

4 December 2025

Chancellor of the Exchequer
Secretary of State for Energy Security and Net Zero

Dear Chancellor and Secretary of State,

SUBJECT: Allocation Round 7 budget uplift

As a matter of urgency, **we write to request an uplift to the budget for this year's 'Contracts for Difference (CfD) Allocation Round (AR7)' to unlock investment in a greater number of offshore wind projects**, to ensure good value for billpayers, as well as the delivery of the Government's stated policy ambitions in energy security, economic growth and the Industrial Strategy.

AR7 is the first Allocation Round in several years that could result in considerable investment in UK offshore wind projects, and as a result, investment in offshore wind supply chain capabilities and jobs. The two previous Allocations Rounds in 2023 and 2024 only procured 963MW of fixed bottom offshore wind and no fixed bottom offshore wind contracts in Scotland, with one auction failing entirely. With a record 24 GW (19 projects) eligible to enter AR7, cumulatively worth £72bn in investment, the Government must seize this exciting opportunity to realise the benefits of offshore wind leadership.

However, the **current parameters and budget for AR7 will only result in a fraction of the projects eligible to enter AR7** – approximately only 4-5GW – which would lead to the missing out of significant benefits. We are writing as a group of leading, cross-sector trade associations and unions to urge the Government to **increase the AR7 budget for Pot 3 to help unlock:**

- **Lower electricity prices for businesses and consumers:** renewables generate cheaper electricity than new gas plants and new nuclear on a levelised cost basis,¹ though these technologies will continue to play an important role the UK's energy system. As we know, the UK currently faces the highest electricity costs in Europe, largely driven by gas wholesale costs since Russia's illegal invasion of Ukraine² – impacting industrial competitiveness and productivity, and domestic billpayers. Offshore wind has already saved consumers over £100bn over the past decade,³ and every new project strengthens our protection against future gas and oil price shocks and bolsters our energy security. A record 19 fixed-bottom offshore wind farms are

¹ [Electricity generation costs 2023](#)

² [UKERC, Wholesale Market Price Formation, Policy Costs and Domestic Electricity Bills in Britain \(2025\)](#)

³ [Wind power delivers £104 billion net benefit to UK consumers | UCL News - UCL - University College London.](#)

eligible to bid in this year's auction, ensuring strong competition and good value for money, even with a budget uplift to allow a greater number of offshore wind farms.

- **Key opportunities identified in the Industrial Strategy:** the private sector is planning on, and in some cases already committed to, investing in port and supply chain opportunities highlighted in the *Industrial Strategy*⁴ on the basis of the Government delivering consistent and successful CfD auctions. Therefore AR7 needs to be a decisive and successful auction round, as the previous two Allocation Rounds did not provide the pipeline capacity nor certainty required to fully realise these opportunities. A stable flow of contracts year-to-year is critical to supply chain growth, as well as the transition and expansion of existing oil and gas supply chains. The current AR7 budget is simply not sufficient to provide the confidence or pipeline necessary for industrial investment on the scale available.
- **Jobs growth** in roles that typically pay more than £10,000 above the national average wage, as well as certainty for existing energy workers and training providers regarding the Government's intentions. The offshore wind sector and supply chain could employ 100,000 workers by the end of the decade if the Government hits its clean power ambitions, building on the 40,000 people employed today. These jobs are predominantly in coastal communities, offering opportunities to those transitioning from high carbon sectors, as well as those looking for long term sustainable careers. Wind sector employers and trade unions are already collaborating and exploring areas of joint work to place the workforce at the centre of our industry and its future growth. However, the current AR7 budget means that the Government will struggle to hit its clean power ambitions.

Maximising procurement of new offshore wind projects right across the UK through AR7 is evidently the right choice for investment for UK supply chain, bill payers and job creation.

We therefore urge the Government to increase the AR7 budget and procure a greater number of offshore wind projects in Pot 3 to unlock these benefits.

Sincerely,



⁴ The Government's Industrial Strategy builds upon the offshore wind industry's [Industrial Growth Plan](#).