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30 October 2025

## **EDF response to 'OFTO Build: Ways Forward for an Early Competition Model'**

EDF is the UK's largest producer of low carbon electricity. EDF operates low carbon nuclear power stations and is building the first of a new generation of nuclear plants. With over five and a half million electricity and gas customer accounts, including residential and business users, EDF aims to help Britain achieve net zero by building a smarter energy future that will support delivery of net zero carbon emissions, including through digital innovations and new customer offerings that encourage the transition to low carbon electric transport and heating.

As a key part of EDF, EDF Power Solutions is one of the UK's leading renewable energy companies, specialising in wind power, solar and battery storage technology. In addition to our operational Teesside and Blyth offshore windfarms, our Neart na Gaoithe offshore wind farm is recently operational. Further to this, we recently secured the rights to develop the Gwynt Glas floating offshore wind farm in the Celtic Sea through The Crown Estate's Leasing Round 5. This project has the potential to generate up to 1.5 GW of renewable energy while bringing significant benefits to communities across South Wales and Southwest England.

We welcome the opportunity to provide our views on Ofgem's 'OFTO Build: Ways Forward for an Early Competition Model.'

It is our view that Ofgem should reassess the option of Transmission Owner (TO) delivery. The challenging risk profile and complex interfaces inherent in an Offshore Transmission Owner (OFTO) build model, persist in this latest set of proposals. A TO delivery model where the same entity is delivering both the onshore and offshore assets to connect the project - within a common framework - would be the more logical option. It is our view that the OFTO build model is fundamentally not suited to address delivering non-radial offshore transmission assets. As the proposals to develop this model have evolved over the last few years, ever increasingly complex layers of policy are being applied to adapt a model that is fundamentally not suited to address this issue.

We have provided feedback on the early competition OFTO build model proposals set out in this consultation, should Ofgem decide to proceed with this option. In particular, we support the need for a financial recourse mechanism for delays and the inclusion of non-price elements in the assessment procedure. However, our feedback is within the understanding that our preferred option is for Ofgem to consider a TO delivery model in favour of the proposed early competition OFTO build model.

Should you wish to discuss any of the issues raised in our response or have any queries, please contact myself and Kimbrah on [david.acres@edfenergy.com](mailto:david.acres@edfenergy.com) and [kimbrah.hiorns@edf-re.uk](mailto:kimbrah.hiorns@edf-re.uk)

Yours sincerely,

A handwritten signature in black ink that reads "David Acres". The signature is written in a cursive, slightly slanted style.

David Acres  
Head of Renewable Policy & Regulations

## OFTO Build: Ways Forward for an Early Competition Model

- 1. What are the potential considerations or barriers to using an early competition OFTO build model to build coordinated assets as outlined in the draft CSNP methodology? How could those barriers be addressed?**

We welcome Ofgem's continued efforts to facilitate coordination of offshore transmission assets given its potential benefit to developers, and to reducing costs to consumers and impacts on the environment and communities. However, it is our view that the OFTO build model is fundamentally not suited to address delivering non-radial offshore transmission assets. As the proposals to develop this model have evolved over the last few years, ever increasingly complex layers of policy are being applied to adapt a model that is fundamentally not suited to address this issue.

It is our view that Ofgem should reassess the option of TO delivery. The challenging risk profile and complex interfaces inherent in an OFTO build model, persist in this latest set of proposals. A TO delivery model where the same entity is delivering both the onshore and offshore assets to connect the project - within a common framework - would be the more logical option. Other markets that have centrally delivered offshore transmission infrastructure rely on the TO for delivery rather than third party entities (e.g., Eirgrid in Ireland, TENNET in Germany and RTE in France). From a developer perspective, the framework in these geographies removes the offshore transmission infrastructure from the developers control but does not significantly increase the risk profile compared with the generator build model used in GB.

Given the significant offshore wind ambitions outlined in Government's Clean Power by 2030 plan and the ambition levels expected to come through the Strategic Spatial Energy Plan (SSEP), Ofgem should carefully consider whether it is possible for OFTO build to be an attractive model for the sector. The current generator build OFTO regime and existing pool of operators and investors is only cost effective as it is substantially de-risked.

Our responses to the following questions are within the understanding that our preference would be that a TO build option is developed, instead of the proposed early competition OFTO build. However, we have endeavoured to provide useful input for the development of the proposed early competition OFTO build model, should Ofgem decide to proceed with this option.

- 2. Do you think the principles regarding the process and the commercial framework (discussed below) of the early competition OFTO build model targeted at non-radial assets can be directly applied to a mechanism for delivering radial assets? If the principles are not the same, what might be the differences?**

Should Ofgem proceed with the early competition OFTO build model, we see benefit in extending the model to radial assets that are strategically and spatially coordinated, but only in the interest of increasing optionality for projects (see response to question 3). The same risks surrounding timely delivery, quality of delivery and instances of OFTO failure exist under the early competition OFTO build model, regardless of whether the assets are radial or non-radial. Though the broad approach could be the same, certain specifics may need to be varied depending on whether there is a single wind farm or multiple wind farms involved. For example, any financial recourse mechanism for delays in delivery of the transmission assets may need to vary depending on how many developers are being financially compensated to ensure that it does not become overly burdensome on the OFTO (see responses to questions 9 and 10).

Giving a central body the ability to trigger an OFTO tender under a centralised tender approach as discussed later in this consultation should only be done for non-radial assets which are subject to electrical coordination as a result of the CSNP. Radial projects should maintain their ability to decide whether to utilise a generator build or OFTO build model, and the most appropriate time for the project to trigger the OFTO build tender.

- 3. Will some radial projects benefit from a substantively different framework, e.g. a late competition model in which generator will be responsible for design and other preliminary works? What are the possible circumstances and what are the potential benefits of using a substantively different model?**

The existing OFTO build model available to radial projects has not proven attractive to developers thus far due to the significant shift in control over construction and delivery of the transmission assets necessary to begin exporting power, compared to a developer-managed build. Under the existing OFTO build model, this shift in control would be accompanied by a significant increase in risk to developers that is not sufficiently mitigated to be acceptable. The potential benefits of the existing OFTO build model are uncertain, so this route offers no net benefit to developers.

Extending the proposed *early* competition to the OFTO build model for radial projects as well could increase the attractiveness of OFTO build as an option. A crucial benefit of the early competition model is that it allows the procurement process to commence at an earlier stage, which is helpful to ensuring the offshore transmission assets are delivered on time. That could mitigate one of the key risks of the existing OFTO build model. This is particularly important in a market where the supply chain is highly constrained meaning long lead times on transmission assets.

Fundamentally, in all forms of the OFTO build model the risk profile is extremely challenging for the developer as they are increasing the interfaces for getting connected and beginning to export power (from just the onshore TO under generator build, to the onshore TO and the OFTO under OFTO build). This is amplified by lack of certainty that the existing pool of OFTOs have the construction experience and financial resilience to deliver the assets on time and to a high quality.

- 4. Do you agree we should include both price and non-price elements in the bidding process and assessment criteria for prospective early competition OFTOs? What do you consider is a proper weighting of price and non-price elements?**

We strongly support the proposal to include non-price elements in the bidding process and assessment criteria for prospective early competition OFTOs. Given the reallocation of control over delivery of the transmission assets from the developer to the OFTO under this model, it is crucial that factors such as the commercial and technical capacity and capabilities to deliver the project have been assessed in order for this model to work. The ability of the existing pool of OFTOs to procure, construct and deliver these assets to a high quality and in a timely manner is uncertain and so presents a significant risk to developers that requires mitigation in order for the model to be workable.

- 5. What non-price elements of an OFTO bid should form evidence of a potential OFTO's capability to deliver transmission infrastructure as part of an early competition OFTO build tender?**

Evidence of OFTO capability should cover the following areas:

- Detailed project plan
- Previous experience successfully delivering similar projects

- Appropriate level of staff resource and expertise
- Financial resilience

**6. Can the PPWCA mechanism from the CATO model be appropriately applied to the early competition OFTO build model when substantive cost changes occur between bid submission and construction commencing? What changes are needed to adapt the PPWCA mechanism for use in OFTO build?**

The key difference between the offshore and onshore network is that offshore, the TRS is recovered solely from the offshore wind farm via the offshore circuit and substation tariff elements of their TNUoS payments, whereas for onshore CATOs (although the TRS is also recovered via TNUoS, due to the differing TNUoS methodologies onshore and offshore) the impact of cost changes will not be so directly felt by specific generators. Given the increased exposure of offshore wind farms to changes in the OFTOs TRS it would be prudent for Ofgem to lower the cap on the PPWCA mechanism for OFTO build to take account of the charging regime.

It is also crucial that the PPWCA mechanism for OFTO build accounts for the fact that once generators have submitted their Contract for Difference (CfD) bid including their TNUoS forecasts, allowing cost changes to be reflected in the TRS would reduce their net revenues and therefore make the model unattractive to generators. Alongside reducing the level of the cap, Ofgem should consider setting a limit on the stage at which cost changes are recovered from the generator. For example, beyond a certain number of years before construction commences, cost changes within the cap are socialised. This will be particularly important to address given wider concerns about TNUoS forecast uncertainty. Consumers are already bearing the additional cost of TNUoS uncertainty across the renewables sector, and this would add another layer of uncertainty that developers would have to price into their bids.

**7. Within the onshore early competition commercial framework, preliminary works payments are proposed to be capped at up to 50% of the NESO's estimated preliminary works costs. NESO as the Delivery Body will communicate with potential bidders on whether or not a preliminary works payment mechanism is proposed in respect of a project for tender. Will preliminary works payments be necessary to allow for early competition OFTOs to build transmission assets before their TRS begins? If so, should the preliminary works payments be determined in the same way as the CATO model?**

We agree with the need to include a preliminary works payments mechanism into the early competition OFTO build model. Given the considerable timely delivery risk associated with OFTO build, allowing OFTOs to recover preliminary works costs before construction could de-risk the capital expenditure required for early supply chain engagement and increase the attractiveness of the model to a wider range of potential bidders.

**8. Do you agree with imposing a post-award securities obligation on a successful OFTO bidder to reduce the risk of stranded generation assets and increase the confidence and appetite for early competition OFTO build assets?**

We agree that post-award securities obligations on the successful OFTO bidder are necessary given a specific generator/multiple specific generators are directly reliant on the timely delivery of the transmission infrastructure in order to begin exporting power. Securities should be set at a level which balances providing confidence to developers with the need to not apply an undue burden on OFTOs.

**9. What forms and levels of compensation are appropriate to mitigate the risks faced by generators in the event that an OFTO delay impacts a generator's route to market under an early competition framework?**

For the OFTO build model to be an investible option, it is crucial that there is a mechanism for developers to receive financial recourse in the event the OFTO is delayed in construction and impacts the developers' route to market. This aligns with proposals currently being considered by Ofgem for connection delays on the part of TOs under Ofgem's 'Connections end-to-end review of the regulatory framework'<sup>1</sup>.

Whilst it will not be feasible for this financial recourse mechanism to keep developers whole for losses occurring as a result of a delay to completion, the mechanism should be set at a level that suitably incentivises the OFTO to make best endeavours to achieve timely delivery whilst not reducing competition or unduly increasing overall costs.

A recourse mechanism based on actual lost revenues will likely be too administratively challenging given there could be multiple wind farms affected. A £/MW per day payment set by Ofgem would therefore be the most feasible option for non-radial assets. An immediate form of compensation would be preferable to a TRS reduction because the offshore wind farm will receive payment faster (which is preferable from a Net Present Value (NPV) perspective) and will also be easier for OFTO insurers to cover if it is a one-off payment as opposed to an ongoing reduction to their revenue.

In the near term, given the current pool of OFTOs is formed of typically lean organisations, we expect a measured degree of consumer underwriting would be beneficial to limit the risk of OFTO failure.

It will be extremely challenging to determine an appropriate level for this financial recourse mechanism that balances the need to mitigate considerable developer risk, whilst not placing an unworkable financial burden on OFTOs that reduces competition, raises the risk of OFTO failure and inadvertently incentivises poor quality of delivery. TO delivery would offer a much simpler option, reducing the number of interfaces involved in connecting offshore wind farms.

**10. Do you agree that OFTOs would be sufficiently incentivised under a similar payment mechanism to CATO and generator build regimes to deliver transmission assets on time and to sufficient quality?**

We do not believe the TRS model alone is sufficient for the OFTO build model. The timely delivery risk is distinctly potent in the OFTO build model and requires a targeted solution, which de-risks the option for developers. We have outlined our view and suggested option under our response to question 9 above.

**11. What challenges would a centralised tender approach pose to generators, OFTOs and other stakeholders? How can these challenges be mitigated?**

We agree that a centralised tender is a logical approach for the early competition OFTO build delivery model for non-radial assets. This will ensure that the tender commences early enough to start early supply chain engagement and to avoid there being disagreement between affected developers. However, optionality should remain with the developer regarding selection of delivery model if the model is extended to radial assets as discussed earlier in this consultation.

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<sup>1</sup> [Connections end-to-end review of the regulatory framework | Ofgem](#)

Whilst we agree that a centralised tender approach is a good option for the OFTO build model for non-radial assets, to be workable for the sector, this should only be introduced once the OFTO build model has sufficiently addressed developer concerns around timely delivery, quality of delivery and the event of OFTO failure. Industry should also be consulted on the detail of the criteria regulations Ofgem develops to determine when and which offshore transmission assets should be tendered via an early competition OFTO build and a centralised approach.

**12. Do you consider that centralised tenders can offer benefits by enabling the tendering of projects at their initial development, potentially at the point of seabed leasing?**

A centralised tender that triggers the OFTO build tender much earlier, could give helpful early signals to developers and allow supply chain engagement to commence earlier. However, given the significant design changes we have seen following the HND and HND FUE due to market conditions, supply chain constraints and technical challenges, earlier OFTO tenders could be incredibly challenging to implement in practice due to the complex factors influencing final design outcomes.

Any delivery model taken forward by Ofgem should keep optionality for the generators sufficiently open for their optimisation of the site, allowing them to remain competitive for a route to market auction. If an OFTO led delivery freezes the technical design parameters too early, the generator might be limited for optimisation of the wind farm and in the worst case may lose competitiveness in a future auction.