Consultation

Proposed Modifications to TC Beatrice OFTO Limited Offshore Transmission Licence

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Response deadline:	23 December 2026
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1. Introduction

The Authority is consulting under section 11A(2) of the Electricity Act 1989[1] on a proposed modification to the Offshore Transmission Licence held by TC Beatrice OFTO Limited (the **Licence**). The proposed modification relates the recovery of efficient costs incurred by TC Beatrice OFTO Limited (the **Licensee**) as a result of the execution of a connection agreement with the Independent System Operator and Planner (**ISOP**)[2] , pursuant to Standard Licence Condition E17 of the Transmission Licence Standard Conditions (**SLC E17**)[3] .

Context

On 28 February 2024, the Licensee entered into a connection agreement with the ISOP, pursuant to SLC E17. The Licensee subsequently undertook works at the Blackhillock onshore substation to facilitate the Blackhillock Reserve Power connection, with the construction and commissioning works now complete.

Part C of Amended Standard Condition (**ASC**) E12-J4 provides a mechanism through which the Authority can determine the value of an adjustment to the Incremental

[1] References to "the Authority", "Ofgem", "we", "us" and "our" are used interchangeably in this document
[2] Following the National Energy System Operator's (NESO) establishment as the ISOP on 1 October 2024, "System Operator" was replaced by "ISOP" in the Transmission Licence. The OFTO Amended Standard Conditions continue to use "System Operator" and will be updated in due course. In this Consultation we will refer to "NESO" as ISOP.
[3] SLC E17 sets out conditions under which an OFTO is either obliged or not obliged to enter into an agreement with the System Operator.

Investment Adjustment term (**ACA_t**) to remunerate the efficient costs it considers to have been reasonably incurred by the Licensee in complying with an agreement entered into with the ISOP in accordance with SLC E17. The revised value of the ACA_t term is then further adjusted for inflation in accordance with ASC E12-J4, using the revenue indexation term calculated in accordance with ASC E12-J2.

Ofgem reviewed and assessed the costs submitted by the Licensee to determine which costs were efficient and reasonable. Following this assessment, Ofgem concluded that the construction and associated financing costs, and the enduring operating and maintenance costs, proposed for recovery below were efficiently and reasonably incurred in facilitating the Blackhillock Reserve Power connection.

We note that the works undertaken by the Licensee relate solely to onshore works to facilitate a third-party connection. We therefore do not expect the resulting uplift to the Licensee's Allowed Revenue as a result of this adjustment to be attributed to the connected generator.

2. Proposed modification to ASC E12-J4

We propose to modify the definition of ACA_t in paragraph 18 of Part C of ASC E12-J4 of the Licensee's Licence to reflect the efficient costs that we consider to have been reasonably incurred in facilitating the Blackhillock Reserve Power connection.

For the Relevant Year 2025/26, we propose to set ACA_t at £1,791,431.35. Following adjustment for inflation using the indexation term specified in the $Licence_t$, this results in a revenue adjustment of £2,598,498.88, comprising the fixed costs and associated financing costs incurred over the full construction period, together with the enduring operating and maintenance costs arising following completion of the connection works in that Relevant Year.

For the Relevant Year 2026/27 and each subsequent Relevant Year for the remainder of the licence term, we propose to set ACA_t at £11,479.02. After adjustment for inflation, this results in recovery of £16,650.50 per annum, reflecting the enduring operating and maintenance costs only.

The proposed modification would insert these values and their corresponding Relevant Years directly into the definition of ACA_t, allowing the costs to be recovered through the existing ACA formula while accounting for the indexation requirements already provided for in the Licence.

Questions

1. Do you agree with our proposal to modify the definition of ACA_t in Part C of ASC E12-J4 of the Licensee's Licence as set out in this consultation?

2. Do you propose any changes to the drafting of the proposed modification to ASC E12-J4?

Consultation Notices

Copies of the notices covering this proposed modification have been published alongside this letter.

3. Next steps

We welcome views on the Licence modifications proposed in this document. Please send your response to offshorelicensing@ofgem.gov.uk. Any representations must be made on or before 23 December 2026.

We are not issuing hard copies of the modification documents, nor do we expect consultation responses by post. If, however, you do wish to receive the documents and respond by post, we are able to organise this for you. Please contact us at the email address above.

We will publish non-confidential responses on our website at www.ofgem.gov.uk/consultations.

The Authority will carefully consider all responses received to this consultation document.

We will then publish our decision on the proposed modifications. In accordance with section 11A(9) of the Electricity Act 1989, if the Authority makes the Licence modification, it will come into effect not less than 56 days after the date of that decision.

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, see Appendix 4.

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)'.

4. Send us your feedback

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

- Do you have any comments about the quality of this document?
- Do you have any comments about its tone and content?
- Was it easy to read and understand? Or could it have been better written?
- Are its conclusions balanced?
- Did it make reasoned recommendations?
- Do you have any further comments?

Please send your feedback to stakeholders@ofgem.gov.uk.



Ikbal Hussain

Head of OFTO Licensing & Compliance

Duly authorised on behalf of the

Gas and Electricity Markets Authority **24 November 2026**

Appendix 1. 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

We will not be sharing your personal data.

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 six months after the publication of this consultation, including subsequent projects or legal proceedings regarding a decision based on this consultation, 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.

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.

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