UK Government

Draft strategic policy guidance for electricity networks growth

Consultation response

Department for Energy Security and Net Zero (2026)

Contents

Ministerial foreword

Delivering meaningful growth in every postcode is a top priority for this government. Growing our Clean Energy Industries is a core part of delivering on that promise. Clean energy manufacturing supports thousands of high-skilled, well-paying jobs around the country, and electricity networks are a core part of this – recognised in the Modern Industrial Strategy as a foundational enabler to growth. It is imperative that we harness the opportunity afforded by the energy transition, and incentivise companies to manufacture more in Britian.

The electricity network is the backbone of the clean energy transition. Upgrading it underpins our clean power, affordability, and reindustrialisation ambitions across all sectors. To meet future electricity demand, around four times as much new electricity transmission network will be needed in Great Britain in 2024-2030 as was built since 1990.

Boosting domestic supply chains for electricity networks is critical to enabling a secure, resilient energy system built for the future. Expanding UK supply chain capability for network equipment and delivery services can strengthen supply chain resilience, reduce exposure to global market disruptions, support the timely delivery of critical infrastructure and help capture the economic benefits of the energy transition through investment, skilled jobs and industrial growth across the UK.

This opportunity is time critical. We must seize the opportunity now to boost domestic production and ensure the transition delivers the good jobs and the resilient power system which the public expects. We have already supported industry to deliver an Electricity Networks Sector Growth Plan (ENSGP) interim report, with full publication of the final ENSGP expected this Autumn. The ENSPG outlines our supply chain and skills base and sets out future opportunities for investment. To maximise the opportunity, government proposed to issue guidance to the Gas and Electricity Markets Authority (GEMA/The Authority), Ofgem's governing body, on how they should regard growth in the Electricity Networks sector.

I want to thank everyone who responded to our consultation on this guidance, from individuals, local and regional government, manufacturers and suppliers, trade associations, Network Owners (Distribution and Transmission Owners) and Ofgem. Your insights are invaluable as we work together to grow the networks sector.

We have listened carefully to what you have told us, and adjusted the guidance to address the points raised. This response sets out the actions we have taken and sets out our next steps to progress the guidance.

Once implemented, I am confident that the approach set out in this guidance can deliver long term advantages for our country, increased resilience in supply chains, increased domestic capability, and long-term job creation – reindustrialising to back British skills and supporting growth in communities across the UK.

Executive summary of proposal

The following executive summary was provided at the time of the consultation. It is not reflective of subsequent updates to the proposal, following consultation. The final guidance is published on GOV.UK alongside this response.

The purpose of the Electricity Networks Growth Guidance is to support Ofgem to regulate electricity networks in a way that enables growth whilst remaining consistent with its objectives, duties, and functions. This will build on and align with Ofgem's delivery of their growth duty by enabling a greater focus on procurement mechanisms as a growth lever, alongside the duty's other growth drivers. The Modern Industrial Strategy sets out that growth is driven by business investment in the UK and particularly in the UK's high growth sectors, increasing productivity and exports, and the creation of good jobs across the country.

The government is issuing this guidance now because there is a strong, time-critical opportunity to boost domestic networks supply chain capabilities by supporting successful delivery of industry's Electricity Networks Sector Growth Plan. This ambition is underlined by publication of the Modern Industrial Strategy and Clean Energy Jobs Plan in 2025, recent support for transmission owners provided through the National Wealth Fund to support delivery of the 'RIIO Electricity Transmission 3' project delivery, and in the context of distribution network owners finalising business cases in December this year for the Electricity Distribution 3 price control. The guidance will be replaced by the new Ofgem-specific Strategy and Policy Statement in due course.

The proposals that we consulted on were to publish guidance that says the Authority should consider:

- How its strategic planning aligns with the desirability to promote growth through electricity networks across the UK
- Where it can make changes to its strategic plans to ensure that these are supporting growth across electricity networks, within the parameters set by the Authority's objective, duties, and functions
- Where it can incorporate workforce and skills standards into its strategic plans and wider regulatory approach to ensure sector consistency and the creation of good quality jobs, in line with the objectives of the Clean Energy Jobs Plan

The opportunity to drive growth also extends to the procurement of critical network equipment and components. In this case, the guidance set out that government expects the Authority to:

- Consider how it can ensure that its regulation is enabling procurement approaches that strengthen domestic capability, improve energy security, and resilience in supply chains and skills, while supporting value for money for billpayers and delivery confidence

- Consider how it can ensure its regulation is enabling a procurement approach that takes social value into account, and as far as possible within existing its legal and regulatory framework. The definition of social value should pay focused consideration to the government's growth and industrial strategy ambitions and should appropriately support the build-up of our domestic manufacturing, services, and skills capacity especially for critical manufacturing elements
- Explore setting clearer expectations for our regulated entities by considering the development of near-term guidance which outlines growth metrics and benefits across the sector for network owners to consider in their procurements
- Work with officials at the Department for Energy Security and Net Zero (DESNZ) and the sector more broadly to ensure that any future Strategy and Policy Statement (SPS) can build on these metrics and benefits to provide a clear expectation that works for government, the Authority, and industry
- Demonstrate how it has helped the government make progress towards the considerations set out in this guidance and requests that the Authority do so in writing for publication on an annual basis

Wider context and related policy reforms

Alongside this consultation and resulting guidance, the government is progressing a range of policies and reforms to grow the electricity networks sector, deliver good jobs, and support a fair and resilient electricity market. Key related initiatives are:

Electricity Networks Sector Growth Plan, Modern Industrial Strategy, and Clean Energy Jobs Plan

Together, the Electricity Networks Sector Growth Plan, Modern Industrial Strategy, and Clean Energy Jobs Plan set out the current status of supply chain and skills for the sector, and a range of policies to support their growth. This includes both industry and government commitments designed to overcome wider barriers to growth in the sector.

These documents are not statutory instruments and do not directly change or alter Ofgem duties. They contain government policies and Ofgem and industry commitments to help growth of the Electricity Networks sector and address barriers to investment.

Ofgem Review and Ofgem duties

DESNZ is supporting Ofgem to modernise for a more dynamic energy system. The Ofgem Review sets out a focused programme to strengthen consumer protection, enable more proportionate and innovative regulation, and clarify system boundaries alongside wider market reform. It concluded that Ofgem should have a revised principal duty with three equal pillars: consumer protection, economic growth, and net zero.

This Electricity Act guidance does not change the Review's conclusions. It provides interim support for the growth duty while the new Ofgem Strategy and Policy Statement is developed.

New Ofgem-specific Strategy and Policy Statement (SPS) – following primary legislation

DESNZ is working on a draft of an Ofgem-specific SPS. Once in place, it will set the government's strategic outcomes and priorities - the 'what', while Ofgem will determine the 'how' within its remit as the sector regulator.

The guidance we are issuing under the Electricity Act does not replace that work on the SPS – however given the SPS is dependent on new primary legislation, the department is issuing guidance under the Electricity Act whilst the SPS progresses.

The powers to bring the SPS into effect are due to be brought forward via the Energy Independence Bill. The SPS will replace guidance issued under the Electricity Act once issued. Industry will be involved in the creation of the SPS.

Procurement Act 2023 Reform

The government has set out reforms to guidance which supports delivery under the Procurement Act 2023 (PA23), ensuring that every pound spent on public procurement supports British businesses, boosts growth, and delivers a fairer economy. Social value has been redefined as ‘taking account of how a supplier will work for our communities to provide good British jobs, skills and opportunities in every postcode’ and contracts over £5m are expected to include a 20% social value weighting (PPN 026). This comes into effect from 1st January 2027.

Near-term electricity networks HVDC cable & converter procurements are planned to be conducted under the Utilities Contracts Regulations 2016 (UCR16). Other component procurement happens under PA23, however PPN 026 will not automatically apply due to the exemptions for utilities providers embedded in PA23. Private utilities are exempted from Section 13 of PA23, which includes the National Procurement Policy Statement (NPPS) and by extension the social value PPN.

Despite the non-application of PPN 026 to Networks procurements, Ofgem and Network Owners should note the priority being placed on UK jobs and 20% social value weightings, in PA23 reforms. This is a strong signal of the government’s priorities. The guidance continues to set the expectation of a minimum 10% social value weighting, and Ofgem and Network Owners should consider how they can work together to achieve 20% in future.

Summary of responses and government response

Introduction

On 8 July 2026, the government announced a consultation on a draft guidance document, proposed to be issues to GEMA under Section 3B(1) of the Electricity Act 1989. The guidance was titled Draft Strategic Policy Guidance for Electricity Networks Growth. The consultation '[Draft Strategic Policy Guidance for Electricity Networks Growth]' was issued by the Department for Energy Security and Net Zero (DESNZ) on the same day. It consulted on the proposed guidance, and closed on 19 August 2026. This summary of responses is being published by DESNZ.

Since the consultation closed, DESNZ has considered all responses, including evidence and policy positions put forward in the responses. Amendments to the guidance reflect DESNZ's considerations of the responses – detail of this is set out in this summary of responses.

DESNZ intends to proceed to lay the revised guidance in Parliament on 14 September 2026, after which it will come into effect on 17 November 2026.

Response overview

The consultation received **30** responses including from individuals; suppliers and manufacturers; Network Owners (including Transmission and Distribution Owners); Ofgem; trade associations; Mayoral Combined Authorities and local government organisations; think tanks; Trade Unions; and other respondents. One response was received very shortly after the consultation closed but is reflected in the summary and conclusions below. We are grateful to all those who took the time to respond.

This summary of responses is based on the analysis of 22 responses. Eight responses, submitted by respondents who asked us to keep their responses confidential, have not been included in the formal analysis presented in this document. However, these responses have been reviewed and used to inform the final guidance. Their insights will be retained and considered as part of future policy development. The majority of the responses analysed were supportive of the overall proposal.

An overview of key themes in the responses is set out below, and further detail on the responses to the question set is provided in the next section of this report (detailed summary of responses).

Strategic direction and overall objectives

Most responses (22 of the 30 received) were assessed as supportive of the proposal overall, and welcomed the recognition of the electricity networks sector as a driver of economic growth and the signal the guidance sends to the market and to Ofgem. Four responses were assessed as neutral and four as unsupportive. Several responses gave detailed examples of the growth that the sector is already delivering within the UK.

However, several responses raised concern that by introducing guidance on growth, Ofgem's other duties and responsibilities on consumer protection, resilience, and environmental protection may be eroded. A number of responses (six) raised that despite the positive signal of the guidance, delivery and overall impact depends on effective Ofgem implementation.

Clarity on definitions, trade-offs, and implementation

Many responses thought the guidance gave a clear overarching objective around delivering good jobs and growing domestic manufacturing, however they suggested that further amendments were required to the underpinning detail. Many of these centred around improving clarity in the drafting, especially on definitions of key terms (particularly growth and social value); how trade-offs of differing priorities will be managed; and giving more information around implementation and best procurement practice.

Social value

When considering the detail of the strategic direction, most responses engaged with the social value criteria, and several welcomed them as a lever that could ensure the UK maximises the benefits domestic deployment. Several Network Owners set out how they are delivering against this outcome already. A few responses raised questions around Distribution Network Operator (DNO) and Independent Distribution Network Operator (IDNO) application; and how the social value percentage was calculated.

Structural constraints in the market

Discussion of structural constraints to growing the electricity networks market in the UK was a common theme in responses, especially those received from market participants such as manufacturers, Ofgem and Transmission and Distribution Network Owners, and trade bodies. Responses noted that the guidance alone would not resolve broader structural issues within the market and highlighted the need for further industrial policies to address this.

Net Zero policy

A few responses raised concerns and recommendations that were not directly related to the content of the guidance being consulted upon, but have relevance to wider Net Zero policies and the wider work of the Department for Energy Security and Net Zero (DESNZ), or Ofgem. Detail of the topics raised can be found on page 18.

Government response

Having considered consultation responses, the government has made amendments to the guidance to address the issues discussed above. Key amendments are: making edits to improve clarity of objectives and definitions; confirming that Ofgem's wider duties still apply in full, and more clearly asking Ofgem to set out how trade-offs will be managed (in line with their responsibilities as regulator); and finally, confirming that Ofgem should include DNOs in the scope of actions for implementing the guidance. IDNO's are encouraged to voluntarily align with the guidance. Wider net zero policy will be considered as part of the ongoing work of the Department for Energy Security and Net Zero.

Further detail of how the guidance has been amended is set out in the following section of this report.

Government is now proceeding to formalise the guidance through parliamentary processes. It will be laid in parliament on 14 September 2026 for agreement via negative procedure, and it will come into effect on 17 November 2026.

Detailed summary of responses

Part A: Scope and clarity

We consulted on whether the draft guidance provides a clear, coherent and appropriate instruction to the market.

Questions:

7. Does the draft guidance provide a clear, coherent and appropriate instruction to the market?
8. Are the expectations and associated considerations clear and easy to interpret?
9. Please explain your answers, focusing on the overall clarity, coherence and appropriateness of the guidance.

Responses:

Responses broadly accepted the overall strategic intent of the guidance, while seeking greater clarity on the underpinning detail. However, of the 27 responses that addressed this section, 11 were assessed as broadly supportive, 12 as neutral and four as unsupportive, and almost all proposed amendments to the underpinning detail. The most frequently raised issue, in 22 of the 30 responses received, was the need for greater clarity on definitions, methodology and reporting. Responses commonly raised the need for:

- Clarity on **definitions** for key terms, such as growth and good jobs; and the need for a clearer articulation of overall **objectives** and outcomes.

- Clarity and **guidance on how Ofgem will assess trade-offs between core duties and objectives** – particularly where consumer protection and lowest cost may be in opposition to greater consideration of social value, growth, and resilience. Responses focused on needing to understand Ofgem will balance these. A few responses specifically raised that Ofgem's environmental duties were not reflected in the core objective of the guidance.
- Clarity on **reporting and monitoring methodology**, including how growth will be measured in annual reporting and what **evidence requirements** will be placed on Networks Owners and manufacturers to inform any assessment - for example one response noted 'a percentage does not define what is being measured, how offers are scored, what evidence is required, or how delivery is enforced'.
- Clarity around the rationale of **social value percentages**. Two responses asked for clarity around how the social value percentage had been calculated and one response raised concern that a central government steer on social value was being 'transplanted' without underpinning analysis. Some responses asked whether the social value requirement would apply to DNOs. Finally, a few responses sought to clarify how a social value requirement was compatible with international trade obligations, and sought clarity on whether it was the same as a local content requirement.
- Clarity on the **relationship between statutory duties, voluntary expectations, regulatory duties, existing procurement obligations and associated documents, and various strategy documents** (Electricity Networks Sector Growth Plan, Industrial Strategy, Ofgem's Strategy and Policy Statement).

A few responses discussed whether the scope of the guidance focussed sufficiently on delivering long term, sustainable, regional growth. One response highlighted that networks expansion can either create high-quality jobs embedded in communities or rely on a transient workforce, and a few asked that the guidance give greater weight to lasting place-based benefits, including worker housing and supporting infrastructure. Related responses sought a clearer link between social value and wider objectives of regional regeneration, a fair transition and workforce resilience.

Government response:

Government acknowledges that most responses suggested improvements to the clarity of the guidance. Responding to the points raised above in turn:

- Government has amended the guidance to include **clearer objectives in section 3**, and annexed a **glossary** for key terms at the end of the guidance.
- Government has provided clarity on how **social value** could be defined; and provided overarching objectives to aid understanding of how growth should be interpreted by Ofgem and the sector.

- Government has amended the guidance to clearly state that all **existing Ofgem duties still apply** – this guidance is intended to aid in the delivery of the growth duty. The title of the guidance has been amended to further clarify this point. Government has also asked Ofgem to produce additional guidance and worked examples on how duties and trade-offs will be balanced, and report on this by the new year.
- Government has amended the guidance to make clear that whilst it is for Ofgem to produce guidance on factors it will consider in relation to growth and **reporting**, any approach should be proportionate, and consciously designed to avoid becoming a barrier to new market entrants.
- Government has conducted long-running industry engagement with Ofgem and Network Owners on social value and growth, as part of the ENSGP. Several Network Owners confirmed in their responses that they already apply social value weightings in procurement. The government considers this evidence that the expectation set out in the guidance is deliverable within existing regulated procurement frameworks. This consultation formed a further market engagement to enable assurance of the suitability of the steps set out in the guidance. Government has clarified the application of the guidance to DNOs. Government has amended the guidance to include a paragraph that sets out how the social value percentage is compatible with international obligations.
- Government has **clarified the relationship of key documents and policies**, in relation to this guidance, through the inclusion of a policy context page in this public response; and further clarified this within the guidance itself.

Supporting long term **regional growth across the whole of the UK**, and delivering good growth in every postcode, is at the heart of this government's objectives. The guidance has been amended to give more prominence to this outcome and drive recognition of sustainable regional growth as a government priority. The guidance has been amended to ask Ofgem to consider how to facilitate TO/DNO reporting on investment around the UK, via regional spending breakdowns.

Part B: Impact of guidance

We consulted on the positive and negative impacts that the issuance of the guidance could have; and welcomed suggestions on possible improvements and or amendments that should be made to ensure maximal positive impact and mitigate negative consequences.

Questions:

10. In your opinion, would the issuance of this guidance in its current form support you to deliver growth? In particular, please consider whether it will support you in making procurement decisions that lead to UK growth outcomes.

11. Please explain your answer, including reference to evidence where possible.

12. In your opinion, would the issuance of this guidance in its current form support you to deliver a) good quality jobs and b) a stable, skilled workforce?

13. Please explain your answer, including reference to evidence where possible.
14. Are there any changes that government could make to this guidance to enable it to operate more effectively and/or “go further” in delivering growth?
15. If you answered yes, please explain your answer including detail of suggested changes and why you would find them helpful.
16. Do you foresee any risks associated with implementing the guidance?
17. If you answered yes, please explain your answer and clearly list the risks which you feel are most acute and important for government to consider. Please include reference to evidence where possible.
18. If you answered yes, are there any changes that government could make to this guidance to mitigate these risks, whilst still increasing growth within the UK?

Responses:

Responses generally welcomed the strategic direction the guidance sets (in relation to Electricity Networks procurement being a vehicle for growth), while being more reserved about the potential of its practical impact given dependencies on Ofgem implementation. Of the 22 responses assessed on this section, four were supportive, 16 neutral and two unsupportive. Suppliers, manufacturers, generators and developers were the most positive about the signal the guidance sends to the market; Network Owners and local and combined authorities were supportive of the intent but qualified their answers by reference to how the guidance will be implemented. A large number of responses noted that delivery and **overall impact is dependent on effective Ofgem implementation**. A few responses suggested **amending the Procurement Act 2023 (PA23)** to support Ofgem implementation of the guidance.

Around half of all responses assessed in this consultation highlighted that despite the guidance setting a welcome strategic direction, it would not address **wider structural constraints** in the market which are critical to enabling growth. Key issues raised were:

- long term demand visibility
- workforce availability and skills funding
- standardisation and harmonisation of components and of procurement arrangements
- management of wider demand, as a result of data centres and electrification
- component availability and manufacturing constraints – including the relative lack of strength in manufacturing vs services capability
- availability of long-term infrastructure in key locations, such as housing, which incentivises long-term growth rather than transient delivery
- industrial energy costs
- supply chain funding, including eligibility for Great British Energy ‘Engineered in the UK’ funding

Four responses questioned the guidance's references to **final UK assembly** and location-based considerations, on the grounds that they could create expectations inconsistent with existing procurement obligations and non-discrimination principles. Two responses took the opposite view, welcoming the inclusion of final assembly within the scope of the guidance.

Some responses specifically focussed on **social value criteria**. A few responses suggested adding a regional requirement to social value, so that the benefits of grid expansion must be felt where the expansion is taking place.

Some responses highlighted that addressing issues of clarity in the guidance, particularly around the points highlighted above (see summary of responses to Part A), may enhance the impact of the guidance overall.

Finally, around half of all responses assessed in this consultation identified **risks** associated with the guidance. The risks most frequently raised were:

- risk that unclear definitions and expectations leads to challenges in consistent procurement assessments, affecting outcomes for businesses and network owners
- risk that social value criteria, or local content criteria (**not** included in the guidance), have implications for international legal obligations and diplomatic relationships
- risk that the use of social value considerations would feed through to higher costs for consumer bills; or that Ofgem’s consumer protection obligations would be eroded or removed
- risk that focussing on growth may ‘degrade’ resilience, particularly if considerations such as upstream supply chain security are not considered
- risk that the structural constraints in the market (listed above), including component availability and workforce constraints, would limit the intended impact of the guidance

Some responses did note additional risks around data collection and quality, enforceability, blurred institutional accountability, reporting burden and administration, and gaming. Concerns about reporting burden and proportionality were raised by four responses; the remaining risks in this group were each raised by a single respondent.

Government response:

Government notes that **effective implementation of the guidance is dependent on Ofgem’s implementation**, and continues to work closely with Ofgem to support this. To ensure the guidance can feasibly be implemented by Ofgem, the government has engaged with Ofgem throughout the development of the guidance. Government has noted suggestions in relation to PA23 revisions but is confident that all elements of the guidance are compatible with the elements of PA23 that apply to Network Owners.

Wider **structural constraints** in the market cannot all be resolved through this guidance, however the government remains committed to working closely with the sector to develop solutions to these issues. The Modern Industrial Strategy, Clean Energy Jobs Plan, and forthcoming Electricity Networks Sector Growth Plan (ENSGP) are reflective of the joint efforts by the government and industry to work together to overcome these constraints. The ENSGP in particular will address issues via: skills demand workbooks, the growth partnership working to group the sector around standardisation / harmonisation, and the growth partnership leading actions around digitalisation and automation. Government is supporting industrial energy costs via the British Industrial Competitiveness Scheme and the Supercharger.

Government recognises that the UK economy is a services-based economy. Reindustrialising to deliver high value manufacturing and final product assembly is a core aim of this government. Investing in and building demand for UK manufacturing is a key factor in growing our strengths; considering social value in procurement can support this.

Government recognises that there are growth opportunities in supporting and developing high value elements of the **upstream supply chain** alongside **final assembly**; and has amended the guidance to specify 'final UK assembly and actions to support the growth of the domestic high-value upstream supply chain are directly encouraged'.

The government has carefully considered the **risks** raised in relation to proceeding with the guidance. Some of these risks have been mitigated via changes to the guidance – for example risks around inconsistent interpretation of key terms have been addressed via clarificatory changes and a glossary. The government is confident that social value approaches can be compatible with international obligations: the government's definition of social value centres around the delivery of good jobs, skills and opportunities and is about taking into account the additional benefits that suppliers deliver through the way that they perform the contract. It is not a mandatory content requirement.

The government has also considered the potential implications for energy bills associated with developing this guidance, however it is important to emphasise the guidance does not require Ofgem to prioritise growth or social value over consumer protection or overall value for money. Ofgem's statutory duties, including on affordability, remain fully in place. A more resilient electricity networks supply chain supports affordability by reducing delivery delays, equipment shortages and exposure to global market shocks, while improving competition, productivity and investment certainty. These factors lower the overall cost of network delivery and help minimise the costs ultimately borne by consumers. Where duties may be in tension, the government has asked Ofgem to set out how they will manage trade-offs between duties as part of the considerations within to this guidance.

Suppliers are responsible for their upstream supply chains, and should consider resilience risks accordingly. Government recognises that supply chains are inherently international, and that sourcing from around the world will remain a key part of managing supply. The government has launched a Supply Chain Centre which is committed to working with industry to support economic resilience across the industrial strategy sectors.

Finally, as discussed above, the government recognises the risk that wider constraints in the market can affect the delivery and impact of this guidance, and remains committed to working with Ofgem and industry to overcome these constraints. This risk does not prevent the issuance of this guidance, which is intended to build on, and give further strategic direction to support this ongoing work in the sector to deliver and reward economic benefits.

Part C: Ease of implementation

We consulted on whether relevant organisations could easily implement the guidance, and tested whether there are edits to the guidance which would support its implementation.

Questions:

19. Is your organisation responsible for implementing the steps the guidance sets out?
20. If you answered yes, partially, or not sure, do you foresee any barriers or challenges to implementing the guidance?
21. If you answered yes, please explain your answer.
22. If you are a Transmission Owner or Distribution Network Operator, do you feel this guidance will support you in implementing a social value weighting in procurements?
23. Please explain your answer. In particular, if you answered no, why not?
24. Are there are there any changes that government could make to this guidance to enable easier implementation?
25. If you answered yes, please explain your answer.

Responses:

Of the 22 responses assessed on ease of implementation, one was supportive, 16 neutral and five unsupportive, making this the section on which respondents were most cautious. Six responses stated explicitly that the practical effect of the guidance will depend on how Ofgem implements it. Responses focusing on implementation often noted that further clarity, particularly on definitions and on how trade-offs will be assessed, would improve ease of implementation, and that addressing structural constraints in the market would make implementation easier.

Government response:

As set out above, government is committed to continuing to work closely with Ofgem to support implementation. The guidance has been amended to provide increased clarity on key points such as definitions, and Ofgem is expected to set out how trade-offs between objectives will be managed. Government continues to work together with industry to overcome wider industrial policy problems and develop suitable solutions, including through enabling, cross-sector actions in the ENSGP.

Part D: Any other comments

We welcomed any other comments from respondents, which they felt had not been captured by the above questions.

Questions:

26. Do you have any other comments on the draft guidance?

Responses:

Responses to this question generally took the form of reiterating points that respondents had raised elsewhere, but wanted to emphasise.

Two responses raised concern that the guidance was titled as social and environmental guidance but contained no steers to GEMA and Ofgem on **environmental duties**, including recently strengthened protections against biodiversity loss. Both highlighted the obligations arising from the Levelling Up and Regeneration Act 2023. One of these responses considered that Ofgem is not currently meeting its environmental obligations, and that the guidance's silence on this point risks being read as an endorsement of Ofgem's current approach.

A few responses raised their desire for a clear regulatory approach to the issue **of sulfur-hexaflouride gasses (SF6) phase-out** across components, especially switchgear.

Finally, a few responses raised concerns and recommendations that were not directly related to the content of the guidance being consulted upon, but have relevance to the **wider work of the Department for Energy Security and Net Zero (DESNZ)**, or Ofgem. Responses raised:

- policies around carbon dioxide capture, including from oceans
- the creation of a hydrogen economy
- how best to reduce or utilise waste heat, including with relevance to Ofgem’s role in regulating the heat sector and supporting innovative heating solutions to market
- alternative vehicle fuels
- desalination policy
- grid and infrastructure zoning policy, including local community energy grids
- electrochemical ammonia synthesis
- electricity demand policy, including managing the demands from data centre infrastructure

Government response:

Government has considered the points raised about the title and contents of the guidance not reflecting GEMA, and by extension Ofgem’s **environmental duties**. The guidance has been amended to reiterate more clearly that wider duties, including to the environment, still apply. Government recognises that reduced shipping and transportation, and the production of equipment in countries with low-carbon energy mixes, can also support sustainability and environmental outcomes. The title of the guidance has been amended to clarify that this specific guidance relates to electricity networks growth considerations, to avoid it being read as superseding all other guidance.

Government has noted the requests for a clear steer and regulatory approach on the issue of **SF6 phase out**. Government has worked with consultants and industry to develop an initial assessment, with a focus on the distribution network, as to the impact of phasing out SF6 in electricity networks. This report, due to be published later this year, has been used to inform recommendations being developed in the ENSGP including proposed phaseout timelines and suggestions to consult to address further evidence gaps. Government has welcomed this process and will now be using these recommendations to drive policy options and next steps.

Responses that commented on **wider Net Zero policy** will be considered as part of the work of the wider department.

Next steps

The government continues to work towards capturing the growth benefits of the clean energy transition, including across electricity networks.

After reviewing responses and making adjustments to the guidance, DESNZ intends to proceed with issuing the guidance to GEMA under S3.B of the Electricity Act 1989. This requires the finalised guidance to be laid in parliament for 40 days, after which it will come into effect on 17 November 2026.

DESNZ has a strong expectation that this guidance will enable Ofgem and network owners to give greater regard to growth considerations, as they deliver their duties – including through greater consideration of UK economic benefits, supply chain resilience, sustainability and social value as they conduct their responsibilities, and especially in regards to procurement; the incorporation of growth and workforce and skills standards into strategic plans; and the development of near-term guidance which outlines factors it will consider in relation to an assessment of growth and benefits across the sector for network owners. DESNZ expects Ofgem to set out in writing how the guidance has been enacted, on an annual basis.

DESNZ will also undertake further work with industry stakeholders to develop these considerations within the Ofgem-specific Strategic Policy Statement, which will build on and supersede this guidance in future.

This publication is available from: www.gov.uk/government/consultations/draft-strategic-policy-guidance-for-electricity-networks-growth

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