



Growing Great Britain's electricity network supply chains: Ofgem position and call for evidence

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Dear Kieran,

Growing Great Britain's electricity network supply chains: Ofgem position and call for evidence.

This response is submitted on behalf of SSEN Transmission¹ ("SSENT"), part of the SSE Group, responsible for the electricity transmission network in the north of Scotland.

We appreciate the opportunity to comment on Ofgem's call for evidence on growing Great Britain's electricity network supply chains.

We support Ofgem's position and ambition to deliver a more resilient and sustainable electricity network supply chain, and are already taking practical steps to strengthen UK capability and deliver wider social value through our current procurement frameworks. However, ongoing regulatory uncertainty over project pipelines, needs-case approvals and cost recovery, alongside procurement constraints that limit agility and extend tender timelines, materially restrict the scale and pace at which the supply chain can invest and mobilise. Greater clarity and earlier regulatory decisions would provide stronger long-term demand signals, enabling suppliers to plan, invest and scale with confidence – reducing delivery risk and improving outcomes for consumers.

Our detailed response to the consultation questions are set out in Appendix 1. In the interests of informing Ofgem's emerging position and the design of any associated regulatory interventions, we highlight below the key messages and recommendations from our response:

- Local content should be treated as a strategic lever to strengthen GB supply chain resilience, build domestic capability and skills, and deliver long-term consumer value – not solely as a compliance metric.
- To grow local content at pace, Ofgem and Government must provide greater regulatory certainty and earlier needs-case decisions, giving suppliers clear, bankable demand signals to invest in UK capacity.
- Key regulatory barriers within Ofgem's framework include delayed needs-case confirmation and successive regulatory "sense checks" (e.g., via LR3), limited support for anticipatory investment, and continued uncertainty over cost recovery and the treatment of wider benefits – together weakening long-term demand signals and slowing domestic supply chain mobilisation.

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- Current procurement constraints – particularly added cost, complexity and delay arising from the Procurement Act 2023 – risk unintentionally favouring established global suppliers and make it harder for UK SMEs and new entrants to compete, reducing achievable local content.
- Where higher local content carries a near-term cost premium, Ofgem should explicitly enable whole-life assessments of consumer value and set clear, predictable guidance on how local content and wider benefits (including resilience and security of supply, reduced delivery and programme risk, skills and jobs, regional economic impact, and long-term UK capability and capacity) will be evidenced and weighted in cost and efficiency assessments, reducing ex-post challenge and supporting earlier, more confident commitments.
- Ofgem should strengthen incentives for early, volume-backed commitments (including “anchor orders”) and clarify risk allocation/cost recovery, so transmission owners can contract earlier with UK-based suppliers and services providers with confidence.
- The Advanced Procurement Mechanism (APM) should be reformed to unlock early, strategic investment in UK capacity – addressing the effective “20% deposit” constraint, reducing portfolio risk if pipelines change, and broadening scope beyond OEM manufacturing to critical UK services and delivery bottlenecks.
- Ofgem should create a new regulatory mechanism (beyond the current Advanced Procurement Mechanism) to actively encourage – and provide confidence and consumer protection for – early investment in strategic UK/domestic supply chain capacity, especially for high-value commitments where early supplier engagement is essential.
- Local content reporting should be proportionate and decision-useful: cover both equipment and services, focus on critical packages and Tier 1 contracts, apply pragmatic tiered thresholds and exemptions where UK capability does not yet exist, and publish only aggregated metrics to protect commercial sensitivity (with phased implementation to minimise burden and procurement delay).

We look forward to continuing our engagement with Ofgem on our projects as we continue to progress. Should you wish to discuss any aspect of our response further, please do not hesitate to get in touch.

Yours sincerely,

Angeles Sandoval
Regulation Manager
SSEN Transmission

Appendix 1: Consultation Questions

Q1. 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?

We are already procuring meaningful domestic sourcing and wider social value via our current framework. For example, 500 steel towers for the proposed Spittal–Beaully transmission line will be fabricated by Had-Fab in East Lothian in a contract worth over £100m, supporting more than 250 jobs. Similarly, the second electricity link connecting Shetland to the mainland underpins Sumitomo’s new cable manufacturing facility at Nigg, which will create around 330 jobs in Scotland over the next ten years, including significant manufacturing employment in the Highlands and Islands.

Within the current regulatory regime, there is scope to secure a limited but meaningful increase in investment in supply chain resilience and sustainability, mainly by using existing procurement frameworks and social value criteria. However, the scale of impact is constrained by the timing and certainty of regulatory approvals. Projects arising from the current tCSNP2 Refresh are likely to be progressed via Load Reopener Track 3 and therefore subject to a needs-case reassessment, broadly consistent with pre-ASTI approaches. This reassessment is likely to require alignment to the Strategic Spatial Energy Plan (SSEP) and lead to reluctance to confirm needs cases ahead of this point. In practice, this limits the ability to provide the market with long-term demand signals, so supplier investment is often reactive rather than anticipatory, and opportunities to build domestic capability at scale are reduced.

Greater regulatory agility, including the ability to support investment ahead of need, would enable earlier and deeper engagement with the supply chain. Increased forward visibility and certainty of future requirements would allow suppliers to plan, invest and scale capability with greater confidence. This would create increased optionality at the point of procurement and a more level playing field for domestically based suppliers, improving resilience and sustainability outcomes while reducing delivery risk over the long term.

This approach would be consistent with Ofgem’s existing duties under the Government’s Strategy and Policy Statement (SPS), which requires the regulator to support the delivery of net zero, security of supply and long-term system resilience, including through anticipatory investment where this is in consumers’ interests. It is also aligned with the Government’s British Energy Security Strategy, which emphasises the need to accelerate regulatory approvals to enable strategic infrastructure to be delivered ahead of need. In addition, Ofgem has a statutory duty to have regard to the desirability of promoting economic growth. Earlier, more agile regulatory decisions would therefore represent a practical application of these duties, helping to unlock timely supply chain investment, strengthen UK capability, and support domestic industry and skills.

A key trade off in supporting greater domestic sourcing relates to pricing, particularly in the early stages as UK manufacturers scale up and become competitive with established global suppliers. Any cost premium is typically transitional and reflects first of a kind investment, lower initial volumes and market immaturity. Over time, increased certainty, repeat orders and a stronger domestic supplier base are expected to drive efficiency gains, reduce risk, and deliver improved value for consumers through more resilient and competitive supply chains.

In addition, the requirements introduced by the Procurement Act 2023 create material challenges, adding cost, complexity and delay to regulated procurements. These requirements reduce flexibility, slow decision-making and can disproportionately affect newer or smaller domestic suppliers, making it harder to fully reflect domestic sourcing and wider social value in procurement decisions. Together, these factors can constrain the pace and scale at which further domestic investment can be supported. More details on the challenges related to the Procurement Act 2023 are set out in our answer to Q2.

Q2. What barriers, if any, within the current regulatory framework discourage taking account of domestic sourcing, or wider social values in procurement decisions?

Legislative barriers

Whilst we are currently procuring meaningful domestic sourcing, going further is increasingly constrained by the current regulatory and procurement framework. The electricity transmission sector is operating in an intensely competitive global market for a limited pool of suppliers, alongside nonregulated businesses that are not subject to the same procurement requirements. The additional processes introduced by the Procurement Act 2023 add material cost, complexity and delay, making regulated utilities a less attractive client. In practice, our regulated procurements are approximately 37% longer than SSE Group-nonregulated procurements, with evaluation periods extending by up to 66%.

These extended timescales and administrative burdens disproportionately affect new market entrants and SMEs, which are often best placed to deliver domestic economic value and wider social benefits but are less able to absorb lengthy, resource intensive procurement processes. The framework also limits flexibility to make direct awards to new entrants or to adapt existing contracts in response to changing market conditions without launching full re-tender exercises. This lack of agility discourages early engagement, co-investment and innovation, all of which are critical to developing resilient, UK-based supply chains.

While the Government's emerging proposals seek to support local investment – an ambition we strongly share – they do not yet address these core structural barriers. Without greater flexibility and speed in procurement, the framework risks unintentionally favouring large, established global suppliers over domestic and emerging providers, thereby constraining the ability to fully reflect domestic sourcing and wider social value in procurement decisions at the scale and pace required for Clean Power 2030 and beyond.

Regulatory barriers

As set out in our response to Q1, projects emerging from the tCSNP2 Refresh are likely to progress through the RIIO-T3 Load Reopener, requiring a needs-case reassessment. This limits our ability to provide long-term demand signals, resulting in more reactive supplier investment and reduced opportunities to build domestic capability at scale. Greater regulatory agility, including support for investment ahead of need, would improve forward visibility and certainty, enable earlier and deeper supply chain engagement, and create a more level playing field for UK-based suppliers, strengthening resilience, sustainability and long-term delivery outcomes.

The early signal provided through Ofgem's Accelerating Strategic Transmission Investment (ASTI) framework enabled us to move quickly to secure supply, effectively removing regulatory approvals from the critical path for a portfolio of transmission projects. However, counter to the intent of the Transmission Acceleration Action Plan, there is now a risk of reverting to a continual need to re-validate needs cases that have already been assessed under centralised network planning. Reintroducing these checks not only undermines delivery timelines but also increases uncertainty for

developers and the supply chain, weakening investor confidence and slowing the mobilisation of capacity needed to meet wider decarbonisation and energy security objectives.

Another regulatory barrier arising from Ofgem's framework is the continued emphasis on upfront cost as the primary driver of decision-making. While it is welcome that Ofgem has signalled greater openness to accepting higher costs where these deliver demonstrable long-term value for consumers, the effectiveness of this shift will depend heavily on how that assessment is designed and applied in practice. In particular, there remains uncertainty over how wider benefits – such as supply chain resilience, reduced delivery risk, domestic capacity building and longer-term economic value – will be evidenced, weighted and treated consistently within cost and efficiency assessments. Without clear, predictable and durable guidance, there is a risk that companies remain exposed to ex-post challenge, which continues to discourage early investment and longer-term commitments that are essential to developing resilient UK-based supply chains.

We consider that a new regulatory mechanism, beyond the current Advanced Procurement Mechanism (APM), is needed to encourage early engagement with domestic suppliers, as the APM is currently too restrictive to support timely, strategic commitments. Alongside this, Ofgem should provide clear, predictable and durable guidance on how wider benefits will be evidenced, weighted and treated in assessments, so that transmission owners can commit early with confidence and without the risk of ex-post challenge. In our response to Question 3, we set out targeted recommendations for Ofgem.

A further barrier is the limited flexibility available within tender exercises. Ofgem rightly promotes competition in procurement as a means of driving down costs and demonstrating value for money. However, where the strategic objective is to support domestic manufacturing, the available supplier pool is often small and capacity constrained. In these circumstances, repeated re-tendering may not yield meaningful competitive tension but can add delay and transaction costs and increase delivery risk. We therefore encourage Ofgem to adopt a pragmatic and proportionate approach in its cost and efficiency assessments, recognising that limited competition can be an inherent feature of nascent UK supply chains and that securing domestic capability may require alternative routes to market and a longer-term assessment of consumer value.

Tension between policy ambition and commercial reality

Original Equipment Manufacturers (OEMs) typically require anchor orders/committed volumes and a clear line of sight on future projects volumes before committing to major, capital-intensive investment in the UK. However, current regulatory arrangements provide limited certainty beyond the early stages of project development, creating uncertainty about whether demand will ultimately materialise and who bears the risk if system needs change or projects do not proceed. This risk asymmetry weakens the investment case for domestic manufacturing, discourages early commitment of capital, and limits suppliers' willingness to invest ahead of firm regulatory approvals. Without greater long-term visibility and confidence in project pipelines, it is challenging for manufacturers to justify the scale and timing of investment needed to build resilient UK based supply chains.

Choosing a domestic supplier can also expose a network company to a range of commercial, regulatory and operational risks, including higher upfront costs, limited capacity or scale, and greater delivery risk where suppliers are newer or still scaling. In a regulated environment, there is also uncertainty over cost recovery if early or long-term commitments are made and project requirements subsequently change. Procurement rules can further reduce flexibility, making it harder to adapt contracts or switch suppliers as market conditions evolve. While domestic sourcing can ultimately strengthen resilience and deliver wider economic value, these risks highlight the need for greater

regulatory certainty, long-term visibility and procurement flexibility to ensure utilities can support UK suppliers while continuing to protect consumers and manage delivery risk effectively.

Q3. How could Ofgem strengthen incentives to invest in resilient and sustainable supply chains, and remove regulatory barriers to doing so?

Ofgem in coordination with the UK Government could strengthen incentives to invest in resilient and sustainable supply chains – and remove barriers – by tackling the central issue of investment certainty and by creating a framework that enables long-term, volume-backed commitments to UK capability.

- **Alongside Government and NESO, provide long-term certainty and “anchor order” mechanisms:** OEMs need long-term certainty and anchor orders to justify UK manufacturing investment. Government in coordination with Ofgem could enable/encourage arrangements that give clearer, longer-term visibility of demand beyond early licence stages, so suppliers can invest with confidence.
- **Clarify risk allocation and underwriting:** Current arrangements leave unresolved questions about who underwrites the risk if system needs or project pipelines change, and there is no clear policy mechanism to address this. Ofgem could reduce this deterrent by setting out an explicit approach to cost recovery and risk sharing where early commitments are made in good faith to build resilient capacity.
- **Enable a coordinated “UK plc” approach rather than project-by-project signals:** Individual projects may not provide sufficient volume to support new factories, so TOs cannot solve this alone. Government in coordination with Ofgem could support more coordinated pipeline signalling and procurement approaches across the sector, alongside policy intervention, to aggregate demand and create investable scale.
- **Convert engagement into durable decisions and guidance:** While DESNZ and Ofgem engagement with manufacturers and developers is active (including learning from previous procurements such as Shetland 2), it remains unresolved, and supplier lobbying following earlier outcomes (e.g. EGL 3) increases pressure to respond. Ofgem and DESNZ could strengthen incentives by turning this engagement into clear, predictable, and durable regulatory positions that suppliers can rely on when committing capital.
- **Changes to the APM needed to encourage early investment and a domestic supply chain**
We support the aims of Ofgem's Advanced Procurement Mechanism (APM): a well-designed mechanism should enable early procurement of long lead-time equipment and de-risk investment in UK supply chains. To deliver that outcome in practice, the APM needs targeted design changes to (i) reduce disproportionate financial risk on TOs, (ii) enable earlier, larger and more flexible commitments where this is necessary to secure UK capacity, and (iii) recognise that supply constraints extend beyond OEM manufacturing capacity.
 - **Remove the effective “20% deposit” constraint and align allowances to real commercial commitments:** the current design risks limiting cost recovery to 20% of equipment costs, even where higher upfront payments are required to secure manufacturing slots and UK capacity. This is a high, and potentially intolerable, level of risk, particularly when considered on a portfolio basis. This severely limits our ability

to secure the supply chain and threaten delays for our projects – ultimately leading to higher consumer costs.

The APM should release allowances at a level proportionate to the commitments TOs must make (including where this requires materially higher upfront payments), so TOs are not forced to carry the remaining cost risk.

- **Mirror the successful ASTI Early Construction Funding approach:** the APM should be designed to replicate the outcomes achieved under ASTI, enabling TOs to act sooner within compressed delivery timescales and, in doing so, reduce exposure to cost inflation driven by global competition for components and contractors.
- **Reduce portfolio risk by clarifying risk-sharing if pipelines change:** the APM should include a clear position on who bears efficient costs where system needs change or projects do not proceed after APM commitments are made in good faith. Under the current design, the APM only protects transmission owners against risk up to the 20% allowance, which does not represent a fair or realistic allocation of risk given the scale and timing of upfront commitments required to secure manufacturing capacity. Without this, risk asymmetry will continue to discourage early investment and longer-term commitments that build resilient UK supply chains.
- **The APM mechanism should be broadened to reflect that supply constraints extend beyond OEM manufacturing capacity:** while the current design focuses on securing equipment production, delivery risks are driven by a wider set of interrelated constraints, including the availability of principal contractors. Recognising these pressures within the mechanism would enable more effective mitigation of supply chain risks and support timely project delivery.
- **Ofgem should create a new regulatory mechanism (beyond the current Advanced Procurement Mechanism) to actively encourage** – and provide confidence and consumer protection for – early investment in **strategic UK/domestic supply chain capacity**, especially for high-value commitments where early supplier engagement is essential.
- **Ofgem should provide clear, transparent guidance on cost assessment for domestic sourcing decisions** – defining how costs will be measured, which factors will be included (e.g., resilience, inward investment, skills/jobs, local content, long-term consumer value), and how these will be weighted against upfront cost so higher-cost options with wider benefits can be justified confidently.

Q4. What definition of a UK-based supplier and UK ‘material value-add’ (e.g. assembly, manufacturing) would keep reporting practical while delivering meaningful insight?

In our view, local content refers to the materials, products, labour, and services from within the UK to deliver our portfolio of projects and which support social value and local economic development. Currently, our supply chain partners are required to collate this information from a regional, SSN licence area, national, and UK perspective.

When considering local value spend, investment in the areas where a transmission owner operates can deliver a materially greater proportional benefit than equivalent spend in larger and more

economically diverse parts of the UK. This is particularly relevant in Scotland, where differences in population size, economic activity and baseline levels of investment mean that additional funding can have a more significant and catalytic impact. For example, the same level of investment can generate greater relative growth in gross value added (GVA) in the north of Scotland than at a UK-wide level.

Social value reporting therefore should not rely solely on national comparisons. While UK content metrics are relevant and important, they do not fully capture the distinct and concentrated contribution SSEN Transmission makes to the regional economy in which it operates. Our current view is that reporting should recognise both UK-level and local (north of Scotland) impacts, to reflect genuine regional uplift and avoid framing social value purely in national terms.

At the same time, it is important not to discount the role of international suppliers, who continue to account for a significant proportion of transmission investment. This reflects the global nature of supply chains for specialised equipment, the current concentration of manufacturing capacity outside the UK, and the need to access proven technologies at scale. International sourcing can therefore remain necessary and appropriate, particularly in the short to medium term, even where there is a strong case for growing domestic and regional capability over time.

Q5. Should reporting cover both equipment and services? Are there categories that should be prioritised or excluded to keep burden proportionate?

Yes – reporting should cover both **equipment** and **services**. Focusing on equipment alone would provide an incomplete picture of supply chain resilience and UK value-add, as many of the most material delivery constraints (and opportunities for domestic capability) sit in services such as principal contracting, installation, engineering, testing and commissioning. Capturing both is also important for comparability across project types, where the equipment/services split can vary significantly.

To keep the burden proportionate, we recommend prioritise categories that are **critical to programme delivery**. In practice, this would focus reporting on a defined set of major equipment packages (for example cables, transformers, switchgear, overhead line components) and major service packages (for example EPC/principal contractor, civil works, construction and installation, specialist engineering, testing/commissioning). Lower-value, non-critical categories (routine professional services, low-value spares/consumables and standardised indirect spend) could be excluded or reported only in aggregate, with detailed reporting reserved for contracts above an agreed threshold and/or the top spend packages each year. This would concentrate effort where reporting is most likely to influence investment decisions and resilience outcomes, while avoiding disproportionate administrative effort for low-impact procurements.

Q6. 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.

A minimum contract value threshold can be helpful to focus requirements on the procurements that drive the greatest outcomes (and therefore provide the most meaningful insight), but it must be applied pragmatically given the challenging timelines and constrained supplier market TOs are working within.

Any threshold should also apply consistently to **both UK-level and local-level** reporting/criteria (assuming Ofgem accepts our proposal to report at both UK and local levels.): applying different thresholds (or only applying a threshold to one geography) would risk skewing results, create duplication, and drive disproportionate effort without improving insight. A single, consistent threshold

across both levels ensures like-for-like treatment of contracts, supports comparability, and keeps the administrative burden focused on the packages where reporting is most likely to influence supply chain behaviour and deliver meaningful outcomes.

We would therefore support a flexible **tiered approach**, where **the most detailed criteria and reporting apply only to higher-value contracts** (for example, **£10m+** as a starting point), with lighter-touch requirements for mid-sized contracts (**£1m–£10m**) and no additional requirements below that. In particular, the threshold should be used to gate the criteria that are most likely to add material process burden or reduce procurement agility (for example, mandated sub-contracting requirements, prescriptive UK-content commitments, or extensive audit/assurance), while still allowing TOs to encourage UK participation through proportionate evaluation weightings, early market engagement and supplier development activity.

This concentrates effort where it is most likely to influence investment decisions and job creation, while limiting unintended near-term consequences such as reduced competition, longer tender timelines, and deterred participation from the limited pool of capable suppliers – helping protect delivery timescales and consumer value.

In applying any minimum contract value thresholds, it is important that these are **focused on future procurement activity rather than applied retrospectively to projects already in flight**. Many live projects are already progressing through established procurement, approval and delivery processes that were designed on the basis of earlier regulatory expectations. Introducing new threshold requirements at this stage would be unlikely to be practical and risks creating inefficiency, delay and abortive cost without delivering meaningful additional insight or resilience benefits. Threshold-based requirements should therefore apply to future projects and procurement decisions, where they can be built in from the outset, reflected appropriately in procurement strategies and market engagement, and influence supplier behaviour and investment decisions in a proportionate and deliverable way. This approach would protect delivery of committed projects while ensuring that thresholds are effective in shaping outcomes where they can have the greatest impact.

We would also encourage **clear and pragmatic exemptions** where there are currently **no UK-based suppliers** capable of delivering higher-value contracts at the scale and pace required. The domestic supply chain is still developing and may not yet be sufficiently mature to meet the volume of work needed to deliver the 2030s network build. In these circumstances, we would not support imposing an unworkable minimum UK-content requirement, as this would be likely to reduce competition, increase delivery risk and delay Clean Power 2030 outcomes. Instead, the framework should focus on **maximising UK value-add where feasible and growing capability over time** (for example through proportionate expectations and a clear glidepath), while ensuring projects remain deliverable in the near term.

Q7. 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?

Yes – we agree the core metrics should capture both **£ value** and **% share of UK vs non-UK spend** at a **high level**. Reporting both metrics provides a clear and comparable view across TOs and years, while keeping the approach proportionate and **minimising administrative burden** (including avoiding the need for detailed contract-level “UK content” audits for all spend).

We recommend focusing reporting primarily on contracts where transmission owners have a direct contractual relationship with the supplier (direct spend), as this is where data quality, consistency and assurance are strongest. Under SSE's delivery strategy, this may include spend captured at either Tier 1 or Tier 2, depending on how delivery models are structured and where contractual responsibility sits. Focusing on direct spend enables meaningful insight to be gathered without attempting to map complex and opaque multi-tier supply chains, where visibility, leverage and data quality are inherently weaker. This approach would reduce reporting burden while concentrating effort where commercial leverage, accountability and risk management are most effective.

Aggregation should be permitted where markets are demonstrably competitive and low risk, with more granular reporting targeted only at categories where concentration, capacity constraints or long lead times pose material risks to delivery or cost. Reporting should also be framed to support trend analysis over time, rather than a single-year snapshot, enabling Ofgem to assess how market conditions, resilience and risk exposure are evolving and to distinguish structural issues from short-term volatility.

Q8. Should we include social-value and/or supply-chain-length indicators where proportionate? Which indicators are most useful for resilience monitoring and why?

Yes – where proportionate, including a small set of **social value** and **supply-chain-length** indicators would strengthen resilience monitoring by providing an early view of delivery risk, substitution options and recovery capability. To keep burden proportionate, these indicators should be applied to critical packages/strategic suppliers (and/or above an agreed value threshold) and reported using simple bands rather than detailed audits.

Indicators of social value – such as jobs supported, local employment and economic contribution – would be helpful in demonstrating long-term value for consumers.

Q9. 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.

At this stage, we do not consider it possible to take a firm view on the best delivery route (RIIO RIGs, a standalone annual return, or other options) without further clarity on:

- (i) the final scope and definitions (e.g. what constitutes "UK value-add", treatment of mixed-origin goods/services, and how services are allocated),
- (ii) the level of granularity required (sector-level aggregates vs contract/package-level),
- (iii) intended use (monitoring only vs compliance/incentives),
- (iv) publication requirements and commercial sensitivity protections, and
- (v) the expected level of assurance.

These design choices are the primary drivers of cost, administrative burden, data quality and assurance effort; selecting a reporting vehicle in the absence of this clarity risks either building an unnecessarily onerous process or, conversely, collecting data that is not decision-useful.

Q10. What publication approach (and level of aggregation) strikes the best balance between transparency and commercial sensitivity?

We recommend a publication approach that prioritises transparency of overall outcomes while protecting commercially sensitive information. In practice, this would mean publishing **high-level, aggregated metrics (e.g., £ and % share of UK vs non-UK spend) at sector level and by TO.**

To avoid undermining competition or inflating costs, publication should **exclude contract-level data** and any breakdown that could enable third parties to infer **individual supplier performance, pricing, or procurement strategies** (particularly where there are few suppliers or where awards are high value). Where sample sizes are small, data should be **rolled up, banded, or suppressed** (e.g., minimum “n” rules) to prevent inadvertent disclosure.

We also suggest publishing with an appropriate **time lag** (e.g., annual reporting) and using a consistent methodology across TOs, with more granular reporting provided to Ofgem **confidentially** where needed for assurance or monitoring purposes.

Q11. What evidence could you provide to demonstrate that a higher-cost option delivers proportionate long-term benefits for consumers?

Evidence that a higher-cost option delivers proportionate long-term benefits for consumers should consider not only upfront project costs, but also the wider economic and system benefits that flow to society and ultimately to consumers. In particular, higher local content that supports domestic job creation can deliver meaningful long-term value by strengthening economic resilience, sustaining skills and reducing future delivery and affordability risks.

Evidence can be provided by demonstrating that local content supports **high-quality employment, skills development and regional economic growth**, particularly in areas hosting critical network infrastructure. These economic benefits contribute to a stronger domestic industrial base, higher productivity and increased tax revenues, which in turn support public services and help mitigate broader cost pressures on consumers over time. From a consumer perspective, these outcomes represent a tangible return on investment, rather than a purely project-specific benefit.

Job creation through local content also helps build and retain **specialist skills and capability within Great Britain**, reducing future reliance on constrained international labour and supply markets. This improves delivery resilience across the wider network build programme, lowering the likelihood of delays, re-procurement or cost escalation that would otherwise increase long-term consumer costs.

Evidence could also be provided by showing how sustained local employment supports **more competitive and stable supply chains over time**. As domestic suppliers grow and mature, increased scale and capability can improve competition, reduce unit costs and limit exposure to currency, trade and geopolitical risks. While local options may initially appear more expensive, the long-run effect can be greater price stability and affordability for consumers.

In addition, local jobs improve **responsiveness and operational efficiency** over the asset lifecycle. Domestic manufacturing, construction and maintenance capability enables faster fault response, easier access to spares and services, and reduced downtime, all of which contribute to lower whole-life costs and improved reliability for consumers.

Taken together, this evidence would demonstrate that -higher cost local-content options deliver proportionate and enduring consumer benefits by supporting jobs, strengthening the economy, improving delivery certainty and reducing long-term system costs – aligning investment decisions with both consumer value and wider societal outcomes.

Q12. Are there any implementation risks, costs or unintended consequences we should consider at this stage?

Yes. At this stage we consider the key risks, costs and potential unintended consequences to be:

- (i) **increased administrative burden and inconsistent interpretation across TOs**, particularly if requirements extend beyond high-level Tier 1 reporting without clear definitions, templates and proportionality;
- (ii) **data quality and assurance costs**, including the need for new systems/processes and (potentially) external assurance, especially for tier-2+ and mixed-origin allocations;
- (iii) **commercial sensitivity risks**, where granular reporting or publication could inadvertently reveal supplier pricing/strategy (particularly in concentrated markets, undermining competition and increasing future procurement costs;
- (iv) **impacts on procurement agility and delivery timescales**, as additional reporting/criteria could lengthen tender processes and reduce flexibility at a time when the market is already capacity constrained; and
- (v) **unintended impacts on competition and supplier participation**, with disproportionate effects on SMEs and new entrants who may be less able to absorb additional compliance requirements.

In this context, we recommend a phased and proportionate implementation, with clear materiality thresholds, pragmatic rules for mixed origin spend, and a focus on a small number of highvalue/critical categories to reduce burden and minimise unintended consequences.