wish to apply for window one. Applicants can request this link and access information anytime while the application window is open. Ofgem requests prospective applicants to notify their intent to apply by the deadline of 22 April. Following this process should make the submission smooth and organised, helping Ofgem to plan, manage, and review applications efficiently.
- 2.3 The deadline for submitting applications is 9 June 2025. After this date, applicants will not have the automatic right to update or expand their submitted applications. However, applicants must still fully engage with any requests for further information issued by Ofgem. In addition, every applicant is required to keep Ofgem informed about material developments and

changes that may impact project deliverability by the applicable deadline (of 2030 or 2033).

Required information

- 2.4 Applicants must fully complete and submit the Application Form to apply. Developers also need to provide documents and evidence showing that their projects meet the eligibility criteria. More details on the required documentation and information are in the Application Form and the Eligibility Criteria Assessment Framework.

Timelines

- 2.5 Below are key dates (n.b. Quarters refer to calendar year, e.g. Q1 is Jan-Mar):
- 8 April 2025: Application window opens
 - 22 April 2025: Provide notice to Ofgem at LDES@ofgem.gov.uk of intent to apply
 - 9 June 2025: Application deadline
 - 10 June to 9 August 2025: Eligibility assessment period
 - Q2 2025 – CBA framework consultation published
 - Q3 2025 – Decision on the final CBA framework
 - Q3 2025: Eligibility assessment decision publication
 - Q3 2025: Stakeholders informed about the potential of projects that passed the eligibility assessment to provide sufficient capacity up to 2035.
 - Q3 2025: Window to submit detailed project costs for CBA and full project cost assessment
 - Q1 2026: CBA and consultation on full project assessment results
 - Early Q2 2026: Window to submit limited updated project costs to inform preliminary cap and floor setting
 - From ~2029: Post Construction Review (PCR) stage: Setting of final cap and floor levels.
- 2.6 At the PCR stage, Ofgem conducts a cost assessment to review any previously unfinalised cost components from the Project Assessment stage. This assessment also determines if the final cost aligns with the estimates or

contracts made at the cap and floor award or financial close stages. If the costs are higher than previously estimated or contracted, we perform an efficiency/economic test to evaluate the overspend. If the overspend is deemed economic or efficient, we adjust the preliminary cap and floor levels accordingly. Conversely, any underspend is deducted from the preliminary cap and floor levels to establish the final cap and floor levels.

3. Eligibility assessment stage

This section outlines the first stage in the cap and floor scheme assessment process: the eligibility stage. The stage involves an initial assessment of projects against the specific criteria as set out in the TDD, determining their eligibility for further consideration. Successful projects then move to the CBA stage, where their costs and benefits are evaluated to decide on the cap and floor regime award.

Eligibility assessment stage

- 3.1 The eligibility assessment process will follow the Eligibility Criteria Assessment Framework contained in Appendix 2 of this application guidance document. This framework is published as a subsidiary document.
- 3.2 Projects will be assessed against the eligibility criteria for the LDES cap and floor scheme set out in the TDD. This assessment will take place at the eligibility assessment stage. The Eligibility Criteria Assessment Framework also provides details on the information applicants are expected to provide in their applications to enable Ofgem to be able to assess their projects.
- 3.3 As stated in the TDD, Ofgem may consult with local communities, environmental authorities, and stakeholders during its decision-making process to determine the best use of limited natural resources, such as lochs and rivers. Developers should provide evidence of support from local communities and authorities if available. Where such evidence is not available, developers should state any awareness of potential restrictions during construction or operation based on discussions with local communities or authorities. This ensures that projects do not face unforeseen restrictions during the construction or operation phases.

Twin track approach

- 3.4 Ofgem intends to assess projects deliverable by 2030 and 2033 at the same time during the eligibility stage. However, for the CBA stage, Ofgem may use a 'twin track' approach: Track 1 for projects that can be completed by 2030 and Track 2 for those that can be completed by 2033. In Q3 2025, Ofgem will know how many projects are eligible for the CBA stage and will have made a decision on the final framework for the CBA assessment. Ofgem will also know the resources needed for the CBA process.

- 3.5 **Parallel assessment:** This means assessing all Track 1 and Track 2 applications for CBA at the same time, subject to resource and procedural constraints. Ofgem will decide whether a single robust CBA process can be applied to all projects or if it is more practical to split the Tracks and conduct separate CBA processes. The timelines for a parallel assessment are set out in the TDD, with cap and floor awards expected for all projects in Q2 2026.
- 3.6 **Track assignment:** If parallel assessment is not feasible, Ofgem will use a twin-track process for the CBA stage: Track 1 for projects deliverable by 2030 and Track 2 for those deliverable by 2033. The assessment process for Track 1 will follow the current timelines, with CBA assessment starting in Q4 2025, consultation on the decision in Q1 2026, and cap and floor awards made in Q2 2026. Track 2 might be delayed by 3 months, with CBA assessment in Q1 2026, consultation on cap and floor awards in Q2 2026, followed by cap and floor awards in Q3 2026.
- 3.7 Applicants may be informed of their projects' prioritisation when the eligibility assessment decision is published in Q3 2025.

Regime variation

- 3.8 The regime variation mechanism can enable a range of financing and potentially innovative solutions under the cap and floor regime, as successfully demonstrated in the electricity interconnectors cap and floor regime.
- 3.9 If an applicant determines that the LDES cap and floor regime duration of 25 years would not work for them, the applicant can request a variation to the LDES cap and floor regime as set out in the TDD. This request must demonstrate that the changes are in the interests of GB consumers and do not unfairly benefit the developers. We expect this to be primarily through lower floor levels.
- 3.10 Applicants are expected to outline any potential regime variations for a shorter or longer regime duration and associated costs and/or benefits in their applications. This information will be considered in the CBA assessment.
- 3.11 Additionally, when the regime details are finalised, applicants can request regime variations to help them secure the necessary financing for their projects. However, these requests must show that the proposed changes are

beneficial to GB consumers and do not provide an unfair advantage to the developers. This ensures a balanced approach where consumer interests are protected while enabling project development.

Refurbishment and / or Expansion

- 3.12 Significant refurbishments and / or expansions can be more cost-effective than new builds, allowing for the optimisation of existing infrastructure and resources.
- 3.13 **Definition of Extensive Refurbishments and / or Expansions:** Extensive refurbishments and / or expansions mean significant upgrades or expansions to existing installations that involve substantial investment costs, significant increases in capacity or efficiency, and additional system benefits such as improved reliability or reduced emissions. These refurbishments and / or expansions should face similar deployment barriers to new builds, including high costs and long build times, and should not be feasible without the cap and floor scheme support. The significant refurbishments and / or expansions should also meet the eligibility criteria.
- 3.14 Projects that undergo significant refurbishment and / or refurbishment and meet the eligibility criteria, as set out in the Eligibility Criteria Assessment Framework, can apply.

4. Cost submission for eligibility assessment

This section provides further details on cost submission for the eligibility assessment.

Cost estimating

- 4.1 While a detailed cost assessment isn't required at the eligibility stage, developers still need to provide cost estimates. These estimates should be detailed enough to give a reasonably accurate financial forecast for their projects. This helps ensure that developers have a solid basis for planning and making decisions.
- 4.2 The minimum estimates detail should be compatible with "Class IV" cost estimates guidance provided by the Association for the Advancement of Cost Engineering (AACE)⁴ or equivalent. Further details are provided in the Eligibility Criteria Assessment Framework.
- 4.3 Based on stakeholder feedback, Ofgem has removed the requirement in the TDD for cost estimates to align with the "Outline Business Case" (OBC) of the Infrastructure and Ports Authority Cost Estimating Guidance.⁵ This change was made because the OBC requirement was considered unclear or unsuitable for certain projects. However, applicants who still prefer to follow the outline business case can choose to do so.
- 4.4 Accurate cost estimating is crucial for the successful delivery of a project. Early cost estimates inform developers' investment decisions and Ofgem's policy decisions, ensuring projects are set up for success from the start.
- 4.5 Applicants should specify whether the annual cost is submitted based on calendar year (January to December) or financial year (April to March). Additionally, the price year should be clearly indicated in the application form.
- 4.6 At the CBA assessment stage, we will require developers of eligible projects to submit detailed costs in a template we provide. This estimate may include three scenarios:
 - a) the reasonably optimistic case;

⁴ <https://www.pathlms.com/aace/courses/2928/documents/3852>

⁵ https://assets.publishing.service.gov.uk/media/6050c9528fa8f55d324b0c84/IPA_Cost_Estimating_Guidance.pdf

b) the most likely case; and

c) the reasonably pessimistic case.

- 4.7 The CBA is likely to be based on the "most likely case," with sensitivity assessments reflecting the "reasonably pessimistic" case.

5. Next steps

This section sets out key next steps following the opening of the first application window for the LDES cap and floor scheme.

Application submission

- 5.1 Developers must submit their full application by June 9, 2025. We encourage potential applicants to notify us of their intention to apply by 22 April 2025.
- 5.2 If developers find the requirements related to the scope or form of the submission unclear, they can submit questions through the online data portal. The portal for submitting these questions is expected to be operational soon. Developers who notify Ofgem of their intention to apply by the requested date via LDES@ofgem.gov.uk will be informed once the portal is ready.

Workshop

- 5.3 Ofgem and NESO expect to host a modelling workshop in Q2 2025 to consult stakeholders on our initial views regarding the scope and scenarios of the CBA.
- 5.4 While we do not expect the workshop to reach consensus among all stakeholders, it will enhance transparency and allow stakeholders to provide early feedback on our initial thinking about the CBA framework.

Public consultation

- 5.5 Further consultation with stakeholders is needed to determine the outstanding regime aspects, including cap and floor regime financial parameters, cost and delivery incentives, LDES cap and floor regime special licence conditions, and any potential industry code modifications.

Appendices

Appendix	Name of Appendix	Published as
1	FAQ for LDES application window one	Appendix
2	Eligibility Criteria Assessment Framework	Subsidiary document
3	Application Form	Subsidiary document

Appendix 1: FAQ for LDES application window one

This section provides further clarifications for the application window one of the LDES cap and floor scheme.

Context

1. Following the publication of the TDD, stakeholders have requested further clarification in several areas to better understand the LDES regime, assess risks, and be able to submit a good application.

Cap and floor scheme details

2. **What additional clarity can Ofgem provide on the approach to setting the cap and floor levels?**

We will consult on our methodologies including the approach to the soft cap in June 2025.

For projects using the competitive project finance approach, in the unlikely event that the floor set by lenders via competition is higher than the administrative floor, consumers will top up revenues to the higher floor. Over time, if the licensee makes returns above the floor, the licensee must repay consumers the difference between the lower administrative floor and the higher competitive floor before any equity distribution can be made.

3. **What are the “Preliminary” cap and floor levels and “Final” cap and floor levels?**

For LDES, cap and floor levels are set at two different stages:

1. Cap and floor awards (Q2 2026):
 - a. Preliminary cap and floor levels are set to help developers secure financing.
 - b. These levels reflect developers' cost submissions and their chosen flexibility.
 - c. Developers can fix these levels at this stage, avoiding changes at the PCR stage (cap and floor interconnector developers have the same option).

2. PCR stage (i.e. c.2030 for Track 1, c.2033 for Track 2):

- a. Final cap and floor levels are set at the PCR stage.
- b. This assessment focuses on cost components not fixed earlier and/or determining whether the actual final cost aligns with the initial cost estimates at cap and floor awards or at financial close.
- c. If costs are higher, an efficiency/economic test is conducted. Approved overspend adjusts the preliminary levels upward.
- d. If costs incurred are below ex ante allowances, the underspend will reduce the preliminary levels.

4. **What is the timing for Final Investment Decision (FID) if cap and floor regime is awarded in Q2 2026?**

Cap and floor levels for successful projects are expected to be set for all window one projects in Q2 2026 at the cap and floor awards made via Ofgem's policy decision. It is a matter for developers when they plan to take FID.

5. **What are the end of regime arrangements for LDES?**

Our intention is that the end of regime arrangement will balance the interests of consumers and LDES licensees, with further consultation needed before final decisions are made. For assets that continue to operate beyond the revenue term, we are considering what arrangements, if any, are necessary to ensure they continue to serve consumers' interests. These steps will be carefully designed to ensure they do not negatively impact the financial performance that investors achieved during the regime period. We will provide more detailed information on this in Q2 2025, when we expect to publish our proposed position on the end of regime arrangements for LDES for public consultation. This process will follow the same timeline as another consultation related to the financial parameters of the cap and floor regime.

6. **What cost and delivery incentives will be included in the cap and floor scheme for LDES projects?**

To drive cost efficiency and timely delivery of LDES projects, the cap and floor scheme will consider a range of financial incentives. These incentives will be carefully structured to reward projects that achieve cost savings and meet or exceed delivery milestones. Importantly, they will be designed to ensure they do not

remove the incentive to deliver the project or negatively impact a developer's ability to secure necessary financing. We will provide more detailed information on this in Q3 2025, when we expect to publish our proposed position on cost and delivery incentives for LDES for public consultation.

7. What is the LDES asset proving period?

Similarly to the interconnector cap and floor 60-day asset proving test, an LDES asset is expected to undergo an appropriate asset proving test to verify its performance. We intend to consult upon the appropriate asset proving test for LDES assets. At the Post Construction Review stage, this will include demonstrating that the project can meet the specified minimum capacity and duration requirements.

We also intend to draft and consult upon licence provision that will contain obligations on projects to maintain capacity and discharge duration over the revenue term. This ensures that the LDES assets are reliable and capable of delivering the expected benefits before they receive consumer support.

8. Is there scope for projects to exit early from the cap and floor scheme and operate as a merchant project, after repayment of all floor payments received during the regime period?

We would not expect there to be an option for projects to 'opt out' of the cap and floor licence conditions. We are concerned about fairness because consumers will support initial financing and help to bring these projects to commercial operation. If a project exits when revenues are high to operate as a merchant project, investors could gain significantly while consumers miss out on sharing the benefits.

9. Should a project that meets all eligibility criteria for deliverability by 2030 but relies on a new substation scheduled for completion in 2031 apply for Track 1 or Track 2?

The developers of such projects should apply for Track 2. Projects with connection agreements after 2030 are not eligible for Track 1. Projects will rely on existing connections agreements in window one if they have not been issued with new terms following connections reform (which is subject to Ofgem decision). While we do not expect many projects with existing agreements before 2030 to receive later dates, the existing agreement will determine eligibility for track 1 and 2 in the first window and Gate 1 and Gate 2 offers/contracts will determine eligibility in future windows.

10. At what stage will Ofgem be considering variation from the 25-year cap and floor regime duration for LDES projects?

The applicant developers must state their preferred regime duration for their LDES projects in their applications. The regime duration should be no shorter than 20 years but can be longer than 25 years. It is important to note that a longer regime duration means the floor level will be lower, making consumer payouts unlikely. We welcome views from developers that are keen to explore regime durations greater than 25 years. A decision will be made at cap and floor awards in Q2 2026.

11. How will additional capital expenditure for spare parts be handled in the LDES cap and floor regime?

Reasonable additional capital expenditure for spare parts necessary to keep the asset performing at the expected standard throughout the regime period will be eligible and should be estimated and included as part of the project cost. For the interconnector cap and floor regime, there is a specific 'spares' / 'replacement capex' category for these costs. Ofgem is aware that there is more variability for LDES projects, as the costs can be significant for some LDES projects and minimal for others. Developers are expected to consider the full cost of delivering the asset and maintaining its expected performance level throughout the regime period.

Strategic and market considerations

12. How will the sequencing of potential window 2 opening align with NESO's 2026 Strategic Spatial Energy Plan (SSEP)?

NESO is tasked with developing a new centralised strategic network plan (CSNP) to provide a coordinated, long-term approach to planning energy networks in Great Britain. The future energy pathways (FEP), previously known as the future energy scenarios (FES), is a related publication that models future changes in energy demand and supply. NESO will use these models to identify the needs for electricity transmission, gas transmission, and the proposed hydrogen network at the national level. Additionally, NESO will produce a SSEP⁶ to optimise the locations for energy generation across Great Britain, with FEP's analysis supporting the CSNP. We expect to follow a flexible alignment process that prioritises LDES window two alignment

⁶ https://www.ofgem.gov.uk/sites/default/files/2025-02/Future_Energy_Pathways_Guidance.pdf

with the SSEP but includes a contingency plan for opening window two independently if procurement targets for window one are not met.

13. How will Ofgem evaluate and score projects, and will NESO be part of this initial assessment process?

At the eligibility stage, Ofgem will evaluate projects based on the Eligibility Criteria Framework Assessment. Further details are provided in the framework.

14. How will Ofgem manage high application volumes while ensuring that all high-quality projects are assessed for the 2030 and 2033?

Ofgem would consider prioritising eligible Track 1 projects.

15. What is the future NESO guidance on LDES capacity (2035 – 2050)?

We expect to consider further in Q1 2026 whether to open a second window later in the year. This decision could be influenced by two factors: the success of the first window and any new advice or recommendations from NESO.

16. Has Ofgem considered how supported LDES assets will impact competition in other markets?

The TDD notes that Ofgem will carry out a CBA assessment before cap and floor awards are made. When evaluating the benefits and costs of LDES, the analysis will consider how LDES impacts the revenues of energy producers who are not LDES. In the CBA, we will aim at ensuring a fair assessment of the overall market impact. If LDES leads to higher market prices, producers may earn more; if it leads to lower prices, their revenues might decrease.

17. Would Ofgem provide advance development expenditure (devex) or underwrite devex for projects?

Ofgem recognises that devex is significant for most projects and may be entirely at risk until cap and floor awards are confirmed. As stated in the TDD, Ofgem confirms that all eligible devex necessary for project development will be covered under the cap and floor regime for **successful projects only**. Currently, there are no plans to provide advance devex to support project development and procurement of long-lead items.