

# Energy UK response to Reformed National Pricing (RNP) Delivery Plan consultation

June 2026

## Document:

[Reformed National Pricing Delivery Plan and consultation on reforms to the siting and investment levers](#)

## About Energy UK

**Energy UK is the trade association for the energy industry, representing companies investing billions of pounds to secure our country's current and future energy needs.**

From growing start-ups to major electricity generators, grid and infrastructure developers and energy suppliers, our members are driving change across power, heat, transport and flexibility.

We provide a collective voice for the sector working with governments, regulators, charities and other organisations to provide crucial insight that shapes policy, offers solutions and promotes best practice.

Our broad view across the whole system supports evidence-based positions which are not tied to particular technologies, and are focused on delivering strategic benefits for people, businesses and the economy.

We champion initiatives such as our Vulnerability Commitment, which pushes suppliers to go beyond regulation to support customers with additional needs, and TIDE, the industry's drive for greater inclusion and diversity. Through our Young Energy Professionals Forum, we support the development of future leaders.

We are equally committed to our team and are proud to be recognised as a 'Gold' Investors in People employer.

## Executive Summary

Energy UK welcomes the publication of the Reformed National Pricing (RNP) Delivery Plan, which provides much needed clarity on the overall strategic direction of the RNP programme. We welcome the increased certainty provided as prolonged ambiguity undermines delivery and investment.

It is positive to see the Government set out how it intends to align reforms to deliver the Strategic Spatial Energy Plan (SSEP), and we welcome the opportunity to respond to the consultation questions on Siting and Investment Levers within the

Delivery Plan. Energy UK broadly agrees with the approach taken in the Delivery Plan to combine the different locational investment levers into an options framework.

Energy UK is supportive of the Government's minded-to decision to take forward Options 2a, 2b and 3 for further consideration. At this stage, more detail and further engagement are required before Energy UK can support a particular option.

Option 3 reflects a strong approach for maintaining competition, which is important for driving efficient and least-cost outcomes for consumers. Under this option, it will be particularly important to set the Connections Capacity Threshold (CCT) above the planning line to allow for sufficient liquidity, competition and project attrition.

A hybrid approach which combines Options 2a, 2b and 3 should also be considered, as this could fit the potential mixed directiveness of the approved SSEP and align with some asset classes where developments will have limited locational flexibility. Under this approach, CCTs could be applied more flexibly.

We also underline the need for transitional arrangements as this will be critical to maintaining investor confidence. Lastly, the Government should avoid any changes that would destabilise investment support mechanisms.

Alongside our answers to the consultation questions on Siting and Investment Levers, our response includes views on the Reformed National Pricing Delivery Plan as a whole, including governance arrangements, constraint management, balancing reform and flexibility.

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### **High-level views of the Reformed National Pricing Delivery Plan Governance**

Energy UK is concerned that institutional arrangements for the delivery of RNP remain unclear. We note that this correlates with the recent [Review of Ofgem](#) which cites the need for clarifying institutional roles and responsibilities. Greater transparency is needed about who is accountable for delivery, how decisions will be challenged and how responsibilities will be coordinated across delivery partners.

To support this, the RNP delivery partners should set out a clear and coordinated roadmap outlining the specific actions, sequencing, and implementation timelines needed to provide industry with greater visibility and certainty, while enabling transparent monitoring of progress across the RNP programme. This should include detailed transitional arrangements and urgently prioritised industry engagement, both of which are critical to maintaining system operability and investor confidence during the implementation phase.

## **Siting and Investment Levers**

While the industry now has much needed clarity on the Government's view of the purpose and objectives of RNP, delivering the SSEP should not automatically be assumed to deliver the lowest-cost clean power system. Further work is therefore needed to establish how a genuinely least-cost approach can be defined and delivered.

## **Constraint Management Action Plan**

Energy UK supports the Government's reframing of constraint costs which sets out the fundamental issue being historic lack of strategic network investment and under-delivery. Accelerating network build is seen as the single most effective way to reduce constraint costs, in particular the acceleration of Norwich to Tilbury and Sea-Link, which could reduce constraint costs by around £4bn if brought forward to 2030 (from expected delivery in 2031). However, it is concerning that the actions listed under this measure do not appear to be targeted at accelerating these critical projects given the scale of impact. For example, measures introduced through the Planning and Infrastructure Act 2025 are unlikely to materially impact these projects, given they are already in the examination stage of the consenting process.

Greater clarity is therefore needed on ownership and delivery of the constraint management programme, including the specific actions being taken by DESNZ, Ofgem and NESO, how these actions fit together and the extent to which they are expected to reduce constraint costs. Energy UK would urge the Government to establish a taskforce to oversee the constraint management workstream within the RNP programme to ensure clear accountability, coordinated delivery across DESNZ, Ofgem and NESO, and transparent monitoring against cost reduction objectives.

## **Balancing and Settlement Reform**

The Delivery Plan takes an early view of NESO's balancing reform, proposing to implement measures 1-3 which is premature. Any decision should be subject to a comprehensive and transparent process supported by robust CBAs. Energy UK has significant concerns about some of the reforms under consideration. Out of the proposals, we agree that it would be positive to lower the BM participation threshold to 10MW in a proportionate manner to enable NESO greater visibility of assets. Implementing 15-min settlement periods could also be positive and would support closer alignment with the EU.<sup>1</sup>

The remaining reforms proposed by NESO would have significantly detrimental impact on costs, operation and investor uncertainty, and they are not in alignment with the Government's broader strategic objective of closer cooperation with the

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<sup>1</sup> [Energy UK \(2026\), Energy UK response to NESO Call for Input on Balancing, Settlement, and Dispatch.](#)

EU. In practice, these reforms transferring operational and financial risks from NESO onto market participants, effectively redistributing costs across the system rather than addressing the underlying drivers of re-dispatch.

### **CfD Reform**

While industry welcomes the update on CfD reform, we disagree with the Government's decision and explanation to rule out the Deemed CfD. The Government should provide a full assessment of the decision and supporting evidence. While the Capacity-Based CfD is a more complicated approach, which had less support across Energy UK's membership than the Deemed model, we support the need to assess alternatives to the current design of the CfD to ensure that support for renewables remains fit for purpose in a clean power system. In light of the Government's proposal to encourage generators to take up fixed-price contracts, work on CfD reform should be progressed as a priority. The question of whether the CfD is fit for purpose is now even more pressing with the possibility that a significant amount of GB's generation capacity will be on fixed-price contracts.

Serious thought needs to be given to the impact more contracts with payment linked to output would have on the wholesale market, on liquidity and trading, on system operation and balancing, and on the CfD supplier levy. Energy UK understands that CfD reform is being worked on across several DESNZ teams – RNP, renewables delivery, and 'de-linking' gas and electricity – this workstream should be centralised to avoid silos and issues arising from potential misalignment.

### **Flexibility**

The Delivery Plan rightly recognises the crucial role that low-carbon flexibility will play in supporting a clean power system. However, while flexibility is referenced throughout, the Plan provides limited detail on the coherent market, operational, and investment frameworks needed to enable flexibility to scale and fulfil that role effectively. In particular, there remains a significant gap around stronger and more effective locational operational signals, with some proposed balancing and settlement reforms risking weakening the incentives needed to support flexible assets and consumer-led participation.

Energy UK is also very concerned about the references to P462. Ofgem has stated that further evidence is required to assess the impacts of this code modification. It is evident that there are several unintended consequences, including (but not limited to) negatively impacting the business case for storage, DSR and hydrogen electrolysis and contributing to higher system costs. Given that there are also a number of alternatives under consideration, P462 should not be within the scope of the RNP programme and the BSC modification process is not the appropriate mechanism through which to address this issue, given the complexity of policy interactions.

**Consultation response**

**Q 1a) Do you agree with the key levers that we have identified for supporting the delivery of the SSEP? Please provide rationale and evidence for your answers.**

Energy UK broadly agrees that the identified levers represent the core toolkit required to deliver the Strategic Spatial Energy Plan (SSEP). The combination of network build, planning reform, connections, locational charging and investment support reflects the key mechanisms through which government and regulators can influence the siting and timing of new assets. However, these levers must operate within a clear hierarchy aligned to the SSEP. Strategic planning should define the overall system design, while connections and investment support mechanisms provide the primary route to delivery of generation and storage assets. Within this framework, locational charging could act as a primary signal of siting decisions where appropriate.

The more directive the SSEP is, the less effective a locational pricing signal would be. It's critical that any locational signal is aligned with the SSEP and connections processes, and that parties are able to respond to the signal.

It is essential that the approach chosen to support the delivery of the SSEP provides investor confidence and certainty.

**Q 1b) Do you think there are any other levers missing or alternatives that should be considered? If so, please list them and provide rationale and evidence for your suggestion.**

**Supporting investability**

While the framework is broadly comprehensive, several additional mechanisms may be required to ensure successful delivery. Most importantly, improving predictability is critical to support investability, as developers require visibility over long-term costs to secure financing and participate effectively in support schemes. This should include consideration of a mechanism to fix locational charges at the point of competition, for example when a party enters auctions for a support scheme (e.g. a CfD) or a market mechanism (e.g. CM auction).

Transitional arrangements should also be treated as a core part of the locational charge delivery lever, given the risks posed to existing projects and projects already in development. Clear principles on legacy arrangements, timelines and treatment of legacy assets will be essential to maintain investor confidence and prevent uncertainty which could lead to early closure of existing assets. In addition, the increasing reliance on central planning heightens the importance of data

transparency and governance, including the publication of assumptions and methodologies, as well as clear accountability and appeal mechanisms.

### **Wider infrastructure access**

It is important for the Government to take into account wider infrastructure access. Availability of transmission and distribution capacity, alongside access to water, fuel supply chains and other critical enabling infrastructure is increasingly determinative of whether projects can be delivered efficiently. Failure to align spatial planning with infrastructure readiness risks creating stranded opportunities or driving inefficient investment that could increase costs for consumers.

The development of hydrogen and CO<sub>2</sub> transport and storage networks should be considered as an essential lever, particularly for enabling low-carbon flexibility, industrial decarbonisation and long-duration energy storage. Spatial coordination of these networks with generation, demand and electricity infrastructure will be essential avoid locking suboptimal solutions and maximise whole-system value.

### **Technology specific adjustments.**

Some members support the inclusion of technology-specific adjustments to reflect the different competitive environment, levels of site availability and system value of different asset classes. Other members would prefer that a consistent approach applied across technologies is prioritised, whilst also recognising that there could be legitimate reasons for technology-specific adjustments in relation to some aspects of the programme or scenarios.

### **Q 2) Do you agree with how we have categorised the levers? Specifically**

#### ***a) in your view, should Network Build, Seabed Leasing and Planning Reform be categorised as enabling levers; and***

Yes, Energy UK agrees with this categorisation. These levers establish the physical and regulatory baseline required for investment to take place and are therefore prerequisites for the effectiveness of any market-based or pricing signals. Without timely delivery of network infrastructure, efficient planning processes and coordinated seabed leasing, other levers such as locational charging or connections reform will be significantly constrained in their ability to influence outcomes.

#### ***b) in your view should the Connections Regime, Locational Charging and Generation and Storage Investment Support Mechanisms be categorised as primary levers?***

Yes, Energy UK would agree that these should be categorised as primary levers, as they directly shape investment decisions and system outcomes. However, it is

important to recognise that they play different roles within the investment framework. Investment support mechanisms such as the CfD and the Capacity Market are the primary drivers of project financing and investment decisions, while the connections regime and locational charging influence where projects are located within the system. Ensuring alignment between these levers will be critical to delivering the objectives of the SSEP.

It is essential to recognise sequencing in locational decisions – for example, in the case of offshore wind, locational decisions occur well in advance of allocation of investment support in the CfD via seabed leasing. Beyond the point of competition, e.g. the CfD auction, projects would no longer be able to react to a locational signal, and as such these would no longer influence siting decisions. Any role for the investment support mechanism should be predictable ahead of time and complement other primary and enabling levers.

**Q 3) What are your views on the overall strategic approach we have used for combining the levers into an options framework? For example, the logic and structure underpinning the options including the grid for how to combine the primary levers (Table 1).**

The overall strategic approach used to combine the levers into an options framework, particularly the focus on how different configurations of the connections regime and locational charging interact to deliver system outcomes seems appropriate. However, the framework would benefit from a clearer articulation of the intended end-state, how the levers are expected to operate together in practice to ensure alignment, and a decision being taken on which pathway as soon as possible.

An approach that combines the levers appears most sensible, whereby the connections regime provides the primary directional signal aligned with the SSEP, locational charging reflects the value and cost of network capacity and could reinforce efficient siting decisions, and investment support mechanisms maintain competition and cost discipline.

It is important that the approach is developed to promote investor confidence and competition within asset classes and between asset classes, within zones and across zones, to avoid creating an overly restrictive or administrative allocation process.

It would also be sensible to consider how the levers interact with political risk to ensure the durability of arrangements, which would help maintain investor confidence in the delivery of a more efficient clean power system.

**Q 4) To what extent do you agree or disagree with the criteria we have used to assess the options? Please provide rationale and evidence to support your**

**answer with reference to any other criteria that could be included in the assessment.**

Energy UK broadly agrees with the criteria used to assess the options, including wider system value, efficiency, investor confidence, competition, and deliverability.

Other factors to consider:

- The framework would be strengthened by explicitly including consumer impact given the central objective of reduce system costs and energy bills.
- In the absence of detailed design of the options at this stage, perceived implementation complexity should not in itself be grounds for discounting an option if it performs better against other criteria.
- Improving predictability is also critical to support investability, as developers require visibility over long-term costs to secure financing and participate effectively in support schemes.
- Transitional risk should also be assessed more explicitly, reflecting the scale and complexity of the proposed reforms. Investor confidence should incorporate the impact of predictability/variability of charges over the asset lifetime and the ability to manage long-term cost exposure within the relevant competitive environment, as these factors directly influence the cost of capital with important impact on consumer costs.
- The system efficiency criterion includes many different trade-offs, which may make it challenging to use in assessment. In particular, the delivery of the SSEP should not automatically be assumed to equate with the delivery of a least-cost power system.
- Efficiency should reflect a balance between cost-reflectivity and simplicity, as overly simple signals undermine investment whilst complex signals may be difficult to implement.

**Q 5) Do you agree with our preference for Options 2a, 2b, and 3 being suitable for further development with Options 0, 1 and 4 being discounted? Are there aspects of Options that you either think work particularly well, or that we should consider further? Please provide comments and further evidence to support your answer.**

Energy UK agrees with the preference for Options 2a, 2b and 3 to be taken forward for further development and we agree with the decision to discount Options 0 and 1.

The status quo does not adequately address the misalignment between the need for strategic planning, the reality of generation siting decisions and the development of the network. Options that do not address the fundamental issues with existing network charging frameworks are not suitable for further progression.

Across all other options, more detail and additional engagement with industry are required before Energy UK can fully support any option.

Options 2 and 3 options better align with the objective of coordinating investment with planned network capacity, particularly where they reflect future network conditions rather than legacy constraints. The weaknesses identified for Options 0 and 1 are accurate, and these options would not support implementation of the SSEP.

There is a lack of clarity about what Option 4 entails. If Option 4 means using different locational network charging principles and approach for every technology, Energy UK also agrees that this should be discounted, although we are supportive of further exploration of a hybrid or bespoke approach which combines 2a, 2b and 3.

### **Option 3**

Energy UK strongly believes that markets and competitive frameworks reveal least-cost opportunities and deliver the most efficient outcomes for consumers. Option 3 most closely reflects this view and is the preferred approach of most Energy UK members.

The SSEP and connections regime will shape siting decisions for new build projects with locational signals then playing a role by encouraging capacity to connect in line with the best value to the system via a locational charge. However, the current locational charges regime requires reform as it has been designed for an electricity system that is no longer relevant, which has rendered the charge ineffective and volatile, exposing generators and developers to unexpected losses and gains after a siting decision has been made.

Transitional and legacy assets are unable to react to any reforms to locational signals (as investment and siting decisions have already been made), clear principles on legacy arrangements, timelines and treatment of legacy assets will be essential to maintain investor confidence and prevent uncertainty which could lead to early closure of existing assets.

It is worth noting that much would still need to be determined under Option 3. Locational price signals need to be sufficiently stable and actionable to drive efficient investment.

Not all members prefer Option 3, and some have raised concerns that instead of supportive efficient investment decisions, locational charging reform could introduce uncertainty which would be reflected in auction bids and could therefore lead to increased costs for consumers.

### **Combination of options**

Energy UK also believes there is merit in considering the benefits of a hybrid approach which uses 2a, 2b and 3 as applying a uniform approach may not always be suitable. A combination-based approach could fit the potential mixed directiveness in the approved SSEP and may better align with some asset classes where developments will have limited locational flexibility. Consideration however would need to be given to the potential additional complexities created by a more tailored system.

**Q 6) How do you think the risks and disadvantages identified under Options 2a, 2b and 3 could be addressed?**

The risks identified under the preferred options, including volatility, uncertainty, and reliance on modelling assumptions could be mitigated through a combination of design features.

Promoting liquidity, maintaining a role for competition and allowing for flexibility within SSEP ranges will help to address cost-related risks.

It will also be important to ensure that signals are directed to those that can respond. There should be different arrangements for current generators, those who will connect before implementation and those who will connect after implementation to ensure signals are only directed to those who can react to them.

The Government should consider how the risks identified may relate to the application of a single uniform approach to all technologies and explore whether a hybrid approach could potentially allow these risks to be mitigated by applying different lever combinations where they are most effective.

The Government should consider mechanisms to fix or stabilise network charges at the point of competition. These could reduce long-term uncertainty and support project financing, helping to ensure investment is secured at lowest cost. There are a range of complexities to this approach, and Energy UK sets these out in more detail in response to Ofgem's Call for Input on locational charges and regulatory siting levers.

Transparency on the SSEP and how it shapes the application of the levers would also be critical, including timely publication of the assumptions and methodologies underpinning charging decisions.

Aligning updates to charging frameworks with the SSEP on a multi-year basis would provide stability while maintaining responsiveness. In addition, clear governance arrangements and independent scrutiny will be important to ensure confidence in the regime and to address concerns regarding subjectivity.

**Q 7a) Do you think it would be practical to set Connections Capacity Thresholds for Options 2a, 2b and 3, by SSEP technology and zone?**

We broadly agree that setting Connections Capacity Thresholds (CCTs) by technology and zone could be practical if defined with sufficient breadth and flexibility.

This also depends on how the role of network charging and locational charges evolve. For example, if an auction for connecting capacity is introduced (Ofgem's Option E), this calls into question the role to be played by CCTs as an auction can be designed to secure the desired level of connections.

In a hybrid approach which combines Options 2 and 3, the CCT could be applied flexibly where appropriate.

**Q 7b) How should these thresholds be determined? Please provide rationale to support your answer.**

Thresholds should be informed by the SSEP pathway and the CSNP, considering demand forecasts, expected project attrition rates and the potential for and identified role for effective competition. It will be important to define zones at an appropriate scale to ensure that the regime does not unduly constrain competition or lead to inefficient outcomes.

Thresholds could be determined by national and regional technology capability levels and likely role in SSEP optimal pathway, the extent to which there can be investment competition, and to what extent the primary levers and interactions with investment support schemes determine location.

In a hybrid approach which combines Options 2 and 3, CCTs could be applied in a targeted and proportionate way: more tightly where locational choice is limited and strong alignment with the SSEP is required, or more flexibly where there is greater scope for competition, attrition and adaptability.

**Q 8a) Should we set the CCT at a level higher relative to the CSNP planning line to allow for project attrition and competition in investment support schemes?**

Energy UK would broadly support setting the CCT for asset types where appropriate above the planning line, as this provides necessary headroom to account for project attrition and would ensure that competitive allocation mechanisms such as the CfDs remain effective. This is particularly important for Option 3. Without this headroom, or without locational signals, the connections regime could risk becoming the primary determinant of project selection, reducing the role of competition and risking

outcomes that are overly dependent on central plans (which will inherently be based on lower levels of overall information about project value and costs).

Setting the CCTs at a high level can help to promote competition, deliver value for money, and provide additional flexibility in the delivery of the SSEP. Under a hybrid approach which combines Options 2 and 3, CCTs could be set at levels most suited to each technology and region, according to whether the directional signal given by the SSEP is strong or flexible.

There are several reasons why projects may fail to reach a final investment decision, such as cost increases, planning and environmental issues, supply chain problems, corporate investment constraints and priorities, and failure to secure Government support contracts. Therefore, it is important that connection allocation allows for realistic levels of project attrition. This should be balanced against the risk of potential overbuild and stranded assets, the cost of which would need to be recovered from generators and ultimately passed on to customers.

**Q 8b) If we set the CCT above the SSEP Pathway, what additional safeguards might be needed to ensure we keep within the SSEP Pathway uncertainty range?**

Appropriate safeguards will be required to ensure that this headroom does not lead to inefficiencies or increased system costs. These could include milestone-based “use-it-or-lose-it” provisions, financial commitment requirements to discourage speculative applications, and ongoing monitoring of impacts on constraint costs and system operation. Together, these measures can help ensure that the system remains aligned with the SSEP while preserving competition. These should be aligned with the Connection Reform Programme to avoid inconsistency.

A hybrid or bespoke approach could allow retaining the ability to adjust the balance of levers and actively manage CCT headroom by applying different methods by technologies and zones. Consideration would need to be given to the additional administrative challenges created by a more tailored system.

**Q 9) What are your views on the role of locational charging, and interactions with our investment support schemes?**

Energy UK broadly agrees that reformed locational charging could play an important role within the overall framework, if appropriately predictable. Its primary function should be to reinforce efficient siting decisions by reflecting the value of network capacity and the availability of headroom, while remaining aligned with the SSEP. However, it should not undermine project bankability or conflict with investment support mechanisms.

Projects require sufficient certainty over long-term cost exposure, which may necessitate mechanisms to fix or stabilise charges. Approaches that reflect future network capacity and plans and are aligned with the SSEP are likely to be most effective in this process.

Energy UK has responded in detail on the potential approach to locational charges in Ofgem's Call for Input on locational charges and regulatory siting levers.

**Q 10) For Options 2a, 2b and 3, what, if any, changes or reforms would be needed to government investment support mechanisms (such as the Contracts for Difference, Capacity Market etc), and if so, what specific reforms would be needed?**

While close alignment between investment support mechanisms and the wider framework is important, Energy UK would not support the introduction of changes that could destabilise these schemes.

Introducing locational elements to Government support mechanisms could lead to:

- Extra complexity in the competition and allocation process.
- Risk of reduced competition for contracts and reduced consumer value for money.
- Challenges for the Government to get adjustments right.
- Distortions between the treatment of merchant and CfD projects.
- An ineffective signal if scheme amendments are not known very early in the development cycle when projects are initially considering site options.

Any reforms to investment support mechanisms associated with application of Options 2a, 2b and 3 should be limited, proportionate, and focused on aligning outcomes with the broader framework, without undermining the core strengths of these mechanisms.

Mechanisms such as the CfD and CM have been effective because they underpin investment through providing stability, predictability and competitive price discovery, and these features should be preserved as far as possible.

Any locational signals must be clear and visible well ahead of allocation rounds, and be accompanied by stable and predictable network charges where appropriate to ensure efficient investment decisions.