

David Jones  
OFGEM  
10 South Colonnade  
Canary Wharf  
London  
E14 4PU

11 August 2025

Dear David,

## Response to Minded to Decision on CMP444 Consultation

### Introduction to RES

RES is the world's largest independent renewable energy company, working across 24 countries and active in wind, solar, energy storage, green hydrogen, transmission, and distribution. An industry innovator for over 40 years, RES has delivered more than 28 GW of renewable energy projects across the globe and plans to bring more than 26 GW of new capacity online in the next five years.

In the UK, RES has developed and/or constructed 1GW of operating wind generation capacity. We provide support services (AM and O&M) to a global operational portfolio of 5.5W of renewable projects and energy storage for a range of third-party clients. We play a critical role in ensuring the provision electricity with our teams on the ground and in our 24/7/365 control centre responsible for keeping 10% (3GW) of the UK's operating renewable capacity running.

RES welcomes the opportunity to respond to the Ofgem CMP444 minded to consultation of 10 July 2025 ("the Consultation") and, whilst we do not agree with the present minded to position, we welcome the clarity of explanation as to how Ofgem has arrived at this position. We provide responses to each of the individual questions posed in the Consultation, however our three key messages are;

- i) Cost Reflectivity: The current state TNUoS charging methodology is not cost reflective. The current locational signal results in an increase in charges to wind generators in Scotland that, according to the 2023 NGESO TNUoS Ten Year Projection<sup>1</sup>, between 2028 and 2033 of between 170% and 235% depending on charging zone. Clearly this is not reflective of the actual increase in cost of investment to the relevant transmission owners within the affected zones. Also, the provision of credits to, predominantly fossil fuelled, generators based on the operational signal of negative generator TNUoS within a charge that seeks to recover the cost of long run marginal cost of investment of

---

<sup>1</sup> [Transmission Network Use of System \(TNUoS\) Charges | National Energy System Operator](#)

transmission infrastructure seems unreflective of costs. A cap and floor would set temporary guard rails around generator TNUoS to address these and other urgent issues within current state TNUoS charging methodology whilst also retaining the bulk of the existing locational signals.

- ii) Effective Competition: Current state generator TNUoS charge projections are a major threat to the investment case for new renewables, particularly onshore wind, in Scotland. This undermines delivery against the Clean Power 2030 Action Plan targets and denies consumers access to the lowest cost form of commercial scale electricity generation. We are convinced that an effective cap and floor on TNUoS would reduce the worst of these impacts upon the investment case for onshore wind, thereby better facilitating effective competition. We have provided some cost data by way of supporting evidence in response to Q1.
- iii) CfD AR7 and CP30: The Ofgem open letter on reforming network charging signals July 2025 proposes more fundamental reform of TNUoS to better align with strategic planning; this is very welcome. However, the proposed plan will see no change to TNUoS until 2029 which means that current state TNUoS is likely to impact the success of CfD auction rounds AR7 and AR8 unless immediate action is taken. Failure to deliver competitively priced contracts in the volumes required to meet the CP30 targets will be contrary to the best interest of the GB consumer. The 2023 update to Ofgem's Statutory Duties puts compliance with the Climate Change Act (net zero and carbon budgets) as core to the consumer's interest. Current state generator TNUoS charges therefore require immediate action to limit its adverse effects in the short term.

As ever, if you wish to discuss any of the points raised in this consultation or if you think we could provide more support to this consultation process in any way, please do not hesitate to contact me.

Yours faithfully,



**Patrick Smart**

Energy Networks Director

patrick.smart@res-group.com

T 01913000452

M 07500 229648

## Appendix

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

We do not agree with your assessment of cost reflectivity. It seems to be based on the assumption that current state generator TNUoS charges are suitably cost reflective. We consider current state generator TNUoS charge to be strongly unreflective of the cost of investment in GB transmission network. The current methodology produces increases in generator TNUoS that are way in excess of the actual increases in the cost of investment in the GB transmission system. A review of our economic model covering the RES onshore wind development portfolio in Scotland shows increases in the TNUoS cost component of our project Break Even Prices (BEP) between 2028 and 2033 of between £4.36/MWh for a project in the South of Scotland and over £10/MWh for a project in the North of Scotland. The effect of this is that, in the North of Scotland, the TNUoS proportion of Break Even Prices (BEP) increases from c15% in 2028 to more than 28% in 2033, a near doubling in 5 years. Leaving aside the catastrophic impact on new investment and therefore effective competition in electricity generation, how can such tariff increases possibly be considered to be “cost reflective”?

We would also highlight the negative Generator TNUoS charges that emerge from the current state methodology. TNUoS charges are intended to recover the cost of installing and maintaining the GB transmission system. Aligned with this, positive Generator TNUoS charges are driven solely by the generator’s contracted TEC per year or part year. However, there is also negative Generator TNUoS charges, which provides a credit to certain generators located in the South of GB based on their operational output during the triad settlement periods. It is not clear how credits paid to generators based on operational behaviour can be reflective of the long run costs of installing and maintaining the GB transmission system.

The cap and floor was initially proposed by Ofgem in its open letter of September 2024<sup>2</sup> (“the Ofgem Cap and floor letter”) as a temporary measure to achieve the objectives of retaining a cost reflective signal while protecting customers and delivering CP30 by “reducing uncertainty around the future range of TNUoS charges”. We appreciate how a cap and floor in principle would not score well against a cost reflectivity applicable objective, however we had assumed that Ofgem’s proposal was made in the knowledge that it would apply against a methodology that is currently deeply flawed from the perspective of cost reflectivity. From this perspective, we think that a cap and floor on Generator TNUoS should be no worse than neutral against ACO(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.

As evidenced in our response to Q1, current state TNUoS methodology supports deeply volatile year on year charges and a steepness of locational signal that is significantly misaligned with actual TO investment. Also, the Ofgem cap and floor open letter acknowledged the importance of a cap and floor in “reducing uncertainty to investors to deliver Clean Power 2030”. We agree with this position.

In light of this, and in light of the importance of new renewable projects in Scotland to the delivery of CP30 and beyond, we are of the view that allowing current TNUoS charging to continue without any immediate intervention, as evidenced by the £/MWh costs set out against Q1, will only suppress effective competition. An effective temporary cap and floor on TNUoS can therefore mitigate the worst effects and can only help facilitate effective competition in electricity generation.

We would highlight the urgency of establishing a cap and floor or similar interim mitigation measure pending the full fundamental reform. The current timeline for CfD Auction Round 7 (AR7) means that bids from qualifying renewable projects will be submitted in January 2026. In the absence of any TNUoS cap and floor (or any other

<sup>2</sup> [Open Letter: Seeking industry action to develop a temporary intervention to protect the interests of consumers by reducing the uncertainty associated with projected future TNUoS charges](#)

mitigation measure), investors can only bid on the basis of the NESO TNUoS ten-year projection published in 2023. There is a risk that a) CfD bids AR7, and indeed AR8, are unnecessary inflated to take into account the real risks posed by current state TNUoS and b) reduced investor confidence leading to a reduction in participating renewable projects. Given that mature renewable technologies are now the cheapest form of commercial scale electricity generation, it is clear that either of these outcomes are contrary to the best interests of the GB energy consumer. For these reasons, the proposal strongly meets ACO (d).

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 note Ofgem's view on the significance of cost reflectivity within an effective TNUoS charging methodology. Historically, cost reflectivity has been seen as the key factor in determining a locational signal within TNUoS that could be considered to be useful i.e. the locational signal should be primarily reflective of the distance between a generator and the major centre of demand.

The GB energy system is entering an age of unprecedented investment in order to deliver CP30 and then ultimately the SSEP. These are plans that take account of the locational realities of achieving accelerated expansion of our renewables fleet, acknowledging regional variation in matters such as land availability, solar and wind energy resource and planning risk. Given that mature renewables are now the cheapest form of electricity generation, achieving the planned level of investment is clearly in the best interests of the energy consumer as well as of achieving decarbonisation targets.

Taking all of these factors into account, it seems clear that alignment with strategic planning is the way to reform TNUoS to bring about a useful locational signal. We note that this is one of the key themes of Ofgem's open letter on reforming network charging signals of 21 July 2025<sup>3</sup> (the July open letter) and we very much welcome the proposed initiative. TNUoS must align with a coherent body of locational signals if investor confidence is to be retained and deliver the effective competition in electricity generation which leads to the best outcome for energy consumers. For these reasons whilst it is important to retain some cost reflectivity, the need to encourage effective competition is of a higher priority as it is in the best interests of the GB energy consumer. Achieving this end in a holistic and collaborative will take years to develop (the July open letter indicating 2029), an interim measure such as a cap and floor, will mitigate the worst of the damage that current state TNUoS will cause on the investment case for new renewables required to deliver CP30 and beyond.

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

We agree the effect is neutral.

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

We agree the effect is neutral.

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

Again, we emphasise that any cap and floor would be a temporary measure pending conclusion of the more fundamental review recommended in the July open letter. Any cap and floor would therefore be clear and simple in nature. Any additional "complexity" arising from this would be negligible so we disagree that the effect against ACO(g) would be marginally negative. We consider the effect against ACO(h) would be neutral.

<sup>3</sup> [Open Letter: Reforming network charging signals to align with the Government's decision on the future design of Great Britain's electricity system](#)

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.

Given the need for urgent action in light of the NESO TNUoS ten-year projection and the significance of the imminent AR7 auction round and AR8 to delivery of CP30 and beyond, it seems clear to us that ACO(d) requires particular consideration. Given that the current state methodology produces charges that are not reflective of TO investment costs and sends locational signals that are misaligned with the optimum CP30 outcome, we are of the view that any measure that temporarily mitigates the worst of those effects should be considered to be at least neutral against ACO (e). In light of the neutral effect on the remaining ACOs, we consider that CMP444 is better aligned with the ACOs as a whole than current state TNUoS charging methodology.

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.

We think that Ofgem should have regard for its statutory duties as amended by the Energy Act 2023, with particular focus on impacts that the current minded to position will have on investments heading into upcoming CfD auction rounds that will be required if the UK is to deliver net zero at least to energy consumers.