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3 November 2025

## **EDF response to 'Connection and Use of System Code (CUSC) CMP448: Introducing a Progression Commitment Fee to the Gate 2 Connections Queue'**

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. 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.

As a key part of EDF, EDF Power Solutions (previously EDF Renewables) is one of the most technology diverse renewable energy companies across England, Ireland, Scotland and Wales. We are specialists in developing and operating wind, solar and battery storage technology as well as supporting businesses in achieving their sustainability aims with private wire and commercial and industrial solar.

Our goal is to have 10 GW of operational projects by 2035 to support the UK and Ireland in moving to clean power, five times what we already have in operation.

### **Ofgem's minded-to decision**

We welcome NESO and Ofgem's concerted efforts to address the oversubscribed connections queue and connection delays. Whilst we support the intent of this modification and agree that further policy measures will likely be needed to ensure a 'healthy' connections queue, we are concerned that the CMP448 solution is poorly designed and risks considerable adverse impacts on investment in renewables as we approach 2030.

We disagree with Ofgem's minded-to decision that implementation of the CMP448 Original Proposal will best facilitate the achievement of the relevant ACOs. It is our view that implementing the Original Proposal risks significant adverse impacts on investment decisions and distortive impacts on competition for projects needed to achieve Government's Clean Power by 2030 (CP30) ambition and the subsequent longer-term ambitions expected via the Strategic Spatial Energy Plan (SSEP).

**Ofgem need to urgently consider the aggregate effect of this proposal with other industry change.** Ofgem have already directed a change to the connection application framework that embeds enduring challenges to efficient project development, exacerbated by NESO failure to properly implement. The wider investment picture remains difficult, with capital and supply chain issues challenging the viability of key projects required for CP30 and medium-term energy security. Ofgem need to be very careful imposing further risk and regulation onto industry where

this imperils viability and raises consumer costs – exactly the opposite of the stated intention of CMP448.

In our view, it would be more appropriate to revisit this potential defect once it has materialized and the information needed to develop a more efficient solution is available. If Ofgem is to proceed with CMP448, then WACM1 reduces the magnitude of the PCF to a level that strikes a better balance of raising the incentive for unviable early-stage projects to leave the connections queue whilst not introducing a significant barrier to investment in renewables.

We have provided our view on each of Ofgem’s assessments against the Applicable CUSC Objectives (ACOs) below:

- **ACO (i): Efficient discharge of licensee obligations**

We disagree with Ofgem’s assessment that the Original Proposal is positive against this ACO. This proposal risks incentivising sub-optimal behaviours, particularly among smaller projects going through the Town & Country Planning route. For example, this may incentivise developers to submit poor quality planning applications to already stretched local authorities and then cancel the project to avoid the PCF liability.

The impact assessment attached to this consultation shows a fundamental misunderstanding of investment governance and the decision-making process (as outlined further below). Instead of achieving Ofgem’s perceived benefit of improving queue efficiency and driving timely project progression, this proposal will present a barrier to investment and lead to the cancellation of viable projects with a high chance of success.

On a practical note, projects will have to go back through shareholder governance in the event the PCF is triggered and complete negotiations with banks on an acceptable form of security. The CMP448 solution includes an (at least) 3 months notice period before the PCF comes into effect, which will be extremely tight for this process. We propose that 4-5 months is needed for this solution to be workable for existing projects.

- **ACO (ii): Facilitating effective competition**

It is our view that any positive impact on queue health set out under Ofgem’s assessment of this ACO, is overridden by the potentially significant negative and distortive impact of the Original Proposal on investment decisions. The impact assessment attached to this consultation highlights a relatively higher impact of the PCF on solar and storage projects due to their much lower relative DEVEX. Further to this, the PCF will penalise smaller players developing viable projects due to their reduced ability to develop projects with a much higher financial exposure compared to well-capitalised players.

We are particularly concerned at the lack of consideration for how the PCF will impact investment in offshore wind. This impact has not been sufficiently addressed in Ofgem’s minded-to decision. Offshore wind farms are already subject to substantial financial commitments under their CE/CES lease option agreements and significant DEVEX during the PCF period. S-Curve liabilities for offshore projects are typically very high and **the PCF needs to be viewed in aggregate with these commitments**. With a background of increasing costs for offshore wind development and supply chain constraints, offshore wind investment is already facing significant challenge. This proposal appears completely disconnected from the reality of delivering on Government’s clean power and energy security ambitions which heavily rely on the deployment of significant GWs

of offshore wind. Ofgem's assertion that offshore wind will be least impacted due to higher DEVEX and longer development timelines is inaccurate and disconnected from investment governance and decision-making (as outlined further below).

- **ACO(iii): Compliance with Electricity Regulation**

We agree that the Original and WACMs would have no adverse impacts on compliance with relevant EU or UK electricity regulations.

- **ACO (iv): Promoting efficiency in CUSC administration**

We disagree that the Original Proposal is neutral against this ACO. Ofgem deems the administrative burden associated with the solution to be minor when considered alongside the long-term benefits to system efficiency and queue management. In our view, CMP448 is attempting to address an issue that has not yet materialised given the Gate 2 to Whole Queue (G2TWQ) exercise is yet to be completed. This is an inefficient approach to regulation. A better approach would be to allow the reformed connections process to be embedded and raise a code modification later if the defect relating to queue health came to fruition. The proposer and industry will then be in a more informed position to develop an effective solution.

## **Impact assessment**

The analysis presented in the impact assessment displays a fundamental misunderstanding of the governance and decision-making processes involved in project development. The assessment looks at the security costs and maximum liability exposure as a percentage of total DEVEX, which does not give a full picture of what level of PCF liability would become unworkable.

In reality, investors are most keenly interested in the level of exposure to the point of de-risking a project (e.g., obtaining planning). During governance decisions, investors will look at both DEVEX and liability, both of which will be equally material to decision-making. Introducing such a sizable additional liability exposure early in the project lifetime, prior to de-risking, will present a major barrier to investment.

The model assumes that projects will continue if Net Present Value (NPV) is greater than 0 and terminate if NPV is less than 0. In reality, developers may continue with negative NPV due to sunk costs, strategic positioning or future policy expectations. Projects may terminate for non-financial reasons such as land, permitting, or regulatory uncertainty.

## **Costs to consumers**

The detail in the impact assessment on potential cost to consumers from introducing the PCF is not comprehensive enough to enable support for the Original Proposal. The sizeable additional liability being introduced by the PCF early in a project's life will lead to increased project costs that will be passed down to consumers. Even if the PCF is not triggered, there will be a risk premium priced into projects as investors will have to consider the worst-case scenario through the development period. Given the G2TWQ exercise has not yet taken place and the state of the post-reform queue is uncertain, it is extremely challenging to assess with confidence whether there is an added benefit to the PCF from DEVEX savings as a result of projects spending less time in the queue.

Ofgem highlights on pg. 25 of the consultation document that they "do not have data to ascertain with reasonable accuracy what is the monetary impact of the PCF on end consumers." In light of this, it would be more prudent to either revisit this potential defect when the issue

has materialised and the status of the reformed connections queue is known, or reduce the magnitude of the PCF (as per WACM1) to better balance raising the incentive for unviable projects to leave the queue without introducing an undue financial burden.

Should you wish to discuss any of the issues raised in our response or have any queries, please contact myself and [REDACTED]

Yours sincerely,

[REDACTED]

Head of Renewable Policy & Regulations