

To Offshore Transmission Owners, current and prospective bidders for Offshore Transmission Licences and other interested parties

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Decision on proposed modifications to Offshore Electricity Transmission Licences

Introduction

On 11 September 2025, the Authority¹ sought views on proposed licence modifications under section 11A of the Electricity Act 1989 (the **Consultation**)² to modify:

- (i) Amended Standard Condition (**ASC**) E12-J4 of the Offshore Transmission Licence(**OFTO Licence**),
- (ii) the OFTO Licences of TC East Anglia One OFTO Limited and Diamond Transmission Partners Hornsea Two Limited to include previous licence modifications already applied to all other OFTO Licences, and
- (iii) the OFTO Licence of TC Robin Rigg OFTO Limited to correct an error in the drafting of ASC E12-J4.

We received two responses (representing eight licensees) to the Consultation. Following careful consideration of the representations made and for the reasons set out below, we have decided to proceed with the proposed modifications with no alterations save for a minor alteration to the proposed licence modification for Diamond Transmission Partners Hornsea Two Limited.

All non-confidential responses relevant to this decision³ (redacted) are published alongside this decision document.

Insertion of an exclusion to the Amended Standard Condition E12 -J4

The Consultation proposed an additional exclusion to the ASC E12-J4 Transmission System Availability Incentive (the **Availability Incentive**). The exclusion is intended to protect Offshore Transmission Owners (**OFTOs**) from incurring a penalty under the Availability Incentive where the OFTO incurs "any reduction in transmission system availability solely

¹ The terms "the Authority", "we" and "us" are used interchangeably in this document.

² Link to [Proposed modifications to Offshore Transmission \(OFTO\) licences | Ofgem](#).

³ Respondents that specifically responded regarding these modifications.

resulting from the licensee being obliged to offer to enter into an agreement with the System Operator in accordance with Standard Licence Condition (SLC) E17⁴”.

Analysis of responses

Of the two respondents that responded to the Consultation, both respondents were supportive of the additional exclusion with one respondent suggesting a change to the wording of the exclusion. The respondent considered that the reference to the word ‘solely’ should be removed from the exclusion to allow OFTOs to undergo maintenance during the period of Transmission Service Reduction to reduce the overall quantity of Transmission Service Reductions.

The Authority’s view: We determine that removing the word ‘solely’ from the provision does not affect whether an OFTO may undertake other works on its system during a Transmission Service Reduction. We therefore have decided to keep the word ‘solely’ within the exclusion to ensure that the exclusion applies only to the specific scenario envisaged, without extending its scope beyond that context.

Modifications of two OFTO Licences to include the previous OFTO Licence modifications to Amended Standard Conditions E12-J4 & E12-J3

On June 2023 and July 2023, Ofgem introduced OFTO Licence modifications to ASC E12-J3 and ASC E12-J4 that included:⁵

- (a) clarification that OFTOs can seek to recover costs from entering into an agreement with the System Operator under SLC E17, where the OFTO incurs costs as a result of that agreement,
- (b) changes to allow OFTOs to claim for the economic and efficient costs directly incurred in carrying out Health Reviews of their transmission assets and any Investment Works needed to extend the lifetime of those assets as approved by the Authority, and
- (c) changes to allow OFTOs to claim for the availability lost as a direct result of carrying out the Health Reviews and Investment Works.

The Consultation proposed licence modifications to update the licences of TC East Anglia One OFTO Limited and Diamond Transmission Partners Hornsea Two Limited, as those licensees had not been licensed at the time the consultations relevant to the June 2023 and July 2023 decisions opened.

Analysis of responses

Of the two respondents that responded to the Consultation, one did not comment, and one agreed with the proposed licence modifications but highlighted the retained reference to

⁴ SLC E17 sets out conditions under which an OFTO is either obliged or not obliged to enter into an agreement with the System Operator.

⁵ Link to the June 2023 Decision: [Decision on proposed modifications to offshore electricity transmission licences | Ofgem \(28 June 2023\)](#); and link to the July 2023 Decision: [Decision on proposed modification to offshore electricity transmission licences | Ofgem \(28 July 2023\)](#).

'additional capacity' in paragraph 20 of ASC E12-J4 of the proposed licence modification notice for Diamond Transmission Partners Hornsea Two Limited.

The Authority's view: We agree that the retained reference to 'additional capacity' in paragraph 20 of ASC E12-J4 of the Diamond Transmission Partners Hornsea Two Limited Licence was an inadvertent error. We have therefore corrected this by removing the reference from paragraph 20.

Modifications to one OFTO Licence to correct a drafting error to Amended Standard Condition E12-J4

The Consultation also proposed the correction of a drafting error in the ASC E12-J4 modification from an earlier decision in the OFTO Licence for TC Robin Rigg OFTO Limited. Neither of the two respondents provided any comments on this proposed modification.

Responses outside the scope of this Consultation

We note that respondents have raised several additional points outside the scope of this Consultation covering Health Reviews, Income Adjusting Events, the Incremental Capacity Incentive Adjustment and previous communications regarding Transmission Service Reductions.

The Authority's view: We note the concerns raised by respondents and will consider the points raised further as part of our ongoing work.

Licence modification decision notices

Licence Modification decision notices together with relevant schedules have been published alongside this decision letter.

Next Steps

In accordance with section 11A(9) of the Electricity Act 1989, these Licence modifications will come into effect from 02 May 2026. If you have any questions in relation to this letter, please contact Jamie Galal at jamie.galal@ofgem.gov.uk.



Ikbal Hussain
Head of OFTO Licencing and Compliance
Duly authorised by the Authority