



OFTO Build: Ways Forward for an Early Competition Model

Call For Input

Document Classification | **Public**

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Dear Joe, Anthony and Allegra

Call for input on OFTO Build: Ways Forward for an Early Competition Model

Please find enclosed a response to Ofgem's call for input on OFTO Build: Ways Forward for an Early Competition Model. SSEN Transmission ("SSENT")¹, part of the SSE Group, is responsible for the electricity transmission network in the north of Scotland.

SSEN-T are committed to delivering a network for a net zero and supporting the clear regulatory and policy shift towards more anticipatory strategic network planning through Clean Power 2030 Action Plan, and then the first Strategic Spatial Energy Plan that will help shape the mix of clean energy sources connecting to the electricity network.

While we are not directly subject to the OFTO regime, the evolution of an OFTO early competition model may have significant implications for the broader transmission landscape. The success of coordinated offshore networks depends on seamless integration with onshore system, and therefore we have a strong interest in ensuring that any new models are workable, efficient, and aligned with whole-system objectives.

Building on the development of the CATO model, Ofgem and NESO should continue to engage closely with TOs in addition to the wider market to ensure that the OFTO early competition model is workable in practice and does not create unintended consequences.

In our response, we have highlighted key considerations for developing the OFTO build early competition model.

A key concern is the significant risks associated with the new as yet untested CATO model for early competition onshore transmission assets. As we have highlighted in previous responses to Ofgem, we are broadly supportive of the CATO model however we hold reservations about how it would fare in practice. There is a risk that CATO design flaws or unintended consequences may only become evident through pilot testing but by that stage the same features may have already been baked into the OFTO model. We urge Ofgem to adopt a precautionary approach so that any required changes to the CATO framework may be identified and introduced before they are applied to OFTOs.

The complexity and length of the proposed competitive tender process risk could create critical bottlenecks. While the model is intended to drive efficiencies, these bottlenecks may arise precisely at the stages where certainty and pace are most essential. For example, during early project scoping, delays in defining scope and timing can have a knock-on effect and leave TOs without a stable definition of scope, boundary conditions or sequencing. Also, in the tender evaluation and award phase, a delay may result in resource and contractual uncertainty. This may subsequently result in suppliers responding with higher bids and larger contingencies to mitigate adverse effects from uncertainty. Competition must facilitate rather than obstruct timely delivery, there is a real danger that the framework will compromise the ability to deliver a reliable, cost-effective, and future-proofed transmission system.

¹ Scottish and Southern Electricity Networks is a trading name of: Scottish and Southern Energy Power Distribution Limited Registered in Scotland No. SC213459; Scottish Hydro Electric Transmission plc Registered in Scotland No. SC213461; Scottish Hydro Electric Power Distribution plc Registered in Scotland No. SC213460; (all having their Registered Offices at Inveralmond House 200 Dunkeld Road Perth PH1 3AQ); and Southern Electric Power Distribution plc Registered in England & Wales No. 04094290 having their Registered Office at No.1 Forbury Place, 43 Forbury Road, Reading, RG1 3JH which are members of the SSE Group www.ssen.co.uk

Ofgem should ensure that a robust framework is in place which mitigates sequencing and prioritisation risks. TOs, may prioritise onshore reinforcements based on the assumption that the OFTO would deliver in a timely manner. Failure to deliver could mean that onshore reinforcements are stranded or underutilised because offshore works are delayed or an asset not prioritised could become the urgent reinforcement need. Such a scenario would result in cost and reliability risks for TOs and consumers.

Robust data sharing obligations for OFTOs will allow TOs to plan reinforcements with confidence and avoid costly rework. There must be transparent and binding data sharing from OFTOs and NESO to TOs within an early competition OFTO model. The proposed model would alter the timing and certainty of information available to TOs. Under the generator-build approach, TOs could plan their onshore reinforcements with a relatively clear understanding of offshore project parameters. With OFTOs taking responsibility earlier, there is a risk that key design and delivery information will not be available to TOs in time to align onshore works. In addition, there must be contingency mechanisms that allow TOs to adjust their delivery plans without penalty if offshore procurement or construction is delayed.

The early OFTO model must not weaken the central role of TOs in engaging with Scottish communities affected by onshore reinforcements. OFTOs may not possess the depth of local community engagement experience or reputational capital that TOs do. Ofgem needs to ensure that OFTOs are held to the same level of engagement expectations as TOs or coordinate effectively with TO community strategies so that messaging is aligned. Any shortcomings could have direct or indirect consequences for TOs in future network works. For example, if communities form entrenched views about the broader transmission programme, securing support for future TO-led projects may become more difficult.

There must be alignment between the OFTO early competition model and the Centralised Strategic Network Plan to avoid suboptimal interfaces or stranded assets. Currently, it is unclear how the OFTO build regime will integrate with CSNP outputs, particularly in identifying assets for competition. We are concerned that the current regime does not adequately address the complexities introduced by coordination, nor does it clarify who is responsible for delivering coordinated solutions.

The HND and HNDPUE processes revealed that many generators preferred radial connections, yet the system benefits of coordination, particularly bulk transfer capabilities, were substantial. However, the OFTO regime has not effectively mitigated the challenges of delivering coordinated infrastructure. The regime should support and incentivise coordinated delivery, not just individual generator needs and provide a regime that reduces the need for repeated reassessment and justification.

Ofgem must carefully monitor how the OFTO early competition model affects supply chain confidence and project viability. Supply chain participants want certainty on delivery, whether projects will proceed under the early competition model, and when works are expected are critical factors for managing resource constraints and competing priorities. We have raised concerns in the context of the CATO model about the uncertainty early competition introduces, particularly around project timelines and delivery responsibilities. Ambiguity in tender timing can hinder effective planning and execution. To address these issues, we advocate for clearer, realistic timelines that reflect project complexity, improved visibility of the project pipeline, and safeguards to prevent early engagement resulting in stranded costs.

There is a risk new competitive models introduce complexity and uncertainty at a critical time for delivery. The proposed introduction of new tender processes, licences and commercial model risks complicating the landscape when certainty is essential. A lack of clarity around how these frameworks will function in practice, and how they will differ from the existing OFTO regime could slow progress and erode confidence among market participants.

The OFTO of Last Resort (OLR) solution must be subject to agreement by TOs/OFTOs—not imposed unilaterally by Ofgem. The role of an OLR carries substantial logistical, technical, and financial burdens, especially given the scale, complexity, and bespoke nature of offshore transmission projects. To ensure fairness and delivery continuity, any decision-making process must allow sufficient time to restart

competitions and reflect realistic delivery timescales. It is essential that risk is appropriately balanced and that market confidence is maintained through transparent and collaborative governance.

Kind Regards

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