Dear Sir/Madam,

Further to your recent announcement regarding the Transmission Investment Consultation, as GE Grid Solutions UK, GE Vernova, a Supplier of Equipment and Services to the UK Transmission Operators we would register our comments below in line with the relevant questions raised and request that these comments be considered in light of the said consultation.

As a supplier into the UK Transmission Operators we concur that to deliver the projected 2030 growth it will be essential to exempt a significant number of projects from competition in the best interests of the consumer. Whilst demand in the UK market is increasing, this is being replicated across Europe and Globally, as the move to net zero intensifies and pressure on the supply chain increases.  As a commercial organisation we are required to focus our existing and future potential resources to maximise return for our shareholders. The market is expanding rapidly and we  will seek to achieve these returns. We therefore concur that without contractual agreements quickly in place, all TO’s will have major challenges to secure supply chain capacity against the European and global market  in order to deliver projects on time to meet the 2030 commitments .

The National Grid Holistic Network Design coupled with the Network Options Assessment have provided an overview for the 2030 strategy and identified the aspirations and volume of projects needed to achieve the 2030 targets. As it stands this is not sufficient to enable significant investment from the supply chain as there is no commitment on orders. We note from the Transmission Investment Consultation (P.19) that Ofgem have identified  an initial list of projects that clearly qualify for strategic needs approval and competition exemption. It is critical that these projects are advanced quickly. Without guaranteed revenues, business cases within the supply chain for additional investment are not feasible. In addition the Transmission Operators will need to ensure that the supply chain has clear visibility of the future development pipeline and must commit to a volume of work, which will enable the supply chain to recruit talent, enhance manufacturing capability and lock in resources. The mechanism to achieve this needs to be clearly defined and agreed with Ofgem and rapidly implemented. We note from the Network Options Assessment that 94 Projects (£21.2bn) were identified to achieve the 2030 goals, 26 of these will (£19.8bn) may be issued under the proposed accelerated delivery framework of which there are 10 projects (£10.6bn) that need to be delivered early to achieve 2030 targets. On this basis only a commitment on commercial orders would enable the supply chain to achieve that objective. Furthermore early contractor engagement, a clear programme approach as opposed to a project-by- project approach, and subsequent direct project allocation will also enable essential resource, investment and manufacturing planning. This is currently challenging for the supply chain given increasing demands on existing resources and growth in orders from the European and Global markets

Furthermore, any possible acceleration of projects in advance of 2030 would require further streamlining of contractual processes and an agreed standardised approach to detailed design and project delivery, a pooling/sharing of engineering resources with the TO’s and commercially favourable terms, including enhanced payment terms, non-punitive late delivery clauses and incentive rewards. We note Ofgem’s intention to provide early certainty on regulatory funding, a reduction in the regulatory gates and a targeted pragmatic approach to exemptions from onshore network competition and we support these proposals, but urge their rapid implementation.

Whilst the need to achieve the 2030 Govt. objectives is challenging, GE Grid Solution, GE Vernova, have always committed to, and will continue to commit to, supporting the Transmission Operators in this objective and driving the net zero agenda. It is however important that we communicate to Ofgem the genuine concern we share about meeting these objectives with the current contracting models, the growth in demand on our current resources, and the need to invest further in our capabilities.

Best Regards

**Mark Wood**

Area Sales Director – UK and Ireland

GE Renewable Energy - Grid Solutions

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