



Making a positive difference
for energy consumers

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Date: 14 October 2026

Dear Chris,

Notice of consultation under section 8A of the Electricity Act 1989 to modify conditions of the electricity transmission licence proposed to be granted to the successful bidder for the Moray West Offshore Wind Farm project.

We have today commenced a consultation under section 8A of the Electricity Act 1989 on the proposed modifications to certain standard conditions of the electricity transmission licence (the **Licence**) that may be granted to TC Moray West OFTO Limited (the **Potential Licensee** of the Moray West Offshore Wind Farm project). The Licence will be granted to the Potential Licensee if TCP (a consortium of Transmission Capital Partners Limited Partnership and International Public Partnerships Limited.) becomes the successful bidder for the Moray West Offshore Wind Farm project (the **Project**).

The attached consultation notice is published on our website and sets out details of the proposed modifications, including why they are proposed and their effect, the closing date of the consultation, and how to respond.

We are proposing to add a number of amended standard conditions to the Licence that may be granted to the Potential Licensee should the Preferred Bidder become the successful bidder for the Project. These proposed conditions are detailed in the section 8A notice.

In accordance with our statutory requirements and best practice, we have brought the proposed modifications to the attention of persons likely to be affected and provided copies of the notice to:

- the Secretary of State for the Department for Energy Security and Net Zero;
- Citizens Advice;
- Citizens Advice Scotland;
- Consumer Scotland
- The Health and Safety Executive;
- The Scottish Executive; and
- The Project Developer – Moray Offshore Windfarm (West) Limited

Project specific licence modifications

The project specific modifications that have been included in this Licence are summarised below.

Amended Standard Condition E12-J3 (Restriction of Transmission Revenue: Allowed Pass-through Items)

The offshore regime incentivises licensees to manage costs efficiently over a defined period¹ but also recognises that licensees may not be best placed to manage risks where they are not sufficiently within their control. There are therefore a number of pre-defined revenue adjustment mechanisms in the licence that seek to optimally reallocate risk for a small number of known, but unpredictable, factors.

The Authority considers that the most appropriate way of providing the Potential Licensee with a method to recoup costs and/or expenses (as the case may be) resulting from defined contingent events (summarised below) in connection with this Project, is by including a CEA term in the licence.

We have therefore added a pass-through mechanism (the **contingent event revenue adjustment** or **CEA**) to amended standard condition E12-J3 (Restriction of Transmission Revenue: Allowed Pass-through Items).

Summary of CEA mechanism

The CEA mechanism is a bespoke term in the Licence providing for revenue adjustments for discrete pass-through items in relation to the Moray West transmission system. In summary, when determined by the Authority, it provides for an adjustment to the Potential Licensee's revenue entitlement should costs and/or expenses arise in specified circumstances as set out in the Licence. These are where the Potential Licensee:

1. Has been required by the Secretary of State to increase the size of its security in respect of its Decommissioning Plan to account for the payment of VAT;
2. Has been required by the National Energy Transmission Operator to undertake works to reduce the impact or likelihood of sub synchronous voltage oscillations on the National Electricity Transmission System; and
3. Has been required to repair or replace the Original Offshore Joint on Offshore Export Cable 2 as a result of an Offshore Joint Defect, as defined in amended standard condition E12-J3.

Rationale for Contingent Event Revenue Adjustment Term

The use of such a licence adjustment mechanism is necessary in cases such as this for the following reasons:

1. The Preferred Bidder was not aware (and could not reasonably be expected to have been aware) of either the contingent event and/or the materiality of the contingent event prior to and for the purposes of submitting its Invitation to Tender (**ITT**) submission.
2. It has not been possible for the Preferred Bidder to resolve or fully mitigate the contingent event by way of commercial agreement with relevant parties or by any other mechanism which would provide an appropriate solution; and
3. The contingent event is both contingent and material, in that:
 - 3.1. There are uncertain costs and/or expenses (as the case may be) which could not be forecast and which may be incurred by the Potential Licensee as a result of the contingent event; and

¹ 23.5-year period for the proposed TC Moray West OFTO Limited licence

- 3.2. It is likely that if the contingent event arises it would have a material impact on the costs and/or expenses (as the case may be) incurred by the Potential Licensee.

Amended Standard Condition E12-J4 (Restriction of Transmission Revenue: Annual Revenue Adjustments)

We have added additional exclusion limbs to paragraph 8 of amended standard condition E12-J4 (Restriction of Transmission Revenue: Annual Revenue Adjustments) which lists the circumstances under which a transmission service reduction on the Potential Licensee's transmission assets is not included in the calculation of the availability incentive.

The inclusion of these bespoke exclusions in paragraph 8, subject to certain provisions, will ensure, subject to the specified conditions and limitations, that the Potential Licensee's revenue is not adversely affected in the event transmission service reductions occur as a direct result of:

1. Any reduction in transmission system availability solely as a result of an event or circumstance under which the licensee has been required by the national electricity transmission system operator to take action to reduce the impact or likelihood of sub synchronous voltage oscillations on the National Electricity Transmission System.
2. Any reduction in transmission system availability resulting from the licensee being obliged to offer to enter into an agreement with the System Operator in accordance with Standard Licence Condition E17;
3. Any reduction in transmission system availability resulting from an Offshore Joint Defect in the Original Offshore Joint on Offshore Export Cable 2, as defined in amended standard condition E12-J3 of the Licence;
4. Any reduction in transmission system availability directly caused by Pre-emptive Works of the Original Offshore Joint or Approved Replacement Joint undertaken by the licensee and the Original Equipment Manufacturer; and
5. During the Offshore Transformer Relevant Period, any reduction in transmission system availability due to a Services Reduction directly caused by an Offshore Transformer Defect in one or more Offshore Transformers.

Tender revenue stream

Amended standard condition E12-J2 (Restriction of Transmission Revenue: Revenue from Transmission Owner Services) sets out the proposed tender revenue stream for the Project for the purposes of the section 8A consultation (the **s8A TRS**). The s8A TRS is based on the tender revenue stream bid by the Preferred Bidder at the ITT stage of the tender process, which has been updated as appropriate to reflect further information available to the Preferred Bidder since the date of the ITT submission, including the draft final transfer value for the Project. The s8A TRS assumes that 100% of the draft final transfer value will be paid to the Project developer on asset transfer. Details of the transfer value which is reflected in the s8A TRS are set out in the draft cost assessment report for the Project, which is published on our website today (www.ofgem.gov.uk).

Amendments to generic TR10 licence

Amendments to the generic TR10 licence Amended Standard Condition E12-J4 (Restriction of Transmission Revenue: Annual Revenue Adjustments). The exclusion is intended to protect OFTOs from incurring a penalty under the Availability Incentive where the OFTO incurs any reduction in transmission system availability solely resulting from the licensee being obliged to offer to enter into an agreement with the System Operator in accordance with Standard Licence Condition (SLC) E17.

We have included the amendments as consulted on and set out in our decisions published on 6 March 2026.² These amendments were not part of the generic TR10 licence which was published on 26 January 2023.

If you have any queries regarding the information contained within this letter you should contact Daniel Baker on 020 7901 7102 or by email to offshorelicensing@ofgem.gov.uk.

Yours sincerely,

Sean Payne
Head of OFTO Tender Management

² [Decision-on-Proposed-Modifications-to-Offshore-Transmission-Licences-2026.pdf](#)