Consultation

OFTO: extension and evolution of a mature asset class

Publication date:	12 December 2024
Response deadline:	28 February 2025
Contact:	Katy Phillips and Sean Payne
Team:	OFTO Transmission
Email:	offshorelicensing@ofgem.gov.uk

We are consulting on extensions to Tender Revenue Stream for Offshore Transmission Owners (**OFTOs**) and some potential changes to improve the efficiency of the tender process. We would like views from people with an interest in offshore transmission and would particularly welcome responses from developers, OFTOs and potential bidders. We would also welcome responses from other stakeholders and the public.

This document outlines the scope, purpose and questions of the consultation and how you can get involved. Once the consultation is closed, we will consider all responses. We will publish the decision on next steps on our website at ofgem.gov.uk/consultations.

Any enquiries related to the text of this publication should be sent to Ofgem at:

10 South Colonnade, Canary Wharf, London, E14 4PU.

This publication is available at www.ofgem.gov.uk. Any enquiries regarding the use and re-use of this information resource should be sent to: psi@nationalarchives.gsi.gov.uk

Contents

Executive Summary

Since 2011, the OFTO regime has ensured that the transmission links between offshore wind farms and the onshore grid are owned and operated responsibly at the lowest cost possible to consumers. As the regime matures, we want to ensure that it remains effective, providing competitively-priced security of electricity supply, while delivering steady, risk-proportionate returns for investors.

The regime has proven effective, and it is Ofgem's intention that the OFTO regime will retain its fundamental structure. However, as windfarms and OFTO assets are increasingly expected to have useful lives that extend beyond the existing 20-25year OFTO revenue terms, we have over recent years been developing the framework for extensions. In addition, in response to feedback from stakeholders, we are considering how some other aspects of the regime might usefully be reviewed to ensure the regime continues to be fit for purpose for the larger and longer-life assets coming to market. With this in mind, we are consulting on outstanding policy questions relating to how the extensions will work, the length of the original Tender Revenue Stream and some potential changes to improve the efficiency of the tender process.

1. Introduction

This section covers the background to the policy thinking and the consultations that we have undertaken so far and gives a brief summary of the subjects covered in this consultation.

Background

1.1 With this consultation, 15 years after the launch of the OFTO regime in 2009, we focus on its evolution – but not a revolution – to ensure it continues to work as efficiently and sustainability as it can. Since the first OFTO licences were granted in 2011, the OFTO regime has become an increasingly mature market. To date we have licenced 27 OFTOs across 8 tender rounds with a highly competitive cost of capital. The first round of licences will begin to reach the end of their regulated revenue streams, known as the Tender Revenue Stream (**TRS**), from 2030 onwards.

1.2 Since 2021, Ofgem has been engaging with stakeholders about potential ways to extend the regulatory revenue period for assets that are still economically viable to avoid those assets being decommissioned earlier than needed, maximise CO2 reductions and ensure best value to consumers.

1.3 We published our first consultation document on End of Tender Revenue Stream (**EoTRS**) policy in March 2021[1], followed by a decision in July 2021 on roles, responsibilities and timings[2]. Our second consultation document in June 2022[3] set out questions on four areas: overarching policy objectives, the role of competition, the approach to OFTO asset value and the performance incentive mechanism. We published our decisions following that consultation in January 2024[4].

1.4 We issued a third consultation document in November 2022 setting out several proposed modifications to offshore transmission licences[5]. We published our decisions on those modifications in June[6] and July[7] 2023. Most recently, we

[1] OFTO End of Tender Revenue Stream- Consultation concerning policy development (March 2021)
[2] OFTO End of Tender Revenue Stream – 1st decision document (July 2021)
[3] OFTO End of Tender Revenue Stream- 2nd Consultation concerning policy development (June 2022)
[4] OFTO End of Tender Revenue Stream- 2nd decision document (January 2024)
[5] Statutory consultation on proposed modifications to OFTO licences (November 2022)
[6] Decision on proposed modifications to offshore electricity transmission licences (June 2023)
[7] Decision on proposed modifications to offshore electricity transmission licences (July 2023)

published guidance on our expectations for the Health Reviews of the windfarm and OFTO assets in November 2024[8].

1.5 As part of our regular engagement with stakeholders in relation to tender processes, we have also been considering:

- how the regulatory process and revenue streams map to evolutions in the technical lifespans of OFTO assets; and
- the timings of the tender process and how to promote efficiencies within it.

What are we consulting on

1.6 We are now consulting on outstanding policy questions relating to how the extension decisions to the TRS will be made and the implementation of the extension period. This includes:

- whether the 98% availability target for OFTOs should remain the same in the extension period or be reduced;
- the best approach to the performance reserve;
- what the consequences and impact of early withdrawal by either the developer or the OFTO should be;
- whether to allow partial or interim awards for investment works; and
- further detail about the information that we will take into consideration when setting the level of the Extension Revenue Stream (**ERS**).

1.7 Alongside the work on extensions, we have also been considering the impact on our existing TRS process for new projects that may have been designed to have a useful economic life that is longer than the current maximum TRS term of 25 years. Since Tender Round 6 (TR6), the OFTO tender revenue period has been set at a maximum term of 25 years for OFTO licence holders. This term had previously been increased from a maximum of 20 years for OFTO projects in tender rounds prior to TR6, as the technical life of most offshore wind farms was anticipated to be around 25 years.

1.8 Increasingly, we note that wind farms have been or are being designed with a useful, economic life expected to be beyond 30 years. Therefore, we are exploring the consequences of a design life of OFTO assets of up to 40 years and the arguments for and against increasing the OFTO licence term (and as such the tender revenue term) beyond 25 years.

[8] https://www.ofgem.gov.uk/consultation/guidance-offshore-transmission-health-reviews

1.9 Lastly, as windfarm and transmission assets have become larger and more complex over the years, the tender process for the windfarm to divest the transmission asset to the new OFTO has in recent years increasingly frequently taken longer than the eighteen-month Generator Commissioning Clause (**GCC**). The decision on the length of the clause is for the Department of Energy Security and Net Zero (**DESNZ**) alone to take. In order to support consideration of how any extension might usefully be utilised should DESNZ consider extending the GCC, we are also consulting on what any future changes to the GCC window might mean for the tender process.

Next steps

1.10 Following responses to this consultation, we will issue our decisions on these issues in the second quarter of 2025. We will also take forward any licence modifications that may be required to implement any new framework.

1.11 As we work through the first number of pilot extension projects, and as technical evolutions in OFTO assets continue to take place, we may revisit decisions or raise additional elements for consideration as merited by the circumstances, in order to ensure the OFTO regime continues to operate as effectively as possible.

2. Extensions to OFTOs' Revenue Streams

This section covers our proposals on the availability target in the extension period, requirements for the performance reserve, our approach to partial and interim awards, risk sharing around early withdrawal, and the scope and review of ERS bids.

Scope and Review of OFTOs' ERS bids, and the approach to funding repairs

2.1 As set out in our decision on Health Reviews, published in November 2024, following a review of preliminary cost expectations as part of the health review submission by OFTOs in T-5 (that is, 5 years ahead of the end of the initial TRS period), OFTOs should submit formal bids to Ofgem in T-4 for the extension revenue stream (**ERS**) that they anticipate will be needed to operate the OFTO asset through the extension period.

2.2 In summary, the key components of any bids would be expected to be:

a) O&M contracts: including electrical equipment, onshore and offshore cable and likely replacement costs (beyond the investment works identified through the health review), survey costs, and spares;

b) Operational costs: this should include personnel, commercial cost elements like leases, professional services etc;

c) Insurance[9];

d) Cost of financing;

e) Advisory fees; and

f) Any additional costs, like tax.

2.3 We would not expect to see investment works identified as necessary during the Health Review counted within the bid as these will be dealt with outside the ERS bid process, nor decommissioning costs as these were covered in the original TRS and will be rolled over into the extension period.

2.4 A notable difference compared to the original tender bids for new assets is that extension bids will not need to reflect the cost of purchasing and financing a new OFTO asset. As these costs represent much of the original revenue stream, the ERS is expected to be substantially lower than the TRS. This is despite the likely

[9] As set out in the Health Review Decision, we expect as a minimum an Operational All Risk insurance policy with a LEG3/06 exclusion, if possible, and if not an equivalent policy that goes as far as possible towards including an indemnity for the full cost of replacement or rectification of the Transmission Assets (but not improvement) rendered necessary by damage which is the consequence of a latest defect.

increase in O&M and insurance costs in the extension period. As with the original TRS, we anticipate that the ERS would be paid out in equal instalments throughout the extension period, with adjustments for inflation over the years.

2.5 We will assess the OFTOs' estimated costs against industry benchmarks in line with our usual offshore cost assessment processes. We use this process to evaluate the extent to which the proposed costs for projects are economic and efficient. Guidance and a cost template will be provided to OFTOs ahead of time to enable them to put forward their ERS case. Once this is received, Ofgem will review and challenge – in discussion with the OFTO as appropriate – to ultimately land an appropriate ERS for each project which reflects economic and efficient costs. Recognising the bid would still be a number of years ahead of the extension, we will consider how best to allow for any appropriate mechanical adjustments e.g. to account for changes in interest rates where appropriate.

2.6 Major operational issues are not expected during the extension period given that the health review and consequential investment works which will be undertaken in the run-up to and early period of the extension are intended to ensure that OFTO assets can run for the expected duration. However, unexpected failure events can occasionally happen which may mean that OFTOs need to make major repairs in the extension period.

2.7 While the claims process allows for income adjustment events, short extension periods may mean that the OFTO hasn't accumulated enough cash to make the repair upfront at its own cost before submitting the claim and/or that the lead-in time to receive the payout following a successful claim is incompatible with the short time remaining to operate. Depending on the timing of the failure event and the length of extension remaining, there might also be a scenario in which it might not make financial sense for OFTOs to repair their systems in this situation. As such, we are considering the best approach to funding repairs.

2.8 Within the original TRS period, OFTOs are responsible for their own repair costs – with recourse to licence protections if the circumstances merit. This approach could be retained in the extension period. However, this risks encouraging the OFTOs to build contingency pots for repair costs which are generally likely to prove unnecessary (given the thorough asset evaluation and investment works that have been conducted) into their ERS at cost to both consumers and developers. One way to avoid this might be to allow for a direct pass-through of any unanticipated major repair costs which arise to the developers. OFTOs could be responsible for making minor repairs to the system up to an agreed amount, and then any additional, unanticipated repairs above that threshold would fall to

the windfarm. The developer would not be obliged to make the repair, noting this would be a commercial decision for them. Should the developer decide not to do so, the OFTO would need to consider whether it should continue to run at partial capacity if it has some transmission capacity remaining (in which case Ofgem might consider an appropriate availability target for the individual case if circumstances merit) or move to decommissioning.

2.9 An alternative option to consider might be for OFTOs to operate the transmission system only up to the first major failure event. Most OFTOs have operated reliably since the introduction of the regime in 2011. Even allowing for the possibility of an increased rate of failure events, this ought to mean that most OFTOs and windfarms could run successfully to the end of their extension periods. As part of this, OFTOs and developers should also consider their appetite for continued operation in the event of partial failure of the transmission asset – where for example one circuit out of several fails and the OFTO is able to continue operating, albeit at a reduced rate.

2.10 Both approaches would allow Ofgem to set lower ERS values, thereby reducing costs to consumers and developers. As noted above, we do not consider early failure events to be likely or numerous in extension periods, and therefore it may be unnecessary to develop a framework for funding them. However, in the interest of reducing the risk that OFTO systems (and hence the windfarms) might close down earlier than necessary, thereby reducing CO2 reductions achieved, we are interested in stakeholders' views on the best approach.

2.11 Separately, some stakeholders have also queried whether we intend to reflect residual values as part of the extensions process. As set out in the OFTO tender guidance, OFTOs should make their own judgements as to any residual value assumptions within their original bids. Ofgem does not intend to revisit these assumptions in the extension period.

Question 1: How should the risk or funding level required for OFTOs to fund major unexpected repairs be considered in the evaluation of ERS bids?

Question 2: Should developers pay for major repairs to OFTO systems?

Question 3: Should both parties agree instead only to run the systems until the first major failure event, or to run them with lower availability in the case of a partial (e.g. single cable) failure?

Availability Target

2.12 Condition E12-J4 of the OFTO licence states that OFTOs will receive the TRS payment due each year, adjusted in line with inflation, provided they meet the 98% availability target. If they achieve 100% availability, they receive a bonus of 5% of the TRS. If their availability falls below 98%, their revenue is reduced, with the TRS moving 2.5% for every percentage point above or below 98% availability that OFTOs achieve. This approach is designed to encourage OFTOs to maximise their availability and efficiently make repairs to their systems following any failure events.

2.13 Ofgem's previous consultation document in June 2022 sought views on the appropriate calibration of the availability target for any extension period. All of the developers that commented favoured retention of the current target at 98%. A number proposed that a 'balloon' payment should be created which withheld any bonus payments until and unless the OFTO ran successfully until the end of the extension period. Several called for developers to be recompensed for outages and a number supported the introduction of a balanced scorecard using a wider range of performance metrics, similar to those used in the onshore regime. All of the OFTOs expressed concerns about the introduction of a balanced scorecard and none supported a balloon payment. While all of the OFTOs supported the retention of the single availability target, several argued that the level of the availability target should be reduced to reflect the ageing of their assets.

2.14 We need to evaluate the suitability of the 98% availability target for the extension period. The 98% target has proven to be relatively easy to meet to date. There is very little information currently available about the performance of assets in extension periods and therefore our position may evolve as more data becomes available. However, at this stage our view is that well-maintained OFTO assets should at most see a minor reduction in availability as the OFTO assets age, particularly given the investment works that will be carried out following the Health Reviews. From a technical standpoint, we therefore consider that a 98% target remains appropriate.

2.15 We have also considered the wider implications of the availability target, and corresponding bonus and penalties, for the OFTO's financial position. We are mindful of how it could impact the incentives and ability to make repairs, and consider two possible alternative approaches below, which would carry different risks and costs for the parties concerned.

Option One: reduce the availability target while retaining the principle of 2.5% revenue stream bonus for every additional 1% availability above target

2.16 If Ofgem left the availability target unchanged at 98% then, given the lower level of the ERS, the value of the bonus would also fall compared to that available under the TRS. The availability target could instead be set at a level which we expect OFTOs to surpass as a way to boost their revenue streams, anticipating that they would retain the higher bonuses and utilise these in the event of need for repair costs. For example, setting the target at 94% would increase the bonus from 5% to 15% of the ERS.

2.17 However, this approach could signal that we consider the lower threshold to be an acceptable target for actual transmission, when the goal of the OFTO regime is to provide cost-effective and reliable connections to support green electricity transmission for consumers. Lowering the target would also deliver windfall profits to OFTOs in the years when availability was high and reduce the potential savings arising for the developers (albeit relative to the lower base of the ERS rather than the TRS).

Option Two: link availability bonuses to TRS and penalties to the ERS

2.18 This option was proposed by OFTOs in response to Ofgem's June 2022 consultation as a way of increasing the cashflow that OFTOs could obtain from exceeding the availability target, while keeping any penalties for missing the target proportionate to their ERS. However, Ofgem does not agree that we should provide disproportionately large rewards for achieving a target while allowing for smaller penalties when performance falls short.

2.19 Therefore, given that (i) data currently available suggests that the 98% target is likely to be technically achievable and (ii) we are not persuaded of the value of utilising the bonus system as the way to ensure OFTOs have the financial capacity to run the assets in extension, we propose to retain the 98% availability target (until and unless data in years to come indicates there is a technical challenge doing so). In our view, any approach to promoting OFTOs' financial capacity to make repairs as needed should be concentrated on the ERS or direct funding pots for such eventualities (as set out in the section above).

Question 4: Do you agree that the availability target should remain at 98% Performance Reserve?

2.20 Condition E12-J4 of the OFTO licence requires OFTOs to provide financial security by year 16 of the initial TRS period of at least 50% of base revenue at that time (TRS16); and to submit a notice to Ofgem three months before year

16 setting out the form of the financial security and the terms on which this can be called. Ofgem must then state within two months whether the arrangements are satisfactory or not. The financial security must then be uprated in line with inflation over the last four years. However, the uprating provisions were only introduced from Tender Round Two (TR2) onwards.

2.21 These arrangements – known as the performance reserve – ensure that OFTOs are able to settle any availability liabilities due at the end of the revenue term. The liabilities from each failure to meet the annual availability target are capped at 10% annually of TRS for up to five years.

2.22 We need to consider, first, whether to amend TR1 licences to bring them into line with later licences, by requiring the financial security to be uprated in line with base revenue between years 16 and 20. The reserve is intended to cover 5 years accounting for inflation in case of need, and we cannot predict the level of inflation in the last five years of the licence. If the financial security was not uprated, it could end up being significantly lower than the maximum availability penalties. We therefore propose to amend the TR1 licences to bring them into line with later ones to ensure the performance reserve always provides the security intended.

2.23 We also need to consider whether and how to require a new performance reserve in the extension period. Without a new performance reserve, there is a risk that OFTOs might not set aside sufficient funds to cover any outstanding availability liabilities at the end of the extension period. Ofgem therefore considers that a new performance reserve must remain in place to cover the extension period.

2.24 We propose that OFTOs withdraw their existing security at the end of the TRS and replace these with a new form of security at the start of the ERS, set at a level equivalent to 50% of the ERS plus any liabilities owed at the end of the TRS period. The security provided would need to allow for the amount to be uprated each year in line with inflation.

2.25 If, for any reason, the OFTO asset changes hands at the end of the original TRS period, the original OFTO owner would naturally be accountable for any liabilities due relating to the original period. The new OFTO would be required to provide Ofgem with a new security at the start of the extension period.

2.26 Lastly, we are considering whether to require OFTOs to submit the financial security for the performance reserve in a particular form. The licence does not prescribe the precise form of security or the terms on which this can be called,

and this is left instead for Ofgem to review within two months after the OFTO submits its notice at year 16. The first OFTOs will reach year 16 of their licence in 2027. We will therefore look to discuss this issue with OFTOs in 2026.

Question 5: Do you agree that we should amend the TR1 licences to introduce an uprating provision as proposed?

Question 6: Do you agree that a performance reserve should be required in the extension period, equal to 50% of the ERS, uprated each year in line with inflation?

Partial/interim awards

2.27 Our previous consultation document in November 2022 set out proposed amendments to OFTO licences designed to allow OFTOs to recover the cost of carrying out health reviews of their assets, the cost of carrying out any investment works needed to extend the lifetime of the assets, and the lost availability in each case. These amendments were subsequently introduced through licence modifications in June and July 2023.

2.28 Six OFTOs responded to the consultation in December 2022. All welcomed the proposed amendments on health review and investment costs, while raising concerns about the potential impact on their cash flows. Several stated the case for making advance payments for these works.

2.29 There is no precedent within the OFTO licence for allowing advance payments but there is precedent for allowing OFTOs to receive interim payments: we amended condition E12-J3 of the OFTO licence in November 2020 to clarify that Ofgem 'may direct partial income adjustments' for Income Adjusting Events (IAEs) 'where it is not yet possible to make a final determination……pending the final determination of the amount'. The term 'may' give Ofgem discretion to decide whether to make partial awards and to decide the level of those awards. We are considering whether to introduce a similar term that would allow Ofgem to make partial awards for health reviews and investment works, to help reimburse OFTOs more quickly.

2.30 OFTOs have indicated in the past that the cost of health reviews is likely to be relatively small, around £250-400k for each OFTO. Ofgem does not therefore believe that partial awards would be needed for health reviews.

2.31 OFTOs have also indicated that the cost of investment works seems likely to be around £1m in most cases, well below the typical figures seen for IAE claims to

date. We do not therefore believe that partial awards would be needed for most claims. In addition, although several OFTOs asked for payments to be made in advance, this is not an approach that Ofgem has adopted for any other claims under the regime to date and we are not proposing to change that position.

2.32 OFTOs have indicated that in some cases the investment works needed might be more extensive, with costs potentially as high as £5 million. For OFTOs with a substantial TRS, costs of this level would still be well below those for a typical IAE. However, in some cases it is possible that an OFTO with a small TRS might need to carry out extensive investment works. We know for example that five of the nine Tender Round One (TR1) OFTOs had initial tender revenue streams of around £10m/year or less.

2.33 We therefore propose to amend the OFTO licence to allow Ofgem to make partial awards for investment works in cases where the impact on cash flows would be particularly significant. Our expectation is that OFTOs will not be prepared to carry out investment works until at least late in the TRS period (after Ofgem has agreed to extend their revenue stream to cover the extension period) or, more likely, early in the extension period.

2.34 We encourage OFTOs to submit their claims for both IAEs and investment works as early in the calendar year as possible. Although the OFTO licence states that these claims must be submitted by the end of June each year, this is a cut-off date and there is nothing to prevent OFTOs submitting claims earlier. Where this is possible, it would maximise the time available for Ofgem to consider the claim before the end of the calendar year in question, when final regulatory returns must be submitted to the ESO.

Question 7: Do you agree that Ofgem should introduce an amendment to allow partial awards to be made for investment works where costs represent a significant proportion of OFTOs' revenue stream?

Question 8: Do you agree that this amendment should only cover investment works and not health reviews?

Managing costs of any early windfarm closures within the extension period

2.35 Ofgem will consider the appropriate durations of extensions for projects individually. Given the lead-in time for decisions by the developers, OFTOs and Ofgem to extend, as well as the implementation timeline, we anticipate that extensions would usually occur on a multi-year basis, for example 5 years or

more. Where developers request shorter extension periods, we will consider this on a case-by-case basis. Our ambition is that developers and OFTOs remain committed for the entire ERS period to maximise green electricity transmission and to avoid unnecessary sunk costs on both sides, particularly where this has knock-on costs for consumers.

2.36 Some developers have indicated that the decisions to extend can be finely balanced and may change before the end of the agreed ERS period. Ofgem has a duty to protect consumers, and early closure by the developer within any agreed extension period may leave the consumer liable for the OFTO's outstanding revenue stream, as well as any other associated costs like repair costs or investment works which have yet to be repaid to the OFTO. We would not consider this to be an acceptable outcome.

2.37 We propose that windfarms should enter into a form of guarantee agreement with Ofgem and/or the OFTO directly that would require the generator to pay any outstanding costs owed to the system (or at least a proportion thereof) if they exit the extension period early, thereby protecting the consumer from carrying excess costs owed to the OFTO. Such an agreement would be a precondition of any extension. It could be structured in a number of ways – for example, Ofgem could direct windfarms to ringfence funds or have credit cover in place to cover this eventuality.

2.38 The level of the guarantee would reflect all or part of the unmet, sunk OFTO costs on each project. It is not intended as a penalty on the generator but rather to ensure that OFTOs are made whole for the appropriate sunk costs of having planned for an extension, and to protect consumers from having to meet those costs. This would include the costs of repair and investment works already undertaken, as well as an early exit fees on services procured by the OFTO for extension such as insurance and O&M.

2.39 In parallel, we propose that ERS payments to OFTOs could be defined upfront as running until either the end of the agreed extension revenue period or a specified duration (for example, one year) after generation stops, whichever is sooner. This would be intended to provide the OFTO with the time and working capital it needs to wind-down its operation after the developer has communicated its intention to shut down the windfarm (for example, in meeting the costs of early exit fees from O&M and insurance contracts) while protecting the consumer from paying the OFTOs' ERS for extended periods of time where there is no longer transmission of electricity underway. In the scenario where a developer gives twelve months' notice that they will be shutting down

transmission, we could consider that as the point where ERS payments are capped for the final twelve months of generation.

2.40 OFTOs suggested that the ERS payments might be front-loaded so that the payments upfront are the largest, and payments reduce in size throughout the extension period. This would mean that any outstanding costs in final years are smaller. However, we do not consider this to be in line with the goal of maintaining a steady incentive for OFTOs to run throughout the extension period, and therefore on balance we are inclined to retain the current model of payments being made in equal instalments (adjusted for inflation) throughout the revenue period.

2.41 Ultimately, our main goal – and responsibility in line with our duties – is to ensure that consumers' interests are protected against possible liabilities relating to extensions. We consider Ofgem's role to be one of facilitator in a bilateral risk and cost-sharing exercise between OFTOs and generators. We welcome suggestions on how this can best be achieved, including between the two parties directly.

2.42 Finally, we have also considered whether OFTOs should be required to provide compensation to developers were the OFTO to shut early and strand the developer. We are of the view that this is an unlikely occurrence as the incentives are such that OFTOs would only likely stop operating in the case of a failure event. If an OFTO were to walk away for reasons unrelated to a failure event, we would consider alternative options to avoid windfarms being stranded – for example, the OFTO of last resort process. We do not consider meaningful compensation by the OFTO, whether the incumbent or a newly appointed operator, to be a plausible scenario given the respective size of OFTOs' and windfarms' revenues. Therefore, we are not minded to impose penalties on the OFTOs in this scenario.

Question 9: Do you agree it is necessary to have a mechanism to cover all or part of OFTOs' unmet, sunk costs in the event that the windfarm choose to close the windfarm before the end of the extension period?

Question 10: Do you agree that developers should cover these sunk extension costs in that event, and that we should set that out in the licence?

Question 11: Do you agree that Ofgem should restrict ERS payments to the end of the ERS period or the year after generation stops, whichever is sooner; and if so, is there anything that we should be considering when we are assessing ERS bids to take this into account?

Question 12: How else – whether through alternatives or with additional mechanisms - could developers, OFTOs and Ofgem adequately risk share against the costs of early withdrawal?

Question 13: Are there any additional factors to consider which we have not set out above?

3. The most appropriate Tender Revenue Stream period relative to the technical life of OFTO assets

This section covers our early thinking on the potential advantages and disadvantages of extending the duration of the original TRS term from 25 years to a longer period.

3.1 Since Tender Round 6 (TR6), the OFTO TRS period has been set at a maximum term of 25 years for OFTO licence holders. This term had previously been increased from a maximum of 20 years for OFTO projects in tender rounds prior to TR6, as the technical life of most offshore wind farms was then anticipated to be around 25 years. However, as early assets approach the 20-year threshold, we note that initial feedback is beginning to emerge that indicates that these assets – in large part, if not in full – may well last beyond 25 years. Moreover, the more recent, larger wind farms that are currently in development, including some currently in operation, appear increasingly likely to have the capacity for an even longer useful, economic life – with technological developments enabling a life of potentially as much as 40 years.

3.2 Ofgem wants to support windfarms to generate power for as long as possible to support meeting the Government's targets for renewable energy in the most cost-efficient way. We are therefore considering whether there are ways in which the OFTO regime could better support or incentivise longer-life assets, in addition to the extensions framework that we have articulated above (which will apply to any projects which reach the end of their original TRS).

3.3 We note that there are international examples of regulators offering longer periods of support for operation, including in Norway, Belgium, and Denmark. Offering a longer tender revenue period would allow for more certainty upfront on the duration of assets and avoid the need to go through the extensions process set out above for those assets that have been designed for a longer asset life. Moreover, it might incentivise developers to build longer-lasting assets, and therefore remove the frequency of need to decommission, repower and rebuild assets.

3.4 We are interested in industry's feedback on whether extending the duration of the licence term might be appropriate at this point, noting longer design lives, or whether it would be better to revisit this at a later point when there is further evidence to support extended asset life (that is, when a number of the current assets have experience of operating beyond the 25-year threshold).

Technical Capacity

3.5 In a number of respects, the conditions for windfarm and connected transmission assets lasting beyond 25 years appear to be present. Notably, technical assessments increasingly appear to indicate this is feasible in principle.

3.6 However, due to the nature of asset life, the viability of longer operational lifetimes remain largely unproven at present. We also need to take into account that it is highly likely that certain assets would require specific monitoring and or specific modifications/replacements to ensure that they are able to operate for a longer period, particularly as some of the relevant technology for the original build may become obsolete through the extended term length. Therefore, accounting for any spares and such at year 0, rather than taking stock of what the near-term options are at the existing optional extension point around years 20-25, could potentially be unnecessarily expensive.

3.7 Relatedly, we note that there may be a greater amount additional spares required, which would also need to be maintained, potentially further increasing the initial costs of the assets and front-loading the TRS for items that may not be required in the future. We would need to consider how the cost assessment process would fit longer licence periods, and how best to protect consumer interests of low-cost green electricity over the longer-term.

3.8 In addition, there are certain areas that might need to be explored in terms of reducing the potential failure rate of the offshore components, to consider whether it is reasonable to set a guaranteed revenue stream for OFTOs of, say, 40 years if the asset might have components which only allow it to get to 35 years. It is important to have a better evidence base on any potential adaptations that might need to be made to the design and construction of offshore wind farm assets, as well as certain maintenance and monitoring adjustments or enhancements, to ensure that the duration and pricing of TRS provides the best value-for-money for consumers.

Financial and commercial viability

3.9 There may be financial benefits of a longer asset life for developers, related to the portion of the TRS of an OFTO project which is funded through local TNUoS charges paid for by the developer. In many cases, a longer term might result in a lower annual TRS payment (the cost of the asset being paid for over a longer period of time), which may reduce the TNUoS charges. Depending on the size of the project, this may help to reduce the developer's annual fixed (ongoing) operating cost (before inflation indexation) for future CfD auctions and allow

them to be more price competitive. However, this may also have the impact of accumulating further interest over time, increasing the whole life cost of the asset, and resulting in a higher set of charges.

3.10 However, the subsidy regime and existing TRS process provide developers the confidence to commit to the capital expenditure and take forward the build of the offshore windfarm and transmission assets. The TRS reflects the cost of the OFTO assets and generally mirrors the duration of the subsidy in respect to ROCs and CfDs. Lengthening the TRS would therefore create a mismatch between the TRS length and other aspects of the subsidy regime.

3.11 A lifetime of up to 40 years committed to in advance leaves time for a lot of developments. In particular, it poses a greater risk that extending a licence term beyond 25 years that the developer (or OFTO) might encounter a reason to decommission their assets prior to the end of the licence term, leaving consumers to underwrite the remaining TRS for unutilised OFTO assets, which does not represent value for consumers and Ofgem would not be able to accept. Ofgem would, as it has for extensions, want to ensure mechanisms in place to minimise consumer risk in that.

Challenges for OFTO financing

3.12 Typical OFTO financing structures for licence terms of 25 years or less are a mix of bank and institutional debt, and market engagement notes that bank lending is unlikely to go beyond 25 years, while the same duration may be at the shorter end for many institutional investors. Extending the TRS duration is likely to change the structure and potentially the amount of financing offered by banks who are often at the cheaper end of the finance providers for OFTOs. As a result, the cost of debt could potentially increase with a longer TRS duration, which will increase the cost to the consumer. We also note that debt refinancings are not currently a feature of the OFTO market, but it is something we will need to monitor in the future.

3.13 More widely, Ofgem is mindful of the greater number and value of transmission assets expected to come to market over the coming decades and we will need to ensure that the right financing mix is available in the future for these assets.

Preliminary view

3.14 Given the number of uncertainties around having longer original licence terms, we are of the view that this is a question on which we should attempt to gather further evidence over the years to come before making any changes. We note that an advantage of the existing framework of an initial period plus option for

extension is that it acts as a natural 'break point' to assess the health and viability of the asset, reducing the consumer risk that may need to be taken on in a longer asset life. The first group of extension cases coming up in the near future will improve our evidence base on the condition of assets and help to inform our assessment of whether / when we might usefully support longer initial licences.

Question 14: Is the existing 25 year period for transmission licences appropriate, and if not, why not?

Question 15: Does the current regime disincentivise longer asset life, and if so, should there be changes made to the existing regime (e.g. through construction, design and the tender process) to incentivise assets to be built for a longer asset life?

Question 16: Does extending the term limit the debt pool and/or increase the likely price of finance?

Question 17: For the cost assessment process, the amount of evidence required for determining the OFTO asset's transfer value (i.e. the purchase price paid by the OFTO to the windfarm developer) may need to be substantiated to allow for any additional costs required to achieve a longer revenue term. Please comment on the evidence that developers could potentially provide to demonstrate that their costs are economic and efficient for a project expected to have a useful life of up to 40 years.

4. Options for enhancing the efficiency of the Tender Process

This section covers our initial views on how the tender process might be enhanced to improve efficiencies in the event that the existing 18-month GCC period were extended.

Background

4.1 The Generator Commissioning Clause (GCC) is part of The Energy Act 2013 and came into force on 17 February 2014 and was developed jointly by DESNZ (then DECC) and Ofgem. The GCC period begins once the transmission system is available for use (upon the so-called 'Completion Notice' being received from the System Operator). This marks the beginning of the 18-month period during which a developer can transmit electricity for the purposes of commissioning transmission assets without holding a transmission licence or exemption, before OFTO licence grant.[10] By the end of the GCC, developers must by law have ceased operating the transmission assets.

4.2 For recent OFTO projects, the Invitation to Tender (ITT) Stage has commenced around the time that a Completion Notice has been submitted. Since the Developer is under a time-constraint to transfer the transmission asset before the 18-month deadline (or otherwise pause generation until the transfer has been completed), the divestment process of the OFTO Tender Process requires the ITT stage to commence before the commissioning period is substantially complete.

4.3 Ofgem has observed that in recent rounds as OFTO projects have become bigger and more complex, they have more frequently experienced challenges over this tender period due to construction risks, with some encountering serious and complex technical issues. This has led to project delays, resulting in protracted discussions between the developer and the Preferred Bidder (**PB**), often with the developers reporting that they feel they face pressure to take on greater (and perhaps for a longer period) liabilities and/or indemnities to ensure the project reaches financial close in advance of the GCC deadline.

4.4 With the OFTO assets being tendered soon after the Completion Notice, these assets are going through several commissioning activities whilst they are being tendered and this can lead to the developer not having all the information and

[10] Offshore Electricity Transmission: Consultation on implementation of the Developer Commissioning Clause in the Energy Act 2013 | Ofgem

supporting data available for the bidders to review which can stifle the tender and PB stage due diligence process. They may also still be working through early snagging issues. New information can also arrive between the bids being submitted and the OFTO being licenced. Having less access to information and not being able to undertake the extent of due diligence that they would usually expect upfront can also cause delays. This adds to the complexity of the discussions later in the transactions and places risk on both the developer and the bidder.

4.5 Any changes to the GCC are solely for DESNZ to decide upon, and Ofgem is not making any presumptions that a change will be made. However, noting that this has been a topic of a call for evidence by DESNZ in the past, Ofgem has pre-emptively considered three scenarios of how an extension of the GCC period (of 6, 9 or 12 months respectively) might affect the efficiency of the current tender process. In particular, we have focused on key milestones within our control in the process including but not limited to: start and completion of the ITT process, when the Final Transfer Value (FTV) is made available, target for completion of the transaction (Preferred Bidder announcement) and what data / information can be reasonably expected in the data room given the time at which the project is put to tender.

GCC Exemptions or Extension

4.6 One way to resolve or relieve the pressure on developers and the PB to reach agreement when there are construction delays is to seek an extension of the GCC, increasing the amount of time a developer may transmit electricity without a licence (and rectify outstanding project issues) before the OFTO assets are divested.

4.7 Over recent years, 10 - 12 completed OFTO projects between tender rounds 5 – 9, sought and were granted an exemption by DESNZ to extend their GCC where the divestment of the OFTO assets to the PB was not on track to be completed within the 18-month window. Exemption requests take considerable time and require Parliamentary time to be laid and agreed. An extension to the GCC duration would therefore reduce uncertainty in cases where exemptions are currently required and ensure that the industry also recognises that exemptions are exceptional occurrences.

4.8 Any decisions around the length of the GCC are for DESNZ. In our role as regulator running the tender process, we note that the longer the GCC window, the more possibilities Ofgem, developers and PBs will have to conclude within

the window, but it must be balanced alongside maintaining the efficiency of the process.

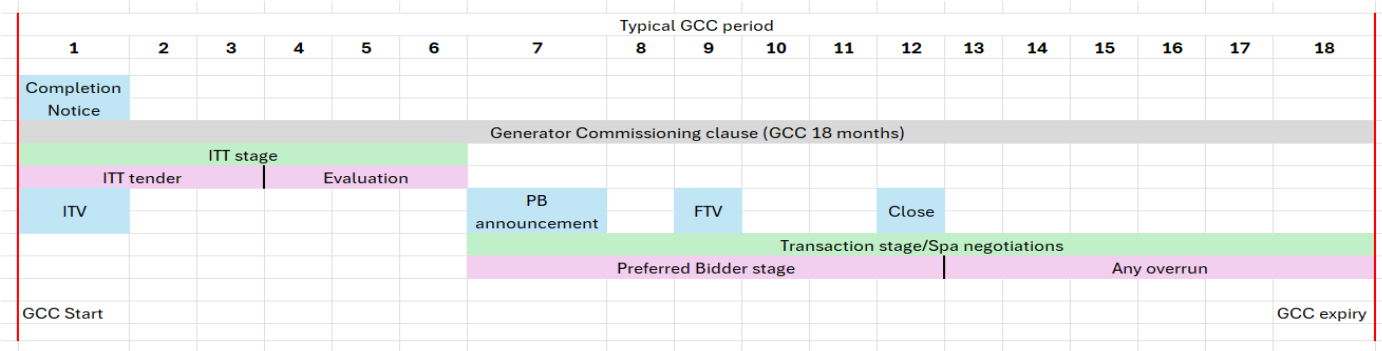
4.9 In the event of any extension, Ofgem's priority is that the additional time is used efficiently as opposed to simply lengthening the process, particularly in the Preferred Bidder (PB) Stage. Longer transaction periods increase the risk that lenders' commitment periods will expire, which means that Ofgem may need to consider change requests to a PB's finances or even the loss of finance. This can further slow down a transaction, causing delays, and could further impact the TRS. Ofgem is keen to use any changes to the GCC period to mitigate risks for all parties including Ofgem and the consumer. This should also reduce the probability of TRS changes at the PB stage, reduce the need for bespoke licence conditions, keep investors engaged in the process and attract new investment

4.10 In that vein, we have set out some options below to ensure that any extension would help to resolve the issues that we have seen in a way that works best for parties involved, and for the investors who would not have appetite to hold their financial commitments for longer than they already do and may even attract new investors. The following paragraphs provide an overview of how the tender process timings currently map to the GCC timeline, and how this might potentially be evolved in the event of a 6, 9 or 12 month extension.

Key for timelines:

Milestones
Stages
Sub-stages/activity
Other activity

Table 1 - Current & intended GCC timeline



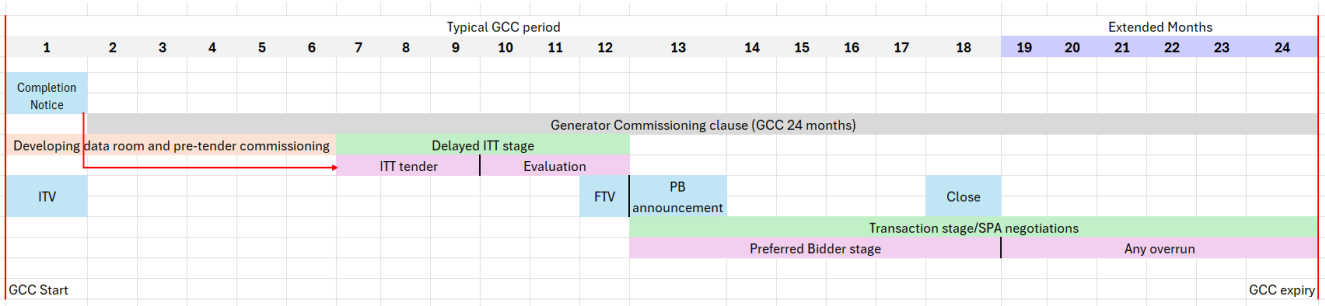
This table describes the current GCC (Generator Commissioning clause) timeline and the tender process activities that occur within that time. The timeline shows that the GCC starts with the Completion notice being issued at month 1. Thereafter, we enter the six-month ITT (Invitation to tender) stage at month 1, with the first half of this period utilised for OFTOs to complete their bids and the second half for Ofgem to evaluate those bids after which a PB (Preferred Bidder) is announced at month 7. The ITV (Indicative transfer value of the OFTO asset i.e. the amount the

OFTO is required to pay the developer, based on Ofgem's assessment of the economic and efficient costs incurred in building it) is intended to be issued at month 1 and the FTV (Final transfer value) at month 9. When the PB is announced, we enter the transaction stage in month 7 during which the OFTO and developer agree any outstanding terms of the transaction, that we anticipate takes 12 months, (6 months with an additional 6 months contingency for any delays in the overall process).

4.11 In reality, the above timeline has often slid to the right for projects in recent years, particularly in the transaction stage. If the process were started knowing from the outset that a longer GCC period would be available, we could consider alternative ways to manage the tender process. A potential delay to start of the ITT stage could allow for longer period for operational readiness, and we would expect more operational data available before ITT commencement. Furthermore, we expect this improvement in data room population would increase clarity between perceived and actual risks and allow developers to reduce technical risks prior to the ITT and bidders would also be able to consider appropriate mitigations when bidding. This would translate to a shorter transaction stage which is beneficial to lenders, bidders, developers and Ofgem.

Six-month Extension

Table 2 - Six-month extension



This table shows the GCC period, and the tender process activities within, if the period were to be extended by 6 months. The timeline shows that the GCC starts with the Completion notice being issued at month 1. More time is then used for developing data room and pre tender commissioning, before we enter the six-month ITT stage at month 7. OFTOs would return their bids at the end of month 9, and Ofgem would evaluate them through to month 12, after which a PB is announced at month 13. The ITV would be issued at month 1 and the FTV is issued at month 12. When the PB is announced, we enter the transaction stage in month 12, that we anticipate will take 12 months, (6 months with an additional 6 months contingency for any delays in the overall process)

4.12 If DESNZ were to extend the GCC deadline by six months, to a total of 24 months, Ofgem would propose using the additional time to delay the start of the ITT by six months (as displayed in Table 2). This would allow the bidders to

conduct more thorough due diligence since they will have access to more operating data while preparing their ITT submissions.

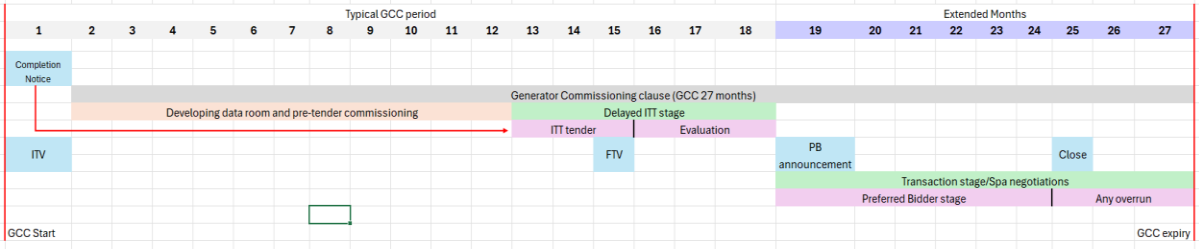
4.13 Whilst we believe in some instances the tender process may still face challenges completing within this 24-month GCC period, the additional time and information provided at ITT will strengthen the quality of the bidder submissions. Hopefully it will also lower the chances of caveats being included in tender bids, which are one of the causes of a lengthy transaction stage. We anticipate this would improve the transaction in the Preferred Bidder and Successful Bidder stages.

4.14 Whilst the cost assessment process and timeline for determining the FTV is unlikely to change significantly, with an additional six months to the timeline it is more likely to be completed closer to the end to the tender process. The FTV could be made available by Ofgem at PB appointment, simplifying discussions later in the process with lenders, insurers and other financing partners. This would alleviate some time pressure for both the developer and PB, potentially avoiding possible delays within the PB stage.

4.15 A 6-month extension would also improve the developer's position if the OFTO assets are free of any (perceived) major technical issues such as snagging, however there is still a high risk that a PB stage may commence a bit too soon as issues may be identified later into the period where the asset is being commissioned (we assume that as projects become more complex, it can take approximately one year for all snagging issues to become apparent).

Nine-month extension

Table 3 – Nine-month extension



This table shows the GCC period, and the tender process activities within, if the period were to be extended by 9 months. The timeline shows that the GCC starts with the Completion notice being issued at month 1. We propose that nine month extension be utilised to disproportionately extend the time for developing data room and pre tender commissioning to 12 months. Thereafter, we enter the ITT stage at month 13 during which OFTOs prepare their bids to be submitted in month 15 and Ofgem evaluates those bids from month 16 - 18, after which a PB is announced at month 19. The ITV is issued at month 1 and the FTV is issued at month 15 or before the transaction stage

begins. When the PB is announced, we enter the transaction stage in month 19, that we anticipate will take 9 months (6 months with an additional 3 months contingency for any delays in the overall process), benefitting from the extra time invested at the beginning of the process to fully assess the asset.

4.16 An extension of 9 months to the GCC deadline would result in a total window of 27 months. This would allow Ofgem to consider a significant delay to the start of the ITT stage up to 12 months, as we can save 3 months of the contingency period in the transaction stage (as shown in Table 3).

4.17 Delaying the commencement of ITT competition until the commissioning of the asset is substantially complete has a material benefit where it ensures a clearer understanding of perceived or actual, residual, commercial and technical risk. To support a more efficient process in an extension scenario, Ofgem is proposing to make the data room a prerequisite that allows the tender to start.

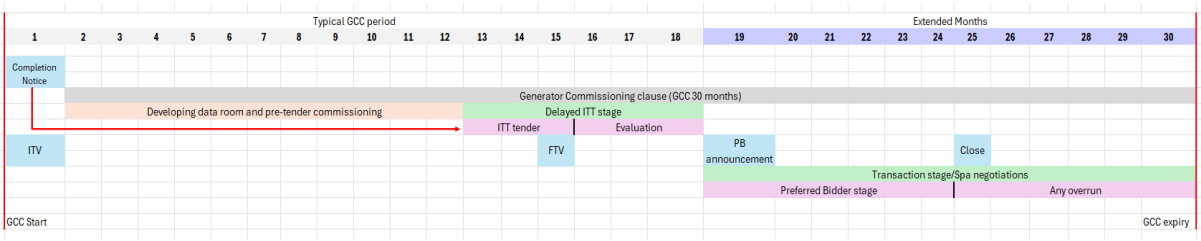
4.18 The delayed ITT commencement should allow developers to focus on construction, knowledge management and population of a healthy data room in advance of ITT commencement. This would mean that bidders will have up to 12 months of operational asset data of a more mature asset to base their ITT submissions on than previous OFTO projects, enabling them to produce firmer bids with less conditionality and appropriately price any associated risk. We expect that this will shorten the transaction phase and reduce the extent and risk of negotiations between the PB and the Developer in the transaction phase.

4.19 Under this scenario, Ofgem could also push back the FTV to give Ofgem and developer more time to conclude this process, supported by the greater information available. The FTV could then be provided to bidders prior to the ITT submission deadline, or when the PB announcement is made, and will be a prerequisite to start the transaction stage. This will further reduce the risk of prolonged discussions between the PB and developer whilst the FTV is finalised.

4.20 We could also extend the ITT stage slightly to allow extra time for due diligence as more complete information will be available and bidders may require more time to comment on the draft transfer agreement. Any issues that arise ahead of the ITT submission deadline could have the potential to be investigated and resolved and/or incorporated within the draft transfer agreement, which should help to smooth the finalisation of the transfer agreement ahead of financial close.

12-month extension

Table 4 – Twelve-month extension



This table shows the GCC period, and the tender process activities within, if the GCC period were to be extended by 12 months. The timeline shows that the GCC starts with the Completion notice being issued at month 1. A twelve month extension here to the previous timeline allows for a longer period for developing data room and pre tender commissioning. Thereafter, as in the nine month scenario, we would enter the ITT stage at month 13 with OFTOs preparing bids for submission up to month 15 and the Ofgem evaluating the bids from month 16 - 18, after which a PB is announced at month 19. The ITV is issued at month 1 and the FTV is issued at month 15 or before the transaction stage begins. When the PB is announced, we enter the transaction stage in month 19, that we anticipate will take 12 months, (6 months with an additional 6 months contingency for any delays in the overall process).

4.21 If the GCC window were extended by 12 months, to a total of 30 months, we would envisage delaying the start of the ITT stage for up to 12 months (as set out in Table 4), which brings the same benefits as discussed above.

4.22 However, Ofgem is of the view that any extension should be as limited as possible, and that 9 months could be sufficient. This also reduces risks of issues with financing.

Vendor Due Diligence

4.23 To further support a smoother tender process, Ofgem would consider creating a Vendor Due Diligence (VDD) report requirement. This would be organised by project developers ahead of ITT stage commencement. An in-depth, independent report on the technical and value status of the OFTO assets could reduce the due diligence required by bidders, and therefore reduce both cost and resource burden. It provides certainty for ongoing issues by pointing out deficiencies for developer to improve on elements/gaps.

4.24 A VDD requirement would ensure that bidders have a better understanding of any issues earlier in the tender process and potentially allowing them to address any concerns on the SPA in more detail. There is the potential to create a more level playing field for newer investors if a VDD report was required as part of the OFTO Tender Process and it could encourage better data preparation before the

start of the ITT stage. We would consider this to be an appropriate cost to include in the cost assessment process.

4.25 For the success of the changes to the tender process and the introduction of the VDD concept, we expect bids to be much firmer therefore mitigating lengthy discussions between PB and developer.

4.26 We also expect bids to be firmly based on the improved review of the available data and Sales and Purchase Agreement (SPA), which will also reduce TRS changes and licence amendment requests during the PB stage.

Question 18: In the event of an extension to the GCC by DESNZ, would there be benefits (e.g improved data quality, better considered bids and quicker transactions) to Ofgem delaying the start of the ITT stage until later in the GCC window when more operational data from the developer is available?

Question 19: Does VDD in practice reduce the total cost of a tender process? Are there any benefits in a VDD and would it assist the bidding process?

Question 20: Do you have any other suggestions that would help ensure efficiency in this process based on the three scenarios?

5. Your response, data and confidentiality

Consultation stages

Outline the key stages the consultation will progress through to get to a final decision. Mention any events/workshops your team may be running as part of the process.

5.1 The consultation will be open until 28 February 2025. Responses will be reviewed and the consultation decision will be published in Q1 2025.

How to respond

5.2 We want to hear from anyone interested in this consultation. Please send your response to offshorelicencing@ofgem.gov.uk.

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

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

Your response, your data and confidentiality

5.5 You can ask us to keep your response, or parts of your response, confidential. We'll 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.

5.6 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'll get in touch with 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.

5.7 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 UK'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.

5.8 If you wish to respond confidentially, we'll keep your response itself confidential, but we will publish the number (but not the names) of confidential responses we receive. We won't 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.

General feedback

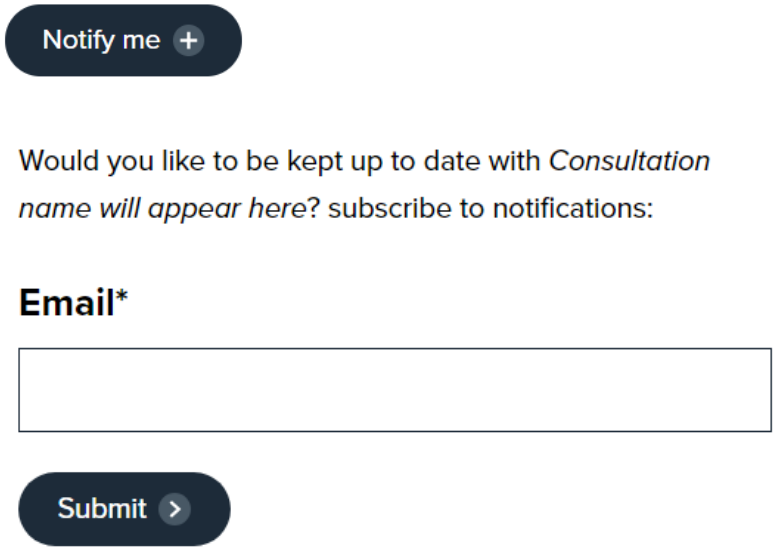
5.9 We believe that consultation is at the heart of good policy development. We welcome any comments about how we've run this consultation. We'd also like to get your answers to these questions:

1. Do you have any comments about the overall process of this consultation?
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. Were its conclusions balanced?
5. Did it make reasoned recommendations for improvement?
6. Any further comments?

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

How to track the progress of the consultation

You can track the progress of a consultation from upcoming to decision status using the 'notify me' function on a consultation page when published on our website. Choose the notify me button and enter your email address into the pop-up window and submit. ofgem.gov.uk/consultations



Once subscribed to the notifications for a particular consultation, you will receive an email to notify you when it has changed status. Our consultation stages are:

Upcoming > **Open** > **Closed** (awaiting decision) > **Closed** (with decision)

Appendix 1 – Privacy notice on consultations

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

(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, click on the link to our Ofgem privacy policy.