Making a positive difference for energy consumers

Consultation

Timelines and Incentives for the Offshore Hybrid Asset Pilot Scheme

Date:	17 September 2026
Response deadline:	15 October 2026
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We are consulting on the timelines and incentives framework to be applied to the Offshore Hybrid Asset (OHA) Pilot Scheme. This includes incentives, mechanisms dealing with project delays (i.e. the Reasonable Delay Event mechanism and Pre-Operational Force Majeure mechanism) and the related Payback Mechanism for Delays as well as the approach to the Regime Start Date and Backstop Date.

Contents

1. Introduction

1.1 The Offshore Hybrid Asset (**OHA**) Pilot Scheme establishes a regulatory framework for a new type of offshore electricity infrastructure asset, referred to as a Non-Standard Interconnector (**NSI**). This type of asset integrates offshore wind transmission in the connecting state with an electricity interconnector linking Great Britain (**GB**) to electricity markets in the connecting state. Offshore Hybrid Assets consist of two new types of assets, NSIs and Multi-Purpose Interconnectors (**MPIs**).

1.2 This consultation applies only to the two NSI projects, LionLink and Nautilus, which are progressing through the OHA Pilot Scheme. MPIs and other potential NSIs are outside the scope of this consultation.

Purpose of this consultation

1.3 This paper sets out, and seeks views on, the proposed timelines and incentives policy framework for these two NSI projects approved in principle at the Initial Project Assessment stage in our OHA Pilot Scheme. Given the similarities in asset characteristics between the two pilot NSIs and the interconnectors progressing under the Third Cap and Floor Window, we consider it appropriate to use the Window 3 (**W3**) regulatory framework as the basis for the OHA Pilot Scheme. Both asset types use the Cap and Floor model to balance investor certainty with consumer protection. There are also similar regulatory assessment process stages: Initial Project Assessment (**IPA**), Final Project Assessment (**FPA**) and Post-Construction Review (**PCR**). Both W3 and OHA frameworks place conditions on developers to deliver projects efficiently and within specified timelines, while recognising that major infrastructure projects may face delays outside a developer's control.

1.4 This approach reflects the commitment made in the Interconnector Policy Review (ICPR)[1] to build a more flexible regime for interconnector developers to better manage adverse consequences where delays occur that are outside a developer's control.

Context and related publications

(1) Decision on Timelines and Incentives changes for the Third Cap and Floor Window for Interconnectors | Ofgem
(2) Decision on Policy Consultation & Statutory Consultation: Pre-Operational Force Majeure event in the Third Window for Electricity Interconnectors | Ofgem
(3) Interconnector Policy Review - Decision | Ofgem
(4) Decision on the Regulatory Framework for the Non-Standard Interconnectors of the Offshore Hybrid Asset pilot scheme | Ofgem
(5) Further detailed regime parameters for the Offshore Hybrid Asset Pilot Scheme Decision | Ofgem

[1] Interconnector Policy Review: Decision (13 December 2021) - ICPR Decision Paper | Ofgem

Overview

1.5 To maintain the risk-reward balance between consumers and developers, we propose introducing a timelines and incentives framework for the OHA Pilot Scheme based on the arrangements established for the Third Cap and Floor Window. We propose to apply as set out in this consultation:

(1) The approach to the **Regime Start Date** (**RSD**) concept,

(2) The approach to the **Backstop Date**,

(3) The **Payback Mechanism for Delays**,

(4) The **Reasonable Delay Event** (**RDE**) mechanism,

(5) The **Pre-Operational Force Majeure (Pre-Op FM**) mechanism

Our decision-making process

1.6 We have developed this proposed timelines and incentives framework for the OHA Pilot Scheme based on the corresponding provisions established for W3. We are publishing and making these proposals available to the developer of the two NSIs progressing through the OHA Pilot Scheme and other interested stakeholders for feedback. We will take all views received into account before reaching our final decision. Decision-making stages

Date	Stages
17 September 2026	Stage 1: Consultation opens
15 October 2026	Stage 2: Consultation closes
November 2026	Stage 3: Consultation decision, responses reviewed and published

General feedback

We believe that consultation is at the heart of good policy development. We are keen to receive your comments about this report. We'd also like to get your answers to these questions:

1. Do you have any comments about the overall quality of this document?
2. Do you have any comments about its tone and content?
3. Was it easy to read and understand? Or could it have been better written?
4. Are its conclusions balanced?
5. Did it make reasoned recommendations?
6. Any further comments

Please send any general feedback comments to Cap.Floor@ofgem.gov.uk.

How to respond

We want to hear from anyone interested in this consultation. Please send your response to the person or team named on the front page of this document.

We have asked for your feedback in each of the questions throughout. Please respond to each one as fully as you can.

We will publish non-confidential responses on our website.

Your response, data, and confidentiality

You can ask us to keep your response, or parts of your response, confidential. We will respect this, subject to obligations to disclose information. For example, under the Freedom of Information Act 2000, the Environmental Information Regulations 2004, statutory directions, court orders, government regulations, or where you give us explicit permission to disclose. If you do want us to keep your response confidential, please clearly mark this on your response and explain why.

If you wish us to keep part of your response confidential, please clearly mark those parts of your response that you do wish to be kept confidential and those that you do not wish to be kept confidential. Please put the confidential material in a separate appendix to your response. If necessary, we will contact you to discuss which parts of the information in your response should be kept confidential and which can be published. We might ask for reasons why.

If the information you give in your response contains personal data under the General Data Protection Regulation (Regulation (EU) 2016/679) as retained in domestic law following the United Kingdom's withdrawal from the European Union ("UK GDPR"), the Gas and Electricity Markets Authority will be the data controller for the purposes of GDPR. Ofgem uses the information in responses in performing its statutory functions and in accordance with section 105 of the Utilities Act 2000. Please refer to our Privacy Notice on consultations.

If you wish to respond confidentially, we will keep your response confidential, but we will publish the number, but not the names, of confidential responses we receive. We will not link responses to respondents if we publish a summary of responses, and we will evaluate each response on its own merits without undermining your right to confidentiality.

How to track the progress of a consultation

1. Find the web page for the call for input you would like to receive updates on.
2. Click ‘Get emails about this page’, enter your email address and click ‘Submit’.
3. You will receive an email to notify you when it has changed status.

A consultation has three stages: ‘Open’, ‘Closed (awaiting decision)’, and ‘Closed (with decision)’.

2. Background

2.1 In 2023, Ofgem published its decision on W3[2], the third application window for the Cap and Floor regime for electricity interconnectors. Following the assessment, Ofgem granted Cap and Floor regime approval to three projects: LirIC, MaresConnect and Tarchon. These projects aim to strengthen security of supply, support decarbonisation and enhance cross-border electricity trading.

2.2 Alongside traditional interconnector projects, Ofgem is also supporting the development of OHAs, which combine electricity interconnection with the transmission of offshore wind power. On 12 November 2024, Ofgem published its IPA decision for the two NSI applicant projects to the OHA Pilot Scheme [3], granting a regulatory regime in principle to LionLink, a proposed 1.8GW link between GB and the Netherlands, and Nautilus, a proposed 1.4GW link between GB and Belgium.

2.3 In our December 2021 ICPR decision, we committed to building a more flexible regime for interconnector developers and to better manage adverse consequences where delays occur that are outside a developer's control for upcoming investment windows. This included a commitment to maintain a 25-year regime for all projects, and to make better use of project specific connection dates.

2.4 We recognise that the approach used in previous investment windows, of shortening the regime duration because of project delivery delays, may adversely impact a project developer's ability to raise financing or increase project development costs. We also recognise that consumers should be protected from undue delays.

2.5 In 2023, Ofgem consulted on a new timelines and incentives framework for W3 interconnectors. The framework proposed updated arrangements for managing project delays, and strengthening developer accountability, while recognising that some delays may arise from factors outside a developer's control. Key elements included the RDE Mechanism, the Payback Mechanism for Delays, and a revised approach to setting a project's RSD and Backstop Date[4].

2.6 In the next chapter we describe these concepts. A clear and consistent set of definitions is necessary to provide regulatory certainty and ensure the delay framework is applied fairly and predictably. The key terms used throughout this document are laid out in the table of defined terms.

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[2] Decision on Timelines and Incentives changes for the Third Cap and Floor Window for Interconnectors (14 November 2023): Timelines and Incentives RDE Policy Decision | Ofgem

[3] Decision on the Initial Project Assessment of the Third Cap and Floor Window for Electricity Interconnectors (12 November 2024): Window 3 IPA Decision | Ofgem

[4] Another key element for W3 licensees was the Pre-Op FM Mechanism, but it was decided upon separately in November 2023. The Pre-Op FM Mechanism for NSIs is included in this consultation.

3. Timelines and Incentives framework: Explanation of the Key Concepts

3.1 The concepts explained in this Chapter are intended to serve as defined terms under the regulatory regime for both NSIs. The definitions of these defined terms and the policy proposals in which they are used are discussed in Chapter 4 below.

Backstop Date

3.2 The Backstop Date, as defined for W3, largely remained unchanged from previous Cap and Floor windows; it is a set date that serves to protect consumers from any change in the fundamental needs case of a project by incentivising projects to achieve commercial operations by that date. We intend to keep the Backstop Date concept, as defined for the W3 regime, for the Cap and Floor regime applicable two both NSIs. The Backstop Date is set as 31st December 2035 for the OHA Pilot Scheme projects.

Regime Start Date

3.3 The RSD is the date on which a project is expected to be commercially operational. This means that the project is capable of flowing electricity and offering capacity for sale to the market at its rated capacity. For the OHA Pilot Scheme, we propose that the RSD acts as a key delivery milestone and that it is included in the NSI projects' licence conditions.

3.4 The purpose of the RSD is to provide a clear and transparent timeline for project delivery. It allows Ofgem to assess whether a developer's proposed delivery timetable is realistic, monitor progress against that timetable, and ensure that the benefits of the Cap and Floor regime are not preserved indefinitely where a project is delayed without sufficient justification. Its purpose is also to serve as a reference point for considering delays under the RDE and Pre-Op FM-mechanisms and any future requests to update the project timeline.

3.5 Developers must propose a RSD at the IPA stage and explain the basis for their chosen date. This should include evidence on the project's expected development, construction, commissioning and commercial operation timeline. We will assess the evidence and rationale provided by developers in support of their proposed RSD. After our assessment of the project's circumstances and characteristics, we confirm the RSD in the IPA decision as the RSD-IPA. If the developer's request is well-justified, we would confirm the developer's proposed RSD.

Payback Mechanism for Delays

3.6 For W3, the Payback Mechanism for Delays was introduced to protect consumers from the material impacts of undue delays to project delivery and connection. We propose to retain this mechanism for the OHA Pilot Scheme. Consistent with W3, the Exposure Period is a period of undue or unapproved delay in respect of which the developer may be liable to repay floor top-up payments received. The Payback Period is the period over which any such repayment is made. The Regime Duration refers to the period for which the regulated regime applies, while Post Regime Duration refers to any relevant period following the end of the regime.

3.7 The Payback Mechanism for Delays will apply where a project's RSD is delayed and that delay has not been approved under either the RDE or the Pre-Op FM mechanism. It will also apply where no request is submitted by the developer under the RDE or the Pre-Op FM mechanism in respect of the delay.

3.8 Where the Payback Mechanism for Delays applies, we will determine an Exposure Period, which reflects the period of undue or unapproved delay. During this period, the developer is exposed to an obligation to repay any floor top-up payments received in respect of that period. Repayment would take place during the Payback Period and, where necessary, may continue into the Post-Regime Duration until the relevant amounts have been repaid.

3.9 When assessing whether the Payback Mechanism for Delays should apply, we will consider any requests submitted by the developer under the RDE or Pre-Op FM mechanism. All triggers for the Payback Mechanism for Delays are set out in the definition of this mechanism contained in Chapter 4.

Reasonable Delay Event

3.10 A Reasonable Delay Event is an event or circumstance that may not qualify as Pre-Operational Force Majeure and that causes a delay to the project's approved RSD, despite the licensee acting in a prudent manner and in compliance with Good Industry Practice and the licensee taking reasonable and appropriate actions to avoid this event or circumstance and to mitigate its subsequent consequence. The definition of the RDE is included in Chapter 4 below.

3.11 The purpose of the RDE mechanism is to provide a route for the developers to request an update to the RSD where delays arise during project development and are not the result of an undue delay or poor project management. This ensures that developers are not penalised for justified delays, while still protecting consumers from delays that are not sufficiently evidenced or managed.

3.12 A developer seeking a relief under the RDE mechanism must submit a request to Ofgem. We will assess whether the revised RSD remains on or before the Backstop Date. If the developer request is approved, the RSD will be adjusted without triggering the Payback Mechanism for Delays. If rejected, the delay will be treated as undue or unapproved and the Payback Mechanism will apply as further specified in Chapter 4.

Pre-Operational Force Majeure

3.13 While a RDE provides a route for developers to seek relief for justified development delays that may not qualify as a Pre-Operational Force Majeure event, a Pre-Op FM applies only to events or circumstances that are beyond the developer's reasonable control. Both the Pre-Op FM and the RDE mechanisms allow the RSD to be adjusted without triggering the Payback Mechanism for Delays. However, different eligibility and related request submission periods apply. An RDE may only occur or commence in the period between the Authority's IPA and FPA decisions for the Project and the related RDE request must be submitted to the Authority within the same eligibility period. By contrast, a Pre-Op FM event or circumstance may only occur or commence between the Authority's IPA decision and commissioning of the relevant NSI project5, and the related Pre-Op FM request must be submitted to the Authority within the same eligibility period. Therefore, the eligibility period for Pre-Op FM is longer than that for an RDE.

3.14 In the next Chapter we set out the policy proposal for the RDE provision for OHA Pilot Scheme projects and the consultation question.

4. Policy Proposal for the Reasonable Delay Event and the Pre-Operational Force Majeure mechanisms and related concepts

4.1 This Chapter sets policy proposals for our minded-to decision on the framework applicable to the procedural steps, assessment, and decision making for the Pre-Operational Force Majeure mechanism and the Reasonable Delay Event mechanism for the two NSI licensees

4.2 The related defined terms with definitions – which apply to both the Pre-Op FM mechanism and the RDE mechanisms – are contained in a table located further below in this Chapter, in paragraph 4.33.

4.3 The relevant consultation question is located at the end of this Chapter, in paragraph 4.34.

Minded-to Policy Decision on the framework applicable to the Pre-Operational Force Majeure mechanism

<u>Purpose</u>

4.4 This Minded-to Policy Decision sets out the provisions that apply in circumstances where a licensee with a participating NSI project under the OHA Pilot Scheme (the Project) considers that the licensee's Project's Regime Start Date (the RSD-IPA) has been delayed due to an event or circumstance of Pre-Operational Force Majeure.

4.5 This minded-to Policy Decision sets out the procedural steps, the assessment, and the decision-making processes applicable to a licensee's request for an adjustment to the RSD-IPA due to delays caused by a Pre-operational Force Majeure.

[5] Here, we are counting the combined eligibility period afforded under the minded-to Policy Decision (contained in Chapter 4 of this consultation) and the relevant standard licence condition which is not yet in effect for either NSI.

Scope

4.6 This minded-to Policy Decision applies to requests for an adjustment to the Regime Start Date of a Project due to delays caused by an event or circumstance which in the licensee's opinion amounts to a Pre-Operational Force Majeure, submitted by a relevant licensee to the Authority[6] during the period between:

a) the date of Ofgem's IPA decision relating to the licensee's interconnector project; and

b) the point in time when a standard licence condition, containing provisions on the Pre-Operational Force Majeure mechanism applicable to the licensee, takes effect in the licensee's licence.

4.7 Once the relevant standard licence condition, containing provisions on the Pre-Operational Force Majeure mechanism applicable to the licensee, is in effect in a licensee's electricity interconnector licence, the licensee should raise any Pre-Operational Force Majeure requests pursuant to that standard licence condition.[7]

Process for submitting requests

4.8 If a licensee considers that an event or circumstance of Pre-Operational Force Majeure has occurred and caused a delay to its interconnector project's Regime Start Date, the licensee may, within a reasonable timeframe[8] of that event or circumstance occurring, and during the period specified in paragraph 4.6 above, submit a written request for the RSD-IPA to be adjusted to reflect the delay caused by that event or circumstance of Pre-Operational Force Majeure.

4.9 Any request submitted to us by the licensee under paragraph 4.8 of this Policy Decision must include:

a) full details of the event or circumstance that the request relates to and the reason(s) why the licensee considers it to be an event or circumstance of Pre-Operational Force Majeure;

b) the length of any resulting delay that the licensee considers to have been caused as a consequence of that event or circumstance and its proposed revised RSD-IPA;

[6] The words "Ofgem", "Authority", "we", "our" and "us" are used interchangeably in this decision.
[7] As set out in previous policy decision, we intended the Pre-Op FM mechanism contained in the licensee's licence to be available until the commissioning of the licensee's Project.
[8] What constitutes a reasonable timeframe may differ from case to case, depending on the underlying circumstances. We would encourage relevant licensees to consider submitting their Pre-Operational Force Majeure request alongside their Final Project Assessment (FPA) – if possible. However, equally we expect the licensees to exercise good judgement in deciding whether it is appropriate to submit their Pre-Operational Force Majeure request alongside the FPA submissions. In particular, licensees are required to ensure the robustness of the evidence supporting their Pre-Operational Force Majeure request.

c) how the licensee has calculated the resulting delay; and

d) any analysis or information, which the licensee considers sufficient to enable us to fully assess the event or circumstance to which the request relates.

4.10 For the purposes of paragraph 4.9 above, where any additional analysis or information is not available to the licensee at the time of the request, the licensee should:

a) specify any such additional analysis or information items in its request together with an indication of when the licensee expects these items to become available; and

b) provide these items as soon as reasonably practicable after they become available.

4.11 The licensee must provide us with any additional information that may be reasonably required to facilitate our consideration of the licensee's request. Such additional information should be submitted within a reasonable timeframe set by the Authority.

<u>Approval</u>

4.12 If, in our opinion, the Regime Start Date has been delayed (in whole or in part) by an event or circumstance of Pre-Operational Force Majeure and such an event or circumstance has been appropriately mitigated and managed by the licensee, the Regime Start Date shall fall on such later date as we will specify in a decision under this minded-to Policy Decision.

<u>Rejection</u>

4.13 If, in our opinion, the RSD-IPA has not been delayed by an event or circumstance of Pre-Operational Force Majeure, the Authority shall confirm by way of a decision issued under this minded-to Policy Decision:

a) that the licensee's Regime Start Date shall be revised to fall on a new Regime Start Date; and

b) that the licensee will be subject to the Payback Mechanism for Delays and shall repay[9], during the Payback Period,[10] any received floor top-up payments, incurred during the Exposure Period; and

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[9] We expect that any relevant floor top-up repayments will be made by the "equity side" investor(s) / stakeholder(s). This "equity side" floor top-up repayment arrangement may be particularly relevant to the interconnector projects delivered under the project finance route or any other route that involves considerable amounts of external debt finance that are repaid over the Cap and Floor regime duration.

[10] The exact repayment method, whether a single bullet repayment or more than one periodic repayment, is not being prescribed. The reasonable and appropriate repayment method can be proposed by the licensee and ultimately will be set by the Authority (following consultation with the licensee), taking into account any relevant provisions under the Connection and Use of System Code (CUSC).

c) the start and end dates of the Exposure Period.

4.14 Before we issue a decision under paragraph 4.12 or 4.13 of this Policy Decision, we will give notice to the licensee of our minded-to decision, specifying:

a) where we consider that project delivery **has been delayed** (in whole or in part) by an event or circumstance of Pre-Operational Force Majeure:

i. the length of any delay that, in our opinion, was caused by an event or circumstance of Pre-Operational Force Majeure; and

ii. a revised Regime Start Date that takes any such delay into account; or

b) where we consider that project delivery **has not been delayed** by the Pre-Operational Force Majeure:

i. that the licensee's Regime Start Date shall be revised to fall on a new Regime Start Date; and

ii. that the licensee shall be subject to the Payback Mechanism for Delays and shall repay, during the Payback Period, any received floor top-up payments, incurred during the Exposure Period; and

iii. the start and end dates of the Exposure Period;

c) the reasons for our minded-to decision; and

d) the period (not being less than 14 days from the date of the notice, or such other period as may be agreed in writing between the licensee and the Authority) within which the licensee may make representations or objections.

4.15 Before issuing a decision pursuant to paragraph 4.12 or 4.13 ,we shall consider any representations or objections raised by the licensee.

4.16 The decision we issue under paragraph 4.12 or 4.13 of this minded-to Policy Decision shall state the reasons for the decision.

4.17 We shall issue a decision under paragraph 4.12 or 4.13 of this minded-to Policy Decision, as soon as reasonably practicable after receipt of all necessary information that we may reasonably require.

4.18 A table of defined terms is provided below in paragraph 4.33.

Minded-to Policy Decision on the framework applicable to the Reasonable Delay Event mechanism

Purpose

4.19 This minded-to Policy Decision sets out the provisions that apply in circumstances where a licensee with a participating NSI project under the OHA Pilot Scheme (the Project) considers that the Regime Start Date applying to the licensee's Project, as confirmed in our IPA decision (RSD-IPA), has been delayed due to a Reasonable Delay Event.

4.20 This minded-to Policy Decision also sets out the procedural steps, the assessment, and the decision-making processes applicable to a licensee's request for an adjustment to the RSD-IPA due to delays caused by a Reasonable Delay Event.

Scope

4.21 This minded-to Policy Decision applies to requests for an adjustment to the Regime Start Date of a Project due to delays caused by an event or circumstance which in the licensee's opinion amounts to a Reasonable Delay Event, submitted by a relevant licensee to the Authority[11] during the period between:

a) the date of Ofgem's Initial Project Assessment (IPA) decision relating to the licensee's Project; and

b) the point in time when the Authority issues the Final Project Assessment (FPA) decision with respect to the licensee's Project.

Process for submitting requests

4.22 If a licensee considers that a Reasonable Delay Event has occurred and caused a delay to its Project's Regime Start Date, the licensee may, within a reasonable timeframe[12] of that event or circumstance occurring, during the period specified in paragraph 4.21 above, submit a written request to us for the RSD-IPA to be adjusted to reflect the delay caused by a Reasonable Delay Event.

4.23 Any request submitted to us by the licensee under paragraph 4.22 of this minded-to Policy Decision must include:

a) full details of the event or circumstance that the request relates to and the reason(s) why the licensee considers it to be a Reasonable Delay Event;

b) the length of any resulting delay that the licensee considers to have been caused as a consequence of that event or circumstance and its proposed revised RSD-IPA;

c) how the licensee has calculated the resulting delay; and

d) any analysis or information, which the licensee considers sufficient to enable us to fully assess the event or circumstance to which the request relates.

[11] The words "Ofgem", "Authority", "we", "our" and "us" are used interchangeably in this consultation

[12] What constitutes a reasonable timeframe may differ from case to case, depending on the underlying circumstances. We would encourage relevant licensees to consider submitting their Reasonable Delay Event request alongside their Final Project Assessment (FPA) submissions where possible. However, equally we expect the licensees to exercise good judgement in deciding whether it is appropriate to submit their Reasonable Delay Event request alongside the FPA submissions. In particular, licensees are required to ensure the robustness of the evidence supporting their Reasonable Delay Event request.

4.24 For the purposes of paragraph 4.23, where any additional analysis or information is not available to the licensee at the time of the request, the licensee should:

a) specify any such additional analysis or information items in its request together with an indication of when the licensee expects these items to become available; and

b) provide these items as soon as reasonably practicable after they become available.

4.25 The licensee must provide us with any additional information that may be reasonably required to facilitate our consideration of the licensee's request. Such additional information should be submitted within a reasonable timeframe set by the Authority.

Approval

4.26 If, in our opinion,

a) the RSD-IPA has been delayed (in whole or in part) by a Reasonable Delay Event and such an event or circumstance has been appropriately mitigated and managed by the licensee; and

b) the later Regime Start Date falls before or on the Backstop Date,

then the Regime Start Date shall fall on such later date as we will specify in a decision under this minded-to Policy Decision.

Rejection

4.27 If, in our opinion, the RSD-IPA has not been delayed by a Reasonable Delay Event and the proposed revised RSD-IPA falls **before or on** the Backstop Date, then the Authority shall confirm by way of a decision issued under this Policy Decision:

a) that the licensee's Regime Start Date shall be revised to fall on a new Regime Start Date; and

b) that the licensee will be subject to the Payback Mechanism for Delays and shall repay[13], during the Payback Period,[14] any received floor top-up payments, incurred during the Exposure Period; and

[13] We expect that any relevant floor top-up repayments will be made by the "equity side" investor(s) / stakeholder(s). This "equity side" floor top-up repayment arrangement may be particularly relevant to the interconnector projects delivered under the project finance route or any other route that involves considerable amounts of external debt finance that are repaid over the Cap and Floor regime duration.

[14] The exact repayment method, whether a single bullet repayment or more than one periodic repayment, is not being prescribed. The reasonable and appropriate repayment method can be proposed by the licensee and ultimately will be set by the Authority (following consultation with the licensee), taking into account any relevant provisions under the Connection and Use of System Code (CUSC).

c) the start and end dates of the Exposure Period.

4.28 Before we issue a decision under paragraph 4.26 or 4.27 of this Policy Decision, we will give notice to the licensee of our minded-to decision, specifying:

a) where we consider that project delivery **has been delayed** (in whole or in part) by a Reasonable Delay Event:

i. the length of any delay that, in our opinion, was caused by a Reasonable Delay Event; and

ii. a revised Regime Start Date that takes any such delay into account; or

b) where we consider that project delivery **has not been delayed** by a Reasonable Delay Event:

i. that the licensee's Regime Start Date shall be revised to fall on a new Regime Start Date; and

ii. that the licensee shall be subject to the Payback Mechanism for Delays and shall repay, during the Payback Period, any received floor top-up payments, incurred during the Exposure Period; and

iii. the start and end dates of the Exposure Period;

c) the reasons for our minded-to decision; and

d) the period (not being less than 14 days from the date of the notice, or such other period as may be agreed in writing between the licensee and the Authority) within which the licensee may make representations or objections.

4.29 Before issuing a decision pursuant to paragraph 4.26 or 4.27, we shall consider any representations or objections raised by the licensee.

4.30 The decision we issue under paragraph 4.26 or 4.27 of this minded-to Policy Decision shall state the reasons for the decision.

4.31 We shall issue a decision under paragraph 4.26 or 4.27 of this minded-to Policy Decision, as soon as reasonably practicable after receipt of all necessary information that we may reasonably require.

4.32 A table of defined terms is provided below.

Table of defined terms

4.33 The terms defined in the below table apply both; the Pre-Op FM mechanism and RDE mechanism.

Term	Meaning
Reasonable Delay Event	means an event or a circumstance that: **a.** may not qualify as a Pre-Operational Force Majeure event and which results in or causes a delay to the licensee's interconnector Regime Start Date, despite: **i.** the licensee acting in a prudent manner and in compliance with Good Industry Practice; and **ii.** the licensee taking reasonable and appropriate actions to avoid this event or circumstance and to mitigate its subsequent consequences; and **b.** has occurred or commenced between: **i.** the date of the Authority's Initial Project Assessment Decision with respect to the licensee's Interconnector; and **ii.** the date of the Authority's Final Project Assessment Decision with respect to the licensee's Interconnector; and **c.** does not result in the new Regime Start Date falling after the Backstop Date.
Backstop Date	means 31 December 2035, the date set by the Authority and by which the licensee's interconnector project must connect to the grid and must achieve its Regime Start Date.[15]
Exposure Period	means a period in the final years of the licensee's Regime Duration which: a) corresponds to the length of the delay(s), experienced by the licensee's Project: i) which were not approved by the Authority under the Pre-Operational Force Majeure mechanism or the Reasonable Delay Event mechanism; and/or ii) for which no request under the Pre-Operational Force Majeure mechanism or the Reasonable Delay Event mechanism was submitted by the licensee; and

[15] IPA condition amendment: Window 3 and OHA pilot projects | Ofgem

Term	**Meaning**
	b) exposes the licensee to the repayment obligation of any incurred floor top-up payments during this period.
Good Industry Practice	means in relation to any undertaking and any circumstances, the exercise of that degree of skill, diligence, prudence and foresight which would reasonably and ordinarily be expected from a skilled and experienced operator engaged in the same type of undertaking under the same or similar circumstances.
Initial Project Assessment (IPA) Decision	means the Authority's decision, published on its website, on the initial project assessment for the licensee's Project.[16]
Payback Mechanism for Delays	means a mechanism: 1) that applies in circumstances where the licensee's Regime Start Date: (a) has been delayed beyond the Backstop Date and has not been approved by the Authority under the Pre-Operational Force Majeure mechanism; or (b) has been delayed to a date that falls before the Backstop Date and that delay has not been approved by the Authority: (i) under the Reasonable Delay Event mechanism; or (ii) under the Pre-Operational Force Majeure mechanism, or (c) has been delayed but no request has been submitted by the licensee under the Reasonable Delay Event mechanism or the Pre-Operational Force Majeure mechanism; and 2) through which, the licensee repays, during the Payback Period, any received floor top-up payments, incurred during the Exposure Period.
Payback Period	means a period: - that is triggered by the licensee receiving the first floor top-up payment, incurred during the Exposure Period; - during which the licensee repays any received floor top-up payments incurred during the Exposure Period; and - which applies until the licensee repays, during the Regime Duration and during the Post Regime Duration (if relevant), all

[16] Initial Project Assessment for the Offshore Hybrid Asset Pilot Projects - decision \| Ofgem

Term	Meaning
	received floor top-up payments incurred during the Exposure Period.
Post Regime Duration	for the purposes of this policy proposal, means the period falling immediately after the end of the Regime Duration: - during which the licensee repays any outstanding floor top-up payments that it has incurred during the Exposure Period and which fall under the Payback Mechanism for Delays; and - which lasts and applies until the licensee repays all received floor top-up payments incurred during the Exposure Period.
Pre-Operational Force Majeure	means a) an event or circumstance which is beyond the reasonable control of the licensee, including an act of God, act of the public enemy, strike, lockout and other industrial disturbance, war declared or undeclared, threat of war, terrorist act (or threat of), blockade, revolution, riot, insurrection, civil commotion, public demonstration, sabotage, act of vandalism, governmental restraint, provided that lack of funds of the licensee shall not be interpreted as a cause beyond the reasonable control of the licensee and provided that weather and ground conditions which are reasonably to be expected at the location of the event or circumstance are also excluded as not being beyond the reasonable control of the licensee; and b) where such event or circumstance has occurred or commenced between: (i) the date of the Authority’s Initial Project Assessment Decision with respect to the licensee’s Project; and (ii) the successful completion of such procedures and tests in relation to the licensee’s Project that are in accordance with, at the time they are undertaken, Good Industry Practice for commissioning that type of interconnector in order to demonstrate that the licensee’s Project is available for the use of conveyance of electricity at the Rated Capacity.
Project	A project in the OHA Pilot Scheme that has been approved at our initial project assessment stage in our decision *Initial Project Assessment for the Offshore Hybrid Asset Pilot Projects* of 12 November 2024.
Rated Capacity	means the maximum capacity of the Project in Megawatts (MW).

Term	**Meaning**
Regime Duration	means a period of 25 years.
Regime Start Date	means the earlier of: (a) the successful completion of such procedures and tests in relation to the licensee's Project that are in accordance with, at the time they are undertaken, Good Industry Practice for commissioning that type of interconnector in order to demonstrate that the licensee's interconnector is available for the use of conveyance of electricity at the Rated Capacity; and (b) the latest Regime Start Date approved by the Authority.
Final Project Assessment (FPA) Decision	means the Authority's decision, published on its website, on the final project assessment for the licensee's Project.
Offshore Hybrid Asset Pilot Scheme	Our process, originally known as the Multi-Purpose Interconnector Pilot Scheme, to take applications from and assess qualifying projects which was open for applications from 1 September to 31 October 2022.

The consultation question

4.34 We welcome views on the proposed timelines and incentives provisions set out in this consultation for the NSI projects under the OHA Pilot Scheme.

Question: Do you agree with the proposed timelines and incentives provisions of this consultation document for the NSI projects of the OHA Pilot Scheme? To the extent that you do not, what alternative or additional provisions would you propose? Please provide the rationale for any such alternative or additional proposals.

5. Next Steps

5.1 It is important to note that while this is a minded-to consultation, we remain open to feedback from any interested stakeholders until and including 15 October 2026.

5.2 When the consultation closes, we will review responses and publish a final decision in November 2026 to either:

a) confirm our minded-to position as set out in this consultation; or

b) appropriately amend our position if the amendments are justified as a result of the consultation process.

Privacy policy

Personal data

The following explains your rights and gives you the information you are entitled to under the General Data Protection Regulation (GDPR).

Note that this section only refers to your personal data (your name address and anything that could be used to identify you personally) not the content of your response to the consultation.

1. The identity of the controller and contact details of our Data Protection Officer

The Gas and Electricity Markets Authority is the controller, (for ease of reference, “Ofgem”). The Data Protection Officer can be contacted at dpo@ofgem.gov.uk

2. Why we are collecting your personal data

Your personal data is being collected as an essential part of the consultation process, so that we can contact you regarding your response and for statistical purposes. We may also use it to contact you about related matters.

3. Our legal basis for processing your personal data

As a public authority, the GDPR makes provision for Ofgem to process personal data as necessary for the effective performance of a task carried out in the public interest. i.e. a consultation.

4. With whom we will be sharing your personal data

Information: Include here all organisations outside Ofgem who will be given all or some of the data. There is no need to include organisations that will only receive anonymised data. If different organisations see different set of data, then make this clear. Be a specific as possible.

5. For how long we will keep your personal data, or criteria used to determine the retention period.

Your personal data will be held for (be as clear as possible but allow room for changes to programmes or policy. It is acceptable to give a relative time e.g. ‘six months after the project is closed’)

6. Your rights

The data we are collecting is your personal data, and you have considerable say over what happens to it. You have the right to:

- know how we use your personal data
- access your personal data
- have personal data corrected if it is inaccurate or incomplete
- ask us to delete personal data when we no longer need it
- ask us to restrict how we process your data
- get your data from us and re-use it across other services
- object to certain ways we use your data

- be safeguarded against risks where decisions based on your data are taken entirely automatically
- tell us if we can share your information with 3rd parties
- tell us your preferred frequency, content and format of our communications with you
    - to lodge a complaint with the independent Information Commissioner (ICO) if you think we are not handling your data fairly or in accordance with the law. You can contact the ICO at https://ico.org.uk/ or telephone 0303 123 1113.

7. Your personal data will not be sent overseas (Note that this cannot be claimed if using Survey Monkey for the consultation as their servers are in the US. In that case use "the Data you provide directly will be stored by Survey Monkey on their servers in the United States. We have taken all necessary precautions to ensure that your rights in term of data protection will not be compromised by this".

8. Your personal data will not be used for any automated decision making.

9. Your personal data will be stored in a secure government IT system. (If using a third-party system such as Survey Monkey to gather the data, you will need to state clearly at which point the data will be moved from there to our internal systems.)

10. More information For more information on how Ofgem processes your data, view our Ofgem privacy policy.