

Insights

GREAT BRITISH GRID: ANOTHER STEP IN THE UK'S EVOLVING GRID REFORM PROGRAMME?

Oct 01, 2026

Summary

The Government's announcement of Great British Grid (**GBG**) is the latest development in a series of reforms aimed at increasing the pace of electricity network delivery across Great Britain. The new body, which will sit within Great British Energy, is intended to invest alongside private capital in network infrastructure and support the delivery of the grid upgrades required to accommodate increasing demand and connect new sources of generation and storage.

The announcement arrives alongside a broader package of reforms, including continued work on connections reform, changes to the management of the connections queue, proposals to expand self-build connections and a continued emphasis on competition in the delivery of transmission infrastructure. Viewed in that context, GBG may be best understood not as a standalone initiative, but as part of a wider effort to modernise the way network infrastructure is planned, financed and delivered.

A welcome focus on network infrastructure

There is increasing recognition across the sector that network infrastructure is becoming one of the key enablers of the UK's wider energy and economic ambitions. As electrification increases and new generation, storage and industrial demand seek access to the network, the importance of transmission and distribution infrastructure continues to grow. The creation of GBG reflects that reality and is another signal that the Government regards network investment as strategically important. At the same time, the announcement is careful to emphasise that GBG will complement, rather than replace, existing institutions. NESO remains responsible for planning and operating the system, Ofgem remains the economic regulator and existing network operators retain their current responsibilities.

As a result, we think the practical significance of the announcement is likely to depend less on institutional structure and more on how GBG operates alongside the existing regulatory and

delivery framework.

Competition remains a recurring theme

One of the more notable aspects of the announcement is the continued emphasis on competition and wider market participation. The Government has indicated that it intends to accelerate the competitive tendering of transmission projects and expand opportunities for a broader range of organisations to participate in network delivery. It has also announced further reforms to self-build connections, which are intended to provide developers with greater flexibility in delivering connection infrastructure.

These developments sit alongside emerging frameworks such as the Competitively Appointed Transmission Owner (**CATO**) regime and reflect a broader policy trend towards attracting additional sources of capital and delivery capability into the network sector. For investors, developers and contractors, this continued emphasis on competition is likely to be one of the most significant aspects of the announcement.

A few early observations

While it is still early days, a few things stand out:

- First, the announcement is perhaps most significant as part of a broader programme of reform rather than as a standalone intervention. Alongside connections queue reform, changes designed to remove speculative projects from the queue, self-build initiatives and greater use of competition, it reflects a growing focus on accelerating network delivery.
- Secondly, one of the more interesting unanswered questions is the precise role GBG will play in the market. The announcement confirms that it will invest alongside private capital, but leaves open a number of practical questions. Will it act primarily as a co-investor? Will it provide development capital? Will it help de-risk projects that might otherwise struggle to reach financial close? Or will it participate more directly in project delivery and ownership?
- Thirdly, while the announcement is framed around investment, investors may reasonably ask whether the principal constraints on delivery are financial in nature. Capital is clearly one part of the equation, but planning, consenting, supply chain capacity, delivery capability and coordination across the wider system may prove equally important factors in determining whether projects can be delivered more quickly.
- Finally, the effectiveness of any reform package is likely to be judged by practical outcomes. The ultimate test will not be the creation of a new institution, but whether projects are delivered faster, connection timelines become more predictable and network capacity becomes available when and where it is needed.

What does this mean for market participants?

- **Investors:** Investors are likely to focus on the interaction between public and private capital, the role GBG intends to play in future infrastructure projects and the extent to which it creates new opportunities for participation in network investment. Greater clarity around governance, project selection and investment strategy will be closely watched.
- **Developers:** For developers, the key issue is likely to remain delivery. Any reform that improves the predictability of network upgrades, connections and programme timelines is likely to be welcomed, regardless of the institutional structure sitting behind it.
- **Financiers:** Financiers will continue to focus on regulatory certainty, project deliverability and risk allocation. If the reforms improve visibility around network investment programmes and delivery timescales, they are likely to support continued investment across the sector.

How BCLP can help

BCLP's Energy & Infrastructure team advises developers, investors, lenders and public sector bodies across the lifecycle of energy and infrastructure assets, from development and regulatory strategy through financing, construction, operation, acquisition and disposal. As the UK's network framework continues to evolve, we are helping clients assess the implications of connections reform, competitive delivery models, evolving investment structures and changing regulatory requirements across the energy sector. The announcement of GBG is unlikely to be the final word on network reform. The more interesting questions may ultimately be how it is funded, how it operates alongside existing institutions and whether it contributes to greater certainty and faster delivery of the infrastructure needed to support the UK's future energy system.

Related capabilities

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