



Making a positive difference
for energy consumers

Offshore Windfarm Developers
and
Offshore Transmission Owners

Email: Stuart.Borland@Ofgem.gov.uk

Date: 20 March 2026

Dear Colleague,

Repayment of excess funds following the aggregation of income and costs on Offshore Transmission Tender Round Nine (TR9)

The Authority undertakes an aggregation process following each offshore transmission tender round to assess whether the amounts recovered under the cost recovery methodology align with the tender costs incurred and to identify any excess amounts for repayment.

As part of this process, the Authority has completed its aggregation and assurance activities for Offshore Transmission Tender Round Nine (TR9).

The aggregation has identified that the total payments made to the Authority under the cost recovery methodology exceed the Authority's total tender costs by £56,012. This letter sets out the Authority's decision in respect of the repayment of that amount.

Following the grant of the TR9 licence in March 2025, Ofgem appointed independent auditors, Deloitte, to undertake specified agreed-upon procedures over the TR9 aggregation. This work was commissioned to provide an independent assessment of the allocation of costs and income associated with TR9, as well as to review the processes and controls in place for the administration of the cost recovery methodology.

The aggregation process confirmed that Ofgem collected total fees of £1,828,803, resulting in an excess of £56,012 over the Authority's tender costs of £1,772,791.

Table 1 – TR9 repayment summary

Total Income	£1,828,803
Total Costs	£1,772,791
Repayment due	£56,012

The Office of Gas and Electricity Markets

10 South Colonnade, Canary Wharf, London, E14 4PU Tel 020 7901 7000

www.ofgem.gov.uk

Regulation 30(5) of The Electricity (Competitive Tenders for Offshore Transmission Licences) Regulations 2015 requires the Authority, as soon as reasonably practicable after the aggregation of the payments made under a tender exercise, to repay wholly or in part any payment that has been made, which exceeds the tender costs incurred, to any person who made such a payment, including any interest which may have been accrued.

The Authority considers that the overpayments were made in respect of the successful bidder fee and will therefore repay the excess funds collected to the TR9 OFTO.

Successful bidder fees represent the largest proportion of the total fees collected under a tender round and, as such, have the potential to exceed the Authority's costs. By contrast, the fees payable at the invitation-to-tender stage and by the preferred bidder are relatively modest and have been deliberately set at a level commensurate with the work undertaken, in order to encourage effective competition. The Authority is therefore satisfied that the fees collected at these earlier stages would not exceed the actual costs incurred.

The excess funds being returned will also include notional interest, calculated on the excess amount for the period from the licence grant date to the date on which the excess funds are returned. The applicable interest rate reflects the rate earned by the Authority on positive cash balances held with its bank.

Under the Tender Cost Adjustment (TCA) provision in its licence, the OFTO charges the National Electricity System Operator (NESO) for the successful bidder fee. Any repayment would be made under the same provision and would be facilitated through the TNUoS charging methodology.

Should you have any questions in response to this letter, please email them to Ilona Groenewald, Networks (Ilona.Groenewald@Ofgem.gov.uk).

Yours faithfully

Stuart Borland

Deputy Director, Offshore Network Regulation

The Office of Gas and Electricity Markets

10 South Colonnade, Canary Wharf, London, E14 4PU Tel 020 7901 7000

www.ofgem.gov.uk