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To whom it may concern,

Consultation Response: The Contracts for Difference Clean Industry Bonus – Consultation on regulatory reforms for Allocation Round 8

Scottish Renewables is the voice of Scotland's renewable energy industry. Our vision is for Scotland leading the world in renewable energy. We work to grow Scotland's renewable energy sector and sustain its position at the forefront of the global clean energy industry. We represent over 360 organisations that deliver investment, jobs, social benefits and reduce the carbon emissions which cause climate change.

Our members work across all renewable energy technologies, in Scotland, the UK, Europe and around the world. In representing them, we aim to lead and inform the debate on how the growth of renewable energy can help sustainably heat and power Scotland's homes and businesses.

Scottish Renewables welcomes the opportunity to provide feedback on the UK Government's proposals to introduce reforms to the Clean Industry Bonus (CIB) ahead of Allocation Round 8 (AR8) of the Contracts for Difference (CfD) scheme.

The intentions of the key reforms proposed in this consultation, namely to improve workforce protection, increase investment in skills development and support supply chain development beyond offshore wind, are all objectives that Scottish Renewables fully supports. In delivering on these objectives, we support the development of a fair work charter that builds on existing initiatives, recognising the work already being undertaken by devolved administrations, such as the Scottish Government's Fair Work First policy. Similarly, Scottish Renewables would warmly welcome measures that further contribute to skills development beyond the considerable investments already being made by government, regional bodies, and individual developers and suppliers. With more than 10GW of onshore wind already deployed in Scotland and an ambition to deploy a further 10GW by 2030, Scottish Renewables would also welcome measures which help maximise the benefits of this deployment to domestic suppliers.

However, while the intentions of the proposed reforms are welcome, we have significant concerns regarding the CIB's ability to deliver on them, particularly within the proposed timelines. The overriding

priority for the industry, both developers and suppliers, is that AR8 is held without delay and auctions return to a predictable annual schedule. For many of the proposed reforms, we do not believe it will be possible to develop them in time, and that rushing their development could hinder stakeholder engagement and the ultimate success of any policy changes. Our core recommendation to UK Government is therefore to reassess whether the CIB is the appropriate mechanism for delivering on the proposed policy objectives and, where reforms to the CIB are taken forward, to take the time necessary to ensure reforms are well designed and implemented, coordinating with devolved administrations to ensure alignment with existing initiatives.

A summary of our response to the three key consultation proposals is provided below with detailed answers to the consultation questions included in the attached annex.

Workforce protection

Scottish Renewables fully supports the development of an offshore wind fair work charter. However, we do not believe the CIB is an appropriate mechanism for incentivising developers and suppliers to engage with the development of the charter. The requirements that would be put on developers and suppliers to engage with the development of the charter and the penalties that would be imposed on them if commitments are not met are both poorly defined, and it is unclear how they would incentivise meaningful engagement with the development of a charter. Furthermore, tying the development of the fair work charter to the CIB will likely hinder the negotiation process, which could limit the scope for developing a charter which meaningfully improves workforce protections.

Encouraging investment in skills through the CIB

Member feedback regarding the proposed options for encouraging skills investment through the CIB has been mixed, with preferences expressed for both option 1 and option 2. In principle, we see value in developing an industry-level approach under option 1. However, it remains unclear how appropriate governance and monitoring frameworks would be established to ensure that funds are fairly allocated across regional priorities. Given these concerns, we are currently inclined to favour option 2, which would allow developers to continue delivering tangible local benefits in line with project-specific workforce needs. However, more time would be needed to develop either option before introducing a skills criterion to the CIB. DESNZ should therefore target AR9 at the earliest for implementation, ensuring any new requirements introduced under a skills criterion are practical, measurable and designed to complement existing commitments.

Expanding the CIB to onshore wind

Scottish Renewables welcomes the Government's intention to support the onshore wind supply chain. However, implementing this through the CIB will pose challenges due to fundamental differences between the onshore and offshore wind supply chains. Introducing onshore wind to the CIB would therefore require a tailored approach to avoid distorting procurement decisions and undermining

project viability. Given the limited timeframe before AR8, the CIB should not be expanded to onshore wind before AR9 to allow sufficient time for design and effective implementation.

Scottish Renewables would be keen to engage further on the development of the CIB and would be happy to discuss our response in more detail.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Andrew MacNish Porter', with a stylized, flowing script.

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Annex: Responses to consultation questions

Workforce protection

1. Do you agree with the government's proposal to strengthen workforce protection in offshore wind through the CIB in AR8?

Scottish Renewables fully supports the development of a fair work charter. However, we do not consider the CIB to be an appropriate mechanism for introducing sector-wide reform to workforce protection. Our primary concern is that introducing further criteria targeting the inherently subjective area of 'fair work' risks unnecessarily increasing the complexity of the CIB, particularly as some obligations would fall on suppliers rather than developers.

The offshore wind industry has a strong track record of championing fair work, and it is unclear to what extent existing workforce representation and protection arrangements have informed the development of the consultation proposals. We seek greater clarity on the specific issues the government aims to address through the charter and the outcomes it aims to achieve. The government should be clear about how the charter will provide additional benefits to the industry initiatives already in place to promote high workforce standards.

Currently, the UK Government is developing new legislation as part of its efforts to reform workforce protection in the UK through the Employment Rights Bill. It would be premature to seek fair work charter commitments before the bill has gained Royal Assent, as the sector should first have clarity on the legal requirements it will introduce and how these will affect workforce standards in the UK. Industry is not opposed in principle to engaging in preliminary discussions on a fair work charter. However, it should be ensured that a fair work charter provides additional benefits to this new key legislation.

The Clean Energy Workforce Strategy is due to be published in Autumn 2025 and is expected to outline key workforce priorities; this should inform the content and scope of a fair work charter. Additionally, Scotland already operates under the Fair Work First principles. Any UK-wide fair work charter must align with devolved frameworks and avoid duplicating policy or creating inconsistencies.

There is a lack of clarity as to whether specific projects would be committing to the fair work charter discussions or whether commitments are to be made by developers. Implementing these protections and standards on projects would pose significant challenges, especially for joint ventures. These project companies often have several owners, of which only one or two may be active developers of offshore wind projects, and other owners could be financial institutions that have minority stakes and

are unlikely to be willing (or relevant) to be signatories to the charter. Additionally, for commercial reasons, project owners often do not publicly disclose whether they intend to participate in an upcoming CfD auction. If projects were required to publicly commit to discussions on the fair work charter, it would indicate their intention to participate in the upcoming allocation round, which could have implications for auction competition.

The responsibility for committing to fair work charter discussions should therefore rest with the developer or supplier across all their projects and not be a requirement for the individual project that is applying for a CIB/CfD. However, the CIB operates at the project level, not the developer level, which could significantly limit its ability to drive systematic change across organisations and cause significant unintended challenges.

Most jobs in the clean energy sector are within the supply chain. Requiring developers to commit to the fair work charter as a prerequisite for the CfD and face penalties for non-delivery could inadvertently harm projects and potentially compromise project delivery, particularly if the fair work charter is applied to individual projects rather than to developers. A requirement to engage in discussions on a fair work charter could be implemented as a condition within the Initial Conditions Precedent (ICP) process to prevent exposing developers and suppliers to punitive disincentives for non-delivery and the risk of unintended consequences that this would carry.

The fair work charter will involve negotiations where some aspects may be challenging for developers to fulfil. Developers usually contract employees rather than hire staff, which means they cannot commit to delivering on providing a living wage or job security without supply chain cooperation. Close engagement with the supply chain will be necessary if measures to strengthen workforce protection through the CIB are to be implemented. However, the CIB is unlikely to extend beyond Tier 1 suppliers and may therefore have limited influence on the broader workforce.

Introducing mandatory workforce commitments might, if overly stringent, have the opposite intended impact by discouraging international investors and the development of local supply chains, limiting divestment flexibility and impacting project financing strategies. Given the results of the initial CIB allocation are still unknown and its implementation is still being tested, we believe it is premature to expand its scope before properly learning from its initial use. As such, we recommend that the process to develop a fair work charter is not tied to the AR8 process.

2. Do you agree that the proposed approach for AR8 and AR9 would effectively support the charter's creation and adoption?

Scottish Renewables does not view the CIB as the most effective or appropriate mechanism to encourage developer sign-up to a fair work charter. However, if the development of a fair work charter is to be tied to the CIB, phasing the development of the charter across allocation rounds could aid the negotiation process and allow the government, industry and unions to better achieve a long-term solution. However, implementing the fair work charter for AR9 would create an arbitrary deadline that risks creating an imbalance in the charter discussions by rushing the process, which is likely to lead to

a suboptimal outcome for the charter. Furthermore, tying the fair work charter to AR8 risks leading to conservative behaviour in discussions, as developers may seek to minimise risk for the round rather than engage in open, transparent and ambitious discussions. Because of this, we do not believe that compressing the discussions by tying the development of the charter to specific allocation rounds will be beneficial for its development.

If the development of the charter is to be tied to upcoming allocation rounds, we propose that DESNZ does not finalise their plans for AR9 on this criterion until the first half of 2026, so that they can take a more informed view about what is realistic and whether it is necessary to use the CIB to incentivise sign-up, whilst also providing some forward certainty for prospective AR9 projects. It is possible that DESNZ's proposed approach for AR8 may be more achievable for AR9, i.e. some initial fair work charter commitments agreed, and the requirement for full sign-up to a fair work charter not becoming a minimum standard until AR10 at the earliest. However, this introduces significant risk if developers are asked to commit to the charter as a condition for participating in the CfD without having clarity on what the charter entails.

Given that discussions have not yet commenced in earnest, the lead-in time to agree and publicly commit to any early fair work charter elements prior to AR8 would be extremely short. After the delays experienced with AR7, it is imperative that AR8 is held without delay to maintain an annual auction schedule. However, we do not believe it will be possible for early commitments to be developed and agreed across all participants without causing further delays to AR8. Furthermore, with the CIB running for the first time in AR7 in addition to several significant changes being made to the CfD auction, we believe that continuity should be prioritised in AR8, and any criteria involving the charter would be premature to include in AR8. SR would emphasise the importance to both suppliers and developers industry of the government maintaining the anticipated Q1/Q2 2026 start date for AR8 and seeking to resume a predictable March start for AR9 and future annual rounds.

Given the above points, we are doubtful that it will be possible for early commitments to be developed and agreed to across participants in time for the CIB AR8 allocation process commencing. Even if some fair work charter content is broadly agreed and supported in 2025, it's challenging to see how industry participants could sign up to any commitments without it being formally developed into robust text and a governance framework, certified by legal advisers, which we do not believe will be possible in time for AR8.

3. Which of the two approaches do you prefer for encouraging developer commitments to discussions on a fair work charter in AR8, option 1 or option 2? Please explain your preference and any concerns or suggestions you have about either option.

The consultation does not provide sufficient information for us to express a firm preference between these options. The lack of information on the potential penalty for not delivering option 1 makes consideration particularly challenging.

Based on the limited information in the consultation, members have expressed mixed views, with preferences being expressed for both options. However, the drawbacks of both options highlight the unsuitability of the CIB as a lever for securing workforce protections.

Option 1: require developers to commit to discussions on the fair work charter as part of their CIB minimum standards and to sign up to suitable early commitments if agreed by all relevant parties prior to Autumn through public commitment

Requiring developers to commit to discussions and early fair work charter commitments as part of their minimum standards could pose a considerable risk as the fair work charter's content could still be undefined when projects are submitting their CIB applications. If full and final details of a required commitment are not available, it may be difficult for developers to secure internal approval to proceed with a CIB application, which is subject to the same internal scrutiny and approval as the main CfD bid. Otherwise, a developer would need to assign a high level of risk to the commitment and price this accordingly.

It is unclear how "active participation" would be defined and measured, and this seems an inappropriate metric to tie to the non-delivery incentive. DESNZ will need to establish financial disincentives for non-delivery of commitments that are difficult to quantify, such as diversity initiatives or wellbeing programmes. Designing an effective non-delivery incentive that aligns with the key principles of the CIB criteria will be challenging.

Introducing a policy mechanism that requires projects to engage with various stakeholders, whose expectations might not reflect what is realistically deliverable, could harm Clean Power 2030 and future auction liquidity.

Option 2: make developers' eligibility to apply for CIB bonuses conditional on their public commitment to discussions on the charter and any early commitments agreed

Some members consider this to be the most workable approach to be implemented for AR9 (and certainly for any AR8 requirement). This approach provides a clear incentive for engagement but preserves flexibility in the context of the fair work charter's development, which is still in its early phase, as developers are not obliged to engage with discussions. However, this option risks longer-term resistance to adopting a fair work charter from those not involved in its creation, as they may disagree with the fair work charter commitments.

The penalty for not delivering the commitment to actively participate in discussions under option 2 is potentially significant. For example, if a project secured a large CIB to cover the premium(s) of suppliers in UK deprived areas, it may be difficult for the developer to change their supplier choice once it has been significantly advanced. This risk is likely to result in more risk-averse CIB Extra proposal bidding. Uncertainty about how DESNZ will assess active participation would exacerbate this.

The future of the charter remains uncertain. If trade union expectations greatly differ from what is deliverable by developers and suppliers, developers might hesitate to participate, even with a bonus-linked incentive. As a result, Option 2 could potentially decrease investment via the CIB and undermine its goal of supporting supply chain growth. Developers might submit ambitious bids driven by bonus eligibility, but they or others may withdraw if charter talks fall through. Although Option 2 lacks a direct financial penalty, the risk of losing bonus payments could discourage involvement. This may lead to fewer developers seeking the bonus, weakening the incentive and potentially diminishing the overall investment impact of the CIB.

4. Which of the two approaches do you prefer for encouraging supplier commitment to discussions on a fair work charter in AR8, option 1 or option 2? Please explain your preference and any concerns or suggestions you have about either option, including any suggestions on how SMEs and new facilities could be encouraged to participate in discussions.

Neither option 1 nor option 2 seems like a workable solution to our members. Discussions on the charter should progress first before the government considers sanctions for organisations that do not participate or sign up. We support exempting SMEs and new facilities to minimise resource and cost burdens on these bodies.

Option 1: to be eligible to be included in a developer's CIB investment proposal under criterion 1, the government would require some or all supply chain firms to make a public commitment to discussions and early commitments agreed on the fair work charter

This scheme may not adequately support smaller suppliers if they are part of CIB investment proposals but do not have the resources to engage in the charter process or its outcomes. Suppliers of all sizes need to be involved and/or represented in any charter development process in order to achieve a successful charter. The scope of suppliers expected to participate in the fair work charter setup needs to be clearly defined. It is currently unclear who will be involved in developing the charter and who will be required to commit through CIB bids. There is a lack of clarity on companies that wouldn't be in the scope of the fair work charter but may currently be within the scope of Criterion 1. This introduces uncertainty for international supply companies that operate in the UK.

If there is limited engagement from suppliers, this could impact the number of suppliers eligible for Criterion 1, as only suppliers that have made a public commitment are eligible to be included in a developer's CIB investment proposal.

Designing and implementing a fair and robust framework to determine exemptions for certain suppliers is unlikely to be possible in the limited time available before AR8. Whilst we consider that certain exemptions (e.g., SMEs) may be fair and necessary, a robust framework would need to be established to fairly determine this. This would be difficult to establish within the available timeframe. We believe the charter must first be defined to decide appropriate exemptions. Some suppliers may not be involved in shaping the fair work charter, yet later discover they are not exempt from its requirements. This could lead to disengagement or frustration, particularly among suppliers who feel they were excluded from the development process but are still expected to comply.

Option 2: suppliers would only be eligible to receive Industrial Growth Plan (IGP) funding if they have publicly committed to discussion on the fair work charter

This option provides more time for suppliers to assess the impact of the fair work charter on their processes and costs and enables IGP bidders to consider the time and expenses associated with the charter. The IGP is an industry-led initiative. We believe that the existing processes being developed for the implementation of the IGP should decide how IGP funding is allocated, rather than introducing additional CIB criteria that could further restrict the scope and flexibility of the IGP Delivery Body in delivering the IGP.

Signing up to a fair work charter will be an additional barrier for suppliers seeking IGP investment. Smaller suppliers, who already may be unsure of the benefits or purpose of IGP funding, could be further discouraged from engaging with the IGP opportunity. This could inadvertently reduce supplier engagement and limit the intended impact of both the CIB and IGP. This option could be more punitive to suppliers than option one, as suppliers can directly apply for the IGP scheme, whereas CIB proposals are made by developers, and any CIB monies accrue to the developer rather than the supplier.

The proposal introduces ambiguity around what constitutes full or partial sign-up to the fair work charter. DESNZ notes that in practice, this could mean that the largest firms are expected to sign up to implementing the fair work charter in its entirety and smaller firms are expected to sign up to the majority of the fair work charter, but not every aspect. As elements of the fair work charter are not defined, it is unclear what partial sign-up may look like for “less large firms” and how exceptions would be applied across suppliers of varying sizes and contract values. This lack of clarity could create confusion and increase the complexity of the scheme, which is already challenging for smaller suppliers to comprehend.

If this option were extended to the proposed skills investment fund, it is unclear whether suppliers who do not engage with the fair work charter would also be excluded from benefiting from the proposed skills investment fund, or just the original IGP supply chain funding.

5. What proportion of CapEx and OpEx currently goes towards labour costs? What proportion of the cost of componentry currently goes towards labour costs? Please provide any relevant evidence.

Member feedback indicates that labour costs are a significant portion of total costs in both capex and opex. There is a strong international supply chain where labour represents a smaller proportion of CapEx than in the UK. However, this is commercially sensitive information which is largely held by Tier 1 and Tier 2 suppliers, and not available to developers.

To understand the proportions of CapEx and OpEx, the Government could refer to existing data sources, such as those from the Office for National Statistics, which provide estimated figures on

capital intensity and labour value. This would aid in mapping the most relevant industry sectors with their approximate labour and capital costs, to understand the cost of labour across the supply chain.

6. Do you foresee any unintended consequences of the proposed minimum standard on workforce protections? Would it impact your overall investment into CIB-eligible suppliers, or your overall supply chain decisions? Please provide any relevant evidence.

Should additional costs rise as a result of the fair work charter process, it will be necessary to address the resulting gap between domestic supply and international alternatives, particularly as CfD bidders seek to improve their competitiveness. Ultimately, if the government is willing to accept some of these costs being transferred to consumers, similar to the existing approach with the CIB minimum investment criteria, then we support a level playing field approach that avoids the potential for suppliers to gain a competitive advantage through the process. The government should also recognise that any significant impact on cost could discourage or reduce inward investment in the supply chain or projects directly.

A significant unintended consequence would be the difficulty of retrospectively amending contracts with suppliers to incorporate CIB workforce protection requirements. More projects are being contracted before CIB and CfD awards. Once these contracts are in place, amending them to add workforce protection provisions would be very challenging and costly. We do not believe that retrospective changes to existing contracts should be part of the CIB requirements.

We are concerned that introducing a fair work charter might have unintended consequences if it reduces the number of suppliers with whom developers can contract, particularly if other international markets become more attractive by comparison. International suppliers may be disincentivised from contracting with UK projects if eligibility for inclusion in a CIB proposal depends on active participation in the workforce charter, particularly as the details of the standard have yet to be defined. Suppliers may feel burdened by additional requirements without receiving clear or direct benefits, aside from a potential advantage in tender selection of uncertain magnitude. This could potentially lead to a loss of investment in UK deprived areas. It is also worth highlighting that there is significant competition for supply chain components and many factors involved in procuring these components. Narrowing the number of eligible suppliers may cause additional procurement difficulties for a sector that is already facing considerable international supply chain constraints.

A mandatory workforce commitment could deter international investors who may be less willing or able to sign up to such commitments. This could affect available financing strategies and limit project divestment flexibility, thereby impacting the project's weighted average cost of capital and CfD bidding. Whilst the fair work charter is still in development, there will also be uncertainty about what commitments investors may need to make, delaying investment. This is particularly problematic during a time when projects need the highest level of certainty to build robust business cases and bid into the CfD with confidence.

Encouraging investment in skills through the CIB

7. Do you support option 1 to encourage contributions to a skills investment fund through the CIB? Or do you consider option 2, a project-by-project approach, to be a better means of supporting investments in skills? Please provide further comments to support your answer.

Members have given mixed feedback as to which option would be most efficient and have the maximum impact. On balance, given concerns about the deliverability and the limited information available for option 1, SR at this stage favours option 2. However, we recognise in principle the advantages of a skills investment fund, but believe that if it is implemented it should be funded through existing minimum standards requirements, with project-level initiatives being eligible for bonuses beyond the minimum standards commitment to the fund.

Option 1: developers could be incentivised to contribute towards a “skills investment fund”

There is a lack of clarity about how funding will be monitored, how the impact of the fund will be assessed, and how the fund will address regional needs. This information is crucial, as skills outcomes are difficult to quantify and financial tracking might not guarantee confidence that the fund is delivering meaningful results.

Without clear governance, there is a risk that the fund may not reflect project-level or regional priorities. There is currently no indication that these sorts of considerations would be reflected. For the fund to be effective, it would need to be carefully established, for instance:

- Local authorities, supply chain clusters, and trade bodies would have an important role to play in shaping this fund.
- Regional supply chain clusters, such as those identified in the OWIC Regional Growth Prospectus, should play a key role in identifying local skills priorities.
- OWIC's People & Skills group should also support coordination.

Under this option, there is a greater chance that developers may not see a return on investment, due to the uncertainty about where funding will be allocated. Some members would prefer targeted investments rather than funds being directed towards broader skills initiatives. Additionally, this option risks developers being less involved in skills development activities if it is seen as fully covered by the delivery body funding.

If part of the original IGP contributions is redirected to support skills, there is a risk that this could dilute the IGP's core purpose. Whilst skills are a component of supply chain development, any broadening of the IGP's remit must be carefully managed to ensure it remains focused on priority development areas and reflects regional needs. It is not clear that the IGP Delivery Body is well placed to take on this role, especially if it were to administer both the IGP and a skills investment fund. Government intervention

in the role of the IGP Delivery Body must be carefully managed to avoid diluting its industry-agreed and legally established purpose.

Proponents of this option believe it is simpler to implement and has a higher potential to achieve long-term improvements and strategic UK-wide needs than a project-by-project approach, such as skills aligned with future leasing rounds. However, it could be argued that long-term skills strategy and funding are broader than the CIB and should be addressed elsewhere. This is particularly relevant, as many of the core engineering and technical skills required for offshore wind are common to other parts of the energy industry and beyond. Members who support this option believe it would allow early investment in skills rather than investment being delayed until post-CfD award.

Option 2: developers could be incentivised to invest in skills at the project level

This option presents the challenge of ensuring fair competition by providing clear guidance on what is an eligible investment and what is not, as well as on how potential interventions and programmes are valued. There is a risk that if all successful projects are confined to one region, the investment would be concentrated solely in that region.

Members which support this option highlight that project-level investment enables developers to customise skills interventions to their specific labour demand profiles and timelines, establishing a clearer link between investment and workforce outcomes, assuming eligible skills activities are well-defined and measurable. This could avoid a one-size-fits-all approach, complementing existing skills initiatives.

Most developers have well-established skills programmes and attach brand and practical value to those programmes. Allowing developers to target where their investments go may maximise their impact and would allow developers to design programmes that respond to the specific needs of local communities. Project-led initiatives ensure that communities directly affected by developments see tangible benefits.

8. Do you foresee any unintended consequences from the proposed changes to minimum standards? Would the introduction of either option 1 or option 2 impact your overall investment into CIB-eligible suppliers or your supply chain decisions? Please provide any relevant evidence.

The CIB criteria for AR7 focused on investment in deprived areas. It is possible that skills investment may need to be more geographically spread, either towards areas where projects are eligible for a CfD, or at a national level to promote general industry skills gaps. Additional difficulties may occur

when negotiating the allocation of funding between devolved governments and their specific aims, which may be at odds with the UK's strategic aim.

DESNZ should consider the potential for higher consumer bills through the CfD and whether implementing option 1 is the most efficient route, as creating a centralised fund introduces significant administrative costs. However, both options would require significant time to develop, and the time needed for implementation means we do not believe this could be completed in time for AR8.

We note that DESNZ is seeking views on whether a skills fund should be part of the original IGP contributions or require additional funding. Developers are already due to make significant contributions to the IGP (subject to IGP discussions being finalised) and skills initiatives. Adding further funding obligations to the IGP, without clear benefit, would add additional cost at a time when projects are already facing supply chain pressures. Projects require a high degree of cost certainty to build robust business cases; any new requirement that increases costs could affect project viability.

Due to the challenges in collecting and retaining skills data, there is a risk of misrepresentation of outcomes, both for a skills investment fund, where developers may lack visibility into how pooled funds are used, and at the project level, where tracking long-term job creation is inherently difficult. We recommend that DESNZ take further time to consider if and how the complex challenges of their proposed options can be addressed, or even if an alternative option merits consideration, before introducing a skills criterion. We do not believe there is sufficient time to do this for implementation in AR8.

Application to minimum standards and/or extra proposals

We note that DESNZ propose to introduce this as a minimum standard, rather than offering CIB bonuses, on the basis that "investment in future capability should be provided as a minimum and bonuses would be difficult to quantify." However, we are unsure that this is a strong rationale for only introducing a skills criterion under minimum standards:

Option 2 may be better suited to extra proposals than option 1, as option 1 may have a target level of funding and exceeding that may be inefficient. Option 2 may be possible to design in a way to enable proposals to compete alongside bids on the other criterion:

- The investment value would likely be lower relative to component orders for criterion 1. But this is already the case for criterion 2, which DESNZ has sought to address with the design of criterion 2's extra proposal scoring.
- Option 2 bids may also be less competitive than criterion 1 and 2 bids if they are scored in relation to the current 1/14 max score contribution ratio. i.e. DESNZ may need to offer a lower max score ratio for option 2 skills bids to be competitive.

9. What level of contribution (i.e. £/GW) do you think should be allocated to skills through option 1 and option 2? For option 1, would you prefer contributions to remain voluntary? Please provide further comments and evidence to support your answer.

If skills requirements remain voluntary, any that are added should be easily implemented, measurable and limited to minimum standards only. If investment were to be mandatory, developers should be able to utilise their existing commitments (e.g., social value obligations already embedded in Leasing Round 5) and contributions as part of the scheme, with a proportion of IGP funding allocated to skills. Projects already signed up to the IGP would not be required to contribute additional investment, and those not signed up to the IGP would contribute to the IGP.

For option two, we propose that any skills minimum standard requirement is part of the broader £100 million. It is less clear what would be most appropriate for option 1. Voluntary contributions may help ensure that funding is only provided if developers are satisfied that it will be effective. However, this could result in very limited contributions and, therefore, undermine the fund.

Consideration may also need to be given to other payments enforced, such as those linked to new infrastructure in communities. A combination of financial commitments across different areas could impact a project's business case and potentially render it unviable, depending on the developer's internal approval metrics.

10. Should option 1 be taken forward, do you consider the IGP Delivery Body to be the most appropriate body to administer a skills investment fund? If yes, are there any other bodies or organisations that should be involved in deciding how funds are distributed and delivered? Please provide further comments to support your answer.

We do not believe that the IGP Delivery Body is currently equipped to administer a pooled skills investment fund through the CIB at this stage. The IGP Delivery Body was created to concentrate on supply chain development and lacks the necessary expertise or skills to manage a strategic skills fund. Expanding its scope in this manner risks undermining its primary purpose and weakening the essential supply chain investments it was intended to support. If the IGP Delivery Body is to administer the IGP and a skills investment fund, its remit must be clearly defined. Government intervention in the role of the IGP Delivery Body must be managed carefully to avoid diluting its industry-led purpose.

The IGP took several years to develop and identify clear areas of opportunity, and then to establish an appropriate governance structure to support the necessary investments. A similar process will be needed for skills, and we do not believe this can be completed in time for AR8. If the government decides to pursue this approach, the earliest feasible time for implementation would be AR9.

The Offshore Wind Growth Partnership (OWGP), the IGP Delivery Body, is well-established in the supply chain development landscape but may not be as well placed to directly support skills

development. ORE-Catapult has stronger expertise in skills development and should be considered to administer a skills investment fund. The Engineering Construction Industry Training Board (ECITB) would be an alternative option as they have a strong understanding of the Scottish education system.

Developers already contribute to the IGP. If the IGP Delivery Body is chosen to administer a skills investment fund, any payments should be from developers' existing contributions to the IGP, not an additional payment.

11. Should option 1 be taken forward, how could national and regional needs best be balanced with the proposal to develop a GB-wide skills investment fund?

Representatives from local authorities must be involved in discussions to play a crucial role in shaping this fund. Without clear governance, there is a risk that the fund will not align with project-level or regional priorities. We would prefer to see regional investments aligned to priorities set out in national (devolved nations) and regional plans (local growth and skills plans), and tested against identified priorities there prior to investments being made.

Regional supply chain clusters, such as those identified in the OWIC Regional Growth Prospectus, should be central in setting local skills priorities. We also see a potential role for OWIC's People & Skills group in supporting coordination. Collaboration with regional clusters could help mitigate the risk of fragmentation and ensure that national and regional needs are balanced.

The devolved nations must have a strong presence in discussions on fund allocations and strategy, and adequate time should be allocated for developing the terms of reference and governance for the fund. The Government should consider involving the following agencies in discussions: Skills Development Scotland, Scottish Funding Council, Student Awards Agency Scotland and Enterprise agencies.

12. Should option 2 be taken forward, do you agree with the initial suggested list of eligible skills activities? Please provide any suggestions on further skills activities you think should be included that would be both impactful and simple to evidence.

We recommend that an eligible list be published early and remain stable across allocation rounds, to give developers and suppliers clarity. There is a risk that the list of eligible activities changes between allocation rounds, which would make it difficult for developers and suppliers to plan effectively.

The list of eligible activities must reflect the skills gap that often sits within the supply chain, not directly with developers.

The creation of an eligible skills list, as with Option 1, must consider devolved matters. For example, apprenticeship access in Scotland is more constrained due to age limits (often limited to 16-24) and

fewer flexible entry routes, which limit opportunities for older entrants or those seeking career changes. Whereas England offers broader pathways, including direct transitions from school, integrated work experience, and study support. Additionally, the availability of free higher education in Scotland influences learner choices, with many opting for university over vocational routes. These differences should be reflected to ensure the list is relevant across all devolved administrations.

Data collection and impact measurement in this area remain challenging, particularly considering data protection and long-term employment outcomes. Therefore, eligible activities should be selected not only for their impact, but also for their practicality in tracking and evidencing.

Drawing on the approach set out in the ScotWind Supply Chain Development Statement (SCDS) Skills table, examples of relevant interventions, which should be considered for an eligible skills activities list, include:

- Apprenticeships and Trainee Programmes – committing to a defined percentage of new starts within the supply chain workforce, with a focus on priority groups (e.g. NEETs, under-represented groups, local residents).
- STEM Engagement – delivery of outreach programmes in local schools, sponsorship of STEM hubs, and collaboration with regional education providers.
- Higher Education Collaboration – working with universities to promote the range of career paths available in the renewable energy sector through providing research partnerships, graduate placements and offshore renewables-related modules.
- Upskilling and Transition Support – supporting workers from oil & gas, military, and other adjacent sectors to retrain through tailored programmes.
- CPD for Teachers and Lecturers – ensuring educators are equipped with up-to-date knowledge of offshore wind technologies, enabling them to inspire and prepare the next generation.

13. How much do you currently spend on skills investments such as those listed above? How many jobs do you believe these investments support, and what are their salaries? Please provide any relevant evidence.

It is difficult to quantify current spend against the suggested eligible skills list DESNZ has provided. The diversity and breadth of these activities, as well as the range of delivery partners involved, make it challenging to provide a single figure or estimate for either total investment or the number of jobs supported. If a skills criterion is included, then consideration needs to be given to its simplicity, measurability, and impact.

Expanding the CIB to onshore wind

Eligibility

14. Would you welcome the introduction of ONW into AR9, and do you think this is an appropriate timeline to construct quality bids? Are there benefits to introducing ONW into the CIB in AR8 instead?

While Scottish Renewables supports the intent of initiatives promoted through the CIB, our view is that extending the CIB to onshore wind will be challenging and have limited scope to stimulate a UK-based supply chain. Coupled with a fractured wider policy landscape, the onshore wind supply chain is significantly different in both scale and breadth compared to the offshore wind supply chain. Key differences between offshore and onshore (e.g., maturity and capital intensity of supply chains) mean a tailored approach is therefore essential to ensuring onshore wind CIBs are fit for purpose. The Onshore Wind Council has initiated a Supply Chain Capability Assessment, which could be used as evidence to shape the CIB and develop a more targeted approach for onshore wind.

The CIB's emphasis on tangible, capital-intensive investments in UK-based supply chains could distort procurement decisions. For a mature and cost-sensitive sector like onshore wind, this may be disproportionate and could render projects financially unviable. For eligible projects, developers would be forced to prioritise suppliers or locations not based on cost-effectiveness or technical merit, but on their alignment with CIB criteria, potentially increasing CapEx and undermining project economics. This could deter investment or shift focus to markets with fewer constraints. Onshore wind, while a more mature technology, continues to face significant permitting, grid/TNUoS costs, land use and local acceptance challenges. CIB criteria could further complicate project delivery and add further risk if not carefully designed. For this reason, we suggest that DESNZ adopt a balanced and flexible approach for both offshore and onshore wind, limiting the use of CIB to contexts where clear added value is expected and project feasibility is not compromised.

The most effective approach to growing the UK onshore wind supply chain is through industry-wide interventions and a steady, reliable volume of onshore wind deployment. This must support the government's Clean Power 2030 mission and align with the Strategic Spatial Energy Plan (SSEP), backed by a capacity ambition and auction schedule for the main CfD auction. A project-by-project approach to growing a domestic supply chain is limited by the nature of onshore wind projects, which are significantly smaller than offshore wind and consequently have a limited and incremental impact on the supply chain.

At this stage, it is recommended that the practical experience of implementation of CIB for offshore wind is reviewed, as a key part of assessing whether there would be a benefit in extending the CIB to onshore wind in AR9. We believe the financial incentives need to be meaningful (i.e. close the cost

gap between domestic and non-domestic supply) and need to be in place for a meaningful amount of time rather than for specific allocation rounds.

The current setup of the CIB is that suppliers are indirectly involved in the process, which means suppliers do not have much visibility over what's submitted in the CIB proposals, and any monies go directly to the developers. If onshore wind is introduced to the CIB, incentives need to be more directly on the supply chain. The CIB setup is designed primarily around Tier 2 and 3 suppliers, rather than Tier 1 suppliers, which forces developers to take additional steps to directly contract with Tier 1 suppliers or establish complex cross-tier engagements. This is not a disincentive; however, it adds time and complexity to the process.

Before introducing onshore wind to the CIB, the UK Government and devolved administrations would need to develop a better understanding of the supply chain and skills challenges to identify viable opportunities for the onshore wind sector in the UK. We understand that DESNZ has done an initial assessment on this and would welcome the results being shared to the industry.

Given procurement timelines, to have an impact on supply chain decisions developers will need to have early clarity on CIB criteria and design – this would be ideally 12 months before submitting CfD bids. We therefore do not support introducing onshore into AR8, as this would likely not have a significant impact on the supply chain, as projects will not have the flexibility to alter their proposals at such a late stage. There's also a risk that it would be extremely challenging to finalise the detail of the CIB in time for AR8. Therefore, introducing onshore wind to the CIB should not be implemented for AR8; if the CIB is to be introduced for onshore wind, the focus should be on AR9 to allow for sufficient time to plan and execute effectively. Taking time to design an effective scheme whilst ensuring there are no unnecessary delays will maximise the potential impact of an onshore wind CIB.

15. Were ONW to be included in the CIB, would you apply for additional funding? What value do you expect to gain from engaging with the scheme, and are there any improvements you would suggest to increase the potential value? Please provide any relevant evidence.

Supply chain member feedback indicates they would apply for additional funding. Suppliers would expect to engage with project developers on CIB Minimum Standards and potential CIB Extra Proposals.

Whilst members support the intent and are keen to support the Government's mission, the value of the proposal and the net positive impact on the supply chain, remain unclear. We believe that further refinement of the policy is needed. Some member feedback has suggested they would avoid applying for additional funding at the portfolio level in its current form. The main concern is that increasing CapEx is significantly impacting project IRR, which is already tight. Escalating operational costs, combined with a higher cost of capital than in previous years, mean that projects require greater upfront equity or borrowing.

DESNZ should note that a lot of onshore projects are developed up to pre-CfD or Ready to Build stage. A process like this could undermine that model or add additional risk when buying a project.

Components

16. Are there any key components missing? Are there any components listed you think should not be included?

- Some members have expressed that the components list doesn't align with the traditional supply chain package list. This would make it difficult for developers to compliance with minimum CIB traditional packages and contracting structures. This should be reviewed to reflect how developers procure components.

Criteria

17. Do you agree with the proposed criteria? How does the proposed 30% minimum SBTi coverage compare to your anticipated SBTi coverage across tier 1 suppliers? Please provide any relevant evidence.

Criterion 1: investment in shorter supply chains

Given the small number of UK facilities that supply onshore wind projects, we do not think that projects will be able to develop many high-value bids for this criterion. Taking into account the volume of deployment in Scotland, along with certain components and services being sourced more locally, we recommend that the criterion reflect the realities of deployment. Under this criterion, it seems that several regions in Scotland could be excluded.

Meaningful financial incentives for a significant period that are more directly targeted at the supply chain could have an impact. And while overall project sizes are smaller onshore, supply chain investments are potentially smaller too. RenewableUK's The Supply Chain Capability analysis for Onshore Wind should be used to help determine whether this criterion should be included and if a significant number of bids would be possible under this criterion.

The CIB's wider design (proposal scoring and auction budgets) should be designed to support orders with existing UK facilities, if this is the Government's aim for criterion 1. However, if the Government's aim for this criterion is to trigger investment in constructing new UK facilities, supply chain investors would need to have confidence that the CIB and Criterion 1 will still be in place once the facility is functioning. This is because the timing between developers contracting and constructing, one to three years, is shorter than the timing between a supplier taking FID on constructing a facility and completing component orders, which is closer to four years. However, overall, we believe the CIB alone is unlikely to bring forward investment in new facilities.

Criterion 2: investment in cleaner supply chains

We support this criterion and the use of SBTis; however, there are aspects of sustainability that science-based targets do not capture, such as circularity.

Whilst we support this criterion, not all suppliers are listed under the SBTi, which forces developers to use specific companies. For smaller suppliers, it may not be worth signing up to the SBTi as it

represents a significant commitment. If engagement with suppliers is delayed, then signing up to SBTi in time may prove impractical with CIB timelines. From member assessments, there are a significant number of suppliers that don't have SBTi yet. This scheme could encourage more uptake, but the supply chain would need sufficient time for this. This is a primary criterion that some of our members would use, and so they would need a good selection of suppliers that have SBTi verification.

For onshore wind, a current aim and challenge for the sector is to introduce greater circularity, whether at CapEx through using recycled materials for components, or OpEx/O&M, through repairing faulty components rather than replacing them with new ones, and/or decommissioning, maximising the circularity and sustainability of components and infrastructure. For many of these aims, the current challenge is cost, which the CIB could potentially address. At the CapEx stage, similar aims and challenges exist for green steel and concrete, which the CIB could also help address. We would not, however, propose introducing a potential circularity criterion at any introduction of the CIB to onshore wind, but it may be worth considering in the longer term.

In this context, we'd like to highlight the Onshore Wind Strategy includes (Action 40) DESNZ's and the Scottish Government's commitment to support the development of the recycling and circular economy sector.

Portfolio-level bids

18. Is the introduction of portfolio-level bid effective in enabling one application to be made for multiple projects? Do you agree with the definitions proposed above?

Greater clarity is needed on whether a developer with multiple projects in an allocation round would be required to make a portfolio-level bid or if this would be optional. We strongly urge that this be made optional and that the proposed capacity threshold for Minimum Standards be applied to individual projects.

A cross-project procurement approach requires accepting the same products across projects, which may not be appropriate across different sites, particularly if those sites have different characteristics (location, wind speeds, access, tip height restrictions). Aviation issues can be a significant obstacle to cross-project procurement, particularly when projects are constrained by tip heights.

Cross-project procurement is more possible for some components, e.g. WTG components, than others. For certain parts of the CapEx, developers may prefer to spread risk across suppliers for different projects, and/or there are benefits to using local suppliers rather than a single supplier to service projects across various parts of GB. Requiring projects to bid on a portfolio basis would create perverse incentives, both in how to enter projects across allocation rounds and in distorting decisions about how to procure between suppliers economically. If portfolio bidding were mandatory, there is a lack of clarity on what would happen to the portfolio if one project in the portfolio is unsuccessful in the CfD allocation round, if that project had delivered the majority of the CIB requirements.

Greater clarity is needed on the accounting rules to determine a portfolio group because there is insufficient detail on how complex ownership models, such as joint ventures and special purpose vehicles, would be treated. A clearer definition will need to be provided of “corporate group” as companies have sister companies in their investment funds, which may be considered part of the portfolio under this definition. These companies have different approaches to procurement, and mandating a portfolio bid would cause significant issues.

Minimum Standards

19. Do you agree with applying a 100MW capacity threshold, above which portfolios of projects will be required to meet the minimum standards to be set at £25m/GW? Is the minimum standard of £25m/GW achievable through either criterion 1 or criterion 2?

We support the 100MW capacity threshold and consider the £25m/GW to be appropriate if projects can use one or both criteria to meet the Minimum Standards.

Budget

20. Do you anticipate any unintended consequences with this approach?

We do not agree that the initial onshore wind sub-budget should be hidden unless there are very few projects expected to participate in the auction for CIB Extra funding. This rationale was more valid for floating offshore wind, where, due to the limited number of likely projects at AR7, there may have been a risk of market power at the auction. Uncertainty on available budget limits confidence in the scheme, and makes it difficult for projects to judge whether high-value but potentially lower-scoring bids are worth deploying resource to developing; or plan and price their bids effectively. We consider that maximum transparency in budgets is essential. An unclear or hidden budget creates uncertainty, which reduces investor and developer confidence in the scheme.

Process Improvements

Timelines

21. Do you agree with the proposed changes to the statutory timelines? Do you have views on the proposed indicative policy timelines?

We support the principle of improving transparency and predictability around CIB timelines for future rounds. However, the immediate priority for AR8 should be continuity and stability. If AR8 is to go

ahead without delays, there will be a little time between AR7 results being published and the AR8 CIB application window opening. DESNZ needs to consider how it ensures projects that are unsuccessful in AR7 will not be disadvantaged if re-entering AR8.

Developers need sufficient time to develop and prepare applications. Compressing the timelines should not come at the expense of meaningful engagement with suppliers or alignment of procurement strategies with CIB requirements. We encourage DESNZ to ensure future iterations of the CIB are clearly communicated and with adequate lead-in time. If the final Allocation Framework is to be published just five days before the round opens, as currently proposed, it must contain only minor clarifications. If the government proceeds with the proposal to specify round-on-round when notices related to the CIB application window and provisional budget will be published, the level of variability should be minimised, parameters should be stabilised as much as possible, with forward visibility provided to enable developers to prepare ambitious bids. Applicants would benefit from a clear timeline for both the CIB and CfD to enable better planning.

We do not believe that DESNZ should need more than 20 working days to review applications, given that it is a quantitative score.

Budget

22. Do you agree to using the Allocation Framework to set out the budget structure of CIB rounds? Please describe any unintended consequences which may arise.

We do not support the proposal to express the provisional and final budget in absolute terms rather than £m/GW. The challenge in AR7 was not the format of the budget, but rather the lack of clarity as to what £m/GW represented. Providing an absolute budget will reduce transparency about what budget is available and create greater uncertainty. Changing the format of the budget should be accompanied by a clear guide to ensure participants understand how budget levels relate to project size and competitiveness.

For AR8, greater clarity is needed on how budget-setting powers will be used and how they will interact with scoring design and allocation rules. Uncertainty about the budget will limit confidence in the scheme and make it difficult for developers to plan and price their bids effectively, as previously mentioned, and will create difficulty judging whether high-value but lower-scoring bids are worth deploying resources to develop.

Events outside a generator's control

23. Do you agree with the proposal to include regulatory amendments related to nondelivery due to events outside of generator's control?

We are supportive of the proposal to include regulatory amendments that account for non-delivery due to events outside of a generator's control. We found the approach taken in AR7 to be broadly appropriate. The framework allowed generators to notify the Secretary of State when delivery issues arose and provided a structured pathway for proposing alternative minimum standard investments or submitting claims where no alternatives were feasible.

Budget notice

24. Do you agree with the proposal to amend regulations to allow for the budget to be expressed in absolute terms?

The budget should be as transparent as possible. This change may reduce transparency about what budget is available. The previous issues with the budget were not due to the format but the lack of explanation of what the budget represented. Reform to the budget should aim to increase transparency regarding the available budget. By improving confidence in the budget, developers will be enabled to prepare more competitive bids.

Sunset clause

25. Do you agree with the proposal to extend the scheme's sunset clause to any CIB rounds occurring before 31 December 2028?

We support the extension of the sunset clause to any CIB rounds occurring before December 31, 2028.

Payment on delivery

26. Which, if any, of the proposals related to earlier release of bonus payments do you support? Please describe any additional benefits or unintended consequences you foresee.

We are generally supportive of proposals that enable earlier release of bonus payments, as they incentivise early delivery and can strengthen the business case for investment. Receiving funds closer to the time they are needed for project delivery improves cash flow and planning certainty, which is particularly valuable in the current economic climate. Developers require certainty for financing strategies to be aligned and potential benefits to be realised (and therefore passed through to consumers). Of the options presented, option 2 appears to have the greatest potential benefit.

However, if CIB payments are to be made earlier, DESNZ would need to establish a clear mechanism for how these payments would be processed outside the standard CfD payment schedule.

Project-level bids

27. Do you agree with the proposal to allow project-level bids by CIB applicants, as described above? Do you agree with the definitions of a 'project' and a 'unit'?

We support the proposal to allow project-level bids, provided this remains optional. This may provide greater flexibility in structuring and managing bids.

However, the definition of project as “the totality of a leased area of sea for which the leasing entity has obtained, or will obtain, relevant planning consent” may inadvertently limit flexibility. Under this definition, multiple projects owned by the same developer under one lease could be considered a single project.

“Project” should be defined as “All units within the same seabed lease area bidding for CIB/CfD support in any given CIB/CfD allocation round”.

Unit-level bids should be permitted, and projects shouldn't be required to submit a single "project-level" entry. Many offshore projects have complexities involving lease areas, DCOs, phasing approaches, and grid connections, which would be compromised by limiting bids to a single "project" CIB.

DESNZ should provide clarity on the treatment of phased projects, as it is unclear whether multiple CIB applications could be submitted across different allocation rounds. If the entire lease area is treated as a single project, this could restrict the ability to phase CIB participation. DESNZ should give detailed guidance on how projects will be managed, including how these definitions are applied in practice and whether phased projects can compete across multiple rounds.

Changes to regulations relating to the Contracts for Difference scheme

28. Please flag any unintended consequence of this change that government may need to consider.

We do not anticipate any unintended consequences from updating the backstop to align the publication of any Contract Budget Revision Notice with the notification of the CfD results.

END