

Energy UK Response to Contracts for Difference Clean Industry Bonus: consultation on regulatory reforms for Allocation Round 8

06.10.2025

Executive Summary

Energy UK is the trade association for the energy industry with over 100 members - from established FTSE 100 companies right through to new, growing suppliers, generators and service providers across energy, transport, heat and technology.

Energy UK's members deliver nearly 80% of the UK's power generation and over 95% of the energy supply for 28 million UK homes and businesses. The sector invests £13bn annually and delivers nearly £30bn in gross value - on top of the nearly £100bn in economic activity through its supply chain and interaction with other sectors. The energy industry is key to delivering growth and plans to invest £100bn over the course of this decade in new energy sources.

Energy UK recognises the importance of maximising the economic benefit of the energy transition and ensuring the roll out of renewables maximises domestic job creation and supply chain investment.

As the key Government investment mechanism for renewable deployment, Contracts for Difference (CfDs) play an important role in driving behaviour across the industry. But where possible, CfD design should be kept as simple as possible to attract a wider range of investors at a low capital cost to enable the lowest cost deployment of renewables.

CfD policy only targets new build renewables, not the wider energy sector. Yet to tackle the scale of the skills gap and labour shortages facing the energy sector, investment in both skills and the supply chain (where the majority of jobs are concentrated) across all energy technologies and areas of the country is required.

CfDs are not the only route to deliver investment in skills and the supply chain. Any reform needs to be considered as part of a broader, coordinated, and strategic skills and supply chain policy. Policy to fill the skills gap and incentivise investment in domestic supply chains needs to

be targeted and based on robust evidence at a regional level that is currently lacking in many areas.

Care must be taken to ensure that any reforms are introduced carefully so as not to delay or jeopardise renewable project delivery, as this would undermine the delivery of the Government's clean power mission. The development of the Clean Industry Bonus (CIB) scheme contributed to the delay to AR7, and it is critical that AR8 is delivered at pace to meet decarbonisation targets. The successful delivery of AR8 followed by a regular drum beat of annual auctions is required to enable domestic supply chain growth. Reforms to the CIB process must therefore only be ones that materially improve the scheme and crucially do not slow down delivery any further. The sector needs AR8 to open promptly in spring/summer 2026.

Energy UK welcomes Government's desire to strengthen workforce protections and channel investment into skills and the onshore wind supply chain. These are important priorities Energy UK supports and looks forward to cooperating Government on. However, this response lays out the weaknesses of the CIB in delivering these objectives and suggests alternatives that should be explored in further detail.

Workforce Protection

Industry is keen to have evidence-based discussions with trade unions and work together on drafting a fair work charter voluntarily, without the need of incentives through the CfD mechanism to drive participation.

- The development of an offshore wind fair work charter should focus on setting a best practice 'gold standard' model across the industry.
- While Energy UK agrees workforce protection should be a government priority for the sector, there is a significant risk that the CIB is the wrong policy lever to achieve these objectives.
- Energy UK recommends that Government should first assess the workforce issues that need to be addressed, whether existing legislation or new legislation already in train address them, and if not whether a charter would be the best route to tackle them, before introducing them into the CIB.
- If after this assessment Government still considers that the CIB offers the best route to incentivise adoption of the charter, an early agreement could be secured by AR9.
- In parallel, work should continue to develop a voluntary workforce charter that could be adopted by a wider set of actors across the energy sector and not limited to new build renewable projects.

Investment in skills

Energy UK welcomes the Government's focus on increasing funding for skills to address the gaps across the sector. Streamlining and simplifying a complex and fragmented skills funding landscape is the best way forwards to efficiently tackle the scale of the challenge:

- The responsibility of funding the current and future shortage should be shared across the sector and will require greater cooperation across developers rather than competition.
- Energy UK instead supports the creation of a GB-wide energy sector strategic skills fund as a way of streamlining the current fragmented approach to funding skills needs, which would benefit from a more purposeful, coherent approach that simplifies contributions and delivers the most impact. This would not be linked to the CIB process nor limited to the offshore wind sector.
- If however the Government proceeds with using the CIB mechanism, the first suggested option is preferred as it would ensure a level playing field across all offshore wind developers. A GB-wide skills CIB investment fund overcomes the more short-term and local focus of a project-based approach, allowing for industry levies to be deployed strategically at a national level to deliver long-term improvements where they are most needed. Given the challenge around implementation outlined below, the introduction of a skills criterion should be deferred until AR9 to allow sufficient time for its design, consultation, and alignment with broader policy goals.
- If Government intends to proceed with the suggested timelines, the second option would be easier and more realistic to implement, allowing developers to tailor skills interventions to their specific labour demand profiles and timelines.
- This solution should be temporary, and in the medium to long-term, Energy UK believes a more strategic and coordinated approach across the energy sector is needed to tackle the scale of the skills gap and effectively invest in the training and job creation opportunities required for the delivery of a just energy transition.

Onshore wind

- Energy UK questions the efficacy of the CIB to date in delivering additional investment in new manufacturing capacity and suggests it is too early to apply it to onshore wind.
- The CIB is only one of many possible policy interventions or mechanisms that can support the domestic supply chain and other policies may be more effective. In addition to implementing the supply chain measures set out in the Industrial Strategy, Government should consider introducing wider measures e.g. visibility of future auctions and reviewing CfD delivery dates.

- Before expanding the scheme, Government should assess the effectiveness of the CIB policy and gain a better understanding of the likely areas of manufacturing that the UK should focus on. However, this work is only just underway via the onshore wind Supply Chain Capability Analysis.
- AR9 is therefore a more appropriate place to assess potential onshore wind CIBs implementation.

Improving the CIB process

- We note the considerable delay that the CIB brought to AR7 so welcome measures to improve transparency and predictability around future CIB timelines.
- However, the current approach risks exacerbating some of the issues experienced during AR7, since determining timelines round by round will limit forward visibility to inform preparations with the supply chain. Instead, these should be set regularly every year.
- DESNZ should also ensure future iterations of the CIB are communicated clearly and with adequate lead-in time. We consider that 5 days between final Allocation Framework publication and CIB window opening is too short a period, especially if the application window is also a short period.
- If the final Allocation Framework is to be published close to the application window opening, as currently proposed, DESNZ must commit to locking down the content well in advance to give developers and the supply chain the necessary confidence to develop proposals.
- The impact of the proposed timetable on projects unsuccessful in AR7 needs to be reviewed to ensure these projects are able to participate.
- Minimum budgets for the CIB should be provided with advance notice and not be set at zero for any years to give greater visibility to the supply chain.
- Energy UK supports the proposal to allow project-level bids, provided this remains optional. This may provide greater flexibility in how bids are structured and managed. However, the proposed definitions of “project” and “unit” raise some concerns and require further clarification.

Overall, these are all areas that require further discussion, and Energy UK looks forward to facilitating conversations between industry and government around these issues.

If you would like to discuss this response with Energy UK or its members, please do get in touch.

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Questions

Workforce protection

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

- Energy UK fully supports the Government's commitment to ensuring all clean energy jobs are high-quality and rewarding jobs, but questions the appropriateness of the CIB to strengthen workforce protections.
- Any law-breaching irregularities in working standards across industry should be comprehensively stamped out, and Energy UK is proud of the work its members are leading to grow the industry safely and responsibly at the highest possible standard.
- As such, concerns around persistent issues surrounding workplace standards in the sector are not taken lightly by members, who note that existing forums, such as the Wind Sector Industrial Relations Collaboration Forum, have not raised significant concerns around this subject.
- Energy UK members are keen to open discussions with Government and trade unions to clarify where more needs to be done to strengthen workforce protection. In order for these conversations to be as productive and constructive as possible, discussions should be evidence-based and focus on identifying the areas where workplace standards could be improved.
- In cases where there is workplace malpractice that circumvents existing legislation, Energy UK supports full enforcement of the law to tackle illegal activity. It also supports changes to legislation to improve working conditions across the board under the Employment Rights Bill.
- As such, to avoid duplication or confusion, a fair work charter should be informed by existing policies and workstreams, particularly in view of developers and suppliers cooperating across multiple jurisdictions. Notably, consideration should be given to:
 - The Offshore Wind Sector Deal (2019).
 - Fair Work First, introduced by the Scottish Government in 2019-20, to which Scottish offshore wind projects are already expected to adhere as part of planning requirements.
 - The Wind Sector Industrial Relations Collaboration Forum, which aims to publish a report on employment practices in the sector in November 2025. This is anticipated to highlight baseline existing practices and make recommendations for improvement.
 - The Employment Rights Bill.

- Building on these policies, the development of an offshore wind fair work charter should focus on setting a best practice ‘gold standard’ model across the industry, which many members in the offshore wind sector are already working towards, as seen by the high levels of investment into training across many of our members and building rewarding career paths.
- However, while Energy UK agrees workforce protection should be a government priority for the sector, there is a significant risk that the CIB is the wrong policy lever to achieve these objectives.
- The CIB solely applies to new renewable projects seeking approval, which means it would not apply to existing projects or other types of energy project.
- The CIB is also part of the already lengthy CfD bidding process, which is crucial to delivering our clean power objectives. Adding further layers of complexity to these procedures, after an already delayed AR7, could lead to a damaging stall in momentum ahead of AR8 and AR9.
- The importance of meaningful discussions with Government and trade unions to set the groundwork for a successful offshore wind fair work charter means public commitments should not be rushed. Linking these efforts to the delivery of AR8 and AR9 could lead to further auction delays, and at this critical inflection point for the sector, industry requires the CfD process to deliver an uninterrupted, sustainable drumbeat of projects.
- Looking beyond the CIB, Government should continue working with industry and trade unions to deliver strong workforce protections, and industry looks forward to contributing to these conversations.
- Once the specific workforce issues are better understood through further evidence gathering, then the appropriate tools should be developed to tackle them whether it be through the CIB in AR9 or alternative methods to both ensure minimum standards are met and to encourage continual improvement across the sector through recognition of gold standard practice.
- Lastly, any approach to CIB requirements and fair work charter commitments should take into consideration the corporate complexity of many offshore wind structures. The role of Special Purpose Vehicles (SPVs), shareholder involvement, applicability to joint ventures, and impact of party divestment are just some of the practicalities that need to be worked out.
- For example, Government should clarify if developer involvement in fair work charter discussions would be through the project itself e.g. through a SPV or the owner(s). If it’s the former, Government should note that a SPV committing to discussions could be interpreted as signalling intent to bid, which is normally commercially sensitive information.

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

- Energy UK supports the opening of discussions and creation of an offshore wind workforce charter for the sector, and notes industry is keen to take part voluntarily, but questions the need for contractual incentives through the CIB.
- As outlined above, the time-sensitive nature of CfD delivery and important nature of these discussions creates a real risk that linking the charter to the CIB could lead to damaging delays.
- Whilst the consultation document states the intention for these discussions to begin in the summer, they appear to have only just commenced with a kick off meeting involving Government, RUK and TUC, pushing the timeline further. Similarly, the initial stages of identifying all required stakeholders/participants, then convening, appointing roles, governance and terms of reference for discussions could take several weeks or months.
- Moreover, the Government's Employment Rights Bill has not yet gained Royal Assent. Given its implications for workforce standards across the country, it would make sense for fair work charter discussions to take place after the new legal requirements have been implemented.
- For these reasons, Energy UK believes the suggested timeline is not realistic for the first phase of the fair work charter. And any delays to AR8 would be detrimental to the government's broader objective of successfully delivering Clean Power 2030.
- Industry is open to evidence-based conversations around workforce protection, and it is sensible to request a commitment from industry to take part in discussions around a fair work charter.
- However, suggesting developers also sign up to early agreements as part of the CIB, without knowing what these will be, raises transparency concerns and introduces new risks for developers which could result in higher costs and delays.
- In addition, CIB minimum standards linked to the fair work charter should reflect the reality of how long implementation will take, since some elements could take several years to implement. In those cases, a phased approach based on an agreed implementation timeline is essential.
- Energy UK recommends that Government should first assess the workforce issues that need to be addressed, whether existing legislation or new legislation already in train address them, and if not whether a charter would be the best route to tackle them, before introducing them into the CIB.
- If after this assessment Government still considers that the CIB offers the best route to incentivise adoption of the charter, an early agreement could be secured by AR9.

- Energy UK advises that plans are finalised after the first half of 2026, providing DESNZ with a more informed view of the situation and whether the CIB is still the preferred policy lever. If it is, Government could then swiftly convene the involved parties and establish the charter's formal scope, processes and governance. A charter could then be fully agreed on in time for AR10, although it is challenging to forecast how long discussions may take. It should be noted that the Industrial Growth Plan took nearly two years to develop and implement, with questions still remaining around its implementation.
- In parallel, work should continue to develop a voluntary workforce charter that could be adopted by a wider set of actors across the energy sector and not limited to new build renewable projects. It is Energy UK's view that the whole energy sector should be moving forwards together towards ensuring the highest possible standards in the clean energy workforce.

3. Which of the two approaches do you prefer for encouraging developer 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.

- As set out in questions one and two above, further consideration needs to be given as to whether the charter seeks to address the need to enforce minimum standards or encourage uptake of gold standard employment practices. Energy UK suggests it is too early to introduce the standard into the CIB scheme without understanding the issues further. Understanding this would help inform whether the charter should be introduced into the CIB minimum standards or bonus scheme.
- In order for industry to decide on the best option, there should also be more clarity around the scope of the financial penalties mentioned in the consultation. This would allow investors to gain a better understanding of their potential impact.
- At this stage option one would create significant risk for the sector as developers may be unable to sign-up to the yet unknown conditions and face financial penalties for non-compliance. This is because there is a lack of clarity around what agreement to the discussions would mean in practice and how it would be measured.
- Similarly, the full scope of early commitments is also uncertain, and developers are unsure whether the fair work charter will set out initial or final agreements that are subject to all parties.
- These are questions linked to the proposed governance of the fair work charter, which should be established beforehand to outline the long-term direction of the charter. Otherwise, developers will be hesitant to make premature public commitments.

- Depending on the conditions set out, introducing this into minimum standards could reduce entry into the CfD auction, reducing competition and potentially the capacity procured.
- Option two would be preferential in terms of not reducing entry to CfD auctions and minimising the risk of unfairness regarding financial penalties, but would create further uncertainty for the supply chain due to uncertainties it would introduce into the CIB extra scheme. In addition, the penalty from not delivering the commitment to participate actively in discussions is quite significant. For instance, if the project has won a large CIB to cover the premium(s) of suppliers in UK deprived areas and the developer may find it challenging to change their supplier choice after it has been significantly advanced. This risk is likely to lead to more risk averse CIB extra proposal bids. There is also the remaining uncertainty around how DESNZ will measure active participation, which could exacerbate this.

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.

- As outlined in the response above, Energy UK suggests it is too early to introduce these modifications to the scheme without understanding the issues these measures are targeting in more detail. Similarly, there should be further analysis around how to best encourage compliance across SMEs in the supply chain.
- The current proposals also raise concerns that developers will have limited control over supplier engagement with the fair work charter, and there is a lack of clarity around how this could impact compliance and CIB payments. Energy UK members would welcome clarity around how discussions on the fair work charter will aim to include suppliers in the conversation.
- If developers are expected to demonstrate how suppliers are compliant with the fair work charter, similar to the current CIB process, there are unsolved questions around how performance would be monitored, reported, or enforced through the CIB. This uncertainty creates the risk that developers could be held accountable for supplier non-compliance and impact CIB-related payments.
- At this stage, if these measures are introduced, the preferred option is the first one since it applies to a broader section of the supply chain and would be easier to manage as it will be laid out clearly ahead of signing contracts. Option one also appears to better

align with the CIB's wider policy aims of stimulating supply chain investment. However, further clarification is needed on timing, exemption frameworks, supplier definitions, and international supplier considerations.

- Other challenges associated with option one include: providing early clarity on the scope of suppliers expected to participate, providing a robust and transparent framework for exemptions, clarifying the timeframe ahead of CIB bids, clarifying whether international suppliers are in scope and establishing how compliance will be measured across jurisdictions.
- The second option does not provide a strong incentive since not all suppliers currently receive Industrial Growth Plan (IGP) funding, which was set up to support the growth of the offshore wind supply chain, minimising its impact. Moreover, as with the first option, there is currently ambiguity around the supplier scope and what would constitute full or partial sign-up to the fair work charter.
- In addition, the IGP is an industry-led initiative developed for a specific purpose and adding new CIB criteria may stray outside of the IGP Delivery Body's competence and delivery expertise. It could also add an additional barrier for suppliers seeking IGP investment, which is already a complex process.

5. What proportion of project 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.

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.

- Energy UK is committed to ensuring a fair and prosperous energy transition which creates good, clean energy jobs across the country. Strengthening workforce protections is at the heart of this vision and industry is keen to enter discussions around how a fair work charter could help deliver these objectives.
- That being said, a great deal of care and consideration should be taken into its implementation, given project development relies on international financing, which is sensitive to cost, delivery penalties and uncertainty.
- While industry will proactively work with Government to protect and empower the clean energy workforce, Government should remain cautious around how these negotiations could impact CfD auction timings and liquidity and, therefore, the delivery of Clean Power 2030.

Skills

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.

- Energy UK agrees that increasing the capacity of our domestic clean energy workforce to deliver the clean energy mission is an urgent priority, and more funding is desperately needed to tackle the scale of the challenge.
- However, it is highly unlikely the suggested measures could be implemented in a timely manner ahead of AR8 and their introduction would add complexity and risk delays.
- Given the challenge around implementation outlined below, the introduction of a skills criterion should be deferred until AR9 to allow sufficient time for its design, consultation, and alignment with broader policy goals. Skills development is a complex and regionally sensitive challenge, and any intervention must be carefully structured to ensure effectiveness, avoid duplication, and maximise industry buy-in.
- Moreover, the CIB is a limited mechanism through which to approach this problem. This is because the CIB is project-focused and limited to only new projects in the offshore wind sector, only one segment of the full energy sector facing skills shortages.
- The responsibility of funding the current and future shortage should be shared across the sector and will require greater cooperation across developers rather than competition. Funding needs to go to all areas of the UK not just those with new renewable assets and needs to be consistent and long-term – a project-by-project approach based on renewables assets alone will not result in this type of funding.
- Skills shortages in offshore wind and other renewable technologies are similar to those in the wider energy sector and a coordinated approach is required to ensure the overall workforce has the skills it requires and grows in overall size. Currently, developers already face a significant number of skills-related requirements. These include the Apprenticeship Levy as part of the Skills and Growth Offer. It can also include industry levies such as the Engineering Construction Industry Training Board (ECITB) whose coverage depends on the main activities undertaken, size of company and location. The ECITB does not cover many energy organisations since marine activity beyond territorial waters, which includes the majority of offshore wind, is not within scope.
- Many developers also invest in skills and the supply chain as part of the leasing process with The Crown Estate and makes commitments as part of the application process for a

Development Consent Order. This often takes the form of commitments to Community Benefit Funds, which are attached to most offshore wind projects and may include funding for skills initiatives. There are also ongoing conversations around the set-up of an IGP Delivery Fund, which could involve additional contributions.

- Energy UK instead supports the creation of a GB-wide energy sector strategic skills fund as a way of streamlining the current fragmented approach to funding skills needs, which would benefit from a more purposeful, coherent approach that simplifies contributions and delivers the most impact. Contributions to this fund could be widened out to a broader range of contributors across the energy sector, reducing the burden on the CfD scheme which needs to deliver renewable capacity at the lowest cost for consumers. It mirrors a proposal recently made by the ECITB, who have advocated for the formation of a £10m Strategic Innovation Fund to accelerate Britain's skills investment and overcome the skills funding gap.
- Contributions to the fund could take into account existing local skills initiatives and contributions to other funds so that all companies in scope make a similar total amount of investment.
- If however skills requirements are added to the CIB, these should be minimal and easily implemented. Out of the two options, the first one is preferred as it would ensure a level playing field across all offshore wind developers. A GB-wide skills CIB investment fund overcomes the more short-term and local focus of a project-based approach, allowing for industry levies to be deployed strategically at a national level to deliver long-term improvements where they are most needed.
- However, for this offshore wind specific fund to be effective, it would need to be carefully established with tailored input from regional supply chain clusters, local authorities, trade bodies and the OWIC's People & Skills Group. Skills requirements and financial contributions required from developers across different stages of project delivery should be strategic and consistent across the UK and streamlined to reduce complexity and project delay.
- Given this level of complexity, the proposed timelines suggested in the consultation are not adequate for its correct implementation. If Government is committed to introducing reforms ahead of AR8, the second option would be more appropriate and realistic. Project-level investment would allow developers to immediately tailor skills interventions to their specific labour demand profiles and timelines.
- But in the medium to long-term, Energy UK believes a more strategic and coordinated approach across the energy sector is needed to tackle the scale of the skills gap and effectively invest in the training and job creation opportunities required for the delivery of a just energy transition.

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.

- Projects entering the CfD bidding process already face considerable and unpredictable cost pressures due to unforeseeable global supply chain constraints.
- Adding mandatory skills contributions could lead to an increase in project costs. Contributions should therefore be kept sufficiently low to minimise inflationary pressures on CfD bids.
- As outlined above, a GB wide fund would be preferential as it would spread costs over a wider range of energy projects and organisations. Companies would be able to continue to invest in skills and training to benefit communities around both existing and new projects, while still facilitating strategic and consistent investment across the UK.
- For the fund to be successful, it needs to ensure it does not divert focus away from existing, well-established and effective initiatives that developers are already delivering, such as graduate, apprenticeship, year-in-industry, scholarships, training and re-skilling programmes, as well as STEM outreach and engagement.
- Lastly, good governance and visibility of funding decisions and impacts will be essential, emulating the examples of other industry levy bodies such as the ECITB.

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.

- Consideration needs to be given to how a skills fund stacks-up against wider financial commitments a project is required to make, such as those linked to new infrastructure in communities. A combination of financial commitments across different areas could have an impact on a project business case and even potentially make it unviable depending on the developer internal approval metrics.
- As such, care should be given to ensure contributions are not excessively high.

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.

- It's important that there is industry oversight around how skills-related contributions are invested at a national level, and the IGP Delivery Body would be a suitable organisation given the offshore wind industry's existing familiarity with the body.
- However, consideration should be given to the increasing complexity surrounding skills policy, exacerbated by the fact that skills is a devolved issue which means it involves a large number of government bodies and departments, at different levels. Given that skills shortages in offshore wind are common to the wider energy, utility and construction sectors, it will be important to ensure that any work is coordinated with wider efforts and work being done by Skills England and other organisations more broadly.
- Energy UK urges Government to clarify and simplify both the funding and the Governance of skills policy.
- The incoming Clean Energy Jobs Steering Group provides an opportunity to bring industry on board and bring coherence to the different roles, accountabilities, and governance structures, as well as monitor their delivery
- If the IGP Delivery Body, is to administer both the IGP and the offshore wind sector delivery of the skills investment fund, its remit must be clearly defined.
- Industry should be consulted to identify how a specialist expert panel or Board could be integrated into existing IGP Delivery Body structures with clear lines of responsibility that enable effective assessment and coordination of funds according to recognised priorities, but which maintains boundaries around the existing and emerging IGP structures so as not to detract from its current focus and specialism in relation to supply chain development and growth.
- It is unlikely this body could be set up in time for AR8, given the IGP took several years to develop. Moreover, there are questions around whether CIB-directed funding could be used to cover essential administrative, legal, or overhead costs, suggesting that the CIB would not be the appropriate funding mechanism.

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?

- Mapping out skills requirements at a local and regional level is the first step towards gathering a national overview of the areas and sectors which require the most investment. Skills England has done some assessments of overall workforce need but it is unclear how granular this mapping will be going forward. Further work is underway to map out energy skills at a granular level by the Regional Skills Pilots and Local Net Zero Hubs.

- Once this mapping is complete, industry representatives can work together with national and local government, as well as trade union representatives, to ensure investment is directed towards where it's needed most.
- One of the overarching objectives of a GB-wide skills investment fund should be to deliver a Just Transition, which means emulating examples set out by other countries such as Denmark and Spain, and identifying the local communities which will be most impacted by the energy transition. Aid then needs to be directed so that workers in the energy sector facing job insecurity in these regions are protected, securing a prosperous and fair transition.
- It's important to stress that the skills investment fund should focus on national strategy and funding the skill gaps which are causing the most strain, since voluntary activity from industry around jobs creation and career opportunities should continue in parallel.
- Regional supply chain clusters, such as those identified in the OWIC Regional Growth Prospectus, should play a key role in identifying local skills priorities for offshore wind specifically. These organisations have the insight, relationships and understanding necessary to ensure that investment is targeted effectively. A delivery body of the skills investment fund would have to ensure this fund is shaped and delivered in close partnership with regional bodies and clusters, ensuring local priorities and conditions are reflected in efforts. There is also 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.

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.

- Energy UK agrees with the suggested list but recommends adding an explicit point around support for retraining and reskilling, since alongside bringing in new people into the sector, skills investment should also be directed towards funding workers in the oil & gas sector with existing transferable skills who are making the transition towards clean energy jobs.
- 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 starters within the supply chain workforce, with a focus on priority groups (e.g. those not in education, employment, or training (NEETs), under-represented groups, local residents).

- Upskilling and Transition Support – supporting workers from oil & gas, military and other adjacent sectors to retrain through tailored programmes.
- An eligible list should be published early and remain stable across allocation rounds, to give developers and suppliers early visibility, clarity and transparency. DESNZ should also note that a large portion of skills gaps sit within the supply chain, not directly with developers, so the creation of any eligible skills activities list should reflect that balance.
- Skills data is difficult to collect and retain, particularly due to data protection concerns, and long-term outcomes can take years to materialise. Therefore, eligible activities should be selected not only for their impact, but also for their practicality in tracking and evidencing.

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.

Onshore wind

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?

- Energy UK is supportive of Government aims to build up the domestic supply chain for all types of energy development including onshore wind to contribute to economic growth and improve the resilience of the energy sector.
- However, both Energy UK supply chain and developer members question the efficacy of the CIB scheme to date in delivering additional investment in new manufacturing capacity. The CIB scheme only enables developers to cover the higher costs of purchasing components from UK facilities once they are built.
- There first needs to be an assessment of the effectiveness of the CIB policy as applied to offshore wind to date to assess whether it has been cost effective or whether alternative methods to promote supply chain investment would be more effective. However, this will take time given that AR7 has still not been concluded and there may even be a secondary CIB allocation process after the AR7 results.
- The focus for now should be on maximising opportunities in the offshore wind supply chain given the greater scale of projects and greater maturity of the supply chain.
- Before any extension to onshore wind there also needs to be a better understanding of the likely areas of manufacturing that the UK should focus on based on domestic strengths and export opportunities and whether they could be best supported by the

CIB or an alternative intervention¹. However, this work is only just underway via the onshore wind Supply Chain Capability Analysis (an action from the UK Government's Onshore Wind Strategy) supply chain assessment and the networks assessment given potential overlaps.

- There is also wider supply chain policy that Government has proposed through its Modern Industrial Strategy 2025 that needs to be implemented.²
- In addition to the supply chain measures set out in the Industrial Strategy, Government should consider introducing wider measures to develop domestic supply chains that are likely to have greater impact than the CIB regime.
- A transformational approach is required to give the long-term visibility on pipeline volume and timings. This needs to be across all technologies not just offshore and onshore networks but also all forms of generation given significant overlaps in key components required.
- Government should provide greater long-term visibility of CfD allocation round timings with indicative volumes based on initiatives such as the Strategic Spatial Energy Plan (SSEP.)
- It will also be important to review CfD delivery dates to better take account of long lead times for key components.
- Given procurement timelines leading up to CfD rounds, for the CIB to influence supply chain decisions, developers would need early clarity on CIB criteria and design, realistically a minimum of 12 months before CfD bidding. Therefore, it is arguably already too late to consider extending the CIB to onshore wind for AR8, and too late for the policy to meaningfully influence procurement strategies. This will be even more challenging for projects unsuccessful at AR7, who may not be informed of the outcome of AR7 until February 2026 – merely weeks before the proposed opening of the AR8 CIB Application Window. AR9 is therefore a more appropriate place to assess potential onshore wind CIBs implementation, albeit noting above we see limited benefits of this without an effective wider industrial strategy.

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

¹ There are a number of complimentary or alternative policies that are included in the UK's Modern Industrial Strategy 2025 including direct Government supply chain investments, standardisation, investment concierge service and market guarantee schemes for network components (but potentially other components)

² There are a number of complimentary or alternative policies that are included in the UK's Modern Industrial Strategy 2025 including direct Government supply chain investments, standardisation, investment concierge service and market guarantee schemes for network components (but potentially other components) that need to be worked up and implemented.

improvements you would suggest to increase the potential value? Please provide any relevant evidence.

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

- As outlined above, the onshore wind UK Government's Onshore Wind Strategy's Supply Chain Capability Analysis needs to be completed to understand which technology groups offer the best opportunity for growth in the UK and therefore CIB investment.

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.

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?

- Energy UK supports the introduction of portfolio applications to reduce the administrative burden for projects that procure across a number of projects.
- However, our members flag that they do not usually procure components for onshore projects on a portfolio basis due to uncertainties about the success rate and timings of individual projects so we support this move if a project-only approach is still allowed and the minimal standard threshold applies on an individual project basis.

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?

- The CfD Supply Chain Plan regime has a higher threshold of 300MW, which Energy UK considers an appropriate starting point for considering the CIB. Smaller projects are less able to have a material impact on the supply chain and less able to manage the regulatory burden and complexity of these types of mechanisms.
- A minimum standard value should be informed by relevant evidence, for instance, as was the case for the setting of the £100m/GW threshold for offshore wind. It is currently unclear what evidence has informed the £25m/GW proposal.

- Therefore, further clarity on the methodology used to arrive at this level would be necessary. Until supply chain assessment is carried out it is not possible to assess what level it should be set at, as this will depend on the scale of realistic opportunities in the domestic supply chain.

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

- We would want to see the outputs of the UK Government's Onshore Wind Strategy Supply Chain Capability Analysis Supply Chain Capability Analysis before commitment is made to a separate sub-budget for onshore wind to ensure that there are sufficient areas of supply chain investment that offer a good opportunity for the UK.

Process improvements

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

- Energy UK notes the considerable delay that the CIB regime brought to AR7, so welcome measures to improve the transparency and predictability around future CIB timelines.
- However, the current approach risks exacerbating some of the issues experienced during AR7, since determining timelines round by round will limit forward visibility to inform preparations with the supply chain. Instead, these should be set regularly every year.
- At AR7, the final Allocation Framework was published four months before the application window opened but there were many parts of the framework that industry found unclear and had to seek clarity on over several weeks. This also led to multiple updates to the final framework. If the final Allocation Framework is to be published close to the application window opening, as currently proposed, DESNZ must commit to locking down the content well in advance to give developers and the supply chain the necessary confidence to develop proposals.
- Currently, the timelines between AR7 results (particularly in the longest timeline, Scenario 5) and the CIB Application Window are very short and projects that were not successful at AR7 will not be able to begin supplier discussions on AR8 until after the AR7 results.
- DESNZ should consider how it ensures these projects will be able to participate and not be disadvantaged. Given the expected scale of capacity participating in AR7, there are likely to be several unsuccessful OFW projects that will be impacted.

- DESNZ should also ensure future iterations of the CIB are communicated clearly and with adequate lead-in time. We consider that 5 days between final Allocation Framework publication and CIB window opening is too short a period, especially if the application window is also a short period.
- Lastly, the consultation suggests that because industry is now more familiar with the CIB process, DESNZ is more confident that industry can adequately prepare in shorter timescales. Whilst some parts of the industry will have participated in some or all aspects of the CIB process at AR7, DESNZ should note that there will be many participants who did not. Therefore, familiarity with the CIB should not be assumed, and there are serious risks of condensing timelines on the basis of this assumption.

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.

- The approaches to budget tools are broadly sensible. However, we do not agree with proposals to hide budgets as it may undermine bidding approaches and lead to irrational bidding or perverse outcomes.
- The supply chain needs significant investment and visibility on future funding so there is a need to set out minimum levels and we do not agree that budget should be zero at any time.
- Similar to the minimum requirements, there is a need for early visibility of potential budget so that final framework only has small changes.
- We appreciate DESNZ's rationale for amending the regulations so that DESNZ has greater flexibility for setting CIB application window and budget structures round by round via the Allocation Framework.
- However, there are concerns that this will only reduce transparency and certainty for future years, which will reduce projects' ability to prepare bids for future rounds. Instead, parameters should be stabilised as much as possible, with forward visibility provided to enable developers to prepare ambitious bids. The proposed powers to keep budgets hidden should only be exercised if there is expected to be significant risk of market power (e.g. due to limited participants) at the CIB auction.

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

- Energy UK is supportive of the proposal to include regulatory amendments that account for non-delivery due to events outside of a generator's control. The approach taken in

AR7 was broadly appropriate as 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.

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

- Energy UK does not agree with this amendment since providing only an absolute budget risks reducing transparency about what budget is available. The main issue with AR7 revolved around the lack of a clear definition and contextualisation of the £m/GW metric in its explanation. In future, any metric used, whether £m/GW or absolute figures, should be clearly defined and consistently applied.
- As a result, uncertainty surrounding the budget in AR7 significantly undermined the scheme's effectiveness and likely led to risk-averse bidding. Uncertainties arose from:
 - The ability for DESNZ to vary the budget from the indicative budget, by an unlimited value.
 - No transparency on the size of the ring-fenced FLOW budget.
 - Uncertainty about how much capacity would enter the auction, which would determine the total budget.
 - Complexity on the bidding, scoring and tiebreaker rules.
 - Uncertainty on how other participants may bid.
 - Potential use of the secondary reallocation after the CfD results and what budget may be available for that.
 - These sort of uncertainties limit 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.
 - Further confusion was also caused by Government describing the final budget as an increase, when it was in fact a reduction in the budget on a capacity basis, which is arguably the more informative framing for projects.

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

- Yes, Energy UK supports the proposal to extend the scheme's sunset clause to cover any CIB rounds occurring before 31 December 2028. This extension provides welcome certainty.

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.

- Energy UK welcomes reforms to enable payments to be made earlier to provide supply chain with earlier funding.
- 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.
- Energy UK supports the second option as it will ensure investments required for both minimum standards and CIB extra proposals have been made and avoids the need for a claw-back scheme.
- Payments might also need to be front-loaded to better support capex heavy investment in supply chain. 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. Additionally, if a CIB application is based on an installed capacity estimate that later changes, the clawback mechanism designed for the LCCC to retrieve funds would need to consider this. This mechanism should be communicated early to developers to ensure transparency.

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'?

- Energy UK supports the proposal to allow project-level bids, provided this remains optional. This may provide greater flexibility in how bids are structured and managed. However, the proposed definitions of "project" and "unit" raise some concerns and require further clarification.
- The definition of a 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. For example, under this definition, multiple projects owned by the same developer under one lease, could be considered a single project.

- For phased projects, 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.
- Energy UK recommends that DESNZ provide early and detailed guidance on how project-level bids will be treated, including how definitions will be applied in practice and whether phased developments can participate in multiple rounds. This clarity will be essential to ensure developers can structure their bids effectively and avoid unintended exclusions.

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

- Energy UK does 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.