

ENA Response to Ofgem's Call for Input on Growing Great Britain's Electricity Network Supply Chains: Ofgem position and call for evidence

May 2026

Introduction

About ENA

Energy Networks Association (ENA) represents the companies that operate and maintain the electricity network infrastructure in the UK and Ireland. Serving over 30 million homes and businesses in every part of the country, they are responsible for the transmission (long-distance, high voltage) and distribution (shorter-distance, lower voltage) network of overhead lines and underground cables that keep our lights on, our homes warm and our businesses running. For reference, the full list of ENA members can be found at <https://www.energynetworks.org/about/members>.

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Summary

Energy Networks Association (ENA) welcomes the opportunity to respond on behalf of its electricity Transmission and Distribution Network operator members to Ofgem's Call for Input on Growing Great Britain's electricity network supply chains: Ofgem position and call for evidence. Alongside this response, we would refer you to the individual electricity network operators' responses for their views on the specific questions posed through this Call for Input. We have not responded to the Call for evidence questions in this Call for Input because we feel they are more relevant to individual network operators and supply chain and manufacturing providers.

This response sets out our position on this Call for Input in line with our role in coordinating the Electricity Networks Sector Growth Plan (ENSGP) alongside our joint partner, BEAMA. It is encouraging to see Ofgem's Call for Input published as a build upon a range of sector insights including the ENSGP Interim Report published in December 2025¹. The ENSGP marks the first time that around 80 different partners have come together to deliver an unprecedented level of collaboration and maximise the contribution that the electricity networks sector makes to UK growth - this includes network operators, supply chain and manufacturing providers, UK, Welsh, and Scottish Government, Ofgem and wider industry partners. The ENSGP final report is due to be published on 8th September 2026.

¹ <https://www.energynetworks.org/assets/images/2025/251210-electricity-networks-sector-growth-plan-interim-report.pdf?1771254891>

ENSGP Interim Report

The ENSGP work to date has provided us with a unique perspective on some of the challenges the electricity networks are facing across supply chains, manufacturing and procurement. We will use the ENSGP to tackle some of the barriers to growth by working together as an industry, alongside Ofgem and government, to find a way forward. Our Interim Report highlighted how Ofgem and government have a critical role in working with the sector to create regulatory frameworks that enable long-term investment and provide the right incentives to support the supply chain.

We recognise the importance of delivering growth across the domestic supply chain, building upon existing UK capabilities to supply domestic network operators, and increasing our international competitiveness by exporting globally. Upgrading and expanding the electricity network requires large quantities of equipment including transformers, switchgear, cables, convertors and substations, and protection and control technology. We will also need a range of civil engineering and wider services to design, install, operate and maintain the network. It is critical that the supply chain can invest in new manufacturing capacity, as well as recruit and train new employees.

Last year we highlighted that to expand capacity manufacturers need:

- Visibility of demand to create a clear pipeline of work that allows suppliers to develop a business case for expansion.
- Greater confidence and clarity that those volumes will come forward – ensuring that network investment plans are delivered so that suppliers can firmly plan their capacity.
- Standardisation and harmonisation of both equipment specifications and procurement, which will improve predictability and allow manufacturers to use their capacity more efficiently, speeding up delivery.
- Ensuring new manufacturers can enter the market, including promoting and explaining the procurement processes used by network operators. It is also critical that both new and existing manufacturers can supply new products to network operators without excessive administrative burdens.
- Policy and regulatory clarity on issues like the future approach to regulation of equipment that contains SF6, where both manufacturers and network operators would benefit from an agreed regulatory approach that allows greater confidence in planning future product development and investing in capacity.
- The sector will need to work together to demonstrate the value of local production to the economy. This is critical for demonstrating to the public that the sector is providing economic growth. It will be crucial to provide evidence to government and Ofgem to support any legislative and regulatory changes that may be required to enable responsive and sustainable supply chains. Demonstrating the value of local production will be critical to move to a model that places more consideration on the economic value of network development.

ENSGP Final Report

We are developing sector-wide comprehensive economic and supply chain analysis to quantify the economic opportunity of network investment, alongside an action plan to support the growth of the UK supply chain and strengthen domestic manufacturing capability, and a collaborative work programme to deliver workforce and skills requirements for the whole sector – including the supply chain.

We will also publish a Supply Chain Strategic Action Plan - building upon the robust evidence base analysis across network requirements, economic and investment requirements. This will include quantifying product and services demand, current and future supply chain capability, and opportunities for growth – the Supply Chain

Action Plan will aim to define how the sector and its stakeholders should respond to the ENSGP evidence base to ensure UK supply chain opportunities are fully captured in the next ten years and beyond.

The key themes addressed by the ENSGP Supply Chains, Manufacturing and Procurement working group, who are developing the Supply Chain Strategic Action Plan, will include setting out actions where government and Ofgem can support the supply chain through government policy and proactive regulation, and outlining how the sector will deliver the commitments in the Supply Chain Action Plan and monitor the impacts.

The ENSGP aims to support the growth of the UK supply chain by setting out actions to:

1. Improve the visibility of future volumes of work through the publication of additional data.
2. Increase confidence that those volumes will be delivered, including making network procurement practices more predictable.
3. Further standardise and harmonise the equipment used on the network, paired with greater interoperability and modularisation of products.
4. Recommend a future pathway for regulation that moves towards a strong presumption against the installation of equipment containing SF6.
5. Demonstrate the value of increased local supply chains to the energy system and wider economy.
6. Implement procurement practices that promote the use of local, responsive and sustainable content, including understanding any regulatory and legislative barriers.
7. Ensure that procurement drives innovation and encourages the development of new products, as well as reducing barriers for new entrants.

The ENSGP final report and strategic action plan will set out a comprehensive roadmap for delivery, agreeing a strong set of collaborative actions and priorities for the sector with clear timelines and accountability, outlining how industry and government will overcome the remaining barriers to growth.

ENSGP Final Report Early findings

Within the bounds of existing procurement legislation, early findings from our analysis suggests that UK manufacturing represents a significant growth opportunity: BEAMA's members currently generate around £2 billion in annual turnover and employ 14,000, with a strong investment pipeline that could double in size by 2035. The opportunity spans all regions of the UK and is underpinned by decades of demand, providing the long-term certainty needed to scale domestic supply chains and unlock substantial export potential.

The UK has real strengths in manufacturing and services, and demonstrates areas of technology and innovation leadership, which will be further strengthened through network investment. Domestic manufacturing will ensure that the UK benefits from increased resilience and energy security as global supply chains tighten, ensuring the long-term supply of critical components. Enhancing GB's supply chain capability for products and services will avoid value leaking overseas and reduce our import dependence. Sector growth can maximise domestic supply chain benefits and export potential by leveraging our existing strengths and identifying high-potential growth areas.

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Advanced Procurement Mechanism

We recognise that work has already been done to tackle supply chain constraints, including the introduction of the Advanced Procurement Mechanism (APM) which has built upon the Accelerated Strategic Transmission Investment (ASTI) programme. The measures taken via APM and ASTI have delivered benefits so far, but Ofgem should go further and faster to make the UK an attractive market for investment.

Ofgem should re-consider the effective “20% deposit” constraint in the APM so allowances better reflect the upfront payments required by network operators to secure capacity, and place full, firm orders as early as possible. It would be beneficial for Ofgem to mirror the ASTI early construction funding principles to be more proactive, reducing inflation and delivery risks. Ofgem should avoid an approach that is both inflexible and inefficient, with restrictive regulatory approvals processes that introduce delays to investment and the delivery of network build programmes.

We are also seeking clearer risk-sharing arrangements where project needs evolve after good-faith APM commitments. Ofgem should broaden the APM's scope beyond Original Equipment Manufacturer (OEM) capacity to include principal contractor and services bottlenecks. Ofgem should establish a time-limited regulatory framework beyond the APM, to encourage early investment in strategic areas of supply-chain capacity in Great Britain, whilst fundamentally protecting consumers.

At a distribution level, we believe that Ofgem should commit to introducing measures to support the Distribution Network operators in the upcoming Sector Specific Methodology decision (SSMD) in Summer 2026 – to take a coherent and strategic approach to improving supply chain visibility and investor confidence across the electricity networks sector.

We would encourage Ofgem to include the APM in RIIO-ED3 to become a collectively beneficial measure across both the transmission and distribution networks which would enable procurement over a longer period. To mitigate against supply chain and deliverability constraints early in the RIIO-ED3 process, Distribution Network operators may need to undertake early procurement within the RIIO-ED2 period. Ofgem's support will be required to ensure a smooth transition between price control periods in the same way that the APM supported the Transmission Network operators in RIIO-ET3. Reopener submissions and letters of comfort are other ways in which a similar outcome can be achieved, and we welcome Ofgem's proposed mobilisation funding window but timely decision-making and a quick turnaround of submissions will be required. Ofgem should provide Distribution Network operators with increased certainty of upfront allowances which would mitigate supply chain uncertainty and regulatory risk.

Standardisation, Harmonisation, and Interoperability

Prior to the ENSGP, and following the publication of the UK's Electricity Networks Commissioner's recommendations produced in 2023 (in response to Recommendations SE1 and SE2 and in conjunction with our Transmission Network Operator members, SP Energy Networks, Scottish and Southern Electricity Networks, National Grid and Northern Ireland Electricity

- 420/132kV Transformers – commonality report completed, review of benefits and impacts to be undertaken

In addition to this, we have been working extensively in recent months on standardisation, harmonisation and interoperability. This work has demonstrated that during this time of constrained supply chains and extensive network investment programmes, there would be significant benefits in any measures that can strengthen our market position in Europe and beyond, support the development of the UK market, reduce delivery times and costs, and increase cross project flexibility. This could include reducing the number of technical approvals required, enabling bulk purchasing, and enhancing the attractiveness of the supply chain by standardising for companies and the UK.

We will aim to:

- Define areas of standardisation and interoperability that are beneficial to deliver and for what equipment.
- Quantify the value of standardisation.
- Clarify product lifecycle milestones where equipment flexibility is lost.
- Agree an overarching goal for standardisation.
- Develop a SMART delivery plan to implement an agreed degree of standardisation.

We are engaged in ongoing preliminary meetings with the supply chain and procurement leads from SSEN, SPEN and National Grid, in addition to our direct engagement with manufacturers of key network products. These meetings involve exploring the need to understand the financial and operational impacts of standardisation to determine if it saves money or incurs large cost impacts, via cost benefit analysis.

Following the recent RIIO-ET3 Price Control Final Determinations and the Sector Specific Methodology Decision (SSMD), the Transmission Network operators are also working at pace to standardise equipment design specifications to deliver efficiencies across manufacturing and project delivery. We are working alongside the Transmission Network operators who are undertaking a programme of product review, commonality reporting, and development of standards for key network assets.

The ENSGP's proposed approach to standardisation, harmonisation and interoperability involves reviewing a programme of proposed product assessments, alongside developing a long-term, collaborative engagement programme between Transmission and Distribution Network operators and manufacturers to realise the benefits of greater standardisation. It includes understanding how far a standardisation programme could extend beyond Transmission and Distribution Network operators, including areas such as offshore

government to facilitate long-term certainty and anchor-order mechanisms, rather than working on a project-by-project basis. We would also seek to clarify risk allocations when supply chain pipelines change after early supplier commitments. In doing so, Ofgem should take a coordinated “UK plc” approach by aggregating demand across Transmission Network operators, with the aim to extend this out to Distribution Network operators in the near future.

Our members would also benefit from Ofgem guidance and decision-making that suppliers can confidently invest against. Ofgem has previously signalled openness to signing off on higher upfront costs when network operators can evidence long-term consumer benefits. However, in the current regulatory framework, network operators carry the financial risk and burden until a Project Assessment is approved, creating uncertainty, undermining investment confidence, and disincentivising effective behaviours.

Local Content

ENA welcomes Ofgem’s early thinking on supporting local content in the supply chain for the equipment and services that are procured by Transmission Network operators and Distribution Network operators. As the electricity networks are a facilitator of economic growth, it is important that network operators, Ofgem, and government work together to stimulate domestic supply chains and outline the value of local content across regions and nations.

We broadly agree that strengthening domestic supply chains and domestic sourcing can improve resilience, reduce exposure to shocks, and create opportunities for regional skills and growth. It is also equally important to recognise that domestic legislation and international treaties prohibit discrimination against categories of non-UK suppliers in certain circumstances. Whilst we recognise that supporting local content may require legislative and regulatory change; Ofgem should acknowledge that we need responsive supply chains which can quickly adapt to domestic and international market conditions.

Network operators are incentivised to opt for the most economically advantageous option in procurement under the current regulatory framework. The general principles of free trade, competition and incentives that have been applied to date are delivering positive outcomes for consumers, and any adjustments made to encourage the greater representation of local content in the supply chain must preserve competition, avoid creating locational ‘winners’ or ‘losers’, and align with legal guidance on procurement.

Ofgem should work with the industry to define a single consistent narrative on ‘Local Content’ to ensure clarity and cohesion across the Transmission Network operators, Distribution Network operators, and the wider supply chain. In doing so, we believe there could be value in aligning the monitoring of local content across the Transmission and Distribution Network operators. Monitoring should be proportionate and recognise the complexities of establishing a suitable methodology. We support the

We would also encourage Ofgem to provide clear and transparent guidance on how domestic sourcing decisions will be assessed, including how resilience, inward investment, skills, jobs, local content, and long-term value will be weighed up against upfront costs. Reporting should capture regional and national impacts, cover equipment and services, and focus on a limited and specific set of supply chain length and wider social value indicators for resilience monitoring. Ofgem should engage directly with network operators and supply chain providers on how to account for contracts that cover both equipment and installation or maintenance services.

The entire value chain needs to be considered when justifying higher-cost options, based upon evidence throughout a project's life cycle e.g., jobs, skills, regional growth, resilience, delivery-risk reduction and whole-life consumer value, rather than just capital expenditure alone. While supporting domestic sourcing can be more expensive in the short-term due to first-of-its-kind or low volume manufacturing, repeatable pipelines could enable domestic sourcing to become more competitive over time and deliver better value for money for consumers in the long-term, through increased resilience and reduced delivery risk.

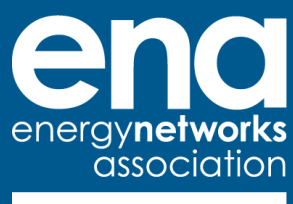
We would ask Ofgem to continue to engage with the ENSGP Supply Chains, Manufacturing, and Procurement working group and to delay any further policy development or decision-making on monitoring and incentivising local content until after the publication of the ENSGP final report on 8th September 2026.

Conclusion

Overall, we support Ofgem's ambition to deliver a more resilient, sustainable supply chain for electricity networks in Great Britain, as regulatory uncertainty and procurement constraints significantly limit the pace and scale of infrastructure delivery required to maintain, upgrade, and expand the electricity networks. We are broadly in favour of Ofgem's position on introducing proportionate, standardised reporting on the procurement of electricity network equipment and services to monitor resilience risks and support a balanced assessment of trade-offs as the sector expands.

We welcome Ofgem's recognition that the electricity networks' growing demand for equipment is a key enabler of supply chain growth and will work collaboratively with Ofgem on behalf of the Electricity Transmission and Distribution Network operators to ensure that regulation incentivises companies to deliver efficiently and on time, while improving supply chain resilience and strengthening manufacturer confidence.

It is encouraging to see the role of domestic manufacturing capability, demand visibility, and procurement practices within the existing regulatory framework being spotlighted as key considerations for growing Great Britain's supply chain – alongside the wider factors that influence procurement decisions and the role of local content.



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