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Dear Joe, Anthony, and Allegra

OFTO BUILD: WAYS FORWARD FOR AN EARLY COMPETITION MODEL

Thank you for the opportunity to respond to this call for input regarding the development of an early competition OFTO build model. This response is submitted on behalf of ScottishPower, reflecting the views of our renewables business, ScottishPower Renewables (SPR). SPR is a leading developer of wind and other renewable energy generation, with over 3.1GW of operational capacity across over 40 sites utilising onshore wind, offshore wind, solar and battery technologies. Building on our 714 MW East Anglia ONE and 1,400MW East Anglia 3 offshore wind projects, we have ambitious offshore wind development plans, with work underway to take forward offshore wind projects comprising an East Anglia Hub, as well as seabed rights to develop three new offshore windfarms off the coast of Scotland with a total capacity of 7GW as part of The Crown Estate Scotland's ScotWind Leasing.

We welcome Ofgem's decision to adopt an early competition model for OFTO build rather than the originally proposed late competition model. Once developed, we believe the early competition model will be appropriate for OFTO build for both coordinated and radial offshore transmission connections. In contrast, we consider the current late competition OFTO build model for radial connections places too much risk on developers relative to the OFTO for it to be considered a viable option by developers – as evidenced by the fact it has never been utilised.

Our answers to the consultation questions are in Annex 1 to this letter. We would highlight the following points:

Alignment with the framework for competitively appointed transmission Owners (CATOs)

Whilst we agree some of the objectives of an early competition OFTO build model are similar to those for a CATO, Ofgem's current regulatory framework for CATOs would require the following key changes to ensure it can be effectively applied to the delivery of offshore transmission infrastructure.

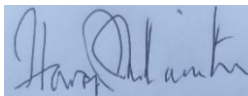
- Mechanisms must be introduced to require the OFTO to compensate developers for financial loss arising from the late delivery of the offshore transmission connection. As Ofgem notes, in contrast to CATOs, the OFTO connection is the sole export route of electricity for connected offshore generators, so late delivery of the transmission infrastructure will cause a material loss of earnings for the generators until they can be energised for example erosion or termination of value under a contract for difference (CfD). Without such compensation mechanisms, the OFTO build model will be assessed as disproportionately risky by developers for it to be considered a viable option.
- While we agree that selection of OFTO bidders should be based on a similar weighting of price and non-price factors as set out in the CATO framework, such factors should be expanded to include expertise and experience of offshore transmission, and this latter element should be given a higher weighting than onshore expertise and experience.
- In the event of an OFTO failure or insolvency, developers should be able to continue delivery of the transmission assets if an OFTO of last resort cannot be appointed in order to avoid delay to accepted connection dates of the developers involved.

Roles and responsibilities for preliminary works and network design

In order for an early competition OFTO build model to be effective for coordinated solutions there cannot be any delay or hiatus once the NESO has identified the high-level network design solution through the central strategic network plan (CSNP). At present it is assumed that one or more of the connecting developers in a coordinated solution will assume responsibility for network design before the transmission solution is put out to tender to potential OFTOs. In practice, we believe leaving developers in a coordinated solution to agree a lead developer and network design will cause unnecessary and costly delay. Instead we think the NESO should have responsibility for the high-level network design and delivery of preliminary works then handing straight over to the appointed OFTO to deliver the detailed network design and construction of the transmission assets.

Should you have any questions regarding this response please do not hesitate to contact me or my colleagues: Haren Thillainathan (hthillainathan@scottishpower.com) or Deborah MacPherson (deborah.macpherson@scottishpower.com).

Yours sincerely,



pp Richard Sweet
Director of Regulatory Policy

**OFTO BUILD: WAYS FORWARD FOR AN EARLY COMPETITION MODEL –
SCOTTISHPOWER RESPONSE**

Question 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?

Implementing the Early Competition OFTO Build model to deliver coordinated offshore network infrastructure requires a fundamental reassessment of the existing OFTO regime. The scale and complexity of coordination envisioned under the CSNP will require new delivery mechanisms, governance structures, and stakeholder engagement processes.

Timelines

According to the Draft Methodology for Consultation¹, the first CSNP is expected to be produced in Q4 2027. This initial plan will provide only a high-level design, similar to the HND (“Holistic Network Design”) and HNDFU (Holistic Network Design Follow Up) assessments. The subsequent detailed design phase, led by the appointed Design Body, may involve extensive engagement with component manufacturers and consideration of future generation scenarios.

Given the potential complexity and supply chain constraints—particularly for HVDC technologies—design and construction timelines may extend into the late 2030s. As such, the Early Competition OFTO Build model may not be feasible for projects currently in development i.e. those in scope of HND and HND FU. However, coordinated procurement and standardised designs could help streamline delivery and accelerate timelines.

Delivery and Design Roles and Responsibilities

To ensure effective implementation of the coordinated offshore network, we recommend that NESO be appointed as Delivery Body for the preliminary works. Then under an early competition OFTO build model, the OFTOs should be appointed as the responsible Body for the detailed design of the coordinated assets, rather than individual Windfarm Developers. This would enable early engagement by developers with NESO as Third-Party stakeholders as defined in the CSNP methodology, unencumbered by potential future responsibility for detailed design.

Relevant codes.

Innovative design proposals – such as multiple connections, Windfarm-to-Windfarm links, and hybrid configurations – require updates to existing Grid Codes to ensure safety and standardisation.

Ideally, these updates should precede the detailed design phase. Given the tight timelines, appointing a specialist Design Body early could facilitate parallel development of updated Grid Codes alongside network design activities.

¹ Centralised Strategic Network Plan: Draft methodology for consultation, NESO, June 2025, <https://www.neso.energy/document/363521/download>

Feasibility of the detailed design

There is a risk that detailed design efforts may show that certain CSNP proposals are not technically or commercially viable. To mitigate this, the NESO should ensure that preliminary designs are informed by input from manufacturers and network design specialists. Early-stage feasibility assessments are essential to avoid late-stage redesigns, financial losses, and delays in generation connection.

Cost of connection

The CSNP acknowledges that coordinated offshore network development may increase capital expenditure (capex), albeit with improved asset utilisation. Higher capex for OFTO assets will lead to higher Transmission Network Use of System (TNUoS) charges for developers and/or higher costs for consumers. If connection costs vary significantly across regions, some windfarm developers may face competitive disadvantages or project viability issues, potentially resulting in stranded assets. We recommend that initial assessments of connection costs be conducted prior to the detailed design phase to enable developers to evaluate the holistic commercial viability of their projects.

OFTO Market

The current OFTO market appears to lack participants with the requisite expertise to deliver complex, coordinated offshore network designs. Addressing this capability gap will be critical to the success of the early competition OFTO build model and the broader CSNP objectives.

Question 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?

The process and commercial framework principles proposed for the early competition OFTO build model are based on the CATO framework.² However, several key considerations must be addressed to ensure these principles are suitable for offshore projects, particularly in mitigating risks borne by developers. For instance, the current framework lacks compensation mechanisms to protect generators in the event of programme delays.

Below are our key considerations for adapting each of the CATO framework¹ principles to an early OFTO build competition model:

Post-Award Security Obligation

Under the CATO framework, CATOs are required to post financial security upon licence award to mitigate non-delivery risks. Typically set at 10% of forecast construction costs, tapering down as capital is invested.

To adapt this principle for an early competition OFTO build model, we believe that:

- Tapering down of the security prior to energisation is not appropriate as it could undermine incentives for timely delivery of the transmission assets.
- A fixed value cap should not be applied, especially when the overall project value may increase over time; it should remain a percentage limit, regardless of the level of outturn costs.

² [Decision and updated policy position on the onshore electricity transmission Early Competition commercial framework | Ofgem](#)

- In the event of OFTO withdrawal, the Generator should be permitted to continue the works while Ofgem appoints a replacement. The new OFTO's Tender Revenue Stream (TRS) should not exceed the original TRS, with any cost difference post OFTO insolvency absorbed by consumers.
- The proposed 10% post award security may be insufficient for complex or novel technologies, such as High Voltage Direct Current (HVDC) systems.

Preliminary Works Payments

The CATO framework allows milestone-based payments during the preliminary work phase to support early cash flow and aligns with traditional TO models, with milestones defined to cover activities such as surveys, consents, final design, planning, and legal costs.

For the early competition OFTO build model we recommend that:

- These payments be excluded from the OFTO's TRS and instead be borne by consumers.

Post Preliminary Works Cost Assessment (PPWCA):

This mechanism allows Ofgem to reassess costs after preliminary works to adjust the bid price, accounting for inflation, scope changes, and unforeseen costs and thereby Addressess cost uncertainty since bid submission until start of construction.

We are concerned that the CATO framework does not adequately address the generator's exposure to programme delay risks. Compensation mechanisms should be introduced to mitigate potential revenue losses. Key risks include:

- Erosion or termination of Contract for Difference (CfD) value
- Loss of the connection date under the Bilateral Connection Agreement (BCA)
- Penalties under signed Power Purchase Agreements (PPAs)
- Missed consent windows for the wind farm
- Lack of force majeure protection for the generator
- Potential claims from turbine Original Equipment Manufacturers (OEMs) for not achieving agreed Annual Energy Production (AEP) incentives.

Payment Mechanism and Performance Incentives

Under the CATO model, CATOs receive regulated payments during the operational phase, with performance incentives embedded in the licence to ensure delivery, reliability, and efficiency. The NESO proposed TRS model includes availability incentive target of 98%, with a 1% deviation resulting in a $\pm 2.5\%$ TRS adjustment up or down.

In the context of an early competition OFTO build model we support:

- Regulated payments during the operational phase based on a 98% availability target and associated TRS adjustments.
- Clear definition of the TRS commencement point – ideally upon energisation.
- Flexibility for projects with unique characteristics (eg, complex technologies, long transmission distances) that may affect availability.

Additionally:

- The TRS is a critical input for calculating the TNUoS charges and ensuring the wind farm's business case viability.
- It is essential that the TRS remains fixed post-award, with no mechanisms allowing for upward revisions.

- Certain onshore station costs should be excluded from the generator's responsibility and instead be covered by consumers, rather than being reflected in TNUoS.
- TRS values must be balanced to prevent competitive distortions between projects. A mechanism to cap TNUoS should be considered.

Additional Works Obligation

CATOs may be required to undertake works beyond the original tender scope. This ensures flexibility and responsiveness to evolving network needs.

We support this principle and recommends:

- Establishing an interface to evaluate new technologies proposed by the generator.
- Prioritising mechanisms that avoid increasing the original TRS for additional costs.
- Considering cost assessments outside the TRS, with a "pain/gain" sharing mechanism. Given that developers benefit from shared OFTO assets, such a mechanism is acceptable, provided the allocation metrics are clearly defined.

Revenue Period

The CATO framework defines a fixed revenue period for CATOs.

We support this principle and agrees with maintaining a fixed revenue period as part of the licence terms.

Consumer Protection and Competitive Tension

We support the principle of balancing commercial attractiveness with robust consumer protection.

Flexibility for Initial Project

Ofgem acknowledges that early projects may require tailored adjustments to the standard framework.

We agree with Ofgem's recognition that early projects may require tailored adjustments to the standard framework to accommodate specific project needs.

Question 3. Will some radial projects benefit from a substantively different framework, eg 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?

We do not consider any of the current late competition models to be suitable for a radial project. As presently structured, the late competition build models allocate both design and certain construction risks to the generator. As a result, the early competition OFTO build model remains the only viable approach. Given that late competition models have not been adopted to date for similar reasons, it is unlikely they will be considered appropriate in the future unless there is a meaningful reallocation of these risks to the OFTO.

Question 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?

The CATO model provides a more robust and rounded assessment of the bidder's capability to undertake the construction of the onshore transmission assets than the current OFTO Early Competition OFTO build model provides. This approach has the potential to address developer concerns regarding project delays associated with OFTO capabilities, to a degree that may encourage a shift away from the Generator Build Model.

Under the Early Competition Model the Developer retains responsibility for the development, construction, operation, and maintenance of the Generator assets whilst the OFTO is responsible for the development and construction of the OFTO Assets. As a result, the developer is exposed to the risk of their assets being stranded should there be significant delays in the OFTO's project programme. By ensuring an OFTO is chosen who has the required experience and capabilities to successfully undertake the development, construction, operation and maintenance of the OFTO Assets, delays due to incompetence would be mitigated.

To further ensure that the OFTO maintains their programme, the early competition OFTO build model should incorporate incentives when programme key milestones are met on time with potentially a bonus being available in instances where a key milestone is delivered early.

The weighting of price and non-price elements in the bidding process is important but for this methodology to be incorporated into the Early Competition OFTO build Model, the weighting of non-price elements should be tailored to capture expertise and competence in relation to offshore transmission.

The CATO model is designed purely for onshore transmission assets and therefore the model is not impacted by the complexities that arise when development and construction activities are taken offshore. Therefore, to ensure that bidders have the required experience and capabilities to undertake both the onshore and offshore elements of the build, weighting must be given to each element.

Our proposal is that the weighting should be as follows:

- Price:50%
- Non-Price Onshore:20%
- Non-Price Offshore:30%

Under the CATO regime the split between price and non-price elements is 50:50. The proposed price element for the Early Competition Model has remained at 50% on the basis that OFGEM are supportive of this percentage.

The non-price element for offshore has been given a greater percentage to ensure that the bidders are assessed on their capabilities and experience of undertaking offshore construction projects which are more complex. This will also provide developers with reassurance that when opting for an OFTO Early Competition build Model, the successful bidder will be able to deliver their project.

Whilst there is the potential for investors in the onshore CATO regime to also be interested in the OFTO regime it should be born in mind that these same investors may not pass a non-price element of the bidding process due to a lack of experience and capabilities in offshore development and construction.

Question 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?

Under the CATO regime, bidders are required to demonstrate experience of the following elements:

- Preliminary works
- Planning and consenting
- Construction
- Operation and maintenance
- Subcontractors and Supply Chain

For the Early Competition OFTO Build tender, bidders should be required to demonstrate both onshore and offshore experience in the same elements that are present in the CATO Regime. In addition, bidders should also be required to demonstrate offshore experience in HVDC, if required.

The UK Grid Code does not yet fully accommodate the complexities and evolving needs of offshore transmission networks and as such we would also welcome offshore design works being given a significant weight in the evaluation.

Question 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 PPWCA is designed to reassess costs incurred after preliminary works but before construction begins, ensuring the TRS reflects actual project conditions. It enables CATOs to recover legitimate cost increases between their bid submission and completion of their preliminary works.

Ofgem imposes a cap on the amount that can be recovered through the PPWCA based on the costs submitted at the bid stage. Costs exceeding this cap are only recoverable if deemed economic and efficient by Ofgem.

In the late competition OFTO Build Model, OFTOs are not subject to Ofgem's cost assessment process, as they construct the transmission assets from the outset rather than acquiring them post-build. Therefore, no transfer value assessment is required.

Applying the PPWCA to the late competition OFTO Build Model would subject OFTOs to a cost assessment and potential disallowance of costs, introducing a significant risk they are not currently exposed to. We would encourage Ofgem to provide clarity and guidance on what would be considered allowable costs should a similar mechanism be applied to the Early Competition OFTO Build Model.

Under PPWCA, Ofgem's cap provides a clear threshold for recoverable costs, with additional costs requiring justification. We agree the PPWCA with adaptations (see below) could be applied to the early competition OFTO build model. This would offer developers greater knowledge and certainty over recoverable costs, incentivize cost control, and reduce the burden of proof, while maintaining value for consumers.

In its current form, the Generator Build Model's Cost Assessment Workstream does not incentivise innovation. Due to the stringent requirement for all costs to pass Ofgem's 'economic and efficient' test developers avoid innovative materials or methods due to uncertainty around cost recovery. The cost recovery process for developers is rigid and documentation-heavy, emphasising compliance with established benchmarks and historical cost data. We therefore believe a PPWCA or similar mechanism should be introduced in to the generator build model.

In comparison the PPWCA mechanism is more flexible and has the potential to foster innovation as developers are less constrained by initial cost caps, which can otherwise discourage the use of new technologies or methods. Costs can be reassessed before the construction phase begins which provides opportunities to incorporate innovative solutions that may not have been feasible or known at the initial bid stage.

The risk to cost recovery is also reduced under the PPWCA mechanism and if implemented into the Early Competition OFTO Build Model has the potential to encourage participation from new and innovative market players.

To successfully implement the PPWCA mechanism into the OFTO build model, we believe that several changes should be made.

Timing

The early competition OFTO build Cost Assessment Workstream needs to be initiated during the bidding process and crucially should have the same mechanism as PPWCA for costs to be reassessed after the early design and consenting stage is completed.

Tender Revenue Stream (TRS)

The OFTO revenue stream needs to be able to incorporate adjustments in costs because of the reassessment after the early design and consenting stage.

Guidance

OFTO bidders will require clear guidance on how costs will be assessed initially and reassessed later. As mentioned above, the risk of disallowable costs is not something that OFTOs are currently exposed to in the Generator Build or in late OFTO build competition model so clarity on what would be considered allowable costs should be given.

Question 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?

As outlined in this response, aligning the Early Competition OFTO Build Model more closely with the existing CATO framework would increase the risk exposure for OFTOs relative to the late competition OFTO build model.

Introducing a Preliminary Works Payment could serve as a valuable incentive for OFTOs to participate in the tender process for an early competition OFTO build model, helping to offset

some of the additional risks associated with the Early Competition model. While preliminary works are a critical phase in any offshore transmission project, they differ significantly from those under the CATO regime due to the inclusion of both onshore and offshore elements. This added complexity—such as seabed surveys, securing seabed leases, and broader stakeholder engagement—results in higher costs.

Given this, the current reimbursement cap of 50% (as applied in the CATO regime) may not be sufficient to fully incentivise OFTO participation. Having separate caps for onshore and offshore preliminary works would better reflect the differing cost profiles and complexities. Regardless of the cap structure, Ofgem should retain the flexibility to adjust the cap where appropriate.

Furthermore, Preliminary Works Payments should remain milestone-based within the Early Competition OFTO Build Model. Tying payments to the achievement of defined milestones ensures that OFTOs remain incentivised to progress the project toward construction readiness. Without such a mechanism, there is a risk that delays to construction readiness has knock on for transmission asset delivery potentially resulting in stranded generation assets, undermining project viability and consumer value.

As mentioned throughout this response, we would also welcome that NESO is appointed the role of Delivery Body for the Preliminary Works for both radial and non-radial transmission assets with the OFTO or NESO being the Delivery Body for the preliminary works under the Early Competition OFTO Build Model.

Question 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?

Security Obligations and Risk Mitigation

We agree that post-award security obligations are a necessary measure to reduce the risk of stranded generation assets. However, their effectiveness is contingent on the scale of the obligation being sufficiently material.

We support the proposal for a security obligation equivalent to 10% of the anticipated construction costs. However, we do not agree with the proposed cap of £50 million for projects up to £1 billion. We recommend maintaining the 10% obligation without any quantified cap to ensure proportionality and adequate risk coverage across all project sizes.

Duration of Security Obligation

We propose that the security obligation be maintained in full until the completion of construction works. Tapering the obligation as construction progresses may undermine its effectiveness and reduce the incentive for timely and complete delivery.

Measures to Enhance Market Appetite

To increase market appetite by developers for Early Competition OFTO Build assets, we recommend that the following measures be considered alongside post-award securities:

- **Programme Milestones:** Introduce milestone-based incentives to ensure timely delivery of grid assets by the OFTO. This would help mitigate financial risks to Windfarm Developers and maintain alignment with project timelines.

- **Developer as Last Resort:** In the event that an OFTO fails to meet its obligations, the Windfarm Developer should be permitted to continue construction to maintain the connection programme, in practice this may require Ofgem to have “step in” rights to be included in the OFTO contract. The Developer should be fully reimbursed for costs incurred during this interim period until a new OFTO is appointed.

Question 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?

Generators face several significant risks in the event of delays to the construction of OFTO assets. These risks require appropriate mitigation measures to ensure the financial and operational viability of offshore wind projects.

Key scenarios to consider include.

Route to market obligations and reduction of Windfarm revenue

- **Contract for Difference (CfD) Exposure:** Delays to the commissioning of OFTO assets may jeopardize the Target Commissioning Dates set during the CfD process. If commissioning is delayed beyond the 12-month window, the generator’s CfD revenue stream begins to erode. Delays exceeding 24 months could result in the complete loss of the CfD, with the added consequence of being barred from participating in subsequent allocation rounds for two years.
- **Connection Date Risk:** Delays may also cause the generator to miss the connection date agreed under the Bilateral Connection Agreement (BCA), potentially triggering delay charges from the ESO.

SPR recommends that LCCC implement a safeguard for early competition OFTO build projects that are excluded from the CfD, ensuring that the generator’s revenue remains fixed and protected from such OFTO delivery delays.

Additionally:

- A compensation mechanism should be introduced to address generator losses due to OFTO delays. The OFTO should be contractually obligated to include delay compensation contracts.
- Any loss of availability incentives should be accounted for to prevent adverse impacts by offsetting them on the generator’s Transmission Network Use of System (TNUoS) charges.
- A standardised delay compensation payment should be made by the OFTO to the generator upon completion of the transmission assets. This would help offset lost revenue or increased costs due to delayed grid access. To avoid impacting the OFTO’s construction-phase cash flow, payment could be deferred until asset completion.

Power Purchase Agreement (PPA) implications

- Generators may have existing PPAs that include penalties for failure to export energy. Delays in energisation could trigger these penalties, further impacting project economics. These implications must be considered in the framework design.

Construction and Consenting Risks

- Delays may result in the loss of consent windows, requiring renegotiation or extensions, which could lead to increased costs and project uncertainty.

We propose that:

- Costs associated with such delays should be excluded from the OFTO's TRS, ensuring they are not passed on to the generator.
- If delay-related costs exceed a defined cap, consumers should bear the excess. Costs below the cap should be absorbed by the OFTO.

Operational and Force Majeure Risks

- Events such as latent defects, uninsurable failures, or force majeure are typically covered under the Income Adjusting Event (IAE) mechanism, allowing OFTOs to recover additional costs.
- However, generators also face revenue losses in such scenarios due to curtailment or reduced export capacity. A corresponding compensation mechanism should be introduced to mitigate the financial impact on generators.

Technology and innovation Improvement

Generators often have contractual arrangements with turbine OEMs that include incentives for improvements in Annual Energy Production (AEP). These arrangements typically involve sharing the benefits of any technical enhancements. If the OFTO curtails transmission capacity, it could reduce AEP and negatively affect the generator's revenue, while still obligating them to share expected gains with the OEM. We therefore recommend a "pain/gain" sharing mechanism (see response to Question 2) to fairly allocate the financial impact of such scenarios.

Security Provisions

The 10% post-award security proposed in the CATO model is designed to cover the risk of OFTO withdrawal but does not address revenue losses due to delays. We propose the inclusion of a dedicated security mechanism to compensate generators for revenue losses resulting from delays not covered by the existing security provisions.

Question 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?

While the incentives available under the CATO regime and the Generator Build Model provide some encouragement for timely and high-quality delivery of transmission assets, they may not be sufficient on their own. To meet the UK Government's offshore wind target of up to 50 GW by 2030, all parties involved must be incentivised to deliver their projects on time.

To support the timely delivery of transmission assets by OFTOs, Ofgem should consider introducing a delivery incentive mechanism like that used in the Accelerated Strategic Transmission Investment (ASTI) framework.

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

Supply Chain Risk Mitigation

We support the centralised tender approach as a means to mitigate supply chain risks and reduce lead times currently experienced by OFTO radial developers—particularly in relation to HVDC technologies. By enabling earlier engagement with suppliers and aligning procurement timelines across coordinated projects, this approach could help secure critical components and improve delivery certainty.

Acceleration of Offshore Network Development

We agree with the proposal that OFGEM could trigger the procurement process earlier than is typically possible under the radial asset model. This would accelerate the development of offshore networks and support the timely deployment of coordinated offshore wind infrastructure.

Design Maturity and Procurement Timing

We acknowledge the risk that triggering centralised procurement before the design is fully matured may introduce uncertainty. To address this, we recommend that OFGEM require developers to collaborate closely with OFTOs in finalising the detailed design of the offshore electricity network. This collaborative approach would help ensure that procurement decisions are informed by evolving technical requirements and maintain alignment with strategic network objectives.

Question 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?

Alignment with Seabed Leasing and Parallel Development

We support the proposal to initiate the centralised tender process at the point of seabed leasing. This timing would enable the development and construction of OFTO assets to proceed in parallel with windfarm infrastructure, similar to current practices for radial connections. Such early engagement would assist OFTO designers in accurately defining the network design while taking into account available technologies and would help minimise the risk of delays in OFTO asset delivery.

Avoiding Restrictions on Windfarm Technology Choices

While early coordination offers clear benefits, we caution that it may also introduce constraints on windfarm generation assets. Specifically, there is a risk that the offshore network design could inadvertently limit turbine selection or favour a single supplier. The regime should be structured to preserve technology neutrality and avoid overly restrictive design outcomes that could hinder innovation or competition.

Consideration of Adjacent OFTO Builds

For projects that fall outside the final scope of early competition OFTO build, we recommend that OFGEM assess how the OFTO build of adjacent projects may influence the design of Generator Build assets. This assessment should aim to prevent scenarios where Developers

are effectively forced into single-source supply arrangements due to pre-existing infrastructure constraints.

ScottishPower
October 2025