

Invenergy via email, 6 August 2025

Response received to the CMP444 minded-to consultation

We are writing in response to your consultation on the minded-to decision to reject CMP444. Invenergy believes that rejecting this proposal would be exceptionally detrimental to the long-term interests of the United Kingdom and to the collective efforts to reduce the environmental impact of energy use within the country.

We fully appreciate and support the principle of cost-reflectivity in transmission charging, particularly where it applies to conventional generation, which can often be more readily located near centres of demand. However, the application of this same locational cost-reflective framework to low-carbon technologies, excluding nuclear and carbon capture, is, in our view, fundamentally misaligned with current practical, environmental, and social realities.

It is not presently feasible, nor likely in the near term, to locate the majority of renewable generation close to major demand centres. The most efficient and productive renewable resources, particularly wind, hydroelectric and solar, are geographically constrained. As such, a charging methodology that penalises generators for being situated in those locations risks increasing the number of projects required to meet decarbonisation targets, thereby raising costs for consumers and placing unnecessary barriers in the way of progress.

CMP444 provided a balanced and proportionate response to this challenge. While acknowledging the importance of cost-reflective price signals, the proposal also sought to deliver improved investor certainty during project development, an especially important consideration in light of the unprecedented influence that Ofgem and the UK Government now exercise over new connections via the Connections Reform process. These reforms already provide the planning and locational signals intended to drive system efficiency; as such, the cost-reflective locational signals within TNUoS are now less critical than they were previously.

Rejecting CMP444 appears to conflict directly with the objectives of the UK Government's Clean Power by 2030 target. The continued escalation of TNUoS charges, without any mechanism to manage exposure, risks pushing renewable generation projects beyond the point of financial viability. This undermines not only investor confidence but also the core decarbonisation aims set out by government and endorsed by Ofgem.

Moreover, it is unclear how rejecting CMP444 aligns with Ofgem's statutory objective to protect the interests of current and future consumers. If renewable developers are unable to recover costs due to extreme and unpredictable TNUoS charges, the resulting

impact on the generation mix would be severe. Either power prices will need to rise substantially to support new projects, or renewable capacity build-out will slow or halt altogether, forcing the UK to become increasingly reliant on imported energy and exposing consumers to far higher costs and energy security risks. Neither of these outcomes is consistent with Ofgem's duties, nor with the Government's stated energy and climate goals.

We recognise that any change to TNUoS charging, including the implementation of a cap and floor, will impact the financial viability of a number of projects. However, we would note that this is already the case under the current regime, where significant credits, particularly in southern zones, are distorting market signals and in some cases enabling the viability of inefficient or poorly located projects. Addressing this imbalance is, in our view, no more disruptive than maintaining the status quo.

Furthermore, while we acknowledge that CMP444 and its alternatives would introduce a degree of complexity, we believe that the initial proposals provide a foundation upon which further refinement can be developed collaboratively with industry. The potential benefits in terms of investment certainty, system planning, and long-term consumer value far outweigh the administrative burden.

In conclusion, we urge Ofgem to reconsider its minded-to position. CMP444 offered a time-limited, targeted intervention designed to address urgent and well-evidenced issues within the current TNUoS regime. Ofgem should consider implementing a limited time cap and floor mechanism with a sunset clause, or a similar mechanism aligned with a future market reform date, to help achieve the goals of CP30 while focusing on the broader consumer benefits and energy security. In the context of the broader transformation of the energy system and the increasing urgency of delivering clean power at scale, we believe this proposal deserves approval, if not in its original form, then with a commitment to continued development.

Kind Regards

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