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June 2, 2026

Dear Dan,

Response to the Reformed National Pricing siting and investment levers consultation

Scottish Renewables is the voice of Scotland's renewable energy industry. The sectors we represent deliver investment, jobs and social benefits and reduce the carbon emissions which cause climate change. Our 350-plus members work across all renewable energy technologies, in Scotland, the UK, Europe and around the world. In representing them, we aim to lead and inform the debate on how the growth of renewable energy can help sustainably heat and power Scotland's homes and businesses.

Reformed National Pricing and Strategic Energy Planning

We welcome the publication of the Reformed National Pricing (RNP) Delivery Plan and the Government's commitment to a more strategic approach to planning and delivering the electricity system. We support the overall direction of travel towards a more strategically planned electricity system. A strategic plan must recognise Scotland's exceptional renewable resource and be supported by a forward-looking approach to transmission investment, connections reform, planning, seabed leasing and network charging. These elements must work together to deliver the energy transition while maintaining security of supply and affordability for consumers.

We particularly welcome the recognition in the RNP Delivery Plan that current levels of constraint are primarily the result of delays in delivering the network capacity required to connect and transport low-carbon generation. Addressing this is essential if consumers are to benefit fully from Scotland's renewable resources and from the transition to a clean power system.

We also welcome the consultation on siting and investment levers included in the Delivery Plan. This is the first serious attempt to engage with the challenge of delivering the Strategic Spatial Energy Plan (SSEP) pathway and to decide on a framework for how the pathway interacts with the levers used to deliver it. In particular, we welcome the opportunity to consider how directive the SSEP pathway should be and the role that market signals should continue to play within a strategically planned system.

The industry has raised concerns about the lack of transparency in developing the SSEP, and members would appreciate the opportunity for further industry consultation on the pathways before the Secretary of State selects a pathway to take forward. It is crucial that there is greater transparency and industry scrutiny of SSEP assumptions.

Scottish Renewables' view is that the SSEP should not be treated as a rigid or perfect blueprint. It will inevitably be based on assumptions regarding future demand, technology costs, project attrition and wider system developments. It cannot capture every future innovation, local opportunity or project-specific factor affecting overall system value.

The framework should therefore provide clear strategic direction while retaining enough flexibility to respond to uncertainty and allow efficient projects to come forward.

Overall, Scottish Renewables supports further consideration of the majority of potential levers discussed. However, there is not enough detail at this stage to reach a firm view on exactly which levers should be used, how they should operate, or how they should interact. However, we do not support using the planning system as an RNP siting and investment lever. Using planning as a locational filter risks weakening the project pipeline that is critical to maintaining adaptability, competition and confidence in delivery. Overall, we feel that there are more appropriate levers to use within the electricity system itself.

Options to take forward

Our response supports further development of Options 2a, 2b and 3. Each may have value in different circumstances, and a final framework may draw on elements of all three approaches.

- Option 2a may be appropriate where a highly directive, plan-led approach is needed and there is limited scope for meaningful locational competition.
- Option 2b should remain fully under consideration because it may provide a better balance between strategic direction, competition, project attrition and delivery risk. It would require much more development of how non-network-charging locational signals are delivered to projects which have received a connection offer.
- Option 3 may also have merit where there is a clearly defined and proportionate role for locational charging alongside a directive connections regime.

In practice, Scottish Renewables considers that the most promising outcome is likely to be a hybrid or package-based framework drawing on different combinations of connections reform, locational charging, support mechanisms, seabed leasing and planning for different technologies and circumstances. This should not be understood simply as support for Option 4, but for a potential variant of the proposed Option 4. This would allow a degree of flexibility in how the RNP siting and investment framework is applied across different technologies, reflecting that different groups are likely to require different combinations of strategic direction and market signals.

This is particularly important because technologies face very different development processes and levels of siting flexibility. Offshore wind, for example, is already heavily shaped by seabed leasing and long development timelines, and future leasing rounds are expected to align increasingly closely with the SSEP. Other technologies, such as solar, onshore wind, storage and flexible demand, may have greater flexibility and may respond differently to locational or market signals. The framework should recognise these differences rather than applying a uniform approach across the sector.

Network charging and the interaction with Ofgem's Call for Input

A key consideration is the future role of locational charging. Scottish Renewables does not believe locational charging should automatically be assumed to remain the dominant siting lever. Its role should depend on the wider RNP model adopted. Where strategic planning, connections reform, seabed leasing and support mechanisms already provide strong locational signals, network charging should play a more limited role.

Where locational charging is retained, it should be predictable, transparent, aligned with (and support delivery of) the SSEP and CSNP and known sufficiently far ahead of investment decisions to support efficient competition and financing.

This is not simply an investor concern. Charging uncertainty increases financing costs, affects bids into CfDs and other support mechanisms and ultimately increases costs for consumers. A charging regime that appears more cost reflective in narrow network terms may nevertheless increase whole-system consumer costs if it introduces risks that investors cannot efficiently manage. Assessment of options should therefore consider total consumer cost, including network costs, constraint costs, financing costs, support mechanism costs and risk premia.

The interaction between this consultation and Ofgem's Call for Input on locational charging is fundamental. Ofgem's work appears to assume an ongoing central role for locational charging, whereas this consultation includes options in which the connections regime becomes the primary siting lever.

These processes therefore must be aligned.

We attach our response to Ofgem's Call for Input alongside this response and strongly recommend that the next stage of policy development is taken forward through a joint DESNZ and Ofgem publication setting out a coherent overall framework. We are concerned that there appears to be insufficient coordination between the two publications, and we would also strongly encourage DESNZ to work closely with Ofgem to reach conclusions on the two consultations which are compatible and which move us towards a single, coordinated framework.

It is also important that long-term siting and investment levers should not become substitutes for action on near-term operational constraints. Reducing constraints in the near term will require timely network delivery, improved operational arrangements, better use of existing assets and appropriate flexibility. Long-term siting frameworks should focus on strategic efficiency and investment confidence rather than attempting to solve short-term operational problems.

We also consider that the framework should take account of all locational signals currently affecting investment decisions. Transmission Loss Multipliers, for example, raise similar issues regarding volatility, predictability and investment risk. A coherent framework should consider how all such signals interact.

Maintaining momentum, Clean Power 2030, legacy and transitional assets

Legacy and transitional arrangements are critical. Existing projects and projects that have already been awarded a support mechanism cannot meaningfully respond to new locational signals once their location, support mechanism and financing arrangements are fixed.

This consultation does not engage in detail with arrangements for these groups of assets, although there is a stronger focus on these issues in Ofgem's Call for Input. Existing projects are in a significantly different position from new assets. They cannot respond to some of the siting and investment levers considered in this consultation: they are already connected, their location is fixed, and for offshore projects seabed leasing decisions have already been made. It is therefore important to ensure that existing assets are not exposed to ongoing locational signals, such as network charging, where those signals cannot drive useful investment or siting decisions.

The pace of delivery also matters. Delivery of Clean Power 2030 and the early stages of the forthcoming SSEP pathway will depend heavily on projects already operational, in development or approaching investment decision. Reform frameworks should therefore prioritise maintaining investment confidence and avoiding delays or unintended disruption to delivery.

Any changes must therefore avoid retrospective value erosion, avoid incentivising the early closure of existing assets and prevent adverse effects on investor confidence. It is important that decisions on this consultation take account of any impact on legacy and transitional assets, particularly in relation to network charging.

Consumer value and the energy transition

Scottish Renewables strongly believes that rapid delivery of a low-carbon electricity system powered largely by renewables represents the best long-term value for consumers. Renewable generation can provide both low and stable costs over decades and should therefore form the foundation of an affordable and resilient future electricity system.

We believe a strategic planning approach is the best way to deliver this, where it focuses on reducing unnecessary risk and supporting investability. The benefits of lower financing risk, reduced uncertainty and improved delivery confidence ultimately flow through to consumers through lower cost of capital, lower risk premia and more efficient delivery of low-carbon infrastructure.

Recent geopolitical and energy market shocks demonstrate the importance of maintaining a framework that is adaptable and resilient to uncertainty.

Overall, the framework should focus on reducing unnecessary risk, protecting the value of existing low-carbon assets, and delivering whole-system value for consumers while maintaining confidence in long-term investment.

Please find Scottish Renewables' response to the consultation questions below. We look forward to continuing to engage with Government, Ofgem and NESO as this work develops.

A handwritten signature in black ink, appearing to read 'P Bottomley', written in a cursive style.

Poppy Bottomley
Economics and Markets Policy Officer | Scottish Renewables

Responses to consultation questions

Identifying levers

Q1. 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.

Scottish Renewables broadly agrees that the RNP Delivery Plan identifies the correct core siting and investment levers. These levers constitute the essential structural elements needed to steer effective system development and are crucial for facilitating project deployment. However, we do not think the planning and consenting system should form one of the RNP siting and investment levers.

We agree that the following levers identified in the consultation are appropriate for taking forward.

- **Network build:** this is fundamental. The SSEP and CSNP must provide a credible and deliverable framework for anticipatory transmission investment. Current constraint issues are primarily the result of delays in the regulatory approval of new network during the 2010s and early 2020s, rather than excessive renewable deployment. It is critical that the strategic planning approach, including the CSNP and RNP delivery plan, ensure this does not happen again.
- **Seabed leasing:** this is already a major strategic siting lever and will always be one of the strongest mechanisms for influencing the location of offshore wind. Over time we expect seabed leasing to become increasingly aligned with the SSEP, with future leasing rounds explicitly aligned with the SSEP pathway.
- **Connections regime:** the reformed connections process has already been aligned with delivery of Clean Power 2030 and will likely remain one of the most influential locational levers, particularly under models where connection offers are tightly aligned with the SSEP pathway.
- **Locational charges:** Scottish Renewables does not believe locational charging should automatically be assumed to remain the dominant siting lever. Its role should depend on the wider framework adopted. Where strong locational signals already exist through strategic planning, leasing and connections reform, network charging may only need to play a limited and stable role. Where locational charges do form part of the future framework, they need to focus on their role in enabling delivery of the SSEP.
- **Generation and storage support mechanisms:** CfDs, cap-and-floor mechanisms have the potential to provide locational signals through a variety of routes. For example, the support they offer can be locationally targeted, for example through locational capacity caps and floors in the CfD. Alternatively, they can deliver different levels of support in different areas, for example with locational clearing prices. At this stage we agree that generation and storage support mechanisms should be considered further, however at this stage we do not endorse their use. We have several concerns:
 - The models for using these mechanisms are not clearly laid out in this consultation, therefore it is not clear *how* DESNZ is considering using them.
 - Adding locational elements to support mechanisms has the potential, if badly designed, to interfere with the wider objective of supporting low-carbon generation and storage in general.

- There are complex interactions between support mechanisms, market behaviour, investment and supply chains. Therefore, there are significant risks of unintended consequences if the use of support mechanisms is not developed carefully and collectively.

We do not agree that the following lever identified in the consultation should be considered as a siting and investment lever:

- **Planning reform:** planning and consenting reform remains critical to timely delivery of Clean Power 2030 and the wider SSEP pathway being delivered. However, Scottish Renewables does not support the use of the planning system, for the enablement of consents, as an RNP siting and investment lever within the Scottish or English and Welsh systems. Scottish Renewables does not believe the SSEP should be material to either the Town and Country Planning Act or the Electricity Act. We are concerned that embedding "alignment with the SSEP pathway" as a material consideration in planning and consenting decisions could create a presumption against projects that are not clearly within the SSEP pathway. Adding additional constraints to the planning systems risks weakening the project pipeline, reducing competition in renewable energy development, reducing system adaptability and undermining investor confidence. The planning system needs to operate independently to bring forward the best projects to reach and maintain energy capacity goals. More appropriate locational levers exist elsewhere within the electricity system and the primary focus of planning reform should remain on accelerating the consenting of renewable projects in appropriate locations, while continuing to provide clear opportunities for local and community engagement. In Scotland, actions taken through the Onshore Wind Sector Deal are now helping to improve consenting timelines for wind projects. Further planning reform should focus on increasing capacity and capability within the planning system and continuing to speed up the process, rather than using planning as a locational filter.

We would also note that the effectiveness of the framework will depend less on any individual lever and more on how they operate together as part of a coherent strategic system. Different technologies are also likely to require different combinations of levers depending on their development processes and levels of siting flexibility. In particular we think that the RNP delivery plan should strike the right balance between a national strategic direction and a meaningful role for market signals and commercial decisions in the precise siting of generation assets.

b. 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.

- **Demand-side support mechanisms and strategic demand policy:** the framework should more explicitly recognise that Government and NESO are developing mechanisms that could materially influence where large electricity demand locates. The Hydrogen Production Business Model provides revenue support to low-carbon hydrogen producers and is delivered through hydrogen allocation rounds, meaning it can influence where flexible electrolytic demand is developed. NESO's Demand for Constraints work is explicitly seeking parties able to provide additional flexible demand turn-up services, which could create a locational signal for demand to locate where it can reduce constraints. The Government's AI Growth Zones policy also proposes targeted electricity discounts for data centres in areas where locating demand could reduce system costs, including discounts of up to £24/MWh in Scotland. Taken together, these policies show that demand-side investment support, flexible demand markets and strategic

industrial policy can all act as siting and investment levers. They should therefore be considered alongside network build and the generation and storage levers already discussed.

- **Awareness of other existing locational signals with the potential to work against the strategic plan:** there are additional locational signals that need to be reviewed because they influence generator siting and investment decisions. Transmission Loss Multipliers (TLMs), for example, create increasingly strong locational price differentials, with a greater impact on Scottish generators. As with transmission charging, TLMs are difficult to forecast in advance, and operational projects have no meaningful ability to respond to them. **To be clear, we do not suggest that TLMs should be treated as an RNP siting and investment lever.** Rather, we note that they are not mentioned in the consultation, despite adding an additional locational barrier to generation in the northern half of GB. They should therefore be reviewed, including consideration of whether they should be removed.

Categorisation of levers

Q2. 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

Scottish Renewables notes that the consultation does not clearly define what is meant by an “enabling lever”, or the criteria used to distinguish enabling levers from primary levers. This distinction matters because some levers described as enabling, particularly network build and seabed leasing, can have a highly directive effect on deployment outcomes in practice. More important than the label attached to each lever is clarity on how it will influence project decisions and how it will interact with the wider framework.

One possible definition is that enabling levers shape the delivery environment rather than directly determining investment decisions for individual projects. On that basis, they set the frameworks through which projects must pass and may introduce locational considerations into those processes.

Based on that definition, Scottish Renewables agrees that network build and seabed leasing can be considered enabling siting and investment levers. However, as noted in our response to Question 1, we do not presently support planning reform being considered an RNP siting and investment lever.

Government should be careful not to treat enabling levers as passive. Decisions about where and when to build new network capacity, and where and when to lease areas of the seabed, play an active role in shaping project development. This is particularly true for offshore wind, where seabed leasing largely determines where developers are able to bring forward projects.

Network build also plays a more fundamental role in the electricity system than simply influencing the location of generation, storage and demand. It is central to securing output from generation and storage, reducing constraints, enabling demand growth, and achieving an efficient balance between network investment, flexibility and constraint management. It should therefore be treated as a core system-delivery lever as well as an enabling siting and investment lever.

Planning reform is different. Scottish Renewables supports reform of planning and consenting processes to accelerate delivery, increase capacity in the planning system and support timely consenting of generation and network infrastructure. However, we do not support planning reform being

used to cap, filter or refuse projects on the basis of alignment with the SSEP pathway. The primary role of planning reform should be to enable timely delivery, not to act as an RNP locational siting lever. The SSEP should have no material weight in the planning system, and risks undermining deployment if it is reformed to be a delivery lever for the SSEP. If weight is given to the SSEP in the planning system, an additional risk arises from the degree of weight assigned and how it is applied in different cases.

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

As with enabling levers, the consultation does not provide a sufficiently clear definition of primary levers or explain precisely how Government expects them to operate relative to enabling levers. Based on the consultation, Scottish Renewables understands primary levers to mean those that have a more direct, project-specific influence on investment decisions. This could include levers that determine whether a project can progress, or levers that provide a financial signal which developers can internalise within their own commercial decision-making.

It is important to recognise that the three groups of levers identified in this question could operate in materially different ways. They include levers that can act as a gatekeeping mechanism for project progression, such as the connections regime or locational maxima within support mechanisms, as well as levers whose main purpose is to provide a locational price signal that can be internalised into project decision-making, such as network charges or locational variation in the level of support provided.

Before further development, DESNZ needs to be much clearer on what role it expects each lever to play. While it may be useful to group levers into “enabling” and “primary” categories, it is more important to consider carefully the potential function of each lever, including whether it is intended to provide a price signal, determine eligibility, manage competition, or control the volume of capacity that can progress in each zone. These distinctions matter for investability, deliverability, consumer value and the ability of the framework to adapt where real-world deployment diverges from the SSEP pathway.

We support investment support mechanisms as a supporting or complementary primary lever; they should mainly support efficient delivery rather than dictate siting decisions except to the extent that it is determined that support should be targeted regionally. We consider that the use of Investment Support Mechanisms as a Primary Lever will depend on decisions taken on the overall lever Options and how directive (or not) the approach taken to applying Primary Levers is.

Subject to these caveats, we are content for these three levers to be treated as primary levers and for the potential role of each to be considered within the models discussed below.

Lever options – how to combine the levers

Q3. 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.

Scottish Renewables agrees that the strategic approach should focus on how different levers can be combined into a coherent framework. This is at the heart of delivering strategic planning in practice.

The consultation usefully identifies a range of levers and explores different ways in which they could be used. However, the options grid focuses primarily on two variables: the strength of locational charging and the degree of directiveness in the connections regime. These are clearly important, but they do not capture the full range of relevant design choices. In particular, the framework gives less attention to the

potential role of support mechanisms, seabed leasing, network build, demand-side levers and wider locational signals.

The options framework should therefore be treated as a useful starting point rather than a complete model for reform.

This point is illustrated by the consultation's own treatment of Option 2, which is immediately divided into separate Options 2a and 2b. These sub-options have materially different characteristics and implications for competition, project attrition, auction liquidity and adaptability. This demonstrates that broad categories can conceal important design choices.

The success or failure of any option will depend heavily on detailed design and real-world implementation. In particular, the focus now needs to be on understanding how different locational levers would operate together, whether they provide price signals or act as gatekeeping mechanisms, and how they interact with project development, route-to-market processes and investment decisions.

It will also be important to recognise that different combinations of levers are likely to suit different technologies. Technologies vary significantly in their development timelines, investment structures, levels of maturity, route to market and siting flexibility.

Overall, Scottish Renewables considers that the options framework is a helpful way to structure the discussion, but it should not become rigid. The next stage of policy development should focus on developing more detailed packages of measures, including how different combinations of levers could apply to different technologies and circumstances while remaining coherent, transparent and investable.

Assessment criteria

Q4. 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.

Scottish Renewables broadly agrees that system efficiency, investor confidence, adaptability and deliverability are relevant criteria for assessing the options. However, we consider that the criteria need refinement and some additions.

First, whole-system consumer value should be treated as a key criterion. Scottish Renewables strongly believes that supporting investment in a coordinated, strategically planned, renewables-based system will deliver long-term value for consumers. The assessment should therefore consider total consumer cost, including generation costs, network costs, constraint costs, financing costs, support mechanism costs and risk premia.

We agree that system efficiency, investor confidence and adaptability are critical criteria. However, investor confidence should be given greater weight than currently appears to be the case. This is not simply an investor concern. Greater confidence in the projects needed to deliver the strategic plan reduces uncertainty, lowers the cost of capital and ultimately reduces costs for consumers.

Deliverability should be applied proportionately. Implementation complexity should be weighed against the potential benefits of an option and its performance against the other criteria. Perceived complexity should not, in itself, be sufficient reason to discount an option if it performs better on whole-system consumer value, strategic alignment, investor confidence and adaptability.

Adaptability is also important, but it needs to be understood carefully. The framework must be able to respond to uncertainty, project attrition, changes in technology costs and future iterations of the SSEP. However, this must be balanced against the risk that continual fine-tuning of signals undermines investability. Adaptability should therefore apply mainly to future projects and future allocation rounds, rather than exposing projects that have already made investment decisions to changing signals.

Adaptability should also include the ability to treat different technologies differently where there is a clear rationale. Technologies have different development timescales, investment structures, supply chain constraints and levels of siting flexibility. A framework that can reflect these differences may better support delivery of the SSEP and the longer-term pathway to net zero, including strategic technologies such as floating offshore wind.

We also suggest adding a further criterion of coherence. This should assess whether the different siting and investment levers work effectively together, rather than creating overlapping, contradictory or duplicative signals. This is particularly important given the interactions between connections reform, locational charging, support mechanisms, seabed leasing and network planning.

Finally, the assessment should recognise that a more hybrid approach, allowing different combinations of levers for different technologies and circumstances, may better reflect real-world conditions. Although such an approach may appear more complex initially, it may perform better against the criteria if it supports delivery of the SSEP while preserving competition, investability and adaptability.

Initial assessment

Q5: 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.

Scottish Renewables agrees that Options 2a, 2b and 3 should be taken forward for further development and agrees that Options 0 and 1 should be discounted. However, we do not agree that the policy logic behind Option 4 should be dismissed entirely. While we recognise the deliverability concerns associated with running multiple parallel charging regimes, we consider that the final framework may need to differentiate between technologies and circumstances, drawing on elements of Options 2a, 2b and 3 where appropriate.

At this stage, the consultation does not provide sufficient detail to reach a firm conclusion on which of Options 2a, 2b or 3 would provide the best overall framework. Scottish Renewables would welcome the opportunity to support DESNZ in developing more detailed and concrete packages that deliver the objectives behind these options. This further development will be essential before a robust decision can be made on the final reform package.

Option 0

We agree that Option 0 should be discounted. A permissive connections regime with no or very limited locational signals would be unlikely to provide sufficient alignment with the SSEP.

Option 1

We also agree that Option 1 should be discounted. Relying primarily on locational charges, without a stronger role for the connections regime, would leave in place too much of the current model's

underlying weaknesses: a framework that attempts to coordinate generation and network development through financial signals alone, rather than through a coherent strategic planning and delivery process.

Option 2a

Scottish Renewables supports further development of Option 2a. This option may be appropriate where a highly directive, plan-led approach is needed, for example for nascent technologies or in circumstances where there is limited scope for meaningful locational competition, such as the development of nuclear power. However, it carries significant risks if applied too rigidly or too widely.

In particular, a model that limits connection offers to at or close to the CSNP planning line risks under-delivery due to project attrition. It could also reduce liquidity in support mechanism auctions and materially limit the role of competition after the connection offer stage.

Such an approach may also struggle to provide sufficient adaptability in the face of uncertainty, including changes in demand, technology costs, supply chain conditions, project delivery and future SSEP iterations.

Option 2b

Scottish Renewables also supports further development of Option 2b. This option may provide a better balance between strategic direction and competition by setting Connection Capacity Thresholds above the CSNP planning line, allowing for project attrition and maintaining greater liquidity in support mechanism auctions. However, if thresholds are set too high without appropriate safeguards, there is a risk that development diverges significantly from the SSEP pathway with a consequential risk that the CSNP network – planned specifically for the SSEP pathway – is not used efficiently.

There also needs to be a much clearer articulation of how other potential locational levers, particularly support mechanism levers, might be used to incentivise projects to develop in line with the SSEP pathway. Currently the consultation provides little detail on what form of locational levers might be embedded in support mechanisms (see Question 10 for more details)

Option 3

Scottish Renewables supports further development of Option 3, but with caution. Combining a more directive connections regime with a role for locational charging could provide a more flexible and adaptive framework than Options 2a or 2b alone. In particular, where Connection Capacity Thresholds are set above the CSNP planning line, locational charges could help guide which projects progress within that wider envelope, while preserving a greater role for competition, project attrition and market discovery.

However, the success of Option 3 depends entirely on the design of the locational charging framework. It should not be assumed that locational charging under this option would resemble the current TNUoS methodology. A large part of Ofgem's Call for Input is, in effect, about how locational charging could be redesigned to support delivery of Option 3. Any future approach should therefore be developed from first principles and aligned with the SSEP and CSNP, rather than simply extending the current long-run investment cost methodology based on the existing network.

In particular, Scottish Renewables considers that any future locational charging methodology should have facilitating delivery of the SSEP pathway as a central objective. This means providing proportionate, predictable and investable locational signals, rather than creating extreme or volatile differentials that become a barrier to projects needed for delivery of the plan. Charges must be stable,

transparent, aligned with the SSEP and CSNP, and known sufficiently far ahead of investment decisions to be reflected in project development, CfD bidding and investment decisions.

Option 3 may also reduce reliance on central planning assumptions. By allowing more projects to receive connection offers than are required by the CSNP planning line and then using locational signals to guide which projects progress, the framework could provide more scope to respond to changing local conditions, project attrition, technology costs and demand growth. However, this benefit only exists if the locational signal is genuinely usable by developers and does not simply create additional uncertainty.

This model may therefore be useful where there is real scope for projects to respond to locational price signals and where those signals help guide investment within the space created by the connections regime. It may be less appropriate for technologies or circumstances where siting choices are already heavily constrained by other levers, such as seabed leasing, or where projects have limited ability to respond to network charging signals.

We attach our response to Ofgem's Call for Input alongside this document and ask DESNZ to consider the two consultation responses together. We also provide further detail on the appropriate role of locational charging in our answer to Question 9.

Option 4

Scottish Renewables understands why DESNZ has discounted Option 4 as presented, particularly if it would involve multiple parallel or inconsistent locational charging regimes. Such an approach could be complex to implement, difficult for investors to understand, and could create inconsistent treatment between technologies.

However, we do not think the underlying idea of a technology-sensitive framework should be ruled out. Different technologies have different development timelines, investment structures, levels of maturity and degrees of siting flexibility. Offshore wind, for example, is already heavily shaped by seabed leasing and grid connection processes, while technologies such as solar, onshore wind, storage and flexible demand may have greater ability to respond to market or charging signals.

A single uniform approach may therefore not deliver the best outcome across all technologies and circumstances. Rather than taking forward Option 4 as defined, DESNZ should consider whether a coherent package-based approach could draw on elements of Options 2a, 2b and 3 where appropriate. For example:

- Option 2a may be appropriate where there is very limited scope for meaningful locational competition or for incorporating locational charges into the competitive framework, such as for large nuclear or other highly plan-led technologies.
- Option 2b may be appropriate where there is a need to preserve competition and account for project attrition, but where locational charging should play a limited or secondary role.
- Option 3 may be appropriate where there is genuine scope for projects to respond to locational price signals, and where those signals can help guide competition within the wider envelope created by the connections regime.

This type of technology-sensitive approach could better reflect differences in technology maturity, development cycles, route to market and siting flexibility. For example, more flexible technologies such as solar, onshore wind, storage and flexible demand may be better able to respond to market signals than technologies whose location is already heavily constrained by leasing, planning, supply chains or strategic policy decisions.

There are risks with any hybrid or technology-sensitive model. In particular, it could introduce greater complexity and increase the risk of inconsistent treatment between technologies. For that reason, any such approach would need to be designed carefully, transparently and in close consultation with industry. It should also be clear that the aim is not to create multiple disconnected regimes, but to develop a coherent overall framework in which the balance between connections reform, locational charging, support mechanisms, seabed leasing and planning reflects the practical realities of different technologies.

Q6. How do you think the risks and disadvantages identified under Options 2a, 2b and 3 (as outlined above in this document) could be addressed?

The risks and disadvantages identified under Options 2a, 2b and 3 can be addressed only through a coherent package of measures, rather than by treating the connections regime, locational charging and support mechanisms separately. The most important principle is that the framework should preserve the benefits of strategic planning while retaining enough flexibility, competition and adaptability to deal with real-world uncertainty.

For Option 2a, the main risks are under-delivery, reduced competition and limited adaptability. These could be mitigated by applying this model only where a highly directive, plan-led approach is clearly justified, for example for technologies with limited scope for meaningful locational competition or where deployment is already strongly shaped by other levers. Where Option 2a is used, Government should ensure that there are mechanisms to deal with project attrition and delayed delivery, including periodic review of connection allocations and clear routes for additional projects to progress where delivery falls behind the SSEP pathway.

For Option 2b, the main risk is that the consultation recognises additional locational signals may be needed to move from connection offers above the CSNP planning line to operating projects but provides little detail on what those signals would be or how they would work. The priority should therefore be to develop this model in significantly more detail, including how projects would be prioritised, how support mechanisms would interact with connection offers, and what safeguards would keep deployment aligned with the SSEP pathway.

For Option 3, the main risk is that locational charging could recreate the failings of the current regime: complexity, volatility, investor uncertainty and poor outcomes for consumers. This risk can only be mitigated if any future locational charging framework is designed from first principles to support delivery of the SSEP and CSNP, rather than by adapting or extending the current TNUoS methodology.

The risks identified under options 2a, 2b and 3 largely stem from applying single, uniform approaches across technologies with very different characteristics. A hybrid approach allows these risks to be mitigated by applying different lever combinations where they are most effective. Taking forward a hybrid option could avoid locking in the disadvantages of any one standalone option, while retaining the benefits where appropriate.

The framework should also recognise the value of a geographically diverse renewable fleet. Concentrating generation too heavily in a narrow set of locations can increase correlation risk, with weather conditions or local network issues affecting many assets at the same time. A more geographically dispersed fleet can smooth aggregate generation output, reduce volatility and improve security of supply. This should be considered when assessing how tightly the framework should seek to align project development with the CSNP planning line.

Finally, long-term siting and investment levers should not be used as a substitute for action on short-term constraint issues. Reducing near-term constraints requires timely network delivery, better use of existing assets, improved system access arrangements, operational reform and demand-side flexibility. The purpose of the RNP siting and investment framework should be to support long-term system efficiency, investment confidence and delivery of the SSEP, rather than to solve short-term operational problems through signals that may distort long-term investment decisions.

Individual levers – connections regime

Q7 a. Do you think it would be practical to set Connections Capacity Thresholds for Options 2a, 2b and 3, by SSEP technology and zone?

Scottish Renewables considers that it may be practical to set Connection Capacity Thresholds (CCT) by SSEP technology and zone, but that these thresholds should take account of the significant levels of uncertainty around key variables.

With the exception of a few specific technologies such as nuclear and early-stage innovative technologies, CCTs should not be set too close to the CSNP planning line. However, identifying the exact level at which they should be set is challenging. It would depend on the expected level of project attrition, the minimum level of liquidity required for competitive support mechanism auctions, and a range of technology-specific factors.

Overly tight CCTs applied as rigid caps also risks detrimental impact on project pipelines which need to be maintained with sufficient volume of development projects over time.

Conversely, a CCT set too high risks deployment to diverge materially from the SSEP and therefore undermining the strategic planning approach itself.

The way that CCTs are set and used therefore needs to take clear account of these uncertainties. In the first instance, Scottish Renewables believes that UK Government should work with industry to lay out potential approaches to setting CCTs in much more detail.

Q7 b. How should these thresholds be determined? Please provide rationale to support your answer.

Scottish Renewables does not yet have a firm view on the detailed methodology for determining Connection Capacity Thresholds. Further information is needed on the role CCTs are expected to play, how they would interact with the CSNP planning line and SSEP pathway, and how they would be used alongside support mechanisms, locational charging and the connections process.

However, several principles should guide the development of any methodology. It should be transparent, objective, technology-sensitive and aligned with route-to-market mechanisms. It should also take account of expected project attrition, the level of auction liquidity needed to support competition, development timelines, supply chain and consenting risks, and the degree of locational flexibility available to different technologies.

The methodology should also avoid treating the SSEP as a precise project-by-project delivery schedule. The SSEP will necessarily involve uncertainty around demand, technology costs, project attrition and network delivery. CCTs should therefore support delivery within the SSEP pathway and uncertainty

range, while preserving enough flexibility to maintain a strong project pipeline and adapt to changing conditions.

Importantly, the methodology should be developed collaboratively with the sector, taking input from the full range of market participants from initial design through to implementation. Given the potentially significant impact of CCTs on project progression, investment decisions and competition in support mechanisms, this process will need to be carefully tested with industry before decisions are made.

Q8 a. 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).

Scottish Renewables considers that in most circumstances CCTs should likely be set above the CSNP planning line to allow for project attrition, preserve optionality and maintain competition within investment support mechanisms. This broadly reflects the logic of Option 2b.

However, as noted in our answer to Question 5, there may be circumstances in which Option 2a, and therefore a CCT set closer to the CSNP planning line may be appropriate. For example, for technologies with limited scope for meaningful locational competition or highly strategic technologies.

For technologies with a wider project pipeline and greater scope for competition, setting CCTs too close to the CSNP planning line would likely be inappropriate for the reasons discussed in our answer to question 5. In those cases, thresholds are likely to need to sit above the CSNP planning line, and potentially closer to the upper end of the SSEP pathway range, to ensure that delivery targets can be met in practice.

The appropriate level should therefore be determined on a technology-by-technology and zone-by-zone basis.

Q8 b. 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?

Where CCTs are set above the CSNP planning line, and especially where they approach or exceed the upper end of the SSEP pathway range, additional safeguards will be needed to ensure that the benefits of greater competition and optionality are balanced against the value of working towards a well-defined strategic plan.

Scottish Renewables considers that safeguards could include:

- **Evidence-led threshold setting:** once the overall model of siting and investment levers, and the role and status of CCTs, has been determined, CCT levels should be based on clear evidence. DESNZ should begin now to assess the key factors that will affect CCT setting, including expected attrition rates, technology-specific development risks, and the level of auction liquidity needed to support effective competition in support mechanisms.
- **Transparent rules for setting CCTs:** thresholds should be set using clear assumptions on project attrition, technology readiness, development timelines, route to market, auction liquidity and the need to maintain a credible project pipeline. These rules should be developed with industry and should be sufficiently clear for developers to understand how CCTs may evolve over time.

- **Regular review points:** CCTs should be reviewed periodically to reflect new information on project progression, demand growth, technology costs, network delivery and future SSEP iterations. However, reviews should not undermine projects that have already made material investment decisions or secured support through established route-to-market processes.

Individual levers – locational charging

Q9: What are your views on the role of locational charging, and interactions with our investment support schemes?

Scottish Renewables has long-standing concerns about the current arrangements for locational transmission charging. As set out in our February 2026 letter to Ofgem, and in our response to Ofgem's Call for Input on locational charging, the current regime is increasingly volatile, unpredictable and difficult for projects to manage. It is creating a significant barrier to renewable investment in Scotland, increasing financing risk, and ultimately increasing costs for consumers.

Our detailed views on network charging are set out in our response to Ofgem's Call for Input, which we attach alongside this consultation response. In summary:

- Locational charging may have a role within the future framework, but it should not automatically be assumed to be the dominant siting lever.
- The role of locational charging should depend on the wider RNP model adopted. Where the connections regime, seabed leasing and support mechanisms already provide strong locational signals, network charging should play a more limited and proportionate role.
- If locational charges are retained, their primary objective should be to support delivery of the SSEP and CSNP, rather than simply preserving the current approach to network charging.
- Charges should be predictable, transparent and stable, and should be known sufficiently far ahead of investment decisions to be reflected in project development, support mechanism bidding and financing.
- Once a project has secured a support mechanism (or reached FID for those technologies without a support mechanism), charges should be fixed or strongly stabilised for a substantial part of the asset's life. Continuing to vary charges after that point is unlikely to drive efficient locational behaviour, because the project's location is fixed, but it can increase risk premia and consumer costs.

There are important interactions between locational charging and investment support mechanisms which derive from the design choices in both the charging and support mechanism frameworks. Under the current arrangements, projects facing higher TNUoS exposure need to reflect those costs and risks in CfD bids. Where those projects set the clearing price, this can increase support costs for all successful projects in the auction, including those with lower TNUoS exposure. The result is higher costs for consumers.

Locational charging should therefore be designed alongside investment support mechanisms, not separately from them. If locational charges are used as part of Options 2b or 3, DESNZ and Ofgem will need to consider whether support mechanisms require complementary reforms, such as locational minima or maxima, differentiated auction parameters, or other measures to manage auction liquidity and avoid excessive inframarginal rents. The most appropriate balance can only be identified through

detailed analysis and, as with other elements of this consultation response, Scottish Renewables asks that these decisions are made in a transparent way and in collaboration with the sector.

Overall, Scottish Renewables considers that locational charging can only play a constructive role if it is stable, proportionate, aligned with the SSEP and integrated with the wider package of siting and investment levers. It should support strategic delivery and consumer value, not recreate the uncertainty and investment risk associated with the current TNUoS regime.

Individual levers – 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?

Scottish Renewables considers that the reforms needed to government investment support mechanisms will depend on the final package of siting and investment levers chosen by Government. It would be premature to decide on detailed changes to the CfD, Capacity Market or other support mechanisms before there is greater clarity on the role of the connections regime, the level and function of Connection Capacity Thresholds, and the future design of locational charging.

Once there is greater clarity on the possible role of locational elements within support mechanisms, several principles should guide any reform. Support mechanisms should:

- Continue to support investment and preserve investor confidence. They should remain capable of bringing forward the volume of low-carbon generation, storage and flexibility needed to deliver Clean Power 2030, the SSEP and net zero. Any reform must avoid increasing uncertainty, weakening auction liquidity or adding unnecessary complexity to project development.
- Be considered alongside development of the connections regime. If CCTs are set close to the CSNP planning line, as under Option 2a, there may be limited competition remaining by the point projects enter support mechanism auctions. This could reduce liquidity and weaken price discovery. If CCTs are set above the CSNP planning line, as under Option 2b or Option 3, support mechanisms may need to help determine which projects within that wider envelope progress to investment.
- Reflect technology-specific differences. Technologies have different development timelines, investment structures, levels of maturity and siting flexibility. Offshore wind, for example, is already heavily shaped by seabed leasing and long development timelines, while solar, onshore wind, storage and flexible demand may be more able to respond to locational or market signals. A single approach to support mechanism reform may therefore not be appropriate across all technologies.

Under some of the proposed models, particularly Option 2b, there may be a role for locational elements within support mechanisms. The consultation provides limited detail on how this would operate in practice. It will be important to be clear on what locational elements are under consideration. Support mechanisms could be used as either a gatekeeper mechanism, through the use of a locational maxima applied to particular technologies that sets a cap on the capacity that can receive a support mechanism

in a particular area. Alternatively, they could be used to provide different levels of support based on location, for example, following the example of the different strike prices awarded to Scottish offshore wind projects in the AR7. Currently, the consultation does not give a clear view of what role Government is thinking about for these.

The immediate priority is not to determine the details of how support mechanisms should evolve. Rather, the immediate priority should be for DESNZ, Ofgem and NESO to develop a coherent package showing how connections reform, locational charging and support mechanisms would work together under Options 2a, 2b and 3. Any subsequent reform to support mechanisms should be targeted, evidence-led, technology-sensitive and designed to maintain investability and whole-system value for consumers.

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