REGEN

Consultation Response – DESNZ

Reformed National Pricing Delivery Plan – Siting Levers

Author: Andrew Barry, markets lead abarry@regen.co.uk
Approved by: Johnny Gowdy, director jgowdy@regen.co.uk

About Regen

Regen provides independent, evidence-led insight and advice in support of our mission to transform the UK's energy system for a net zero future. We focus on analysing the systemic challenges of decarbonising power, heat and transport. We know that a transformation of this scale will require engaging the whole of society in a just transition.

Regen is a membership organisation with over 200 members who share our mission, including clean energy developers, businesses, local authorities, community energy groups and research organisations across the energy sector.

Summary

This document serves two purposes. First, it sets out Regen's emerging views on the wider Reformed National Pricing (RNP) programme and the key themes we believe should guide its development. Second, it provides Regen's detailed response to DESNZ's consultation on siting and investment levers, published as part of the RNP Delivery Plan.

Overall, Regen supports the direction of travel set out under RNP, particularly the retention of a national wholesale electricity market alongside a greater role for strategic planning through the Strategic Spatial Energy Plan (SSEP), Centralised Strategic Network Plan (CSNP) and Regional Energy Strategic Plans (RESPs). However, we believe greater urgency, coordination and clarity of purpose are needed across the programme, with a stronger focus on delivering tangible benefits for consumers through lower system costs and efficient investment.

In our response to the siting levers consultation, we broadly support DESNZ's preferred direction of travel and the increased use of strategic planning to guide investment decisions. We consider the SSEP should play a central role in shaping locational signals and siting outcomes, while preserving competition, proportionality and investor confidence through the detailed design of individual policy levers.

Reformed National Pricing

Introduction

Regen welcomes the continued development of Reformed National Pricing (RNP), the publication of DESNZ's siting consultation and Ofgem's parallel call for input on locational charging. These cover vital issues which have long been priorities for Regen.

We support the intent behind RNP which was set out in DESNZ's July 2025 update – particularly, retaining a single national wholesale price while increasing emphasis on strategic planning through the Strategic Spatial Energy Plan (SSEP), Centralised Strategic Network Plan (CSNP) and Regional Energy Strategic Plans (RESPs). Our 2024 Progressive Market Reform Agenda set out Regen's broad philosophy across the wide-ranging topics affecting GB's electricity markets today, and we believe the report remains a useful resource. [1]

More recently, in March this year we also set out our principles for market reform in an open letter to the Energy Security and Net Zero Select Committee. In the letter we emphasised the need for rapid and urgent delivery across the many strands of RNP. While the energy market in GB is not fundamentally broken, it requires targeted and coordinated reform to operate efficiently in a high renewables system. [2]

As such, RNP must be both ambitious and comprehensive, and we therefore welcomed the update published by DESNZ in April's delivery plan document. It is of paramount importance that progressive actions are taken to improve system operation, reduce constraint costs, and support accelerated investment towards a clean power system. However, in our letter we voiced concerns around the timeliness of reforms and delivery, governance and accountability – unfortunately, these are concerns we still hold. In particular, we believe there is a need for stronger leadership and a more concerted focus on delivering lasting reductions in network constraints.

In the sections below, we have set out a brief summary of Regen's view on the content of RNP.

Siting and investment levers

Our full response to DESNZ's siting levers consultation contained within the RNP delivery plan is set out later in this document. In summary, while we believe the framing of the siting levers and options for combining them is sensible and robust, we would like to see a clearer direction of travel from DESNZ at this point. Without a clear view of the role of the SSEP (i.e. as an advisory target or embedded pathway), it becomes very challenging to answer deeper

[1] Progressive Market Reform for a Clean Power System, Regen, 2024

[2] Call for Evidence Response – Reviewing the Electricity Market, Regen to ESNZ select committee, 2026

questions relating to detailed systems design across other strands of RNP. In Regen's view, strategic planning and anticipatory investment is enormously valuable for delivering tomorrow's energy system, and the SSEP should therefore be used to drive locational signals across the stack of siting levers. There is nuance around retaining competition and proportionality, which is explored in our response to both DESNZ's consultation and Ofgem's call for input. The introduction of our response to Ofgem's call for input sets out Regen's principles for locational charging in more detail.[3]

Generally, we also believe greater coordination is needed across the various strands of RNP, and the treatment of siting levers and locational signals is an excellent example of this. The interaction between DESNZ and Ofgem's respective consultations is fundamental, yet the separation of these processes has at times made it difficult to understand how the reforms are intended to work together. Future stages of RNP should take a more joined-up approach, providing greater clarity on the intended end state and the role of individual reforms in delivering it.

Constraints Management Action Plan

Constraints are among the most pressing issues being addressed by RNP. This is because, while many of the other strands relate to longer-term questions of market and system design, constraint costs are here now, have grown significantly in recent years and may continue to increase. They are frequently focused on by the press as evidence of failing energy strategy. While the reality is more nuanced, as set out in our recent paper 'Turn Down for What?', it is true that continued negative coverage around constraints erodes public trust in the clean power mission and government energy policy more broadly. [4]

As such, we were pleased to see a nuanced and detailed handling of the topic from DESNZ in the RNP delivery plan. We agree with their framing of constraints as being a confluence of several interconnected issues, including historic underinvestment in network infrastructure, slow delivery of transmission upgrades, the impact of system outages, and operational incentives.

However, Regen cautions against the use of high-end modelled constraint costs, which rely on highly speculative assumptions and could pose a political risk to the industry's wider efforts to achieve a clean power system. Indeed, actual constraint cost outturn in 2025 was approximately £2bn, less than 50% of the projected values published in NESO's 2025 annual

[3] Locational charges and regulatory siting levers under Reformed National Pricing, Regen 2026

[4] Turn Down For What? Demystifying Transmission Constraints, Regen, 2026

balancing report, and shown again in the RNP delivery plan.[5, 6, 7] LCP Delta's recent report provides a valuable comparison, providing detailed cost projections under various scenarios.[8]

Regen would also like to see DESNZ, NESO, Ofgem and networks go further in articulating targets for constraints reduction and demonstrating progress against them. This would help build confidence that reforms are delivering tangible benefits for consumers, support public trust in the wider transition, and ensure the substantial investment required to deliver Clean Power 2030 translates into a more efficient and lower-cost electricity system. We will continue to engage across the relevant teams, and are planning a follow-up report to 'Turn Down For What?' later this year which sets out our thinking in more detail.

Balancing and settlement reform

Regen broadly supports the direction of travel on balancing, settlement and dispatch reform under RNP, and responded in detail to NESO's consultation earlier this year.[9]

In particular, we support measures that improve visibility of system assets, enhance forecasting, widen participation in balancing markets and strengthen operational efficiency through more dynamic market arrangements. However, reforms should seek to harness market flexibility rather than constrain it. We remain concerned by proposals that would restrict trading activity or move the GB market towards more centralised dispatch arrangements. As we have argued previously, the future electricity system should combine market efficiency and operational efficiency, rather than treating them as competing objectives. Following several years of discussion under REMA and RNP, we believe the priority should now be detailed design, implementation planning and delivery of reforms with a clear consumer benefit case.

We also reiterate our plea for improved joined-up delivery across RNP. While it was helpful to see balancing and settlement reform reflected within the DESNZ delivery plan, much of the content effectively summarised the objectives and themes already set out in NESO's earlier consultation. Given that the delivery plan was published after the NESO consultation had closed, this provided relatively little additional clarity to help stakeholders understand the government's direction of travel or how the various reforms are intended to fit together.

---

[5] Constraint Breakdown Costs and Volumes, NESO, accessed May 2026

[6] 2025 Annual Balancing Costs Report, NESO, June 2025 (Figure 20, p32)

[7] Reformed National Pricing Delivery Plan, DESNZ, April 2026 (Chapter 3, Figure 7)

[8] From bottlenecks to balance: How to reduce GB grid constraint costs, LCP Delta, 2026

[9] Reformed National Pricing – balancing settlement and dispatch call for input response, Regen, 2026

Contracts for Difference

Reform to the CfD mechanism is another vitally important strand of RNP which we were pleased to see further detail on in the delivery plan. Alongside this, we also welcome the package of reforms (Wholesale CfD and changes to Energy Generator Levy) brought forward in response to recent geopolitical events and heightened concerns around energy security and affordability. Regen's position on these measures was set out in detail in two recent papers. [10, 11]

We note DESNZ's decision in the RNP Delivery Plan not to proceed with deeming arrangements at this stage. Given the complexity of the issue and the potentially significant implications for investors, consumers and system operation, Regen believes any future consideration of deeming should be informed by a robust and transparent evidence base, including a detailed assessment of costs, benefits and wider market impacts.

As the electricity system evolves and a greater proportion of generation operates under standard two-way, volume-based CfDs – particularly given the recent wholesale CfD announcements - it will be important to continue monitoring market incentives and operational outcomes to determine whether further reforms may be required in future.

Conclusion

Regen continues to support the overall direction of travel set out under Reformed National Pricing and welcomes the progress made since the government's decision to retain a national wholesale market. The programme contains many of the right ingredients to deliver a cleaner, more efficient and more strategically planned electricity system.

The challenge now is delivery. Priority should be given to implementing practical reforms that reduce system costs, improve operational efficiency and support investment, while maintaining a clear and coherent vision for the future energy system. Above all, RNP must remain focused on outcomes. The success of the programme will ultimately be judged not by the sophistication of its market design, but by whether it delivers a lower-cost, more secure and lower-carbon electricity system for consumers.

We encourage DESNZ, Ofgem, NESO and industry stakeholders to continue working collaboratively to ensure the various strands of RNP develop as a coordinated package capable of delivering Clean Power 2030 and beyond.

---

[10] Ensuring the wholesale market works for consumers, Regen, April 2026

[11] De-linking power from gas prices: a closer look, Regen, May 2026

Siting Levers consultation response

Identifying levers

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.

Yes.

Regen agrees that the levers identified by DESNZ represent the key mechanisms available to support delivery of the SSEP. Collectively, they capture the principal points at which government, regulators and market frameworks can influence the location, timing and volume of generation and storage investment. The list is also broadly consistent with Regen's previous work on strategic planning and locational signals, which identified planning, network investment, connections, network charging and investment support mechanisms as the most significant policy levers influencing siting decisions. [12]

We also welcome the recognition that these levers should be considered as an integrated package rather than in isolation, given the strong interdependencies between them.

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.

Regen does not consider there to be any major omissions from the list of siting and investment levers identified by DESNZ. However, there are additional market arrangements which may have an indirect influence on investment decisions and should be considered alongside the wider RNP package.

In particular, flexibility markets, ancillary service markets and balancing arrangements can affect the relative value of projects in different locations and therefore influence investment decisions over time. While these mechanisms are unlikely to act as primary siting levers, they can provide important operational signals and feedback to investors and system planners between iterations of the SSEP.

Given the close interaction between these market arrangements and the siting and investment framework, it will be important to ensure that reforms to balancing, flexibility and constraint management remain coherent with the wider objectives of RNP.

[12] Improving locational signals in the GB electricity markets, Regen, 2023

Categorisation of levers

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

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

If no, please provide rationale and evidence for your answers.

Regen broadly agrees with the categorisation of levers set out in the consultation.

Network Build, Seabed Leasing and Planning Reform are appropriately described as enabling levers. While each has an important influence on siting outcomes, their primary role is to establish the conditions necessary for delivery of the SSEP, regardless of the specific combination of primary levers ultimately adopted.

Regen also agrees that the Connections Regime and Locational Charging are primary levers, as they represent the principal mechanisms through which decisions on the location of new generation and storage investment can be influenced.

The categorisation of Generation and Storage Investment Support Mechanisms is less clear-cut. Regen has previously argued that mechanisms such as the CfD and Capacity Market could be reformed to provide stronger locational signals, but are unlikely to provide sufficiently strong signals to act as the primary driver of investment decisions in their own right.[12] As such, investment support mechanisms do not sit as neatly within the proposed categorisation as the other levers. Their role is likely to be complementary to the Connections Regime and Locational Charging, helping to reinforce strategic outcomes rather than acting as the principal determinant of siting decisions (this appears to be reflected in the options presented by DESNZ – see our response to Q3).

Lever options – how to combine the 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).

Regen broadly agrees with the logic used in defining options, and considers the framework a useful way of illustrating the trade-offs between greater strategic planning and market-led delivery. The matrix structure shown in Table 1 provides a clear and accessible structure for discussing the primary policy choices.

However, the treatment of investment support mechanisms does not appear to be fully consistent with their designation elsewhere in the consultation as a primary lever - there should

possibly be additional combinations which capture the possible variations arising from the treatment of this lever. While there are options presented capturing the role of locational charges and the connections regime in isolation, investment support levers are not granted the same treatment. Regen appreciates the need for pragmatism and the desire to retain a manageable and workable number of combinations – but the logic underlying the treatment of this primary lever across the options is not clear.

Finally, as noted elsewhere, options should be more explicitly aligned with the locational charge options presented by Ofgem in their recent call for input, as interpretation of the overlap between processes is currently challenging. [13]

Assessment criteria

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 particular reference to any other criteria that could be included in the assessment.

Regen has set out principles for RNP development previously (including in a joint letter in December 2025 with Renewable UK and others), which include that locational signals under RNP should be consistent, useful and predictable, and that all reforms should strive to create a competitive, fair and investable market.

As such, the assessment criteria set out by DESNZ are generally well aligned with Regen's thinking. We would note, however, that there are inherent trade offs between some of the criteria, and that compromise will be required in the implementation of any system. In the interests of transparency, it would be beneficial to see how/if the criteria are treated in a hierarchy, and the proposed approach for managing trade offs. In addition, the criteria are highly qualitative and subjective – a more robust approach to assessing success in an objective manner would be beneficial.

A notable exception to DESNZ's assessment criteria are the fundamental principles of a just energy transition – fairness, equity and affordability. These appear to be implied, to an extent, by the wording DESNZ have used around system efficiency. However, Regen and other stakeholders we have engaged with during this consultation window would like to see a far more explicit acknowledgement of the need for RNP to design a market which passes the value of a high-renewables system to end users.

There is a risk that, without this, RNP becomes a highly technocratic process which designs a system that works on paper, but does not centre the needs of consumers or appropriately consider when risks are being placed on them through design choices. Ultimately, the success

[13] Call for Input: Locational Charges and Regulatory Siting Levers Under Reformed National Pricing, Ofgem, 2026

of RNP will be judged not on its ability to deliver a system closely resembling the SSEP, but on its impact on energy costs in Great Britain.

Initial assessment

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.

Regen agrees with the recommendation to rule out options 0, 1 and 4. There is a need for the SSEP to be used directly to inform investment and network development, not just as a supporting model or target. Regen favours approaches which make use of locational charges and the connections regime in a pragmatic and complementary manner, recognising the differing strengths of different levers (e.g. ability to provide both temporal and locational signals). Meanwhile, retaining competition in the market is key for keeping costs low.

We would note, as mentioned in our response to question four, that the assessment criteria and the accompanying appraisal of the options are highly qualitative. In lieu of more detailed proposals and evidence (such as cost-benefit analysis) it is difficult to be sure on the intentions of each design option, or their relative merits.

Our reasoning for the exclusion of options 0, 1 and 4 is as follows:

- **Option 0 – Permissible connections & no/lesser role for locational charges.** This provides less of a locational signal than currently exists. While the existing approach to TNUoS charging presents significant issues, the answer is not to get rid of locational charging altogether. Indeed, delivery of the SSEP will require strong and interpretable locational signals which support the intended direction of travel, encourage investment, and complement other levers. Option 0, with apparently no role for locational charges or connections capacity thresholds, does not appear to achieve these aims.
- **Option 1 – permissive connections with strong role for locational signals.** Option 1 relies on locational charges to achieve siting outcomes. We believe that locational charges are a useful tool for tuning delivery – however, insofar as the SSEP provides a roadmap for an efficient, secure and fair clean energy system, we believe that using it to provide temporal and locational investment signals through connection capacity thresholds is a pragmatic and suitable approach. Supporting this through investment support mechanisms is also a sensible additional lever, which option 1 only makes use of as a “maxima” backstop.
  Moreover, network charges alone may be limited in their ability to provide a sharp enough locational investment signal while also maintaining predictability for investors. Option 1 also suggests that locational charges should reflect the existing system, while we believe that options that integrate the future planned network are more appropriate.

- **Option 4 – hybrid approach with multiple approaches to price signals operating in parallel.** This appears to be highly complex and opaque, requiring a higher level of policy design than other approaches. This inherently leads to more risk in implementation. Given that the common goal for any of the approaches to combining siting levers is successfully implementing an energy system aligned with the SSEP, having multiple incentive systems working alongside each other may make it difficult to assess the success of policy design choices, as well as significantly increasing the overhead for DESNZ in monitoring and updating the approach. The different characteristics of different technologies is likely to mean that special provisions and exceptions may be needed within the design of different siting levers under RNP – but designing separate, parallel schemes for different technology pots at the outset is unlikely to be the best way to achieve this, and could lead to a fragmented policy landscape.

Q 6) **How do you think the risks and disadvantages identified under Options 2a, 2b and 3 (as outlined above in this document) could be addressed?**

Regen broadly agrees with the risks identified under Options 2a, 2b and 3. In particular, DESNZ's discussion of the options illustrates a fundamental trade-off between achieving close adherence to the SSEP pathway and maintaining sufficient competition, adaptability and resilience to uncertainty in real-world delivery.

While the SSEP should provide a strong strategic framework for investment decisions, it is unlikely that any planning process will be able to perfectly anticipate future technology costs, project delivery rates, planning outcomes, innovation or wider market developments. A framework that relies too heavily on ex-ante allocation decisions therefore risks reducing competition and limiting the ability of the market to identify lower-cost delivery pathways. Conversely, an approach that relies solely on market forces risks outcomes diverging materially from strategic system plans, potentially increasing overall network costs and inefficiencies.

However, once established, the SSEP should be treated as the agreed strategic direction for the purposes of implementing siting levers. If industry identifies material shortcomings in the assumptions, evidence base or conclusions of the SSEP, the appropriate response should be through transparent governance processes to review and amend the plan itself, rather than by embedding implicit hedges against the SSEP within individual siting mechanisms. This distinction is important to maintain clarity of purpose and avoid introducing conflicting signals across the wider investment framework.

Regen therefore sees merit in an approach broadly aligned with Option 3 as a way of combating many of the risks identified in relation to options 2a and 2b. In our view, connection capacity thresholds should be set with sufficient headroom to accommodate uncertainty, project attrition and competition between developers, rather than attempting to precisely allocate capacity to match forecast deployment requirements. Locational signals can then play a

complementary role in helping steer investment towards preferred locations and helping address emerging divergences from the strategic pathway over time.

We also consider it important that locational signals are used as a long-term investment signal rather than a short-term operational or timing mechanism. Frequent or material changes to locational incentives in response to evolving system conditions could undermine predictability, increase financing costs and ultimately raise costs for consumers. Any adjustments should therefore be transparent, infrequent and linked to updates of strategic plans such as the SSEP. The objective should be to create a coherent framework in which strategic planning provides direction, competition identifies the most efficient projects, and locational signals are used to fine-tune outcomes where necessary.

Connections regime

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?**

Yes.

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

Connections Capacity Thresholds should be informed by the SSEP pathway and associated network planning assumptions, with thresholds defined by both technology and geography where this reflects the underlying strategic need identified by the SSEP. The approach should remain sufficiently flexible to accommodate uncertainty in project delivery and future system requirements, and should be reviewed alongside future SSEP iterations.

In practice, some degree of differentiation between zones may be appropriate. Regions with historically lower levels of developer interest may require a different approach to threshold setting in order to maintain competition and provide confidence that viable projects will be able to progress. Meanwhile, more heavily subscribed regions may be able to maintain competitive pressure with tighter thresholds. The objective should be to create a balanced framework that supports delivery of the SSEP while enabling market mechanisms to identify the most efficient projects.

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?** (i.e. the difference between Option 2a and 2b).

Yes.

Regen supports setting Connections Capacity Thresholds (CCTs) above the SSEP pathway requirements in order to accommodate project attrition, maintain competition between developers and preserve flexibility in the face of uncertainty. Attempting to set thresholds at precisely the level required by the strategic pathway risks reducing competitive pressure and

increasing reliance on decisions made in advance about which projects, technologies and locations will ultimately prove most deliverable and cost-effective.

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?**

If CCTs are set above the SSEP pathway, additional safeguards may be required to ensure that over-allocation does not result in persistent over-deployment in locations that are already highly attractive to developers. This could include complementary siting levers, periodic review of threshold levels, and mechanisms within investment support schemes to support deployment in strategically important locations where market-led investment is weaker. Such safeguards should remain predictable and proportionate, preserving the benefits of competition while maintaining alignment with strategic system objectives.

Locational charging

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

Note that detailed questions on potential TNUoS and connection charging reforms are covered in Ofgem's recent Call for Input.

Regen considers that locational charging and investment support schemes should perform complementary rather than overlapping functions. Locational charging should provide a predictable, long-term signal regarding the system costs and benefits associated with different locations, while investment support schemes can be used to ensure deployment outcomes remain aligned with strategic objectives where market incentives alone are insufficient.

Regen's views on locational charging are set out in detail in our previous work including 'Improving locational signals in the GB electricity markets', 'Progressive Market Reform for a Clean Power System', and the introduction of our response to Ofgem's call for input on Locational Charges and Regulatory siting levers. [14] [3]

In summary, our response to Ofgem's consultation outlines the following principles to be critical to reforming locational transmission network charging:

1. Locational signals sent by TNUoS need to be aligned with the strategic plan
2. Locational signals sent by TNUoS need to remain appropriately cost reflective
3. TNUoS should be forward-looking, based on the expected utilisation of the planned network by generation, demand and interconnectors
4. Locational charging signals should primarily reflect deviation from the strategically planned network, rather than recover the costs of the strategically planned network

[14] Progressive Market Reform for a Clean Power System, Regen, 2024

5. TNUoS zones should be aligned with the SSEP's zones and may need more granularity
6. Demand customers should receive an equally strong locational signal via TNUoS
7. TNUoS should be predictable and stable over the term of investment
8. TNUoS charges should not change due to factors beyond the control of the customer/generator, for example, because of delays to network build
9. Reform should be implemented with urgency to support investor confidence and the delivery of the Clean Power Plan. [15]

We note that several of the concepts presented in Ofgem's Call for Input are dependent on, or interact closely with, the options being considered through this consultation. In some cases, the differing consultation structures and terminology have made it challenging to assess the combined effect of the proposed reforms, and some options appear to be misaligned on a conceptual level. This has made it challenging and time consuming to interpret the direction of travel.

Given the importance of ensuring coherence across the wider RNP package, Regen encourages DESNZ, Ofgem and NESO to take an increasingly joined-up approach to future consultation and reform processes.

Government investment support mechanisms

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?**

Connections policy and locational charging should provide the main long-term siting signals, while investment support schemes should help ensure that final procurement outcomes remain aligned with the SSEP where necessary.[12]

For the CfD, there may be merit in exploring locational maxima and minima, or other mechanisms that allow procurement to remain broadly national while supporting delivery in strategically important zones and avoiding over-procurement in locations where the system is already well supplied. Any locational CfD mechanism would need to be clear well ahead of auction rounds (allowing developers sufficient visibility to respond meaningfully to any locational signal when making investment decisions), linked transparently to the SSEP, and designed in a way that preserves competition and value for money for consumers.

For the Capacity Market, Regen considers that its primary role should remain security of supply, rather than becoming a major locational siting mechanism. However, there is a case for continuing to reform the CM so that it better values low-carbon flexibility, responsiveness, duration and resilience.[14]

---

[15] Clean Power 2030 Action Plan, Department of Energy Security and Net Zero, 2025