

David Jones, Senior Policy Manager, Ofgem
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11/08/2025

Dear David,

EDF Response to CMP444 minded-to decision consultation

EDF is the UK's largest producer of low carbon electricity. EDF operates low carbon nuclear power stations and is building the first of a new generation of nuclear plants. EDF also has a large and growing portfolio of renewables, including onshore and offshore wind and solar generation, as well as energy storage. With over five and a half million electricity and gas customer accounts, including residential and business users, EDF aims to help Britain achieve net zero by building a smarter energy future that will support delivery of net zero carbon emissions, including through digital innovations and new customer offerings that encourage the transition to low carbon electric transport and heating.

We welcome the opportunity to respond to the minded-to consultation for CMP444. Overall, we support Ofgem's decision to reject the modification. However, we are disappointed that following an industry-wide TNUoS taskforce commencing in summer 2022 that sought to review and address root causes of the unpredictability of TNUoS charges and two CUSC modifications raised and developed by industry (CMP413 and CMP444) subsequently seeking to provide TNUoS tariff predictability, the issue is no closer to being resolved.

While we welcome Ofgem's open letter of 21 July which sets out its initial thinking on reforming network charging signals to align with the UK Government's decision to retain a single GB-wide electricity market; this does not provide any certainty on the form and level of future network charges.

It is incredibly important that Ofgem progresses its thinking into tangible outputs and measures that can be delivered at pace or provides early signals to aid investment decisions. Failure to provide sufficient certainty to investors ahead of pending CfD AR7 and AR8 will likely lead to two outcomes, both of which are undesirable.

- 1) Bidders into the auctions price in higher levels of risk to mitigate future reforms placing an additional cost burden on consumers.
- 2) Bidders underestimate the risks, their projects become unviable, and they terminate their contract if prevailing costs out-turn higher, resulting in renewable targets not being met.

If CMP444 is rejected we would urge Ofgem to provide, with urgency, the necessary assurances to investors and existing generators from what is currently an unquantifiable risk. Ofgem could set out a modest set of guardrails for future network charges to protect investors from uncertainty which could be set at a level that would not cause a market distortion and impact competition significantly while providing sufficient certainty to developers to reduce costs to consumers.

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We would encourage Ofgem to work with industry to quickly reestablish the transparent, accountable and accessible Task Force to assist Ofgem in this process.

If you have any questions or queries about the response, please do not hesitate to contact either myself or Binoy Dharsi (binoy.dharsi@edfenergy.com)

Yours sincerely,

A handwritten signature in dark ink, appearing to read "Mark Cox".

Mark Cox
Head of Nuclear & Wholesale Policy and Regulation

Attachment

Answers to the consultation questions below:

1. To what extent do you agree with our assessment of the impacts of CMP444 options on ACO (e)? Please provide your detailed rationale.

Applicable CUSC Objective e) 'That compliance with the use of system charging methodology results in charges which reflect, as far as is reasonably practicable, the costs (excluding any payments between transmission licensees which are made under and in accordance with the STC) incurred by transmission licensees in their transmission businesses and which are compatible with standard licence condition C11 requirements of a connect and manage connection).

The objective of CMP444 was to provide effective guardrails, protecting investors from the extremes of potential tariffs outcomes during a period of significant network investment. The 10-year TNUoS projection provided by the NESO¹ in September 2023 demonstrated how rapidly tariff projections could increase, particularly in northern GB generation zones. This was especially more pronounced towards the latter part of those projections. What did not seem contestable was the planned nearer term network investment that already been committed. The projection into 2030/1 as well as 2031/2 were broadly seen as a very likely outcome.

We therefore concur with Ofgem's view that the levels at which the cap and floor were set under the proposals presented to them, particularly after the NESO's assessment concluded that a breach would likely occur as early as 2029, set an aggressive cap and floor which would have the potential to significantly impact other generators negatively. We therefore agree that an assessment to apply a negative impact against Applicable CUSC Objective e).

2. Do you agree with our assessment of the impacts of CMP444 options against ACO (d)? Please provide your rationale. If you have data to support your assessment of the interactions between CMP444 options and competition in generation we would encourage you to share it with us alongside this consultation response, clearly marking any confidential data.

Applicable CUSC Objective d) 'That compliance with the use of system charging methodology facilitates effective competition in the generation and supply of electricity and (so far as is consistent therewith) facilitates competition in the sale, distribution and purchase of electricity.

We disagree with Ofgem's assessment of this CUSC Objective will be neutral. Our assessment is that it will be negative. Ofgem sets out both the negative and positive impacts to the solutions developed under CMP444. Whilst understanding the rationale, our opinion is that the negatives outweigh any of the positives.

Ofgem states that, "unforeseen losses or gains are, in our view, likely distortive to competition to the extent that they may create market instability or unduly advantage some market participants over others". We agree with this assessment. The deficiency in the solutions developed poses a real

¹ [Five-Year Projection of TNUoS Tariffs for 2029/30 to 2033/34](#)

commercial risk to developers and existing generators who would not be easily able to forecast an unknown and unquantifiable risk due to the changes to the generation adjustment tariff.

3. To what extent do you agree with our views on the interactions between cost-reflectivity and competition? Please provide evidence (qualitative or quantitative) supporting your answer.

We agree with Ofgem's assessment that cost reflectivity remains an important part of the existing methodology. A modest set of tariff guardrails to protect investors from uncertainty would likely not cause a large market distortion and impact competition significantly. There is a broad trade-off that would be acceptable to market participants.

4. To what extent do you agree with our assessment of CMP444 options against ACOs (f)? Please provide your detailed reasoning.

Applicable CUSC Objective f) 'That, so far as is consistent with sub-paragraphs (a) and (b), the use of system charging methodology, as far as is reasonably practicable, properly takes account of the developments in transmission licensees' transmission businesses and the ISOP business'

We agree with Ofgem's assessment that the solutions developed in this modification is neutral.

5. To what extent do you agree with our assessment of CMP444 options against ACOs (g)? Please provide your detailed reasoning.

Applicable CUSC Objective g) 'Compliance with the Electricity Regulation and any relevant legally binding decisions of the European Commission and/or the Agency'

We agree with Ofgem's conclusion that neither approval nor rejection of CMP444 would be likely to result in non-compliance with the Electricity Regulation or other relevant legally binding decisions.

6. To what extent do you agree with our assessment of CMP444 options against ACOs (h)? Please provide your detailed reasoning.

Applicable CUSC Objective h) 'Promoting efficiency in the implementation and administration of the charging methodology'

Our assessment is that WACM5 is overly complex and is negative against CUSC Objective h) We agree that the other solutions are less complex and agree with Ofgem's assessment that they are marginally negative CUSC Objective h).

7. To what extent do you agree with our assessment of CMP444 options against the ACOs, taken collectively? Please provide your detailed reasoning and any evidence in support.

We agree that taken collectively, the modification options presented in this CMP444 would not be better than baseline.

CMP444 was raised to provide guardrails to investors from some of the extreme outcomes of TNUoS projections as the network significantly expanded. Providing this certainty was perceived to enable developers to better reflect TNUoS costs into their investment decision.

The design of all the solutions developed would fail to provide those guardrail assurances. The solutions presented to Ofgem for determination would expose the generation adjustment tariff to change by an unquantifiable amount. The least extreme solution developed would still set guardrails at 2029/30 tariff levels. Given that network investment, as assessed by the NESO, would exceed these tariff levels, a greater bearing would be placed on the generation adjustment tariff. Against the Applicable CUSC Objectives this would have created market distortions leading to more sub-optimal outcomes.

8. Do you consider that implementation of any of the proposals (if we assessed them to better facilitate achievement of the ACOs) would have particular impacts relevant to our principal objective and/or wider statutory duties? Please provide your detailed reasoning and any evidence in support.

No, we do not consider that there would have been any wider impacts on implementation of these proposals to any of the principal objectives or wider statutory duties.