



Seagreen Phase 1 OFTO

Seagreen 1



# **Statement of the Basis of Offshore Transmission Owner Charges (the “Charges Statement”)**

November 2025

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## Statement of Seagreen Phase 1 OFTO Offshore Transmission Owner Basis of Transmission Owner Charges

This Charges Statement has been prepared by Seagreen Phase 1 OFTO Project Limited, the Offshore Transmission Owner (the “OFTO” or “Licensee”). This statement sets out the basis of charges for the provision by the Licensee to National Grid Electricity Transmission System Operator Limited as the National Electricity Transmission System Operator (“NETSO”), of transmission services specified in the transmission licence and System Operator Transmission Owner Code (“STC”).

This statement is effective from 1<sup>st</sup> April 2025.

The charges shall consist of Transmission Owner (“TO”) General System Charges, TO Site Specific Charges, OFTO of Last Resort Charges and Other Charges as set out in this Charges Statement.

Unless otherwise stated, capitalised terms shall have the meaning ascribed to them in the Offshore Electricity Transmission Licence granted to the Licensee (the “Licence”).

## 1. Introduction

The Licensee is obliged, under Amended Standard Condition E12-J9 (Basis of Transmission Owner Charges) of its Licence to prepare a statement approved by the Gas and Electricity Markets Authority (the “**Authority**”) setting out the basis upon which charges will be made for the provision of transmission services and for connection to the OFTO’s system in such form and detail as shall be necessary to enable NETSO to make a reasonable estimate of the charges it will pay for the OFTO’s services.

The requirements of Amended Standard Condition E12-J9 are set out below:

1. The Licensee shall as soon as practicable during the Commencement Relevant Year and, in any case, not later than such date as the Authority shall specify, prepare and submit to the Authority a statement in a form approved by the Authority setting out the basis upon which charges will be made by the Licensee:
  - (a) for Transmission Owner Services;
  - (b) for connection to the Licensee's Transmission System, such statement to be in such form and to contain such detail as necessary to enable the System Operator to make a reasonable estimate of the charges for which it would become liable for the provision of such services, and (without prejudice to the foregoing) including the information set out below as is required by such paragraph to be included in the relevant statement; and
  - (c) for Outage Changes.
2. The statement referred to paragraph 1 above shall in respect of connections to the Licensee's Transmission System include:
  - (a) a schedule listing those items (including the carrying out of works and the provision and installation of electric lines or electrical plant or meters) of significant cost liable to be required for the purpose of connection (at entry or exit points) to the Licensee's Transmission System and for which site specific charges may be made or levied, and including (where practicable) indicative charges for each such item and, in other cases, an explanation of the methods by which and the principles on which such charges will be calculated;
  - (b) the methods by which and the principles on which site specific charges will be made in circumstances where the electric lines or electrical plant to be installed are (at the Licensee's discretion) of greater size or capacity than that required;
  - (c) the methods by which and the principles on which any charges (including any capitalised charge) will be made for required maintenance, replacement and repair of electric lines, electrical plant or meters provided and installed for making a connection to the Licensee's Transmission System;
  - (d) the methods by which and the principles on which any charges will be made for disconnection from the Licensee's Transmission System and the removal of electrical plant,

electric lines and ancillary meters following disconnection; and

- (e) such other matters as shall be specified in directions issued by the Authority from time to time for the purpose of this condition.

In addition it is noted within Amended Standard Condition E12-J9 that:

- The Licensee may periodically revise this Charges Statement and shall, at least once in every year the Licence remains in force, make any necessary revisions to this Charges Statement in order that the information shall continue to be accurate in all material respects (Amended Standard Condition E12-J9(7)).
- The Licensee shall send a copy of this Charges Statement and each revision of the Charges Statement to the Authority. Each such revision shall require to be approved by the Authority and shall not become effective until approved by the Authority (Amended Standard Condition E12-J9(6) and E12-J9(8)); and
- The Licensee shall publish the Charges Statement (Amended Standard Condition E12-J9(8)) on its website.

## 2. Principles

This Charges Statement sets out the basis on which charges will be levied by the OFTO for the provision of transmission services to NETSO.

All OFTO assets are charged to NETSO in accordance with the Licence which specifies a 24-year revenue entitlement period, based on a tendered revenue stream.

The STC describes the following charges that may be levied on NETSO by an OFTO:

- i) TO General System Charges
- ii) TO Site Specific Charges
- iii) Other Charges
- iv) OFTO of Last Resort Charges

This document describes the methodology for the calculation of the above charges.

### 3. TO General System Charge

The TO General System Charge to be levied by the OFTO on NETSO in any year is equal to the OFTO Allowed Transmission Owner Revenue ( $\text{OFTO}_t$ ) for that year.

The formulae for the calculation of  $\text{OFTO}_t$  is set out in the Licence. Initial values for the input parameters required to calculate charges for the 2025 financial year (year  $t=1$ ) are as specified in Appendix 1.

If additional capacity is required, the value of  $\text{OFTO}_t$  may be adjusted in accordance with the formulae set out in the Licence's Amended Standard Condition E12-J4 (Restriction of Transmission Revenue: Annual Revenue Adjustments) and Standard Condition E17 (Obligations in relation to offers for connection, etc.)

### 4. TO Site Specific Charges

The OFTO does not expect to have any TO Site Specific Charges.

TO Site Specific Charges relate to costs associated with connections that are not recovered as TO General System Charges or Other Charges. For the OFTO the majority of the cost associated with connections would be recovered through the TO General System Charge, with some related charges recovered as Other Charges. As such, the OFTO is unlikely to invoice NETSO for TO Site Specific Charges.

### 5. OFTO of Last Resort Charges

OFTO of Last Resort Charges would be applied in the event of the OFTO undertaking the OFTO of last resort role under Standard Condition E21 (Offshore Transmission Owner of Last Resort). These charges would be as set out and specified in a direction issued by the Authority to the OFTO in accordance with Standard Condition E21.

### 6. Other Charges

The Other Charges to be levied by the OFTO on NETSO in any year are equal to the sum of the charges listed below and any Interruption Charges (as defined in the STC) charged by NETSO to the OFTO.

#### 6.1 Application Fees

The OFTO will charge NETSO an application deposit set out in Appendix 2 at the time of each application for a new or modified connection to the OFTO's transmission system. This deposit is intended to cover costs and other expenses involved in preparing an offer of terms.

The OFTO will carry out a reconciliation once actual costs and other expenses have been established. Actual costs will be based on the OFTO market based charge-out rates detailed in Appendix 3 and any external costs incurred (for instance travel & subsistence

costs associated with site visits or the cost of using specialist consultants to undertake system simulation studies). Where actual costs exceed the application deposit, the OFTO will issue an invoice for the excess amount. Conversely, where the OFTO does not use the whole of the application deposit, the balance will be refunded.

Should NETSO notify the OFTO of changes in the planning assumptions after receipt of an application fee, the OFTO may levy an additional charge.

In exceptional circumstances where NETSO has requested an application which involves significant costs over and above those that would be normally expected (e.g. substantial system studies, specialist surveys, investigations) to process an offer of terms then the OFTO reserves the right to vary the size of the deposit.

If, following completion of the works to which the application is related, the incremental capacity incentive adjustment term ( $ICA_t$ ) in Amended Standard Condition E12-J4 (Restriction of Transmission Revenue: Annual Revenue Adjustments) is adjusted so that the cost of the application is recovered through the TO General System Charge, then the application fee will be refunded to NETSO.

## 6.2 Feasibility Study Fees

If NETSO requests a feasibility study in connection with alterations to or extension of the OFTO's network, an initial fee will be payable based on an advance of OFTO engineering and out-of pocket expenses.

The advance fee payable by NETSO will vary according to the size of the study and the amount of work expected. Actual costs will be based on the OFTO charge-out rates detailed in Appendix 3 and any external costs incurred (for instance travel & subsistence costs associated with site visits or the cost of using specialist consultants to undertake system simulation studies). Where actual engineering and out-of pocket expenses exceed the initial fee, the OFTO will issue an invoice for the excess. Conversely, where the OFTO does not use the whole of the initial fee, the balance will be refunded.

## 6.3 Abortive Works Charges

If, following a modification application after the commencement of works, OFTO is required to amend construction works, or some or all of the construction works are no longer required, these will be considered "abortive works". Where this applies, OFTO shall be entitled to recover costs, consultant fees and other expenses (for instance travel & subsistence costs associated with site visits) properly incurred in respect of the abortive works from NETSO.

If abortive works, or part thereof, is recovered through the TO General System Charge, then the cost, or part thereof, previously charged to NETSO in respect of the abortive works will be refunded to NETSO.

## 6.4 De-Energisation and Disconnection Charges

Where NETSO wishes a supply to be permanently de-energised, a minimum of two business days' notice (or such other period as may be specified in the TO Construction Agreement and/or STC to that effect) should be given to the OFTO. The OFTO will arrange to de-energise the supply. An additional charge will be made for this service if undertaken outside normal working hours in order to recover any additional costs for call-out or out-of-hours working.

Temporary de-energisation (and subsequent re-energisation) resulting from the failure by NETSO to comply with the terms of their relevant agreement, or carried out at the request of NETSO will be undertaken at the expense of NETSO. Where disconnection requires the OFTO's assets to be removed from the User's site, the cost of these assets, their removal and (if applicable) subsequent reinstatement will become due from NETSO forthwith.

If NETSO requests disconnection, this must be requested from the OFTO in writing.

## 6.5 Charges for Outage Changes

Where prearranged outages are rearranged at NETSO's request or where NETSO requires additional services for planned or unplanned outages over and above the normal service provided under the OFTO's Operations and Maintenance Agreement (relevant details of which will be disclosed to NETSO on request), an additional charge will be levied in respect of the additional services.

This charge will be determined in accordance with STCP 11-3 "TO Outage Change Costing" and will be based on the rates set out in Appendix 3.

Additional costs that may be included in this charge include, but are not limited to:

- Demobilisation and remobilisation costs.
- Costs (including where appropriate, liquidated damages) of standing down contractors until the outage starts. Costs will be derived from contractors' invoices and, in the case of liquidated damages, from the relevant agreement(s).
- Costs of overtime working to reduce outage time such as to reduce NETSO's costs in maintaining system security. Cost will be based on overtime hours worked on the particular outage.
- Additional waiting on weather costs for carrying out work at different times of year.
- Costs of installing additional equipment, such as bypass arrangements.
- Revenue deductions (or increases) through the incentive mechanism that the OFTO may be subject to as a result of the Outage Changes.

Where an outage is rearranged at NETSO's request, the OFTO will use all reasonable

endeavours to minimise the charge to NETSO.

## 6.6 Miscellaneous

If NETSO request any other work by the OFTO not covered by the TO General System Charge, the TO Site Specific Charges or the Other Charges specified above, the OFTO will provide terms for the requested work.

## 7. Contacts

Any questions in relation to this Charges Statement should be directed in the first instance to one of the names given below:

Blair Nimmo Equitix <a href="mailto:bnimmo@equitix.com">bnimmo@equitix.com</a> +44 (0) 20 7250 7333	Tarkan Pulur Equitix <a href="mailto:tpulur@equitix.com">tpulur@equitix.com</a> +49 (0) 698 088 4526
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## Appendix 1 – Initial values of charging parameters

The parameters outlined in the table below are set out in the Amended Standard Conditions of the Licence, specifically in:

- E12-J2 (Restriction of Transmission Revenue: Revenue from Transmission Owner Services)
- E12-J3 (Restriction of Transmission revenue: Allowed Pass-through Items); and
- E12-J4 (Restriction of Transmission Revenue: Annual Revenue Adjustments).

Parameter	Estimated Initial Value
Tender Relevant Year	Financial year ending 31 March 2026
Commencement Relevant Year	Financial year ending 31 March 2026 (this is $t=1$ )
TRS <sub>t</sub> (tender revenue stream)	£35,198,166
MRA <sub>t</sub> (market rate revenue adjustment term)	The MRA value will be determined at financial close and will be dependent on market rates on the day of closing:  MRA: £ 4,736,048
PTRA <sub>t</sub> (post tender revenue adjustment)	The value set out in any direction issued by the Authority:[zero]
PR <sub>t</sub> (portion of year covered by licence)	1
BI <sub>TRS</sub> (tender revenue stream indexation)	Proportion of the tender revenue stream to be indexed: 100%

$BI_{MRA}$ (market rate revenue adjustment indexation)	Proportion of the market rate revenue adjustment to be indexed: 100%
$BI_{PTRA}$ (post tender revenue adjustment indexation)	Proportion of the post tender revenue adjustment to be indexed: 100%
$LF_t$ (Licence fee cost adjustment term)	$LF1 = £0$
$RB_t$ (network rates)	$RB1 = 3,045,120$
$CEL_t$ (crown estate lease cost adjustment)	$CEL1 = £1$
$DC_t$ (decommissioning cost adjustment)	$DC1 = £0$
$IAT_t$ (income adjusting event)	$IAT1 = £0$
$TPD_t$ (temporary physical disconnection)	$TPD1 = £0$
$TCA_t$ (tender fee cost adjustment)	$£(60,775)$
$MCA_t$ (Marine and Coastal Act 2009 cost adjustment)	$MCA1 = £0$
$CEA_t$ (contingent event revenue adjustment)	$CEA1 = £0$
$K_t$ (correction factor)	$K1 = £0$

Invoicing: tender fees (TCA1) and the crown estate lease negotiation cost pass through (CEL1) will be invoiced within the first invoice in accordance with paragraph 4.3.2 of section E (Billing and Payment) of the STC, to match the costs as they are incurred.

VAT: all of the above figures exclude recoverable VAT.

## Appendix 2 – Application deposits

Connection or modification size	Application deposit
0-10MW	£100k * RITt = £100k * 1.084 = £108.4k
10-100MW	£120k * RITt = £120k * 1.084 = £130.1k
>100MW	To be determined separately at the time

All deposits are subject to the addition of VAT at the prevailing rate.

## Appendix 3 – Charge out rates

Grade	Rate (£/day)
General Manager	£2,547
Legal Director / General Counsel	£2,439
Technical Director / Commercial Director	£2,439
Principal Engineer	£2,439
Financial Controller	£1,897
Asset Manager	£1,897
Compliance Officer	£985
Administration support	£802
External Charges	Cost + 10%

All fees are subject to the addition of VAT at the prevailing rate.