

Arven Offshore Wind Farm Limited

31 October 2025

Attn:
Electricity Connections, Ofgem
Delivered to connections@ofgem.gov.uk

Arven Offshore Wind Farm Limited's (Arven's) response to Ofgem's Minded-To Consultation on Connection and Use of System Code (CUSC) CMP448: Introducing a progression commitment fee to the Gate 2 connections queue

About Arven

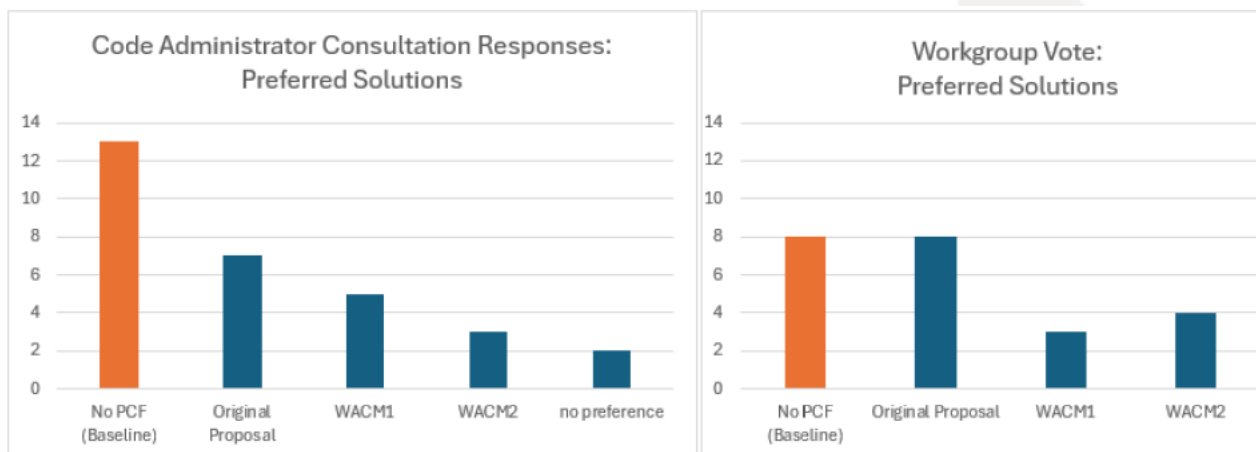
Arven is a 2.3GW floating offshore wind development located to the east of the Shetland Islands. The site was awarded as part of ScotWind leasing round in 2022 and is jointly owned by Ocean Winds and Mainstream Renewable Power. Arven is expected to be operational in the mid-2030s. Its output has the potential to provide two million households with clean renewable power, while saving three million tonnes of CO2 emissions each year.

CMP448 Ofgem Minded-To Consultation

Q1. Do you agree with our minded-to position to approve the Original Proposal of CMP448? Please provide reasons for your answer.

No.

We do not believe that there is majority support that suggests CMP448 better facilitates the CUSC objectives. The largest group of support from responses to the Code Administrator Consultation was for the baseline (i.e. no PCF). There was also significant support for this within the workgroup:



We are aligned with this popular view that the best solution is the baseline, and that the implementation of a PCF of this nature is both unnecessary and overly burdensome on specific generators, with no clear system benefit.

We are concerned that Ofgem may have misinterpreted workgroup voting given the lack of consideration given in the Minded-to Consultation document to the case for no PCF being implemented. There appear to be additional misconceptions, for example, the statement in your minded-to position in section 3.3:

3.3 The Workgroup and Panel agreed that the introduction of CMP448 would accelerate the connection of both 'ready' and 'needed' projects, meaning committed developers would avoid waiting an unnecessary extended time for connection and be able to effectively contribute to the achievement of CP2030 targets.

This does not appear to be correct. While the proposer stated that there might be opportunities to accelerate connections, there appears to have been robust challenge from the workgroup on this point:

Workgroup Report Page 66: *"Workgroup Members also stated that they were somewhat sceptical about the analysis, in particular regarding the assumptions made therein, particularly regarding the potential for projects to accelerate their connection dates and the realistic impact of the PCF on developer costs."*

In fact, the majority of workgroup members voted that the Original did not better facilitate CUSC objective (i), suggesting that they thought the proposal had no benefit to accelerating connections.

Q2. Do you have any further remarks, comments or concerns with our minded-to position or the accompanying Impact Assessment, that you would like us to take into account?

We were surprised by the following statements in the impact assessment:

Page 4: *"Offshore Wind: least impacted due to higher DEVEX and longer development timelines; PCF costs are below 3.1% of DEVEX"*

Page 50: *"Large developers (typically offshore wind farms) would likely be exposed to the PCF for a longer period if activated. This is because these types of projects tend to be more complex and have a longer lead time. However, we consider that large developers with better access to finance and low financing rates will develop these projects. Therefore, we anticipate that there would be a minimal impact on competition for larger projects"*

These statements do not align with our view as an offshore wind farm developer.

The longer development timelines create a greater impact on offshore wind developers. A progressing offshore wind project could spend up to 5 years in the period from Gate 2 offer to Milestone 1, and this places them at a much higher risk of the PCF being activated and increasing to a higher value during this period.

It is not clear how Ofgem has calculated the percentage of DEVEX in the impact assessment. Our interpretation is that Ofgem has assumed the total DEVEX for an offshore wind farm, whereas the assessment should be based on the DEVEX up to the point of submission of planning application. We typically seek to minimise DEVEX until we have received planning consent and plan for the high cost

DEVEX activities (for example offshore geotechnical surveys) to be completed in the period from planning consent award to final investment decision.

The PCF, as proposed, could expose a 2GW offshore project with a signed seabed option which is steadily progressing towards planning submission to secure a PCF value of £20m at a stage when overall development expenditure is still low. Using our estimation of DEVEX spend to the point of submission of planning application, the PCF costs as proposed could be as much as ~20% of the DEVEX at that point in time. This would place a much larger financial burden and risk on the project and could result in a developer reconsidering whether to progress with an otherwise viable project.

We believe that no code change should be made at present. If a future defect is identified in the new Gate 2 Queue following the implementation of Connections Reform and Queue Management milestones, then this could be revisited and a more targeted solution devised. Attempting to foresee what additional measures might be needed prior to the full implementation of Connections Reform runs the risk that this solution does not adequately address any future defects.

Sincerely,



Engineering Associate Director

On behalf of Arven Offshore Wind Farm Limited

