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## **Response to RIIO-3 Draft Determinations for the Gas Transmission sector**

Addressed to: [RIIO3@ofgem.gov.uk](mailto:RIIO3@ofgem.gov.uk)

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Siemens Energy in the UK, we deliver advanced engineering, technology, and service solutions to support the nation's energy infrastructure. In partnership with National Gas, we provide a range of products and services essential for the safe, reliable, and efficient operation of the gas transmission network—this includes the supply and maintenance of critical equipment such as Gas Turbines, Power Turbines, Compressors and control systems. Our commitment is to ensure resilience and innovation within the UK's energy sector, enabling National Gas to meet its current and future challenges.

We welcome the opportunity to respond to Ofgem's draft determinations on RIIO-3 Plans for the Gas Transmission sector and appreciate the extensive work Ofgem has undertaken to review and assess the business plans submitted across Gas Transmission, Electricity Transmission and Gas Distribution.

As outlined in our response to the Call for Evidence on RIIO-3 Plans earlier this year, we have engaged with National Gas throughout RIIO-T2, and we have expressed our support for and confidence in National Gas' business plan for RIIO-GT3. Particularly, we have been working with National Gas to improve ways of working in preparation to ramp up and deliver increased volumes of work on the network during the next price control period.

We note that within Ofgem's draft determinations, many of National Gas' proposed capex volumes have been reallocated from baseline funded works into Uncertainty Mechanisms. As a key supplier critical equipment such as Gas Turbines, Power Turbines, Compressors and control systems, to National Gas, we express concerns over the effects that the scale of this reallocation might have on the supply chain.

We are concerned that signalling approval for large volumes of capital works in-period rather than at final determinations may have unintended consequences for the supply chain, including:

- **Reduced programme certainty and continuity:** Disrupting our ability to work with National Gas to build a clear, consistent and committed programme of work; working with National Gas to plan and optimise the forward-looking pipeline of work has been a key feature of improvements to our ways of working and is a basis to the collaborative approach in advance of RIIO-GT3.
- **Investment hesitation:** Potentially reducing confidence to invest in new and innovations without a clear pipeline of work. This also impacts ability to bid for work if there is less certainty that this work will materialize.
- **Resource planning challenges:** The market is increasingly competitive for skilled labour and resources. A lack of clarity on future workbook reduces our ability to invest in and commit to specialist resource with

confidence. [Insert any specific examples that you have experienced whilst delivering services for National Gas or for other customers in a similar environment]

- **Procurement inefficiencies, cost and delay risks:** Uncertainty limits the procurement options available to us, particularly for long lead time items. We are unable to leverage whole volumes across the portfolio to buy materials and products to meet future demand, potentially creating greater exposure to price changes and lead times. In many cases this approach is likely to result in additional costs incurred and delays to projects, relative to if we can set out procurement plans for such items ahead of time, bulk-purchase materials or set out better terms with manufacturers and suppliers.

In summary, we look forward to working with National Gas to deliver crucial investment on the gas transmission network to maintain resilience, safe levels of risk, and progress towards net zero. However, we believe that the proposed reallocation of significant volumes of work from into in-period uncertainty mechanisms introduces additional risks to delivery, reduces the potential for efficiency and may ultimately pass additional costs onto end consumers.

Yours sincerely,

Jonathan Wilds  
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Siemens Energy UK&I Sales Lead