

Cintra's feedback

Cintra appreciates the opportunity to provide feedback of policy update on extended OFTO Build Framework. This policy update usefully helps stimulate discussion about future projects that may be tendered under an OFTO build option.

Cintra believes that the framework helps ensure OFTO build remains a viable and fit for purpose with flexibility to respond to both the current and future requirements of offshore generators and to adapt to specific project characteristics.

We are aware that there are still some concerns that have prevented generators from selecting OFTO build option such as the following: risks of transmission asset delay, construction interface management, transmission asset quality.

Despite this potential concern, we really believe that OFTO Build option has a really benefits including:

- ✓ Reducing construction funding requirements for generators
- ✓ Allowing generators to focus on their core business, in accordance with their capability
- ✓ Attracting new entrants to the sector, introducing a greater range of financing options for transmission construction
- ✓ Reducing pressure on total costs, increasing the scope of competition and the scope of work
- ✓ Providing clarity for generators on future CAPEX

Assessing the four OFTO build options , we must take into account a main issue: risks during construction should be borne by the party best placed to manage them.

After assessing the four indicative OFTO build options, we agree in many ways with OFTO procurement & "EPC" with the following features:

- ✓ Preconstruction process: Generator should obtain consents, and provide high level design of transmission assets. For his part, OFTO should complete detailed design of transmission assets, as well as procure main contracts and supplier engagement.
- ✓ Construction process: OFTO should complete the whole process.

This option allows industrial companies with a long-term investment vocation to participate because of their extensive body of knowledge and wide references through all stages of a project's life: designing, construction, financing, operation, maintenance and handing back of the infrastructure to the governing bodies.

With the participation of industrial groups, the largest scope of work, the more competitive and high quality will be the project. Furthermore risks of transmission, delays and risk of construction interfaces will be reduced.

We appreciate also to consider the following concerns:

- We would appreciate confirmation about the guarantees that are expected to be required under the OFTO tender. Furthermore, please confirm which would be the consequences if the OFTO decides to abandon the process during the ITT stage.
- In accordance with Appendix 1-Generator “EPC”, when OFTO tender is delayed, the generator would have the option to either wait for OFTO appointment or proceed with construction of the transmission assets. Please confirm, if this applies to the rest of OFTO Build options.
- It would be grateful if Ofgem can confirm that the 20-year revenue term should not be reduced in every option model.
- Please confirm if incomes should be adjusted if events fell beyond the control of the OFTO.

Ferrovial Agromán’s feedback

We appreciates also to consider the following concerns:

- How OFGEM is going to promote the change of position from Generators to adopt one of the OFTO build options. It would be ideal to facilitate conversations between generators and possible OFTOs in the early stages.
- As mentioned on the update policy document, risks during construction should be borne by the party best placed to manage them. The Generator/OFTO management and OFTO procurement and “EPC” must have a close interface during the design, procurement and construction. This risk could be managed and decrease by a share “EPC”.
- Due to the tight schedule on the overall offshore wind farm and OFTO process, from consenting to construction, early commitments could be in place prior final FID. Could you clarify what contingencies are applicable, if any, in case that the generator can’t proceed with the development of the wind farm due to unsuccessful bid during the CfD process?