

Hitachi Energy's response to Ofgem's Forward Work Programme – 2025-26

Introducing Hitachi Energy

Hitachi Energy is a global leader in technologies that increase the capacity, resilience and flexibility of the electricity grid. Leveraging £5bn of investment, we are harnessing best practises in the energy, industrial, mobility, IT and smart cities sectors around the world and delivering this insight to the markets that we operate in. We are a major investor in the UK, with a turnover of over £1 billion and operations across the country, from Shetland to Somerset and North Wales to Norfolk. We are continuing our growth journey in the UK with over 650 employees and are on track to more than double our UK operations over the last 5 years.

We are advancing the world's energy system based on renewable energy, the lowest cost, most secure and most sustainable source of power. As a technology leader, we collaborate with customers and partners to enable a sustainable energy future – for today's generations and those to come. We are already helping to bring clean energy to more than ten million UK homes by connecting the world's two largest offshore windfarms at Dogger Bank and Hornsea to the grid.

Our response

Hitachi Energy broadly agrees with the direction and initiatives set out in Ofgem's draft Forward Work Programme (FWP). We believe that the FWP appropriately identifies key priorities and challenges for regulatory activities, particularly the need for a cross-Ofgem integrated programme of work and for strong relationships with the National Energy System Operator (NESO), the UK Government and suppliers throughout the period of rapid change the UK will likely witness throughout the delivery of the Government's Clean Power 2030 (CP2030) objective. However, we wish to address the below proposals, which in our view require further consideration in this FWP.

Ofgem's approach

We welcome Ofgem's decision to develop an integrated approach which is complementary to the CP2030 objective. However, we also note that no organisation has currently assumed a role in monitoring progress against the joint efforts in the delivery of this objective. In our view, there must be a transparent reporting process to ensure that we stay on the critical path for delivery and Ofgem is currently best placed to undertake this role, subject to further, timely discussions with NESO and the UK Government's Mission Control for Clean Power 2030. Separately, we also believe that an integrated approach needs to place an emphasis on ensuring and maximising value for customers and suggest that Ofgem replaces its references to delivering lowest cost solutions to delivering the best value for consumers, which is in accordance with the UK Government's CP2030 Action Plan.

OFTO build regime

We believe that the current model for building co-ordinated / shared offshore transmission is inadequate to support the development of a meshed network and believe that addressing this challenge should be a high priority for Ofgem. The solution must accommodate establishing responsibility for providing shared infrastructure with adequate capacity, design standardisation, responsibility around resolving technical issues, and mitigating supply chain tightness. Without changing the current approach, we believe the development of the coordinated transmission network will be delayed and this will increase costs, increase the number of cables coming onshore and will not increase the resilience of offshore connections. The UK's inability to develop internationally interoperable offshore networks will lead to suboptimal outcomes for the CP2030 objective.

Early competition

The FWP currently does not mention Ofgem's role in the Early Competition framework, impacting transmission projects to be commissioned in the mid to late 2030s. Delivering projects at pace is critical

for CP2030 and beyond and we believe that it will be difficult for CATOs to effectively engage the supply chain with one off projects, and poses a risk to deliverability.

Digitalisation

We are disappointed that the FWP does not mention the importance of grid digitalisation alongside the expansion of infrastructure. In recognition of the delivery pace and scale required to meet the 2030 target, we believe that digitalisation is critical to meeting the infrastructure demand and urge Ofgem to include this in Strategic Priority 3 alongside the use of Artificial Intelligence. Various digital technologies are already available and deployable, providing the UK with the ability to monitor, prepare and operate the network reliably in the face of renewables dominated generation. We urge Ofgem to reflect on the essential nature of digitalisation and to provide clearer guidance on baseline expectations for digitalisation technologies, including requirements for data collection to help network operators make more informed decisions to optimise network operation and capacity.

Growth duty and investment pipeline

We note that Ofgem does not provide details about its growth duty, which it assumed in April 2024. We would welcome greater clarity on how Ofgem will deliver this objective, particularly in reference to growing supply chains in support of the CP2030 objective but also in a long-term perspective towards the statutory 2050 net zero target. In our view, Ofgem, jointly with NESO, has a critical role to play in enabling supply chain commitments, providing a degree of certainty on project pipelines and encouraging repeatability, including through mechanisms such as Accelerating Strategic Transmission Investment (ASTI) or the Advanced Procurement Mechanism (APM). However, we suggest that more information is needed about future pipeline of work to encourage longer-term investment.