Environmental practices should be assessed at the ITT stage but any operations should be within legislation. Aside from life extension, O&M has limited scope for environmental impact with OFTOs, due to the nature of required maintenance activity being relatively limited.

Funding

2.38 Do respondents consider that deferring debt finance to the PB stage could open up the market to more sources of finance and drive better value for consumers, including Green Finance and, if so, what benefits would that bring to consumers?

N/A to Generator

2.39 Would deferring debt funding competitions until the PB is appointed reduce the costs of bid preparation and be attractive to new equity investors?

N/A to Generator

2.40 Would securing funding later in the process have an impact, positive, negative or none, on the overall time to conduct the tender and transaction process?

N/A to Generator

Reserve Bidder

2.41 Should Ofgem exercise its powers to withdraw the appointment of the PB where deadlines are not met?

Yes, this would encourage a proactive approach by the PB and as such, better sharing the responsibility to complete the transaction between the Generator and PB.

2.42 Should Ofgem set a deadline by which all confirmatory due diligence and/or final approvals from funders must take place?

Yes, again this would keep timings on track and provide clarity for all parties.

2.43 How could we ensure that it is not the developer that is behind delays leading to deadlines being missed?

Setting of a deadline for responses from developers could help ensure this.

2.44 What considerations would be needed to maintain the ability of the reserve bidder to mobilise quickly?

A level of parallel negotiations could be useful as it would encourage the Reserve Bidder to flag areas of developing concern or risk that would need resolution ahead of Asset Sale. Also, the reserve bidder may receive copy of any clarifications provided to the PB.

Switch from LIBOR to SONIA

3.6 Is your expectation that SONIA based products will be used for TR7?

Yes

3.7 What do you consider would be the most appropriate information screens to be used by Ofgem to inform ITT assumptions and benchmarking? Please provide examples/evidence to back up any preferences.

N/A to Generator

3.8 How do you expect bid margins and charges to SONIA to differ to those bid to LIBOR?

N/A to Generator

CPI or RPI indexation of revenue

4.6 For OFTO projects, would a switch to CPI/CPIH or the addition of CPI/CPIH as an alternative option impact on your strategy for revenue indexation and, if so, what would the impacts be?

N/A to Generator

4.7 In your view, would CPI/CPIH linked indexation result in a net benefit or cost to consumers?

N/A to Generator

4.8 What challenges could you foresee that a change of index or the addition of an alternative indexation option could bring? How would you suggest that any challenges are overcome and/or mitigated?

N/A to Generator

Insurance Requirements

5.7 What are your views on the ITT evaluation continuing to require bidders to take out LEG3 or an equivalent package of cover in ITT bids, or do you consider it would be preferable to allow bidders to decide on the risks that they regard as acceptable?

In principal, we would support a process where OFTO bidders have control over their own risks, insurance and contingency. However, clarity will be required to ensure that cover is in place to avoid a reliance on MAEs

5.8 Should the ITT requirements be more prescriptive about some elements of the insurance cover and if so, which aspects and what benefits would this bring?

In our view the decision should largely be made by the bidders as to what risk management arrangements they make and Ofgem should only makes some basic requirements around physical damage cover and limits purchased, as an example. Decisions on level of retention for physical damage, or whether to carry business interruption should be down to bidders and when bid evaluation is carried out due consideration should be given as to the level of risk carried by companies versus the residual risk passed to OFGEM, or indeed the generator, as part of the overall cost/risk assessment. It would also seem reasonable that the generator has an input into the evaluation too, rather than just an external function.

If any additional detail is required, please contact Fiona.thomson@nnggoffshorewind.com

Yours sincerely

Fiona Thomson

OFTO Manager NnG

Neart na Gaoithe Wind Limited