

# Consultation

## Equipping the OFTO Regime for the Future

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Ofgem is consulting on a range of measures to ensure that the Offshore Transmission Owner (**OFTO**) regime remains fit for purpose for the predicted volume, size and complexity of new OFTO assets, as well as looking to increase competition by encouraging new entrants through removing the perceived barriers to entry. These include allowing bidders to claim reimbursement of costs for their first successful application for Enhanced Pre-Qualification (**EPQ**) status; being able to 'passport' the EPQ status across tender rounds; including more qualitative elements in bid assessments; and management of large tender rounds with more than four assets.

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## 1. Introduction

We are consulting on a range of measures to ensure that the OFTO regime remains fit for purpose for the predicted volume, size and complexity of new OFTO assets. These include allowing bidders to claim reimbursement of costs for their first successful application for EPQ; being able to ‘passport’ the EPQ status across tender rounds; including more qualitative elements in bid assessments; and management of large tender rounds with more than four assets.

### **Purpose of this consultation**

Since the first OFTO licences were granted in 2011, the OFTO regime has become an increasingly mature and complex market. In the first 14 years of the regime, we have licensed 28 OFTOs, worth £10bn, across 9 tender rounds, with a highly competitive cost of capital.

Due to the rapid growth of offshore wind over the next decade, there is likely to be a significant increase in the number of assets coming forward for tender in the coming years. We have been carrying out work over the last year to ensure that the regime remains fit for purpose and able to respond to this increased demand.

To help increase investor awareness and understanding of the OFTO regime, we run an extensive programme of outreach, engagement and educational activity to help interested investors create bidding consortia and to submit effective bids. This promotional activity, combined with the increasing opportunity to invest in OFTOs, is attracting interest from investors domestically and internationally, including organisations new to the asset class. We expect to see a material increase in active participants in OFTO Tender Rounds to 2030 and beyond, as OFTO investment opportunities increase in value and number.

In addition to our engagement programme, we have reviewed the OFTO regime to identify actions we can take to reduce any actual or perceived barriers to entry.

This consultation looks to gather industry views and feedback on further measures to support new entrants and existing bidders, as well as ensuring that the tender process remains appropriate for the number, size and complexity of assets expected in the future pipeline of OFTO projects.

### **Context and related publications**

Ofgem has been focusing on the evolution of the OFTO regime over the last two years. This includes a consultation published in December 2024, which looked at:

- further detail on the End of Tender Revenue Stream (**EoTRS**) policy;
- potential ways to extend the Tender Revenue Stream (**TRS**) period beyond the current maximum of 25 years; and

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- how to usefully evolve the tender process if the Department for Energy Security and Net Zero (**DESNZ**) chose to extend the duration of the Generator Commissioning Clause (**GCC**).<sup>1</sup>

We published a decision<sup>2</sup> in July 2025 confirming how the EoTRS will work in practice and that we will revisit the extension of the TRS period when there is more evidence on how asset life performs following a standard TRS duration.

Following the introduction of the Planning and Infrastructure Bill into Parliament (now the Planning and Infrastructure Act 2025)<sup>3</sup>, which confirmed that the GCC would be extended by 9 months, we issued a further consultation<sup>4</sup> in July 2025 on details of what the tender process might look like with that extended commissioning period. We also consulted on improving incentives on participants to close transactions in a timely manner; developer operation and maintenance (**O&M**) offers; and the High Voltage Direct Current (**HVDC**) availability target.

In December 2025, we published a decision<sup>5</sup> that set out our planned approach to the tender process, with the Invitation to Tender (**ITT**) to start 6 months post completion notice (and the option to begin earlier if the developer is ready), and that Ofgem plans to retain the 98% availability target for HVDC assets, with some flexibility on a case-by-case basis. We plan to consult further in 2026 on bidder incentives.

## Overview

We are consulting on a range of measures to support bidders with the tender process. This includes allowing bidders to claim reimbursement of costs for their first successful application for EPQ status. This should support bidders to engage in the process, alongside supporting new bidders, and we are keen to receive industry feedback on this proposal.

Alongside this, we are considering enabling participants to ‘passport’ their EPQ status across tender rounds. This would mean that once a bidder has successfully satisfied the EPQ requirements for a tender round, it remains valid for a fixed period, rather than a single tender round. This is dependent on the bidder’s circumstances remaining the same and them providing certain satisfactory confirmations, reducing the administrative burden of engaging in the tender process.

We are aware that offshore wind farms in development are larger and more complex than those developed in the past, and provide significant amounts of generation. As a result, there may be a significant impact on consumers if the offshore transmission assets are not well maintained and go offline. It is also likely that assets will become

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<sup>1</sup> [OFTO: extension and evolution of a mature asset class | Ofgem](#)

<sup>2</sup> [Decision: OFTO extension and evolution of a mature asset class | Ofgem](#)

<sup>3</sup> [Planning and Infrastructure Act 2025](#)

<sup>4</sup> [OFTO: further evolution of a mature asset class | Ofgem](#)

<sup>5</sup> [OFTO-Further-evolution-of-a-mature-asset-class-decision.pdf](#)

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more complex to operate and maintain. Therefore, we are also consulting on whether we should change the way we rank bid submission through the assessment of ITT stage bids based primarily on price to include more qualitative measures, such as asset management and maintenance.

Given the predicted volume of new offshore connections, we are also seeking views on how Ofgem and bidders can best manage large tender rounds in the future, including those with more than 4 projects.

### **Consultation stages**

**Stage 1** Consultation open: 2<sup>nd</sup> February 2026

**Stage 2** Consultation closes (awaiting decision). Deadline for responses: 30<sup>th</sup> March 2026

**Stage 3** Responses reviewed and published: Autumn 2026

**Stage 4** Consultation outcome: Autumn 2026

### **How to respond**

We want to hear from anyone interested in this consultation. Please send your response to the person or team named on the front page of this document.

We have asked for your feedback in each of the questions throughout. Please respond to each one as fully as you can.

We will publish non-confidential responses on our website.

### **Your response, data, and confidentiality**

You can ask us to keep your response, or parts of your response, confidential. We will respect this, subject to obligations to disclose information. For example, under the Freedom of Information Act 2000, the Environmental Information Regulations 2004, statutory directions, court orders, government regulations, or where you give us explicit permission to disclose. If you do want us to keep your response confidential, please clearly mark this on your response and explain why.

If you wish us to keep part of your response confidential, please clearly mark those parts of your response that you do wish to be kept confidential and those that you do not wish to be kept confidential. Please put the confidential material in a separate appendix to your response. If necessary, we will contact you to discuss which parts of the information in your response should be kept confidential and which can be published. We might ask for reasons why.

If the information you give in your response contains personal data under the General Data Protection Regulation (Regulation (EU) 2016/679) as retained in domestic law following the United Kingdom's withdrawal from the European Union (**UK GDPR**), the Gas and Electricity Markets Authority will be the data controller for the purposes of

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GDPR. Ofgem uses the information in responses in performing its statutory functions and in accordance with section 105 of the Utilities Act 2000. Please refer to our Privacy Notice on consultations, see Appendix 4.

If you wish to respond confidentially, we will keep your response confidential, but we will publish the number, but not the names, of confidential responses we receive. We will not link responses to respondents if we publish a summary of responses, and we will evaluate each response on its own merits without undermining your right to confidentiality.

### **How to track the progress of a consultation**

1. Find the web page for the call for input you would like to receive updates on.
2. Click 'Get emails about this page', enter your email address and click 'Submit'.
3. You will receive an email to notify you when it has changed status.

A consultation has three stages: 'Open', 'Closed (awaiting decision)', and 'Closed (with decision)'.

## 2. Reimbursement of EPQ costs

Meeting the bidding costs for the EPQ stage can be a barrier to entry for new bidders into the regime. We are proposing to allow bidders to claim reimbursement of certain costs incurred for their first successful EPQ application.

### Background

OFTO tender rounds consist of four key stages<sup>6</sup>:

- **Enhanced pre-qualification (EPQ).** EPQ is the first stage of the tender process and there is usually one EPQ for each tender round.<sup>7</sup> At the EPQ stage, Ofgem will assess a Bidder's suitability, relevant experience, financial standing and technical capabilities. Those successful at this stage may be shortlisted as Qualifying Bidders (**QBs**) and invited to participate in the Invitation to Tender stage for some or all of the projects in that tender round. Bidders do not have to express interest in all the projects in a tender round.
- **Invitation to Tender (ITT).** This process runs individually for each project in the tender round. QBs will be issued with the ITT documentation (including the ITT questionnaire and criteria) and granted access to the relevant data room(s). Each bidder must submit a completed and compliant ITT submission together with specified certificates by the required deadline. Ofgem assesses received bids to ensure that the evaluation criteria are met. Such satisfactory bids are subsequently ranked by the price submitted by each QB. The lowest priced compliant bid submitted wins, leading to them becoming the Preferred Bidder. A Reserve Bidder may also be appointed.
- **Preferred Bidder (PB).** Following appointment of the PB, a period is allowed for the transaction to be undertaken (usually expected to be at least 6 months), during which commercial arrangements for the purchase of the offshore electricity transmission infrastructure are completed.
- **Successful Bidder (SB).** Ofgem grant the SB with an offshore electricity transmission licence, which will then lead to them becoming and operating as an OFTO (subject to the relevant consultation and notice periods). Financial Close of the transaction takes place at this stage.

As set out above, at the start of each Tender Round, we launch an EPQ stage. It is usual for at least one Tender Round to be launched in a calendar year, and 2025 saw the launches of both TR12 (in February) and TR13 (in September).

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<sup>6</sup> [TPGD-February-2025.pdf](#)

<sup>7</sup> As set out in the Electricity (Competitive Tenders for Offshore Transmission Licences) Regulations 2015 (the **Tender Regulations**) Ofgem also has the right to run a Pre-Qualification and Qualification to Tender stages, which are not currently in use.



The EPQ stage is the first step in the process of bidding on assets and is essential to ensure that bidders are qualified to own and operate the OFTO assets. The information required at EPQ stage is necessarily detailed to support this. To familiarise new participants with EPQ documentation and clarify the information required, Ofgem currently offers masterclasses for interested parties.

Bidders typically employ technical, legal, and financial consultancy support to assist in putting together an application at EPQ stage and ensuring that the submission satisfies the relevant criteria. This can amount to a significant cost for bidders at the outset of the process and could act as a barrier to entry for those who are not familiar with public procurements, as this stage is not necessarily equivalent to private sector investment processes, especially as we can envisage the frequency of Tender Rounds increasing in the future.

### Policy Proposal

Ofgem is considering allowing bidders to apply for reimbursement of costs incurred (e.g. consultancy support), up to a specified cap that will be determined by Ofgem<sup>8</sup> for one successful attempt at an EPQ. Ofgem's view is that this would lower the barrier of entry for bidders into the tender process, supporting competition.

Greater competition within the OFTO regime drives value for consumers and generators and helps to support resilience, particularly in the context of a large number of transmission assets likely to require tendering and licensing ahead of 2030 as Great Britain's offshore wind deployment scales up..

Q1. Will introducing the option for bidders to apply for reimbursement for costs incurred for their first successful EPQ support new entrants and competition in the regime?

To protect consumers, Ofgem will put conditions around the reimbursement of the EPQ costs. These could include a cap on the level of costs that bidders can apply for (e.g. the average cost of an EPQ) and requirements that bidders must fulfil in order to claim. These include attendance at an EPQ masterclass, and for their EPQ bids to be successful, in order to ensure that this drives serious bids from genuinely interested parties.

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<sup>8</sup> See further below for how we intend to set this cap on costs.

- Q2. How should an appropriate cap be for reimbursement be calculated and determined?
- Q3. What requirements should Ofgem mandate in order to allow bidders to claim for reimbursement?

Subject to the paragraph below, we are proposing that any reimbursement of costs would apply only for a bidder's first successful EPQ. As permitted in accordance with the tender process, bidders may form different consortia and partner with different bodies, but all bidding groups must nominate a lead bidder. We propose that the lead bidder is assessed for the purposes of determining if it is the bidding group's first successful bidding attempt. We will consider what appropriate safeguards are required to ensure that there is no opportunity to claim more than once.

The intention of this policy is to support further competition in the regime, but we are conscious that there are a number of existing regular bidders. In order to ensure fairness across all parties, we are proposing that all bidders into the first tender round into which this is introduced are able to claim for successful EPQ costs, with this opportunity to be restricted to new bidders thereafter.

We would look to socialise the costs for these across the existing developer and bidder fees paid as part of the tender process.

- Q4. How do we treat existing bidders fairly in introducing EPQ cost reimbursement?
- Q5. Is there more Ofgem can do to support new bidders into the regime to bolster competition and to support resilience?

### 3. EPQ Passporting

We are proposing to allow bidders to ‘passport’ their EPQ status across tender rounds, in order to reduce administrative burdens on bidders and to simplify the tender process.

#### Background

Over the past year, Ofgem has consulted on a number of measures to reduce the administrative burden of the tender process on bidders and on developers. This has included the introduction of vendor due diligence, supporting the development of data rooms so that bidders can make firmer bids earlier in the process and incentives for bidders to conclude a transaction more rapidly.

However, we are mindful that there is more that we can do to help support bidders to move through the tender process efficiently and smoothly, and we are keen to continue to review the process to make sure it works as effectively as possible for all parties.

Currently, bidders need to submit a new EPQ application for each tender round, but the questions and evidence required remain broadly similar across them. As discussed in section 2, the information required at EPQ stage is necessarily extensive and detailed. Therefore, it may be a burdensome requirement for regular bidders to make repeat applications for EPQ, particularly if their details and capability remain largely the same across tender rounds.

We are also conscious that, given the size of the possible pipeline of projects, it is likely that there will be multiple tender rounds in a year, or several tender processes overlapping. This could further add to the administrative burden for bidders, but the increased frequency presents an opportunity to streamline the process.

#### Policy Proposal

In combination with the ability for bidders to apply for the reimbursement of certain costs for their first successful EPQ, we propose that bidders will be able to submit a single EPQ submission that applies to a number of tender rounds (and effectively be able to ‘passport it’ across multiple tender rounds).

Ofgem has previously consulted on this and used a form of passporting in earlier tender rounds,<sup>9</sup> but we are keen to explore the case for re-introduction, given the possible size of the future pipeline. This would mean that bidders would not need to submit a new EPQ application for each tender round, outside of updates for minor changes, where appropriate, and with confirmation of continued accuracy.

This should make it easier for bidders to bid on multiple assets across tender rounds. This, combined with the proposal outlined in section 2 for bidders to apply for

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<sup>9</sup> [tr6\\_generic\\_pim\\_final.pdf](#)

reimbursement of certain costs for their first successful EPQ, should support more efficient bids and lower costs to administer the regime.

Q6. Will introducing the option for bidders to passport their EPQ status across tender rounds simplify the process?

Q7. Will this change make the process more attractive to investors?

Currently the EPQ requires details and evidence of:

- the bidder/ bidder group corporate structure;
- financing track record;
- their experience of asset takeover, management and operations;
- how they would deliver a financing solution for the project; and
- how they would manage financial and commercial risks.

If we introduce EPQ passporting, we will need to consider whether these questions (and their scope) are relevant and appropriate where that EPQ submission may be used for multiple project assets across different tender rounds. In particular, we envisage amendments to the following existing EPQ requirements may be required:

- Management/takeover of assets where currently project specific details are included
- Financing solutions which may vary from project to project

The financing specific questions would also need to change in order to reflect that financing solutions may be different from project to project. We could help to manage this uncertainty by asking broader questions at EPQ and moving the more detailed questions to the ITT stage; or by asking bidders to submit supplementary information at EPQ for each tender round.

We are also aware that there should be limits on the number of tender rounds that an EPQ can be ‘passported’ through, as information provided may become out of date or inaccurate. We will need to balance the reduction of the bidder’s administrative burden with confidence that the EPQ bid remains a good representation of a bidder’s capability to own and operate the OFTO assets. This will require some updates to the EPQ, if passported.

Currently, tender rounds have happened approximately annually, but as the pipeline expands we may need to launch them more frequently. It feels appropriate to ask bidders to update their EPQ application once every 2 to 3 years, but we would be keen to gain industry views on the frequency. There may also need to be additional triggers- e.g. changes in lead bidder, financial circumstances or asset management approach, alongside a confirmation that the information and evidence provided remains accurate, not misleading and there have been no material changes.

- Q7. How should we amend the existing EPQ requirements to facilitate effective 'passporting' through tender rounds?
- Q8. How often should EPQ applications be updated if they are being passported, and what triggers should apply to require an update?

## 4. Moving towards price and quality scoring

Currently, bids are assessed on a pass/fail metric and then ranked exclusively on price. We are considering the introduction of more qualitative metrics into the assessment process in order to reflect the more complex nature of the transmission assets, and the large amounts of generation at risk in the event of failure.

### Background

In each tender round, Ofgem invites and assesses bids for ownership of offshore transmission infrastructure before granting an OFTO licence through a competitive process.

Currently, at ITT stage, qualified bidders are provided with the evaluation criteria, and Ofgem assesses whether the bidder meets pass/fail metrics designed to test sufficient technical capability and a robust financing strategy. Following this, satisfactory bids are ranked exclusively on price – and the lowest priced bid becomes the Preferred Bidder. This approach delivers value for the developer and consumer by ensuring that the successful bid is always the most competitively priced of those bids passing the evaluation criteria, helping to drive down costs. Prior to this being introduced, assets were scored on the financial elements of their bids, as well as on price.

However, as transmission assets have become more technically complex and are connecting larger generation capacity to the grid (compared to earlier projects), there has been an increased focus on ensuring that there is adequate resilience within the system. Generation assets are significantly more complex, and there are potentially large impacts on developers and consumers if there are outages, given the large amounts of power that will be transmitted across these links.

Some of the respondents to our autumn consultation on developer O&M offers noted that developers often hold the expertise in managing the assets, and that the assessment of the cheapest bid wins, which they believe can mean that OFTO technical and asset management expertise isn't sufficiently valued in the ITT process.

We believe that projects will continue to become more technologically complex in order to facilitate the transmission of larger amounts of energy. The market will also develop further technologically (e.g. through the introduction of floating offshore wind). Given this context, the current process of assessing the most appropriate bidder may not account for all the nuances that go in to managing an OFTO asset now and in the future. Ofgem is also conscious that there are requirements on OFTOs, for example around decommissioning, that could be further assessed in the bidding process. We are keen to acknowledge and reward OFTOs who go above and beyond in certain areas or are looking at more pragmatic ways to manage certain project risks than competitors – the bidding process should also be able to recognise and encourage technical excellence, especially where it delivers benefits for consumers through more effective management of key transmission links.

In addition, in our recent Call for Input<sup>10</sup> on the Early Competition OFTO Build model, we asked about introducing non-price scored elements for OFTO Build tenders. Ofgem noted in the Call for Input that as well as being able to assess bidders' capability, by introducing non-price scored elements, the pool of potential investors might be expanded or different as compared with the pool of potential investors in the current OFTO regime. We note that this may also support further competition for generator build projects and that a balanced view could be more appropriate for the size and complexity of the delivery of modern assets.

### Policy Proposal

We are considering the introduction of changes to the ITT process for generator build to move away from simple pass/fail assessment of the non-price elements, and instead to move towards a more graded assessment of the bid's quality, alongside an assessment of price. These would be graded together to provide a more rounded assessment of the bid. This is to support a more nuanced understanding of who the most appropriate owner for the OFTO asset would be, considering the increased complexity of the assets and the importance of maintaining high availability of transmission assets, given the large amounts of generation involved.

The areas for qualitative assessment could include:

- operations and maintenance, including risk management (including the use of spares);
- active asset management, including availability strategy;
- approach to decommissioning;
- the financing solution; and
- other wider elements such as sustainability and other environmental measures.

This would provide Ofgem with a wider range of metrics to assess bidders. We would look to weigh this against price elements in order to continue to deliver value for the consumer, but it would not always mean that the lowest bid would win automatically.

Should this be introduced, we would also look to develop policy in order to ensure that commitments made on quality are upheld once the licence has been issued – e.g. through referring to commitments on regular maintenance etc when assessing claims for exceptional or income adjusting events. This will also support alignment with other tendered models such as OFTO Build and CATO, who have introduced, or are introducing, quality assessments.

Q9. Should Ofgem look to introduce a further qualitative assessment of non-price elements into the bidding process at ITT?

Q10. Which areas should be assessed and how should we assess it?

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<sup>10</sup> [Call-for-Input-OFTO-Build-Ways-Forward-for-an-Early-Competition-Model.pdf](#)

Q11. How should Ofgem ensure that the commitments made by bidders on quality continue to be upheld once the licence has been issued?

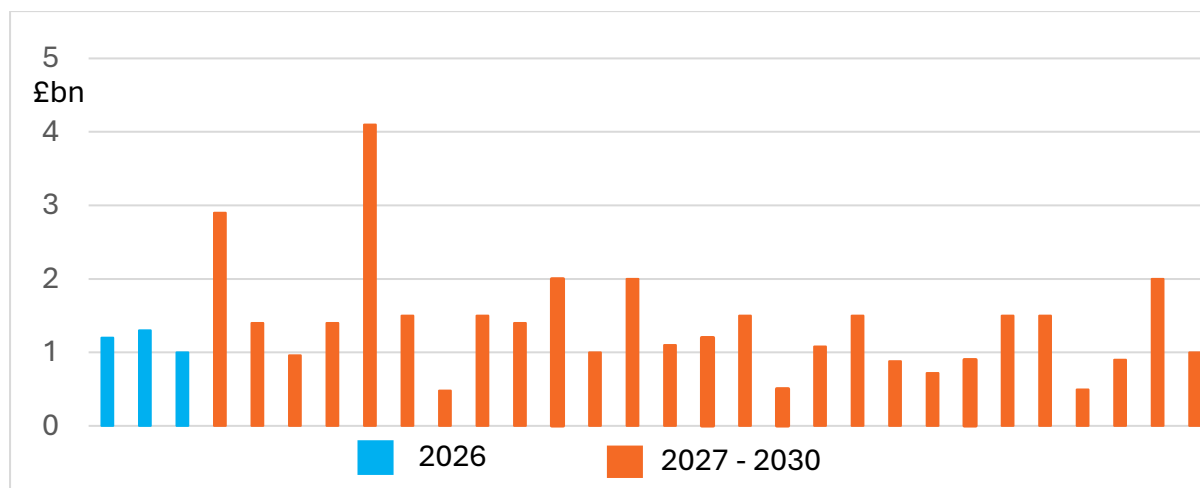


## 5. Managing larger and more frequent tender rounds

There is an increased likelihood of larger tender rounds being required between now and 2030, and we are looking for industry feedback on how best to manage these.

There is a significant pipeline of assets expected to be delivered between now and the mid-2030s .

**Figure 1: Predicted OFTO tender pipeline (project timings and estimated values subject to change)**



The predicted pipeline makes it likely that we may need to either run multiple tender rounds in a year or have larger tender rounds than usual. We would be keen to understand industry views on how we can best manage large numbers of projects.

We already stagger assets within tender rounds to avoid ITT stages overlapping and would continue to do so, but it may be necessary to do more in some cases. This could range from making sure there are no more than a specific (e.g. 6 week) period of overlap between ITTs; and streamlining documents (as set out in Chapter 2); to more radical options. We would be keen to hear from respondents what Ofgem could do to manage large tender rounds.

Q12. What should Ofgem do to manage projects when the number of projects increases (as per our forecasts), including accelerating our processes to close projects more quickly?

Q13. What are the considerations bidders will need to bear in mind when managing a high volume of projects?

## Send us your feedback

We believe that consultation is at the heart of good policy development. We are keen to receive your comments about this consultation. We would also like to get your answers to these questions:

- Do you have any comments about the quality of this document?
- Do you have any comments about its tone and content?
- Was it easy to read and understand? Or could it have been better written?
- Are its conclusions balanced?
- Did it make reasoned recommendations?
- Do you have any further comments?

Please send your feedback to [stakeholders@ofgem.gov.uk](mailto:stakeholders@ofgem.gov.uk).