

RIIO-3 team, Ofgem

31st July 2026

Dear Ofgem,

Response to RIIO-ET3 Advanced Procurement Mechanism (APM) Draft Determinations re-opener

EDF is the UK's largest producer of low carbon electricity. EDF operates low carbon nuclear power stations and is building the first of a new generation of nuclear plants. EDF also has a large and growing portfolio of renewables, including onshore and offshore wind and solar generation, as well as energy storage. EDF is therefore driving the transition towards [‘an Electric Britain’](#) – a secure, affordable, low-carbon future for everyone. As [Britain's biggest generator of zero carbon electricity](#), we are investing more than £100 million weekly in Britain's electricity infrastructure. We supply millions of customers with electricity and help homes and businesses switch to electricity for heating, transport and industrial processes.

We understand and support Ofgem's intention with the APM, which is a sensible response at a time when supply chain pressures needed easing to speed up transmission investment. However, we have seen significant cost uplifts for many transmission projects under ASTI and Holistic Network Design, with little explanation or information seen to justify these uplifts, as well as a more uncertain generation background following connections reform.

We note that the proposal is to increase APM Bespoke Procurement allowances across all three transmission licensees by £850m (2023/24 prices) for four cost categories across 22 unspecified projects delivering within the next 10 years. **We strongly disagree with Ofgem that there is “sufficient information to enable stakeholders to comment on our proposed decisions”**. We are unable to take an informed view on whether this represents good value or an appropriate risk for consumers, particularly given it relates to bespoke procurement that is less transferable. The reference to delivery over the next 10 years (i.e. to 2036) is specifically concerning given the high uncertainty of need for transmission reinforcements beyond 2030.

We therefore request that Ofgem provide more information on the following:

- Which projects these proposed allowances relate to, as well as an assessment of each project's relative certainty of need.
- The level of interchangeability of the bespoke assets, and how many projects each asset could apply to.
- Whether there is an ability for the TO to recover costs from the supply chain for any unnecessary assets.

We are also concerned about cost escalation in the sector. It is not clear to us whether the requested allowances represent wholly new procurement, increases in cost of existing assets, or a mix of the two. We have seen the costs of transmission projects significantly exceeding forecasts, increasing by 2-3x more than anticipated based on our assessment of recent Ofgem publications. We would need to see much more information on the origin of each cost line making up the £850m in order to take an informed view.

We understand that Ofgem and/or the TOs are concerned about the commercial sensitivity of these numbers. However, this approach is severely undermining the efficacy of these types of consultation. We are keen to work with Ofgem **urgently** to find a better way to allow genuine external scrutiny of allowances, including for this consultation.

We look forward to continuing to work with Ofgem in the post-consultation stages. Should you wish to discuss any of the issues raised in our response or have any queries, please contact me, Mathew Chandy or Matthew Ball at Matthew.Ball2@edfenergy.com.

Yours sincerely,

A handwritten signature in dark ink, appearing to read "Mark Cox".

Mark Cox
Head of Markets and Nuclear Policy & Regulation