

# Utility Capital Expenditure - UK - December 2019

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## This report looks at the following areas:

- Capital expenditure in water and sewerage sector
- Capital expenditure in electricity transmission and distribution sector
- Capital expenditure in gas transmission and distribution sector
- Companies and brands

Infrastructure investment will continue to be a key focus across the utility sectors, driven both by the need to replace old assets and new capacity requirements on networks. However, approaches to investment are now shifting across sectors due to changes in the regulatory environment, including increased pressure to reduce costs for consumers while ensuring security of supply. There is a focus on innovation, technology, efficiencies and long-term outcomes in infrastructure management and investment, replacing the short-term outputs and capital expenditure preferred in the past.



“Network operators are facing tougher price controls and performance targets in the upcoming spending periods. They will also be under increased pressure to deliver innovation, reliability and investment at the lowest cost to consumers. These increased cost and efficiency pressures are passed onto the supply chain.”

– Claudia Preedy, B2B Analyst

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## WATER AND SEWERAGE SECTOR – WHAT YOU NEED TO KNOW

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- **Move towards long-term alliances and frameworks across industry**
- **English water companies plan to spend a record £50 billion+ in AMP7 (2020-25)**

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- Rise in distributed generation requires more active management of distribution network
- Change in energy mix is a key driver for investment in transmission network

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- **Government ambition to achieve net-zero emissions by 2050 will push up electricity demand**
- **Change in energy mix is a key driver for investment in transmission network**
- **Smart grid development to support low-carbon economy and aid transition to a more flexible energy system**
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## COMPANIES AND BRANDS – WHAT YOU NEED TO KNOW

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- Office of Gas and Electricity Markets – Scotland (Ofgem Scotland)
- Office of Gas and Electricity Markets – Wales (Ofgem Wales)
- Association of Consulting Engineers
- British Water
- Chartered Institution of Water & Environmental Management
- International Water Association
- Ofwat
- Street Works UK
- Trade magazines
- The Engineer
- European Process Engineer
- Plant and Works Engineering
- Utility Week
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