

IREGG response: Ofgem minded-to decision to reject Connection and Use of System Code (CUSC) Modification Proposal CMP444: Introducing a cap and floor to wider generation TNUoS charges.

About IREGG

The Independent Renewable Energy Generators Group (IREGG) is a coalition of independent, pure play renewable energy developers and generators who own and operate one third of UK onshore wind - with a significant ongoing pipeline.

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

The Minded-to assessment falsely assumes perfect cost-reflectivity of the existing uncapped methodology. The hugely unpredictable and highly volatile charges force undue risk premia onto generation investments; IREGG members have separately and confidentially provided evidence to this effect. The resulting impact is a non-cost-reflective signal with extreme outcomes putting CP30 delivery at undue risk.

The assumptions of cost-reflectivity in the minded-to assessment are over-stated, especially in the context of the role of a cap & floor in mitigating volatility on a path to reformed TNUoS by 2029.

While a cap & floor is no ideal solution, it is less damaging than the baseline of unchecked extremes, and taken in consideration alongside the key elements of reformed TNUoS as set out in the government's REMA summer update 2025, scores much closer to neutral against ACO (e) than the overly narrow Minded-to assessment suggests.

On implementation - relying on further delays or complex processes - such as a Significant Code Review - risks auction undersubscription and delivery failure. We welcome the publication of AR7 Administrative Strike Prices for Onshore Wind and note the use of the NESO 10-year TNUoS forecast, which has increased ASPs. However, this one-off adjustment does not provide long-term certainty. Developers must still model a wide range of TNUoS outcomes, creating investment risk and potentially inflating bids.

Therefore, IREGG would disagree with Ofgem's assessment that CMP444 options would be inefficient or disproportionate to implement. CMP444's cap and floor mechanism is a temporary and targeted intervention, designed to bridge the gap until enduring reforms are implemented in 2029. It is aligned with government timelines and avoids locking in distortions. Relying on complex alternatives like a Significant Code Review introduces unnecessary delays, risking auction undersubscription and undermining Mission 2030.

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.

IREGG disagrees with Ofgem's assessment and believe CMP444 would enhance competition in generation. The escalating and volatile TNUoS charges in Scotland are undermining the investment case for onshore wind projects, which are critical to CfD Allocation Rounds 7 and 8. Without CMP444, developers must model a wide range of outcomes, increasing risk and likely inflating bids.

This distorts competition by favouring projects in lower-cost regions and discouraging investment in high-potential areas like Scotland. The cap and floor would level the playing field and support a more competitive CfD auction process. Without it, developers face higher risk and uncertainty, which could lead to undersubscription, inflated bids and reduced competition.

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 believe Ofgem's current approach over-prioritises cost-reflectivity at the expense of competition. The letter cites Ofgem's own admission that "uncertainty of future TNUoS charges can materially impact generator investment decisions... ultimately risking the delivery of a clean power system by 2030."

While cost-reflectivity is important, it must be balanced against the need for predictable and stable charges to enable fair competition. CMP444 offers a pragmatic compromise – preserving locational signals while mitigating volatility that deters investment.

To what extent do you agree with our assessment of the impacts of CMP444 options on cost reflectivity? Please provide your detailed rationale and any supporting evidence.

As noted above, while cost-reflectivity is important, it must be balanced against the need for predictable and stable charges to enable fair competition. CMP444 offers a pragmatic compromise – preserving locational signals while mitigating volatility that deters investment.

To what extent do you agree with our assessment of CMP444 options against ACOs (f)?

ACO (f) considers developments in transmission licensees businesses – this must necessarily include the SSEP commissioned from NESO and the CSNP which will be delivered by Transmission Owners. IREGG believe that failure to implement CMP 444 could lead to higher consumer costs due to undersubscription in Contracts for Difference auctions and delayed deployment, directly at odds with SSEP and undermining the point of CSNP. IREGG therefore concludes that the baseline (failure to implement CMP444)

is inconsistent with ACO (f) – some form of cap & floor is necessary to be positive with regards ACO (f) and avoid undermining the related transmission licensee works.

The UK is undergoing “unprecedented levels of investment in expanding the transmission network,” particularly to move renewable power from Scotland to demand centres in the South. CMP444 reflects this reality by providing a mechanism to stabilise charges during this transition. Ignoring these developments would render the charging methodology outdated and misaligned with system needs.

To what extent do you agree with our assessment of CMP444 options against ACOs (h)

For CMP444, NESO’s administrative efficiency is fundamentally immaterial compared with ACOs (d) and (e); in this regard it can only be scored as neutral.

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.

Taken collectively, CMP444 aligns strongly with the ACOs and is critical to achieving the government’s clean energy goals. IREGG would emphasise that the rejection of CMP444 removes the only viable short-term mechanism to provide investment certainty, threatening AR7 and AR8 deployment. IREGG calls for urgent government intervention to avoid irreversible consequences for the UK’s clean energy future. CMP444 is not a panacea but a necessary guardrail – proportionate, timely, and aligned with broader policy objectives. The cap and floor is a time-limited measure that addresses urgent risks without undermining long-term reform.

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.

Rejecting CMP444 jeopardises the government’s ability to secure sufficient capacity through CfD auctions. This threatens the delivery of a decarbonised power system by 2030 and could lead to higher consumer costs in the long term. Urgent government intervention to avoid these outcomes, which are directly relevant to Ofgem’s duties to protect consumers and promote sustainability.

Do you agree with our assessment of the impacts of CMP444 options on competition between generators? Please provide your rationale and any supporting evidence. If you have contemporaneous documents and/or 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.

CMP444 would enhance competition by reducing locational disadvantage for Scottish projects. The current TNUoS regime disproportionately penalises these projects, despite their strategic importance. CMP444 would allow more projects to participate in CfD

auctions on a fairer basis, improving competition and reducing the risk of undersubscription. Here, IREGG see that CMP444 would provide a level playing field for Scottish projects to compete fairly in AR7 and AR8, prevent “needlessly higher bids” that arise from unpredictable network charges and would encourage broader participation in CfD auctions, increasing supply and driving down consumer costs in the long term.

Looking to NESO’s 10-year TNUoS forecast, which underpins the projected charge increases, the impact of these projections on Administrative Strike Prices for AR7 and the strategic importance of Scottish onshore wind in meeting 2030 targets, these collectively support the view that CMP444 would mitigate a market distortion and enhance competitive outcomes.

CMP444 is not a distortion of competition, but rather it is a corrective measure. By addressing a known and growing locational imbalance, it enables fairer competition across regions and supports the UK’s broader decarbonisation and affordability goals. IREGG therefore strongly disagrees with Ofgem’s assessment and urges reconsideration of CMP444 as a pro-competition, pro-consumer intervention.