Department for Energy Security & Net Zero

Contracts for Difference for Low Carbon Electricity Generation

Government response to consultation on potential technical amendments to the CfD scheme to relax eligibility criteria for fixed-bottom offshore wind projects from Allocation Round 7

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Introduction

Context

Delivering clean power by 2030 is at the heart of the government's mission to transform the UK into a clean energy superpower. The Contracts for Difference (CfD) scheme is the government's flagship policy for incentivising new low carbon electricity generating projects in Great Britain and is therefore central to the Clean Power mission. The CfD and its predecessor investment contracts have already delivered around 9 GW of operational renewable generation, with a further 26 GW of contracted capacity to become operational by 2030. The CfD is vital to securing the renewables deployment necessary to deliver clean power by 2030.

The Clean Power 2030 Action Plan[1], published in December 2024, set out the deployment of renewables required to deliver our 2030 goal. The 2030 Action Plan noted that while all renewables deployment will be important in delivering our ambitions, growth in OFW will be particularly critical. The OFW market also differs from that of other renewables technologies with a higher degree of market concentration and larger projects. The 2030 Action Plan states we will need to deliver 43-50GW in 2030.

As well as setting out targets for renewables deployment, the 2030 Action Plan provided a roadmap outlining some of the changes to the CfD that could help to deliver the capacity needed. Those proposed reforms for AR7, which were the subject of a consultation from 21 February to 21 March 2025[2], aim to build on the record-breaking success of AR6 to keep us on the path to delivering clean power by 2030. The success of the next allocation round will be measured by securing the capacity needed to keep on track for 2030 at a competitive price for consumers.

In the government response on AR7 reforms[3], published on 15 July, the government confirmed its decision to implement its proposal to relax eligibility requirements to allow fixed-bottom offshore wind projects to apply for a CfD while awaiting full planning consent. The primary rationale for this change is to open the auction to more projects, improving competitive tension. Improved competition should deliver better outcomes for consumers as we aim to scale up renewable deployment, by incentivising developers to bid at their minimum viable price. We will keep this measure under review for future allocation rounds.

On 27 May, the government published a consultation on potential technical amendments to the CfD scheme to relax eligibility criteria for fixed-bottom OFW projects from AR7, without prejudice to a final decision to be taken in the July government response. Following the government's decision to enable this policy, this document responds to the May consultation on how this change will be implemented for AR7.

[1] https://www.gov.uk/government/publications/clean-power-2030-action-plan
[2] https://www.gov.uk/government/consultations/further-reforms-to-the-contracts-for-difference-scheme-for-allocation-round-7
[3] Further reforms to the CfD scheme for AR7: government response to policy proposals (published July 2025 - accessible webpage) - GOV.UK

Responses to the consultation

The consultation was published online and ran from 27 May 2025 to 16 June 2025. Responses were submitted through an online response tool (Citizen Space), or by email. The consultation received 24 responses, from a mixture of companies active in the energy sector (including developers, generators and suppliers), trade associations and bodies. The consultation also saw a small number of responses from investors, consultancies, not-for-profit public campaign groups and individual members of the public. Not all respondents engaged with every question in the consultation; as such, the number of respondents for each policy topic is indicated in each chapter in accordance with the terms described below. The government is grateful to stakeholders for taking the time to engage with the consultation.

In reporting the overall response to each question, the '**majority'** indicates the clear view of more than 50% of respondents in response to that question, and '**minority'** indicates fewer than 50%. The following terms have been used in summarising additional points raised in the responses: '**most respondents'** indicates more than 70% of those answering the particular question; '**a few respondents'** means fewer than 30%; and '**many**' refers to the range in between 30% and 70%.

Summary of decisions

The government has taken the following decisions with respect to technical and drafting amendments to the CfD scheme rules and contract terms to implement the government's policy on the relaxation of planning requirements for offshore wind projects awaiting full planning consent:

- The government intends to insert new requirements into the Contract Allocation Framework to ensure that unconsented offshore wind (OFW) projects with refused consent applications are disqualified and/or prevented from entering an auction;
- The government will create a new Initial Condition Precedent (ICP) requiring unconsented OFW projects to confirm their consented status to LCCC shortly after signing a CfD contract;
- The government will design its measures to enable unconsented OFW projects to participate in the CfD process around the three planning-related delays identified in the consultation, namely delayed consent decisions, delay due to any Relevant Court Proceedings, such as legal challenge/judicial review, and refusal of consent;
- The government intends to implement the definitions proposed in the consultation with some minor adjustments to reflect stakeholder feedback;
- The government will introduce a new flexibility into the definitions of 'Milestone Delivery Date', 'Target Commissioning Window' and 'Longstop Date' to allow the Low Carbon Contracts Company (LCCC) to give OFW projects more time to cope with planning-related delays affecting their projects;
- The government has decided not to place an obligation on unconsented OFW projects to progress their planning applications as a condition of accessing a time extension to their Milestone Delivery Date or any of the other contract milestones;

- To ensure a level playing field within the auction between unconsented and consented OFW projects, the government will extend similar flexibilities to all OFW projects, such that consented projects whose planning consents are subject to legal challenge by a third party/in the Judicial Window (JW))/ may be able to benefit from such flexibilities;
- The government has decided not to implement the proposals to allow unconsented projects wishing to satisfy the Milestone Requirement at the MDD via the Project Commitments route additional time to order or finalise a supply agreement for Material Equipment;
- The government will create a new right for LCCC to terminate the contracts of OFW projects where planning consent has been refused or quashed and no further legal challenge is available, including projects that were previously consented. The government has decided to adopt option (c), i.e. the termination right will arise, in the event that court proceedings quash a planning authority's decision to refuse a planning application, once any action ordered by a court has been completed;
- The government will introduce a new Milestone Requirement obliging a project that entered an allocation round as an unconsented OFW project to provide evidence to LCCC that it has obtained all of the required planning consents and that the consents remain in force following any legal challenge against them;
- The government intends to implement a requirement on unconsented OFW projects to provide certain information to LCCC to support the efficient and effective operation of the new contract changes;
- The government intends to implement the new 'Relevant Planning Restriction' for all OFW projects, along with the other related terms.
- The government has decided not to require unconsented OFW projects to rely on their Permitted Reduction rights to accommodate capacity adjustments that may be required to comply with planning conditions;
- The government has decided to amend the definition of 'Foreseeable Change in Law' to exclude compensation for unconsented OFW projects in cases where planning consent is granted or refused;
- The government will issue advice to potential applicants on how AR7 will interact with the new grid connection reforms before the allocation round opens.

Next steps

The final CfD Standard Terms and Conditions, CfD Agreement and other contract variants for AR7, will be published shortly. A revised timeline for AR7 has been published on the CfD Microsite[4]. AR7 will open for applications on 7 August.

[4] https://www.cfdallocationround.uk/ar7-timeline

Explanation of changes to the CfD Standard Terms for Allocation Round 7

Regulation 4(1) of the Contracts for Difference (Standard Terms) Regulations 2014 (as amended) requires that where the Secretary of State publishes revised standard terms in compliance with section 11(5) of the Energy Act 2013, the Secretary of State must also publish an explanation as to why the revisions have been made.

This Government response and the response on AR7 reforms published on 15 July[5] explain why revisions to the standard terms have been made for AR7.

In this respect, 'standard terms' includes Version 7 of the CfD Standard Terms and Conditions, the CfD Agreement and the corresponding versions of the Phased (Apportioned Metering) Terms, Phased (Single Metering) Terms, Private Network Terms and Unincorporated Joint Ventures Terms, which will be published shortly.

[5] Further reforms to the CfD scheme for AR7: government response to policy proposals (published July 2025 - accessible webpage) - GOV.UK

Policy context

On 15 July, the government confirmed its decision to implement its proposal to relax eligibility requirements to allow fixed-bottom offshore wind projects to apply for a CfD while awaiting full planning consent.

Applicable Planning Consents and planning terminology

To date, the CfD scheme has required applicants to secure full planning consent prior to entering an allocation round, and to provide copies of all Applicable Planning Consents for the relevant works.

The requirement for Applicable Planning Consents is set out in Regulation 23 of the Contracts for Difference (Allocation) Regulations 2014, which mandates that applicants must submit evidence of all necessary consents at the time of application. The term “Applicable Planning Consents” is defined in Regulation 24(1) as including any planning permission, development consent order, or other statutory authorisation required for the construction or operation of the generating station. The type of planning consent required depends on the capacity, location and nature of the project. In particular:

- Development Consent Orders (DCOs) are required for Nationally Significant Infrastructure Projects (NSIPs) in England and Wales.
- Section 36 Consents under the Electricity Act 1989 are required for generating stations in Scotland and for offshore generating stations below the NSIP threshold.
- Marine Licences under the Marine and Coastal Access Act 2009 are necessary for offshore infrastructure that affects the seabed or marine environment.

Demonstrating sufficient progress in the planning system

It is important that only sufficiently advanced projects are able to enter the round, to achieve an appropriate balance between improving competition and mitigating non-delivery risk. We are therefore introducing the following eligibility threshold for fixed-bottom offshore wind:

By the CfD application deadline, and in relation to the eligible generating station only[6]*, 12 months should have passed since:*

1. *projects in England and Wales had their application for a Development Consent Order (DCO) accepted for examination by the Planning Inspectorate.*
2. *projects in Scotland applied to the Scottish Ministers for any required section 36 consent and marine licence(s), and public consultation commenced.*

[6] The status of other applicable planning consents will be checked during the CfD application process.

Applicants will be required to demonstrate that they have met the appropriate threshold, and to submit copies of all planning applications for other applicable consents (i.e. consents other than those concerning the eligible generating station) that remain outstanding as of the CfD application date. In addition, applicants must provide a directors' declaration confirming that none of the submitted planning applications have been refused as of the CfD application date. These changes will be inserted into and reflected in the Contract Allocation Framework.

Reflecting different planning jurisdictions

Terms such as "planning," "judicial review (JR)," "legal challenge," and similar expressions used throughout this response document are intended to be understood in a broad and general sense. They are used for ease of reference and are not intended to carry technical or jurisdiction-specific definitions. Their use is meant to encompass the various legal and procedural frameworks that apply across the different planning jurisdictions within Great Britain.

However, the government recognises the specific differences in planning systems in Scotland, wherein appeals and legal challenge mechanisms differ from those in England and Wales. In particular, the Scottish planning framework includes statutory appeal rights under the Regulatory Reform (Scotland) Act 2014, which allow aggrieved parties to challenge decisions of the Scottish Ministers in relation to consents for generating stations. These statutory appeals are distinct from judicial review and are subject to a six-week time limit. Similarly, marine licence decisions made by Scottish Ministers may also be subject to appeal under Section 3A of the Marine (Scotland) Act 2010.

To ensure clarity and consistency across jurisdictions, a definition of "Relevant Court Proceedings" will be introduced into the Standard Terms and Conditions, which means a judicial review or a statutory appeal in relation to the grant or refusal of any Relevant Applicable Planning Consents. As such, the defined term "Judicial Window" will be used in place of "JR Window" to reflect the applicable time limits for initiating legal proceedings, whether by way of judicial review or statutory appeal, and is intended to capture the relevant challenge periods across all GB planning systems.

This approach ensures that the contract appropriately reflects the legal and procedural nuances of the country's planning systems, while maintaining a consistent and fair basis for assessing project eligibility and risk across GB.

Government response

Refusal of planning consent during the CfD allocation process

Proposals

In the consultation document published on 27 May, the government said that it does not believe it would be right for projects whose planning applications are refused to participate in an auction, given the risk that this could displace a more viable project. The government also said that projects should withdraw from the allocation round if their planning applications are refused after they have submitted a CfD application. The consultation invited views on several ideas and suggestions that government was considering to implement these policies.

Question 1 invited views on a proposal to introduce a new eligibility criterion that would disqualify projects from participating in an allocation round if their planning application was refused. **Question 2** asked stakeholders if they agreed with placing a requirement on applicants to notify NESO if their consent has been refused at any stage of the application process before the sealed bid window closes. **Question 3** sought views on the government's 'minded to' proposal to amend the Contract Allocation Framework (CAF) to allow NESO to exclude projects whose consent has been withdrawn and/or to deem such applications to be withdrawn at any stage of the allocation process before the sealed bid window closes.

Summary of consultation responses

We received a total of 21 responses to each of these three consultation questions with the majority supporting the proposals in all cases. A few respondents either did not support or gave a neutral response to Question 1. There were no objections to the proposals in Questions 2 and 3.

A few respondents said these measures were appropriate to ensure the integrity and fairness of the auction, and would mitigate the potential for viable projects to be displaced by projects whose applications for consent had been refused before and during the allocation process. A few respondents said that projects should be allowed to reapply to future auctions, including, for example, if a project has successfully challenged a decision not to grant a consent.

Views were shared on the practical challenges of securing disqualification or an updated consent decision during the allocation round, as well as on the benefits of reducing the administrative burden of managing projects that are unable to proceed because consent has been refused. One respondent noted the possibility that a project might have its application for consent refused after the sealed bid window has closed, potentially allowing it to participate in the auction and take budget from a 'shovel ready' project.

Policy response

The government intends to insert new requirements into the CAF to ensure that projects with refused consent applications are disqualified and/or prevented from entering an auction.

From AR7, developers of unconsented projects will be required to submit to NESO a copy of the planning application for each of their applicable planning consents that are awaiting a consent decision, together with a Directors' declaration confirming that none of the planning applications have been refused as at the CfD application date. Applicants that are unable to

satisfy these requirements will be disqualified by NESO under a new category of 'excluded application' that will be added to Rule 5 of the CAF. Excluded applicants will have the right to request a review or to appeal a non-qualification decision under the existing regulations. A copy of the relevant planning consent/decision notice must be submitted for any consents that have been obtained, in accordance with the current qualification rules.

To prevent an unconsented project entering an auction if any of its required planning consents are refused between submitting a CfD application and closure of the sealed bid window, projects will be required to submit a new Directors' declaration to NESO ahead of the auction confirming that the project is still awaiting planning consent and that none of the applications for required planning consents awaiting a decision have been refused. The CAF will be updated to require a Directors' declaration to be submitted no earlier than 11 working days and no later than 1 working day before the closing date of the sealed bid window (referred to as the 'Submission Closing Date' in the CAF) . Failure to comply or to submit a satisfactory declaration will mean that the application is treated as withdrawn for the purposes of the allocation round, and any bid submitted by the project will not be entered into the auction. NESO will notify the project of this outcome as soon as possible. The project will have no right of appeal as it will be deemed to have withdrawn by default.

As indicated in consultation responses, it is possible that a project could have a planning application refused after it has submitted a strike price bid and while the auction process is underway or has concluded. The government considers the risk of this happening to be very low (as did several respondents) though not absent. Government will be monitoring the progress of the allocation round and will consider appropriate action should this situation arise. To help inform any government action, we intend to introduce a general obligation through the CAF on unconsented applicants to notify NESO if any of their required consents are refused after the sealed bid window has closed. We will also ask NESO to share relevant anonymised data on refused projects with the department through a formal request for information issued in accordance with CfD regulations.

Transition from the application/allocation stage to contract stage

Proposals

Question 4 sought views on the government's 'minded to' proposal to create a new Initial Condition Precedent (ICP) requiring unconsented projects to confirm their consented status to LCCC shortly after signing a CfD contract. ICPs are conditions that new CfD generators must satisfy for the contract to take full effect. The new ICP would enable LCCC to apply the appropriate contract provisions and to be made aware of any planning-related circumstances affecting an unconsented OFW project at the earliest opportunity.

Summary of consultation responses

The majority of respondents agreed with this proposal. A minority either disagreed or submitted a neutral or no response. A few respondents sought an adjustment to the ICP to accommodate a situation where multiple unconsented projects have submitted a joint consent application and this consent has been refused. The proposed adjustment would allow the ICP to be fulfilled if it can be demonstrated that either the generator or the other applicant party, being a different CfD generator, are pursuing any Relevant Court Proceedings (e.g. JR) against a decision not to grant the joint planning application.

One respondent argued that the ICP should be extended to consented projects that are within the statutory period during which an application for JR could be made against their consent, i.e. at 'at risk of any Relevant Court Proceedings'. The respondent argued that consented projects at JR risk should be able to access the same proposed contractual and milestone flexibilities as unconsented projects. The respondent maintained that the government's current proposal creates a 'two-tier system' before the sealed bid window opens, in which an unconsented project can participate in the allocation round knowing that it will be able to access time relief under the new proposed MDD flexibility, while a consented project, whether the consent decision is still within the applicable JR window or already subject to a JR, cannot.

Policy response

The government intends to introduce the new ICP as proposed in the consultation. We do not agree with the suggestion to allow the ICP to be fulfilled either by the generator or another party where a JR or legal challenge is being pursued against a decision not to grant a joint planning application. Each generator is separately responsible for satisfying its own contractual obligations and so it would be problematic in terms of accountability to allow another party to fulfil a generator's obligations. We have therefore decided not to accept this suggestion.

The government notes the concerns expressed about the potential for its proposals to create a 'two-tier system' in relation to consented projects at risk of any Relevant Court Proceedings, such as JR. The same concern about ensuring fairness between unconsented and consented projects competing in the same auction pot was raised by several respondents in the context of other consultation questions.

The government agrees with the arguments put forward and intends to adjust its proposals to enable consented offshore wind projects to access time relief to address JR/legal challenge risk. The government has considered how best to achieve this and has decided to create a new specific flexibility for consented projects within the MDD definition rather than to extend the ICP to cover this situation. Corresponding adjustments will be made to allow for time relief to be granted to the TCW and Longstop Date, subject to a consented generator making a case to LCCC to justify granting relief at a later stage.

Possible delay scenarios and risks that unconsented projects could encounter

Considerations

The consultation suggested that the planning-related delays that unconsented OFW projects are most likely to face are delayed consent decisions, JR delay and refusal of consent. The consultation also acknowledged that projects may have to adapt to planning conditions. **Question 5** asked stakeholders whether they agree.

Summary of consultation responses

The majority of respondents agreed that the scenarios outlined in the consultation are the most likely forms of delay that an unconsented OFW project could experience due to planning delays. A few respondents suggested that generators should be able to seek relief from other planning delays, including planning conditions that might require additional work to be carried out, and to accommodate changes to the design, configuration and layout of a plant as it progresses through the planning system. A few respondents mentioned the elevated risk of

delay to offshore wind projects generally from delays in network operators obtaining planning consent for grid reinforcement work. They enquired whether the contract terms currently allow for the impacts of this risk to be mitigated, and if not, that government should consider extending the CfD scheme to cover them.

Policy response

The government notes that the majority of respondents agreed with the planning delay scenarios outlined in the consultation. The government intends to construct its measures to enable unconsented OFW projects to participate in the CfD process around these scenarios.

The government acknowledges delays resulting from the different types of appeals across GB planning systems and have made changes to ensure the contract appropriately reflects the different processes. For more information on how amendments to the Standard Terms and Conditions reflect this, please see the policy response to question 6 below.

We note the suggestion from some respondents to broaden the scope to address a wider range of delay scenarios and risks, but we consider that we have identified the correct scenarios to target in order to achieve the policy objective. The government recognises that unconsented projects may experience the other types of delays outlined by respondents, but believes that these reflect normal business risks which generators should address.

The government believes that the contract terms provide a high level of protection for projects that experience grid connection delays. Projects may be able to access other forms of contract relief to mitigate the knock-on effects of delays caused by other parties. The government cannot comment on specific cases and access to relief for delays caused by planning-related grid issues would depend on the individual circumstances of each case.

New contract definitions

Proposals

Question 6 sought views on several proposed new definitions to be added to the CfD Standard Terms and Conditions to support implementation of the policy to relax planning eligibility requirements for fixed-bottom offshore wind projects.

Summary of consultation responses

The majority of respondents agreed with the proposed definitions. A minority of respondents disagreed and suggested amendments to several definitions. A few respondents sought clarification that the definitions reflect the Scottish planning system.

Of those who disagreed with some or all of the proposed definitions, the most common request was to broaden the scope of the definition of ‘Relevant Planning Restriction’ beyond capacity adjustments to include other planning conditions that could delay project schedules, e.g. the need to address impacts on bird or animal species. A few respondents suggested that the definitions, in particular the definition of ‘Unconsented Project’, should take account of the situation where a project has obtained planning consent and is within the statutory timeframe during which the consent can be judicially reviewed.

Drafting changes were suggested to several definitions. One such suggestion was that the term ‘unviable’ in the definition of ‘Relevant Planning Restriction’, as it relates to the effects of a

planning restriction on the installed capacity estimate, should be qualified by a reasonableness test. Another suggestion was to amend the 'RPR Response Notice' to oblige LCCC to give reasons if they are not satisfied that a Relevant Planning Restriction has been imposed or does not agree with the Generator's proposed changes to enable the Generator to use the Dispute Resolution Procedure.

Policy response

The government intends to implement the definitions proposed in this section of the consultation with some minor adjustments. All definitions, whether discussed under Question 6 or elsewhere in the consultation, will be reviewed and amended as appropriate to ensure that they adequately accommodate the Scottish planning system and terminology. Particularly, in response to respondents' views and to ensure the contract appropriately reflects the legal and procedural differences across the GB planning system, the government will introduce a new definition – "Relevant Court Proceedings". This term will encapsulate different types of appeals beyond judicial review, such as statutory appeals relevant to the Scottish planning system. "Judicial Window" will also be introduced to account for the applicable time limits for initiating legal proceedings in the different planning systems across GB.

We agree that consented offshore wind projects whose consents fall within the statutory timeframe during which any Relevant Court Proceedings may be brought should be given specific relief for such delays within the contract so that they can compete on a level playing field with unconsented OFW projects. We have set out our position on this elsewhere in this government response.

For the reasons given in our response to Question 5, we do not consider it necessary to extend the scope of the definition of 'Relevant Planning Restriction' to include other types of planning conditions that could cause project delay.

We have also considered the suggested drafting amendments to the definitions of 'Relevant Planning Restriction' and 'RPR Response Notice'. We do not consider that these changes are necessary. The extent to which a planning restriction renders the installed capacity estimate of an impacted project unviable will be the subject of discussion between the Generator and LCCC if a Relevant Planning Restriction is triggered. Similarly, we would expect LCCC and the Generator to explain their respective positions, including areas of disagreement, through normal counterparty engagement within the contractual relationship. As such, we do not consider it necessary to place a contractual obligation on LCCC to give reasons if they are not satisfied that a Relevant Planning Restriction has been imposed or does not agree with the Generator's proposed changes to enable them to use the Dispute Resolution Procedure.

Amendments to the CfD contract terms

Amendments to the Milestone Delivery Date definition

Proposals

The government noted in the 27 May consultation that although the current Force Majeure (FM) provisions in the contract offer a high level of protection against project delays caused by circumstances outside a generator's control, there was some uncertainty that a particular delay would come within the scope of FM. The government suggested potential contract amendments to allow LCCC to grant an extension to the Milestone Delivery Date (MDD) of

generators impacted by certain planning-related delays. It further suggested that the generator could be required to progress their planning application, with reasonable diligence and in accordance with the Reasonable and Prudent Standard, as a condition of being able to access an MDD extension.

Summary of consultation responses

Question 7 sought views on whether the existing Force Majeure (FM) provisions in the CfD contract would offer adequate protection to unconsented OFW projects that experience the planning-related delays described in the consultation. The majority of respondents considered the existing FM provisions in the CfD contract to be inadequate. Several respondents noted that the current FM terms are difficult to invoke due to narrow interpretations and a lack of precedent. A few respondents highlighted that delays in securing planning consent or resolving JRs are increasingly common and largely outside their control. These delays are often deemed foreseeable and therefore not covered under the existing FM provisions.

Many respondents supported amendments to the CfD contract to address these concerns (rather than through FM provisions). There was strong backing for changes to the definitions of MDD, Target Commissioning Window (TCW), and Longstop Date to allow day-for-day extensions for consent-related delays. A few respondents suggested the addition of a new FM clause (e.g., limb D) to clarify applicability as an alternative to amending the three milestones. A few respondents argued that relief from penalties should be available where delays render an unconsented project undeliverable through no fault of the developer. They called for more equitable treatment of both consented and unconsented projects to ensure a level playing field.

Question 8 invited stakeholder views on amending the definition of ‘Milestone Delivery Date’ for unconsented OFW projects affected by planning delays as outlined in the consultation. The majority of respondents supported amending the definition of the MDD to allow day-for-day extensions for unconsented projects affected by planning delays or Relevant Court Proceedings. This change was viewed as a way to reduce risk, improve certainty, and support the viability of such projects.

A few respondents raised concerns regarding fair competition being undermined by the additional flexibilities being proposed for unconsented projects. Concerns were raised that unequal treatment between consented and unconsented projects would distort the level playing field. Where flexibility was supported, it was often conditional. These respondents suggested that any amendments should be time-limited, based on demonstrable progress, and structured clearly within the contract. It was also recommended to exclude FM provisions to avoid ambiguity and proposed that LCCC should monitor delays to ensure they are genuinely outside the generator’s control.

One respondent also raised how, without a backstop limitation, there is a risk of indefinite slippage, hindering effective deployment and raising issues of fairness. They felt that extending the MDD could also delay Final Investment Decisions, increasing exposure to market volatility and supply chain risks, especially for unconsented projects with limited early engagement. It was suggested that these risks threaten project viability and underscore concerns about allowing less developed projects into the CfD process. While some flexibility may be necessary, it must be tightly controlled. If this cannot be done effectively, maintaining the current eligibility rules was seen as the better option to preserve the integrity and objectives of the CfD scheme.

Question 9 sought views regarding the illustrative drafting of limb (D), namely, whether it would be appropriate to place an obligation on an unconsented generator to progress their

planning application as a condition of being able to access an extension to their MDD for a planning delay. The majority of respondents agreed that it would be appropriate to require unconsented generators to actively progress their planning applications as a condition for accessing MDD extensions due to planning delays. This was seen as essential to prevent misuse of the extension mechanism and to ensure only serious, well-advanced projects benefit. One respondent stated that developers often have limited ability to influence the planning process once an application is submitted.

A few respondents noted that the current drafting of limb (D) is too narrow and should be expanded to include delays related to grid delays, procedural delays or planning conditions/restrictions. A few respondents highlighted regional disparities – particularly in Scotland, where the absence of statutory timelines could disadvantage projects – and suggested that planning delays may be better addressed through mechanisms outside of traditional Force Majeure provisions.

Policy response

The government notes the mixed response from stakeholders regarding the adequacy of the Force Majeure (FM) provisions as the sole means of addressing planning delays that impact unconsented OFW projects. The government maintains that the FM offers a high level of protection to projects for delays caused by circumstances outside their control but concludes that additional measures are needed to give unconsented OFW projects the confidence to participate fully in the CfD process in line with government policy. The government therefore intends to implement the changes to the Milestone Delivery Date definition as set out in the consultation, i.e. to allow LCCC to give unconsented OFW projects, as well as consented projects at risk of any Relevant Court Proceedings, more time to cope with planning-related delays affecting their projects.

The government also acknowledges the level of support for placing an obligation on unconsented generators to progress their planning applications as a condition of accessing an MDD time extension. However, the government's own assessment, as also noted by one of the respondents, is that developers have little control or influence over decisions or timeframes within the planning system once they have submitted a planning application. The government therefore considers that it would be unfair, and potentially counterproductive, to place such an obligation on unconsented OFW projects and has decided not to do so.

Amendments to the Target Commissioning Window and Longstop Date

Proposals

The consultation discussed the inter-relationship between the MDD, Target Commissioning Window (TCW) and Longstop Date and indicated that government was also open to considering amendments to the TCW and Longstop Date definitions, in addition to the MDD, to allow these milestones to be extended for unconsented OFW projects to account for planning-related delays. **Question 10** invited views on this proposal.

Summary of consultation responses

The majority of respondents agreed that LCCC should have the power to extend the TCW and Longstop Date in addition to the MDD for planning-related delays. A few disagreed, were neutral or did not respond. Those who supported this proposal acknowledged that planning delays could affect the later milestones as well as the MDD, and that the ability for projects to obtain consequential extensions to later milestones may be necessary to avoid the risk of

contract termination. A few respondents suggested that the TCW and Longstop Date should be extended by the same number of days as the MDD extension while others advocated a more flexible approach in that these milestones should be extended commensurate with the required delay.

A few of those who opposed the proposal believe that allowing the TCW and Longstop Date to be extended risks encouraging speculative bids from projects that may win out over consented projects and not deliver by 2030. Another said that OFW projects competing in the same auction and in the same pot should be bound to the same rules and be required to deliver to consistent timelines. Concern was expressed that extending other milestones for unconsented projects could create an unlevel playing field in the auction, especially in relation to recently-consented OFW projects who would be at a disadvantage due to having no protection from planning-related risks from Relevant Court Proceedings.

Policy response

The government intends to amend these contract definitions to allow LCCC to extend the TCW and Longstop Date in circumstances where an extension to the MDD has been granted due to planning-related delays. This will ensure delays to planning decisions that are outside of the developer's control, and may have consequential impacts on subsequent project milestones, can be mitigated. In such cases, the TCW and Longstop Date may be extended by a period commensurate with the delay to these milestones. LCCC will retain discretion to assess the merits of each case, ensuring that any extensions granted are appropriate and proportionate.

LCCC's discretion to extend the TCW and Longstop Date will also apply to consented OFW projects whose consents are at risk of any Relevant Court Proceedings, such as JR/legal challenge.

Interaction between Target Commissioning Date and Milestone relief for unconsented OFW projects

Proposals

Question 11 sought views on the government's proposal to allow unconsented projects, who have elected to meet the Milestone Requirement at the MDD via the Project Commitments route, additional time – up to the Target Commissioning date (TCD), plus the duration of any planning-related MDD delay – to order or finalise a supply agreement for Material Equipment.

Summary of consultation responses

The majority of respondents agreed with the proposal. However, a few respondents argued that the proposal was either overly generous to unconsented projects or would mean that unconsented and consented projects are not competing on a level playing field. One respondent suggested the extension should also apply where a project elects to meet a Milestone Requirement by evidencing 10% of project spend instead of the Project Commitments route because lenders will not advance project funding for either route without the final planning determination.

Policy response

The government notes the support for this proposal. However, following further consultation with the LCCC, the government is satisfied that the existing contract drafting gives generators affected by planning delays sufficient flexibility to fulfil a Milestone Requirement using the Project Commitments route if that is their preference. Consequently, the government has decided not to proceed with the proposed contract change.

The CfD Agreement[7] currently requires that where an offshore wind generator chooses to follow the Project Commitments route, it must provide documentary evidence to LCCC showing that it has entered into an agreement, or placed a binding purchase order, for the supply and/or installation of material equipment. The contract defines "Material Equipment" in respect of offshore wind generators as follows:

""Material Equipment" means such equipment, which, acting in accordance with a Reasonable and Prudent Standard, the Generator could reasonably be expected to have ordered and/or concluded a supply agreement in respect of in accordance with the Target Commissioning Date, and in any event, such equipment shall include wind turbines."

The government considers that where a generator has been granted an extension to its MDD for a planning-related delay, it may be able to demonstrate to the LCCC that it could not reasonably have been expected to have ordered and/or concluded a supply agreement in respect of material equipment in accordance with its Target Commissioning Date. A decision to grant flexibility would rest with the LCCC, who would take into consideration whether the generator had acted in accordance with a Reasonable and Prudent Standard as required by the contract. This is in accordance with how any delay to the MDD is currently managed under the CfD.

Contract termination where planning consent is refused

Proposal

The consultation argued that a project would be unable to progress to construction and commissioning without planning consent and would eventually face contract termination for non-delivery when it reached its MDD. Allowing a generator to obtain time relief if planning consent is refused would serve no useful purpose, except possibly where the generator has chosen to commence legal proceedings within the statutory timeframe for challenging a planning authority's decision to refuse the grant of consent.

Summary of consultation responses

Question 12 invited views on the government's 'minded to' proposal to create a new right for LCCC to terminate projects whose planning consent is refused. Nearly all of the respondents who answered this question agreed with this proposal. One respondent indicated a neutral stance.

Question 13 asked whether the termination right should take effect (a) once a planning consent is refused (b) once any court proceedings have concluded, or (c) in the event that court proceedings quash a planning authority's decision to refuse a planning application, until any action ordered by a court has been completed.

[7] CfD Agreement: Annex 5 (Project Commitments), Part B: Technology Specific Project Commitments; Section 9 Offshore Wind

The majority of respondents supported option (c) – that the termination right should only take effect once all court proceedings have concluded and any court-ordered actions have been completed. This was seen as the fairest and most logical approach, ensuring that projects are not prematurely terminated due to planning decisions that may later be overturned through the courts.

Fewer respondents supported option (b), where termination would occur once court proceedings have concluded, but without waiting for any subsequent actions ordered by the court. This was viewed as a balanced approach that allows legal processes to run their course while avoiding indefinite delays.

The fewest respondents supported option (a) – termination upon initial refusal of planning consent – and even then, typically with caveats (e.g. only if the developer does not appeal). These respondents emphasised the need to avoid prolonging uncertainty but acknowledged that premature termination could be unfair if the refusal is later overturned.

Some responses suggested hybrid approaches, such as allowing termination under (a) or (b) only if no appeal is pursued, or if the appeal is unsuccessful. Overall, there was a clear preference for allowing legal processes to conclude before terminating a CfD – option (c) - to protect viable projects and maintain investor confidence. One respondent suggested that the Non-Delivery Disincentive (NDD) should not apply to projects whose contracts are terminated because their planning application is refused.

Policy response

The government intends to create a new right for LCCC to terminate projects whose planning consent is refused or quashed and no further legal challenge is available, including projects that were previously consented, and to adopt option (c). We have decided not to implement a hybrid approach as this could be complex for generators to use and LCCC to administer.

The government notes the suggestion that the NDD should not apply to projects that are refused planning consent. This would require a change to regulations. As the 27 May consultation document clarified, this is not possible within the AR7 timeframe (opening to applications in August 2025). Therefore, the NDD will apply to any AR7 project whose contract is terminated under this new termination right and any projects so terminated would be excluded from participating in the next two allocation rounds for which they are eligible. Whether to accept early termination or pursue a legal challenge against a decision to refuse a planning application will be a decision for the generator.

Milestone Requirement for applicable planning consents

Proposals

The consultation suggested that an unconsented OFW developer is unlikely to be able to take a Final Investment Decision, necessary to fulfil a Milestone Requirement at MDD, without first having obtained its relevant planning consents or in circumstances where any of their required consents are either subject to a legal challenge or have been refused. The government indicated that it was minded to introduce a new Milestone Requirement obliging a project that entered an allocation round as an unconsented project to provide evidence to LCCC that it has obtained all of the required planning consents and that the consents remain in force following any legal challenge against them. Views were sought on illustrative contract drafting published in the Standard Terms and Conditions alongside the consultation document.

Summary of consultation responses

Question 14 sought views on the 'minded to' proposal to create a new Milestone Requirement for unconsented OFW projects. The majority of the respondents agreed, stating that it sets expectations for developers that definitive consent must be received before a project proceeds and it will help distinguish credible entrants from speculative bids. One developer suggested that this proposed new provision should also apply to consented projects whose planning consents are at risk of Relevant Court Proceedings, e.g. JR.

Question 15 asked stakeholders whether they agreed with the proposed drafting of the new Milestone Requirement. The majority of respondents agreed. Several respondents proposed clarifying sub-clause (iii), noting that it is currently difficult for generators to disprove disqualification for delays related to planning consent or legal challenges against their consents, particularly given the unpredictability of third-party challenges. It was suggested that the clause be reworded in the negative to clearly state that no extension will be granted where delays result from the generator's failure to act prudently. Others highlighted that the current drafting does not account for situations where a refusal is successfully quashed and a new decision is pending, and recommended that relief should still apply in such cases. There was also a call for clearer drafting in clause (D)(i) to specify when relief is triggered, and for minor amendments to ensure certificates can confirm that consent has been granted.

Policy response

The government intends to implement the new proposed Milestone Requirement as drafted in the consultation. This will require that all applicable planning consents are secured before a project can proceed to construction under contract, guaranteeing that only credible, deliverable projects remain within the CfD scheme.

In response to the suggestion that clause (D) is unclear, the government maintains that the drafting is clear in setting out the circumstances under which a generator may be entitled to an extension to the Milestone Delivery Date. Specifically, clause (D) distinguishes between delays due to the non-grant of a Relevant Applicable Planning Consent and those arising from Relevant Court Proceedings whilst also setting clear boundaries around when such delays are eligible for relief. Relief is only available where delays are outside the generator's control and where the generator has acted within reasonable diligence. As such, we consider the existing wording to be sufficiently clear and fit for purpose.

The government does not support the proposed amendment to include relief for quashed planning consents within the Milestone Requirement. As set out in the consultation, the policy intent is to ensure that only projects with fully secured planning consents – i.e. not subject to relevant court proceedings or quashed – can satisfy the Milestone Requirement. Allowing relief in cases where consent has been quashed would undermine the Milestone Requirement's aim of demonstrating preparedness and that Applicable Planning Consents have been successfully finalised.

Associated information requirements

Proposals

The consultation suggested that LCCC would need specific information requirements to support the efficient and effective operation of new contract changes in respect of unconsented OFW projects. This might include information to help LCCC determine when any extension

granted to the MDD can be closed or may need to be further extended. The government outlined several proposed new information requirements along with illustrative contract drafting, and sought stakeholder feedback on these in **Question 16**.

Summary of consultation responses

The majority of respondents agreed with this proposal, with some commenting that it would facilitate effective contract management by LCCC. A minority of respondents either disagreed, were neutral or did not respond. One respondent suggested that the proposed new information requirement at Condition 32.1(M) should also require a generator to provide an update to LCCC on any applications for JR in respect of the refusal of the generator's planning consent.

Policy response

The government intends to implement the new information requirement at Condition 32.1(M) as proposed in the consultation. The government agrees with the suggested addition to Condition 32.1(M) and will incorporate this into the final draft of the AR7 contract terms.

Adapting projects to accommodate planning conditions

Proposals

The consultation document outlined that, compared to consented projects, unconsented OFW projects will not have had an opportunity to reflect any planning conditions in the scope of their CfD application, including the capacity which they intend to commission if awarded a contract, before applying for a CfD. Use of the Permitted Reduction right, which gives a CfD generator the discretion to reduce their contracted capacity by up to 25% before the MDD, was identified as one existing provision that unconsented projects could use to accommodate any planning conditions that may require the project's capacity to be reduced after contract award. However, the consultation argued that there is a case to provide new flexibility for unconsented projects and proposed illustrative contract drafting to achieve this.

Summary of consultation responses

Question 17 sought views on whether unconsented projects should use their existing Permitted Reduction rights to accommodate an adjustment to their contracted capacity to comply with planning conditions. There was no overall majority in favour or against, with slightly more respondents arguing that unconsented projects should not have to rely on using the Permitted Reduction flexibility. Approximately one-third of those who replied to this question submitted a neutral response.

Respondents who supported the idea that unconsented projects should rely on the Permitted Reduction flexibility, argued that a capacity reduction of greater than 25% through the planning system was unlikely or would be unusual. They believe that the existing Permitted Reduction and Final Installed Capacity flexibilities together are sufficient to accommodate a capacity reduction imposed through a planning restriction. Other reasons given were that permitted reduction rights for both consented and unconsented projects should be the same (level playing field) and that capacity reduction resulting from planning decisions is a normal business risk that unconsented projects should be deemed to have accepted by deciding to bid for a CfD.

Among the respondents who were against requiring projects to rely on Permitted Reduction, a few argued that a separate mechanism was necessary to level the playing field with consented projects or that not to do so would create an arbitrary distinction between the two categories of project.

Question 18 sought views on whether the government should make specific provision in the contract – referred to as a 'Relevant Planning Restriction' - to allow unconsented projects to accommodate essential capacity reduction where needed to comply with planning conditions.

The majority of respondents agreed that government should make new provisions with a few respondents saying that it best reflects the allocation of risk within the contract, that the existing permitted reduction arrangements may be insufficient to prevent projects being terminated for not being able to deliver their minimum contracted capacity and that it would avoid penalising projects for circumstances outside their control.

The respondents who did not support a new flexibility (a minority) reiterated their view that projects should rely on the existing Permitted Reduction rights to accommodate a planning-related capacity reduction. Among the views expressed by these respondents was that unconsented projects have a higher risk of having to make capacity adjustments compared to consented projects, which undermines the case for relaxing planning requirements in the first place. The concern was put forward that introducing additional flexibility to accommodate capacity reductions could encourage higher risk unconsented projects to bid in with higher strike prices and increase the likelihood of project attrition.

Across the responses to Questions 17 and 18, more respondents supported the creation of a new provision to accommodate planning-related capacity reduction than argued that unconsented projects should rely on Permitted Reduction rights.

Question 19 sought views on the illustrative contract drafting for the potential new Relevant Planning Restriction flexibility, and the associated definition, in the draft Standard Terms and Conditions which accompanied the consultation. A majority of respondents shared their views on the proposed drafting. A few respondents suggested that the scope of the Relevant Planning Restriction should be broadened to apply to any planning condition which impacts the project's delivery schedule and not just its capacity. A few respondents said that the foreseeability and the adverse outcome test are unduly onerous as it would be difficult for generators to foresee and mitigate the outcome of such restrictions. Other respondents took the view that projects are likely aware of potential changes and restrictions on their consent whilst going through the planning process, and that the definition and provisions of the new term should reflect this. One respondent argued that unconsented projects should be subject to the same requirements to amend their contracted capacity as consented projects while another suggested that the new flexibility is not required.

Question 20 sought views on whether there are other types of planning conditions that should be accommodated in the contract terms. A majority of respondents either replied in the negative or gave a neutral response. Of those respondents who offered suggestions, the most common was that reasonable adjustments should be made to accommodate conditions which impact a project's construction schedule in addition to those that impact the project's capacity. A few respondents proposed taking account of marine traffic restrictions, seasonal ecological limits and enhanced post-consent monitoring obligations.

Policy response

The government has decided not to require unconsented OFW projects to rely on their Permitted Reduction rights to accommodate capacity adjustments that may be required to comply with planning conditions. Permitted Reduction gives CfD projects the discretion to reduce their contracted capacity by up to 25% before the MDD to accommodate unexpected construction challenges. In contrast, an unconsented project would have no option but to comply with a planning conditions requiring or necessitating a capacity reduction, thereby eroding the ability of a project to use part or all of its discretionary right.

The government intends to implement the new 'Relevant Planning Restriction' as drafted in the consultation proposals, along with the other related terms. We note the suggestions from several respondents for changes to the proposed contract drafting, but on balance, we consider that the drafting set out in the consultation package will deliver the desired policy intent, and this reflects the broad stakeholder support.

As indicated in our response to Question 5, the government does not intend to broaden the scope of the new flexibilities to address a wider range of planning-related delay scenarios and risks beyond capacity reductions imposed through planning conditions. The government will, however, amend the definition of 'Relevant Planning Restriction' to include consented projects, specifically those at risk of any Relevant Court Proceedings. This is because consented projects at risk of Relevant Court Proceedings can still face significant planning risk, such as existing consent being quashed, requiring a new application with different conditions. Even without a JR, consents can be varied post-approval through imposed changes, which may affect the project's capacity. To ensure fairness, the updated definition of 'Relevant Planning Restriction' will capture such consented projects.

Exclusion of Foreseeable Planning Risks for Unconsented Projects

Proposals

The government set out its view that unconsented projects should not be able to receive compensation under change in law provisions in the contract for the grant, refusal, or variation of a planning application as these are foreseeable events. The government is considering inserting an additional limb (M) into the definition of "Foreseeable Change in Law" to exclude compensation in these cases.

Summary of consultation responses

Question 21 sought views on this proposal. A majority of respondents supported or partially supported the proposed amendment while a few respondents submitted a neutral response.

No respondents disagreed that unconsented projects should not be compensated for planning-related delays. However, a few respondents disagreed that variations to planning consents should be expressly disqualified. The reasons they gave were that the consultation proposals only purport to cover scenarios where planning consent is delayed, refused or judicially reviewed by a third party, and not where consent is varied, and because the same disqualification does not apply to consented projects who may continue to benefit from change in law relief in respect of variations to planning consents if they meet the other relevant criteria for a Qualifying Change in Law. These respondents suggested that this proposed exclusion would put unconsented projects at a disadvantage compared to consented projects through different treatment for change in law protection.

A few respondents agreed that the proposed amendment to the definition of Foreseeable Change in Law reflected a fair allocation of risk provided that extensions to contract milestones can be granted and that projects can step out of their contracts without the application of the NDD penalty if a consent decision results in an undeliverable project.

Policy response

The government notes stakeholder concerns regarding the proposed inclusion of variations to planning consents within the scope of the new limb (M) of the Foreseeable Change in Law definition. The government confirms that variations to planning consents will not be captured within the scope of the proposed exclusion. As a matter of legal and procedural clarity, a planning consent cannot be varied unless it has first been granted, and judicial review proceedings cannot result in a variation of a consent. Accordingly, the government considers that there is no justification for treating variations as foreseeable in the context of unconsented projects, nor for excluding them from potential change in law relief.

The government notes the conditional support granted to this proposed contract change by a few respondents provided that projects can step out of their contracts without the application of the NDD penalty if a consent decision results in an undeliverable project. As stated in the 27 May consultation document, and reiterated in our response to Question 13, the NDD will continue to apply to any projects whose contracts are terminated for non-delivery or any reason before the MDD. Projects so terminated would be excluded from participating in the next two allocation rounds for which they are eligible.

Grid connection reform and AR7

Question 22 asked stakeholders to share their thoughts and suggestions on matters or adjustments that the government should take into consideration in the CfD application process and contract provisions to ensure the smooth interaction between the grid connection reforms and the CfD scheme. This followed the announcement by Ofgem in April 2025 of its final decision on grid reform. Many of the responses received to our 27 May consultation were similar to those submitted in response to our February 2025 consultation on a series of wider AR7 reforms.

The majority of respondents expressed concerns about an apparent misalignment and overlap of the NESO connection reforms and AR7 timelines. A few respondents suggested the uncertainty caused by the connection reforms and delayed connection dates may lead to higher strike prices and bids, and highlighted that there is a risk of delivery failure for projects.

A few respondents queried whether current contract provisions such as the grid delay provisions and Force Majeure clause would protect CfD applicants who experience delayed connection dates and may potentially be pushed out of the set delivery years.

A few respondents suggested that an automatic contract extension to all contractual milestones should be applied with indexation of price and no loss of contract term for those who experience delayed connections, stating that the whole contract should move to the delivery year for when the grid connection appears.

Policy response

The government confirms that it is aware of the apparent misalignment between grid connection reforms and timeline for AR7, the issues this can potentially have on AR7 applicants and notes the concerns highlighted by respondents in the consultation.

The government has liaised with NESO and LCCC to ensure that the interaction between the two processes runs as smoothly as possible for AR7. The government understands that both NESO and LCCC will issue guidance on this before AR7 opens in August 2025.

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