



Green Generation Energy Networks Cymru
Hodge House
Guildhall Place
Cardiff
CF10 1DY

Fiona.Morrison@greengencymru.com

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By Email: Transmission.Acceleration@ofgem.gov.

Dear Kieran

Ofgem Call for Evidence: Growing Great Britain's electricity network supply chains

Green Generation Energy Networks Cymru (Green GEN) is an Independent Distribution Network Operator (IDNO) developing the UK's largest linear distribution network across Wales. Our network will connect generation projects to the transmission network, rather than the traditional model of a "last mile" connection from a distribution network to the final user. Green GEN is therefore uniquely positioned to offer feedback on the difficulties affecting the supply chain.

Thank you for the opportunity to contribute to the above Call for Evidence. We welcome the chance to share detail from the perspective of an IDNO, that is currently developing its network, in support of the work being undertaken to strengthen electricity network supply chains. We recognise the importance of improving resilience, sustainability and transparency across the sector, particularly considering the scale of anticipated network expansion. We have drawn on our practical experience of operating within a competitive delivery environment and have provided our views, identifying where proportionate and flexible approaches could help ensure policy objectives are delivered effectively across all parts of the market, while supporting competition and delivering positive outcomes for consumers.

Ofgem has previously indicated that it does not consider IDNOs to compete directly with Transmission Operators due to limited overlap in equipment. However, in practice, Green GEN is experiencing significant interaction within shared parts of the supply chain. When engaging with manufacturers and subcontractors, we are finding that capacity constraints are increasingly affecting availability. Many suppliers are already committed through frameworks or active Invitations to Tender issued by DNOs and TOs, which can limit their ability to engage with additional parties at the same time. As a result, access to certain equipment and specialist resources can be constrained, reflecting the practical pressures within the current supply-chain environment rather than distinct or separate markets.



We welcome Ofgem's continued engagement with industry through this Call for Evidence. We hope that our responses are helpful in informing the development of proportionate and effective approaches that strengthen supply-chain resilience and sustainability while recognising the diversity of operating models across the sector. We would welcome the opportunity to continue to engage with Ofgem as this work progresses and to provide further examples of the difficulties we are facing in the supply chain under the current framework.

We look forward to further engagement on this work.

Yours sincerely

Fiona Morrison
Head of Regulation



Annex 1 - Response to Questions

1. What level of additional investment in supply chain resilience and sustainability can be achieved within the current regulatory regime and what would you need to change in your current procurement arrangements (e.g. weightings or frameworks) to achieve it? Which trade-offs (if any) do you anticipate?

Within the current regulatory regime, we believe that only limited additional investment in supply-chain resilience and sustainability can be achieved without legislative change.

Network companies face a range of material uncertainties that continue to constrain proactive investment in network infrastructure. These include uncertainty over the timing, location and credibility of future demand; the risk of costs not being fully recovered through price controls; and dependency on wider policy, planning and cross-sector coordination decisions. While the transition to net zero provides a clear strategic direction, the spatial and temporal distribution of new loads and generation remains uncertain, increasing the risk of under-utilised or stranded assets. The existing emphasis on demonstrable need, ex-post efficiency assessment and consumer affordability further incentivises incremental and reactive investment approaches rather than anticipatory build.

To deliver this within the current regime, procurement arrangements must be amended to enable IDNOs to take advantage of initiatives such as ASTI and APM. We are seeing evidence that suppliers are prioritising fulfilling large orders to the detriment of smaller parties.

2. What barriers, if any, within the current regulatory framework discourage taking account of domestic sourcing, or wider social values in procurement decisions?

While the current regulatory framework does not explicitly prevent consideration of domestic sourcing or wider social value, there are features that risks discouraging active prioritisation of these issues, particularly for competitively operating providers such as IDNOs.

A key barrier arises from asymmetries between price-controlled incumbents and non-price-controlled operators. Mechanisms such as the APM provide incumbent DNOs and TOs with greater certainty and purchasing leverage when engaging with suppliers. In practice, this can influence supplier engagement and availability across shared equipment markets. While it has been suggested that overlaps with IDNO procurement are limited, IDNOs experience competition for a range of common assets, including switchgear, transformers, cabling, overhead line conductors and associated electronics.

As a result, we find we are accessing the supply chain with reduced bargaining power and increased delivery risk while competing with 'price-control-backed' procurement strategies. In this context, prioritising domestic sourcing or wider social-value



objectives can be difficult to reconcile with the fundamental requirement to secure timely access to suitable infrastructure at competitive cost.

3. How could Ofgem strengthen incentives to invest in resilient and sustainable supply chains, and remove regulatory barriers to doing so?

Within the current framework, regulatory incentives to invest in resilient and sustainable supply chains are experienced unevenly across the sector. For Green GEN as an IDNO, barriers primarily arise from interventions developed through price control mechanisms, which provide incumbent DNOs and TOs with capabilities and protections that are not available to competitively operating providers. Price-controlled interventions shape supplier behaviour and market access across shared equipment and service markets.

Ofgem could strengthen incentives and reduce barriers by taking steps to ensure that regulatory tools designed to support resilience and sustainability do not inadvertently disadvantage non-price-controlled operators. This could include considering the wider market impacts of price-control interventions and how these affect access to supply chains for IDNOs and other competitive providers. Greater recognition of overlapping equipment markets and shared supplier pools would help ensure that policy design reflects how supply chains operate in practice.

More broadly, Ofgem could support resilient and sustainable supply-chain investment by embedding proportionality and flexibility into expectations and reporting requirements, recognising differences in scale, risk exposure and commercial models. Clear guidance on how social value, domestic sourcing and resilience considerations can be taken into account within competitive procurement—without undermining delivery certainty or competition—would also provide greater confidence for IDNOs when engaging with suppliers.

Finally, improving transparency, consistency and coordination across the sector could help align incentives. This might include facilitating shared insight on demand visibility, encouraging common standards where appropriate, and ensuring that regulatory signals are coherent across price-controlled and competitive parts of the market. Taken together, these measures could help strengthen investment in resilient and sustainable supply chains while maintaining effective competition and protecting consumer outcomes.

4. What definition of a UK-based supplier and UK ‘material value-add’ (e.g. assembly, manufacturing) would keep reporting practical while delivering meaningful insight?



Green GEN supports the use of clear, pragmatic definitions that provide meaningful insight into supply-chain activity while keeping reporting proportionate and deliverable across operators of different scale.

For reporting purposes, a UK-based supplier could reasonably be defined as an entity that is legally established in the UK and has a substantive operational presence linked to the delivery of network equipment or services, such as manufacturing, assembly, testing, engineering, warehousing, or after-sales support. This provides a consistent and auditable basis for reporting without requiring analysis of ownership structures.

UK “material value-add” should be defined in terms of tangible activities undertaken in the UK, rather than detailed tracing of component provenance. Activities such as final assembly or integration, manufacturing or fabrication of major components, testing and commissioning, UK-based engineering or design services, and ongoing maintenance or logistics support would all represent meaningful UK value-add. A principles-based approach that recognises whether such activities form a material part of contract delivery would be preferable to prescriptive percentage thresholds.

To remain practical, Green GEN would like to see reporting that is required to be high-level and categorised, avoiding detailed cost attribution or requirements to access sub-tier supplier data that may not be readily available. This approach would support Ofgem’s objective of improving supply-chain visibility and confidence while maintaining proportionality and avoiding unintended impacts on competition or delivery efficiency.

5. Should reporting cover both equipment and services? Are there categories that should be prioritised or excluded to keep burden proportionate?

Reporting should cover both equipment and services, as both play a role in supply-chain resilience and delivery capability. However, the level of detail and scope should be proportionate to ensure that reporting remains practical, particularly for smaller network operators and competitive delivery models such as IDNOs.

To keep burden proportionate, reporting could prioritise categories with the greatest materiality and risk, such as primary electrical equipment, long-lead-time components, and specialist engineering services directly linked to network build and energisation. These areas are most relevant to understanding capacity constraints, delivery risk and opportunities for domestic value-add. Lower-value, transactional or commoditised services (for example, routine professional services or indirect corporate spend) could reasonably be excluded or reported at a high level.

A risk- and materiality-based approach would allow reporting to deliver meaningful insight into supply-chain resilience while avoiding unnecessary complexity or administrative burden. This would support consistency across the sector while recognising differences in scale, procurement scope and operating models.

6. Do you think a minimum contract value threshold should apply specific criteria (list if you have specific comments on certain criteria) and, if so, what threshold do you think would be appropriate? Please explain your rationale.



Contract value alone may not always be the most appropriate or objective determinant of materiality. Contracts of relatively low financial value can still be critical to delivery or resilience (for example, specialist components or services with limited supplier availability), while higher-value contracts may involve standardised or low-risk activities. As such, any threshold should be applied with flexibility and in combination with other considerations.

If a threshold is introduced, it may be better used as a guideline rather than a strict trigger, supported by additional criteria such as supply-chain criticality, delivery risk, lead times, or degree of customisation. This would allow reporting to focus on areas most relevant to system resilience and capability, rather than capturing spend that is high in value but low in strategic importance.

Alternatively, an approach based on materiality and risk, rather than a fixed contract value alone, would better reflect differences in scale, procurement models and networks operated. This would support consistency and proportionality across the sector while avoiding unintended incentives or distortions, particularly for competitively delivered and smaller-scale contracts.

7. For the core metrics, do you agree we should capture £ value and % share for UK vs non-UK spend, by broad categories? Which broad categories (e.g. Tier 1, etc. develop) would you recommend? Are there refinements we should consider?

In terms of categorisation, it may be appropriate to distinguish spend by functional level rather than detailed supplier hierarchies. This approach would help to identify where UK and non-UK spend is concentrated in areas most relevant to delivery risk and resilience, while remaining scalable across operators of different size and procurement models.

8. Should we include social-value and/or supply-chain-length indicators where proportionate? Which indicators are most useful for resilience monitoring and why?

A small number of consistent, outcome-focused indicators, aligned to materiality and risk rather than exhaustive reporting, would provide meaningful insight into domestic supply-chain resilience while keeping reporting proportionate.

The most useful indicators will be those that offer early warning of delivery risk and dependency, rather than focusing solely on economic impact. Indicators should therefore prioritise supplier capacity, redundancy and proximity, while remaining simple enough to report consistently across operators of different scale.

9. Should the reporting be delivered through RIIO RIGs processes, via a standalone annual return, or alternative data collection options? Please set out pros/cons, including assurance and administrative burden.



IDNO's are generally less familiar with RIGs, and the level of granularity could create a significant administrative burden if applied directly to IDNOs. A standalone annual return offers greater flexibility to tailor reporting specifically to the objectives and to the different regulatory positions of DNOs and IDNOs. It would enable clearer narrative, target metrics, and could better reflect the evolving nature of supply chain. This approach would be more accessible for IDNOs, provided it aligns with existing governance processes.

A hybrid data collection approach, such as targeted templates, questionnaires or digital submissions linked to delivery strategies, could offer the lowest administrative burden and greater adaptability.

10. What publication approach (and level of aggregation) strikes the best balance between transparency and commercial sensitivity?

A publication approach based on aggregated, sector-level reporting would strike the most appropriate balance between transparency and protection of commercially sensitive information.

Disaggregation below an operator or category level would risk exposing commercially sensitive information, particularly for smaller or competitively operating entities such as IDNOs, where procurement volumes are lower and supplier relationships more identifiable. To mitigate this, data could be published at an industry-wide or sub-sector level (for example, transmission, distribution, or competitive connections) rather than by named licensee.

12. Are there any implementation risks, costs or unintended consequences we should consider at this stage?

The existing regulatory framework is designed around the price-controlled networks. IDNOs operate under contestable, commercially-driven models, not price controls. Any policies or expectations designed for regulated networks (e.g. domestic content encouragement, resilience investment expectations) may further worsen the uneven regulatory expectations and de facto standards that are harder for IDNOs to absorb competitively

While we strongly feel any measures intended to improve resilience should be available to all parties, if this is not the case, such measures must be considered through the lens of the impact on those parties to which they do not apply. It must be assured that measures do not unintentionally weaken competitive tension between DNOs and IDNOs.