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David Jones
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Dear David,

RWE's Response to Ofgem's consultation on the minded-to decision in respect of CMP444

RWE supports Ofgem's minded-to decision to reject the Connection and Use of System Code (CUSC) Modification Proposal 444 (CMP444).

We believe this decision is consistent with ensuring the principles of cost-reflectivity and economic efficiency, both of which are critical to fostering investor confidence and facilitating a just and consumer-focused energy transition.

We agree with Ofgem's assessment that approving CMP444 would have been a departure from cost-reflective pricing. Such a move would undermine the economic signals necessary for efficient locational decision-making by developers of new generation projects. Cost-reflective pricing ensures that developers face appropriate locational signals, encouraging the optimal use of network resources and balancing system costs fairly.

If the proposal were approved, it would result in developers being unable to predict the framework for future regulatory decisions. This lack of predictability would inevitably increase risk premiums in Contract for Difference (CfD) bids, leading to higher costs for the low-carbon transition—ultimately borne by consumers.

Rejecting CMP444 ensures that the regulatory process continues to operate on the basis of well-established economic principles, thereby maintaining a stable and predictable investment environment.

RWE believes that Ofgem's minded-to decision strikes the right balance between promoting economic efficiency, ensuring cost-reflectivity, and maintaining stability for investors. Rejecting CMP444 protects developers' confidence in the regulatory framework, avoids unnecessary increases in consumer costs, and preserves the fundamental principles of cost-reflective pricing that underpins an efficient and equitable energy transition.

A cost-reflective TNUoS signal plays a key role in encouraging developers to continue to seek and bring forward the most competitive and efficient projects, considering the wider costs and benefits to the energy system. This supports better value for consumers in the medium to long term.

We welcome Ofgem's continued commitment to supporting the low-carbon energy transition in a way that is fair, transparent, and economically sound, and look forward to working closely with OFGEM on the future development of TNUoS.

Yours sincerely,

By email

Lauren Jauss & Tom Steward

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