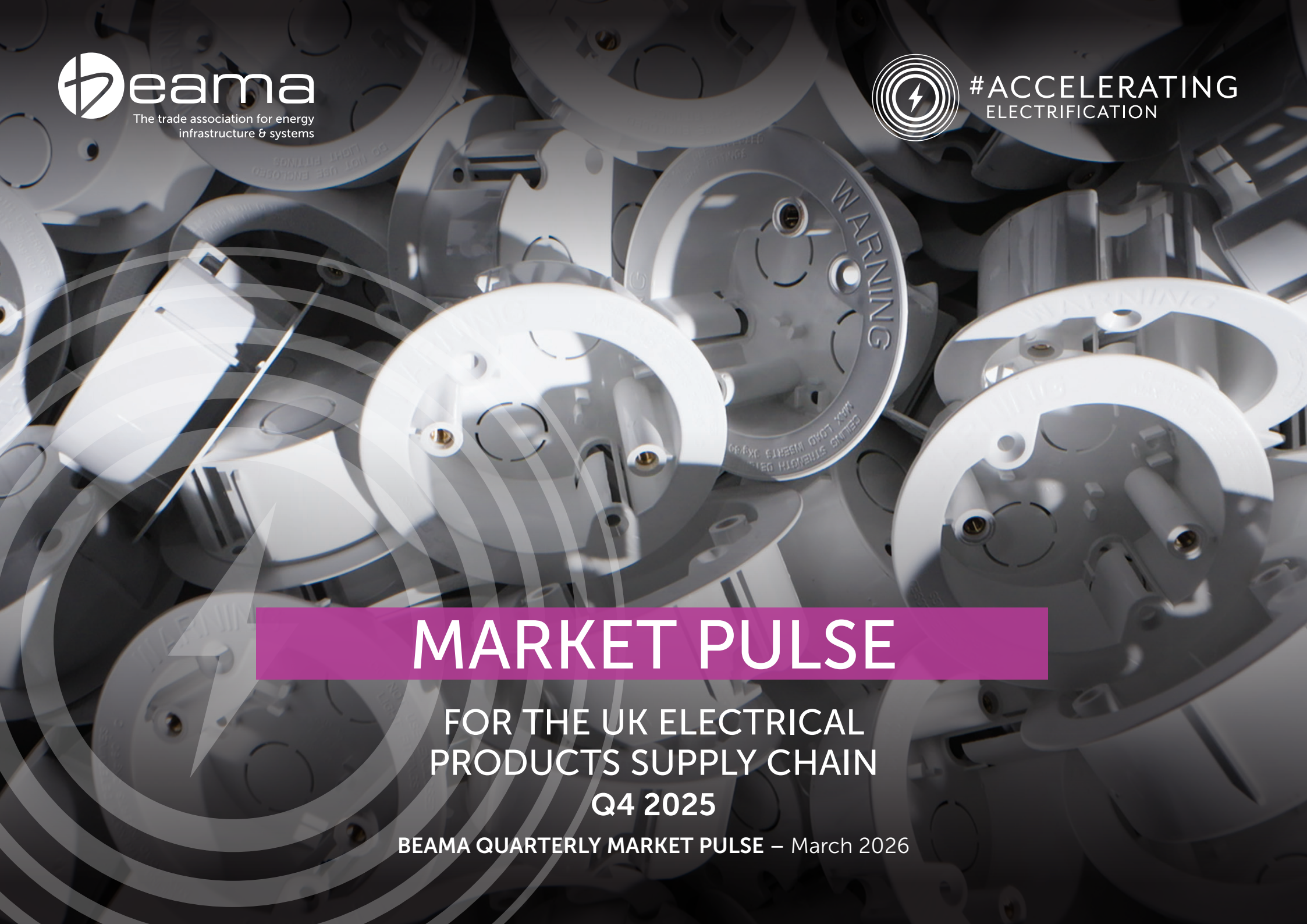
beama
The trade association for energy infrastructure & systems

#ACCELERATING ELECTRIFICATION



MARKET PULSE

FOR THE UK ELECTRICAL PRODUCTS SUPPLY CHAIN

Q4 2025

BEAMA QUARTERLY MARKET PULSE – March 2026

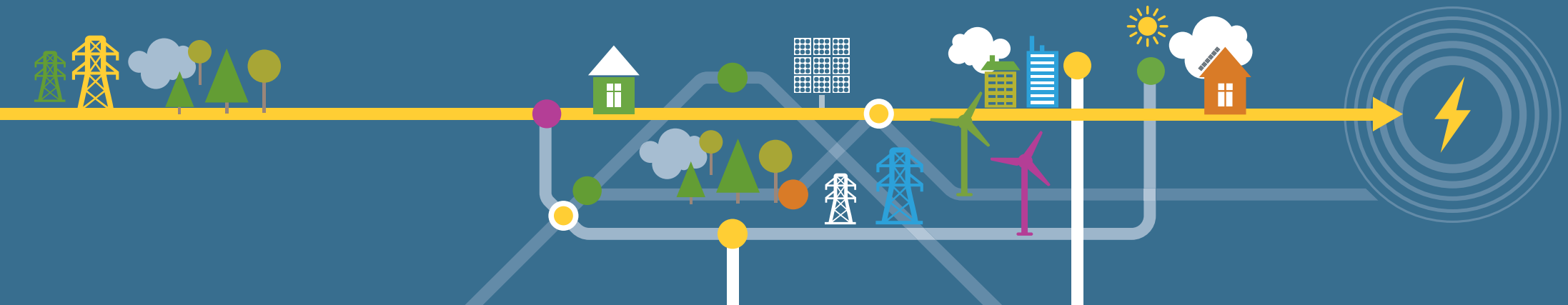
beama
The trade association for energy infrastructure & systems

#ACCELERATING ELECTRIFICATION

Market Pulse

This quarterly review is developed and published by BEAMA, the representative trade association for energy infrastructure and systems.

Investment in the supply chain for electrical products is essential for delivering the UK's Net Zero requirement, while there is significant scope for industrial growth and job creation in the evolving electricity sector. Given the Government's pressing Clean Power by 2030 target and further challenges to come, pressure is now mounting to build capacity and ensure a cost-effective energy transition. This report is aimed at providing a measure for how well we are delivering against known targets and if we are on track to achieve the growth needed.



Contents

Yselkla Farmer
CEO
BEAMA

#ACCELERATING ELECTRIFICATION

CEO Foreword

Growth remains high on the Government's agenda and BEAMA's, and this issue of the Market Pulse brings into sharp focus the need for policy certainty to alleviate risks to investment. We have had an unprecedented period of consultation across many key policy areas. Consultation on SSES, ED3, and the publication of the Warm Homes Plan bring us closer to having a clear line of sight on market delivery, but we still fall short of a clear market framework for investment in many key BEAMA sectors.

Many decisions are still to be made and aligned, and we are yet to see the concerted action that we know will strongly drive an uptake in demand and corresponding investment across our membership. Working and engaging on those policy decisions (HEM, FHS, EPCs, SESS) remains a strong focus for us this quarter so we can work towards the clarity our members need to enable them to make the R&D investment and fulfilling hiring intentions they hope for.

I am interested to see the EV sector in its strongest position in 2026 – stronger than any previous year – evidence the ZEV Mandate is delivering, something we fought hard for early in 2025. The market is maturing for EVs and with that comes a great responsibility to maintain support and policy certainty to ensure businesses can retain a foothold in the UK and grow.

For maturing markets like the EV sector, and for our members manufacturing electric heat and hot water systems and smart energy products, the cost of product development and compliance is increasing, and this could have a marked impact on investment and growth if we don't manage it effectively. That is why alignment of policy decisions and a strong consideration of manufacturing timelines in this area is so vital, helping companies plan their R&D investments with confidence.

We have in recent weeks been engaged closely with our EU Trade Associations on *Made in EU* and it's important to note how closely linked our supply chain remains, with the EU continuing to be by far our biggest trading partner for both exports and imports. These are important developments when considering how we create an attractive environment for investment in the UK.

Utilised capacity is stubbornly modest and for us to report a genuine growth potential we need to see this rise in the coming months and years. However, we do see those green shoots of growth on the horizon with investment intentions over the next 5 years remaining positive.

Network investment we know is the foundation for growth in UK so it is with great pride that BEAMA continues to lead the delivery of the Electricity Networks Growth Plan with the Energy Networks Association. Work is well underway and this year we intend to publish a concise plan for growth across the networks sector, including supply chain requirements for adjacent sectors including Housing, Data Centres, Transport and Renewables.

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In this Market Pulse we report again on the underspend in ED2 and it is my hope that the Growth Plan will enable greater visibility and planning for our members, ensuring rising material costs and lead times are no cause for delay in delivery of the network expansion that we need.

While recent consultations and government announcements have not yet delivered the certainty our marketplace needs, we do have a clearer vision and something to work towards and I remain cautiously optimistic for the future and excited for the coming months. 2026 feels like a pivotal year, one in which we see a move away from consultation and get stuck into delivery support across networks, construction, heat and smart energy services.

It is important I end with a huge thanks to our membership who provide us with data to develop this Market Pulse and who have contributed to a record level of consultations in the last six months. We are a growing community of members working closer than ever with affiliated trade associations and it is great to see ambition, collaboration and enthusiasm to engage unlike anything I have seen before.

Headlines

#ACCELERATING ELECTRIFICATION

Key headlines:

BUSINESS OPTIMISM

Business optimism regains positivity overall but marked variances between sectors.

SALES

Sales dropped at the end of 2025 despite very strong showing in some sectors.

EXPORT & IMPORT MARKETS

Europe remains by far our biggest trading partner both for exports and imports.

CAPACITY UTILISATION

Capacity utilisation averaged across the whole of BEAMA's membership remains stubbornly modest.

RAW MATERIAL & COMPONENT COST/ AVAILABILITY

Members are generally untroubled by availability issues but costs of copper are a major concern.

INVESTMENT INTENTIONS (Next 12 months)

Another strong quarter for investment planning as the increases seen earlier in 2025 were maintained in Q4, near the 5-year high point.

INVESTMENT INTENTIONS (5 year view)

Investment intentions over the longer term continue to be very positive.

SKILLS & EMPLOYMENT

BEAMA Members seek to expand their workforces against the challenge of skills shortages.

Introducing BEAMA

The trade association for energy infrastructure & systems

BEAMA is the UK manufacturing representative body for the electrotechnical sector, providing leadership, expertise and independent influence in the areas of product safety, performance, energy efficiency, digitalisation and sustainability. Our activities span a broad spectrum of technology groups, from electricity networks through to electrical infrastructure and service technologies in the built environment.

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Our sector

UK TURNOVER
£14 BILLION

90,000
PEOPLE EMPLOYED IN THE UK

EXPORTING
£5 BILLION
WORLDWIDE

Low carbon potential

£1tn[1]
GLOBAL MARKET OPPORTUNITY

10%[2]
ANNUAL CLEAN ENERGY WORKFORCE GROWTH TO 2030

1 https://www.mckinsey.com/capabilities/sustainability/our-insights/opportunities-for- uk-businesses-in-the-net-zero-transition

2 https://www.gov.uk/government/publications/clean-energy-jobs-plan




Our members

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LATEST FINDINGS

Trends Survey Q4 2025

For many years BEAMA has surveyed our members to discover the trends in the market that help manufacturers gauge their own positions and survey the industry as a whole. In recent years, the Trends Survey has formed the centrepiece of BEAMA's Quarterly Market Pulse.

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Through the Trends Survey data, collated into this Market Pulse, we provide a window into the real-life, real-time experiences of manufacturers in the UK electrical and energy supply chain.

Government, industry stakeholders and media can assess the state of the UK electrotechnical industry and how well current economic and regulatory policies are delivering for British manufacturing. In this latest edition of the Trends Survey, we have broken down the results to provide a more granular and detailed picture of BEAMA's constituent sectors

- **Building Electrical Systems (BES)**
- **Heating & Ventilation (H&V)**
- **Electricity Networks Infrastructure (ENI)**
- **Electrical Transport Systems (ETS)**
- **Smart Energy Systems (SES)**

For our newer member sectors, ETS and SES, we have a relatively small sample size, so have combined the results for these sectors to provide a picture for the emerging technologies as a whole. Most importantly, we are now able to compare member experiences between those working mainly with Utilities and those working more in the Construction sector, amongst other comparators.

BUSINESS OPTIMISM | PAST QTR | 2025 Q4

#ACCELERATING ELECTRIFICATION

Business optimism regains positivity overall but marked variances between sectors.

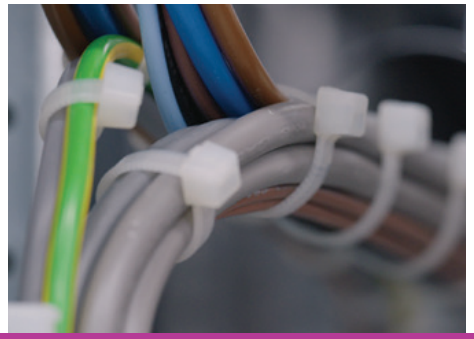
Are you more, or less, optimistic than you were 3 months ago about the general business situation in your industry?

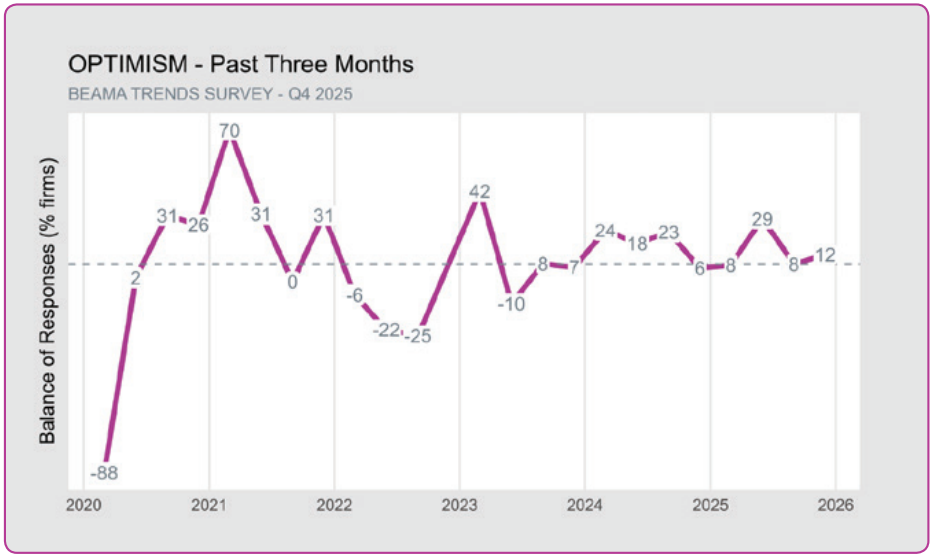
BEAMA tracks the business optimism of members. After a big increase in the middle of 2025, this dropped down to around the 5-year average in Q3.

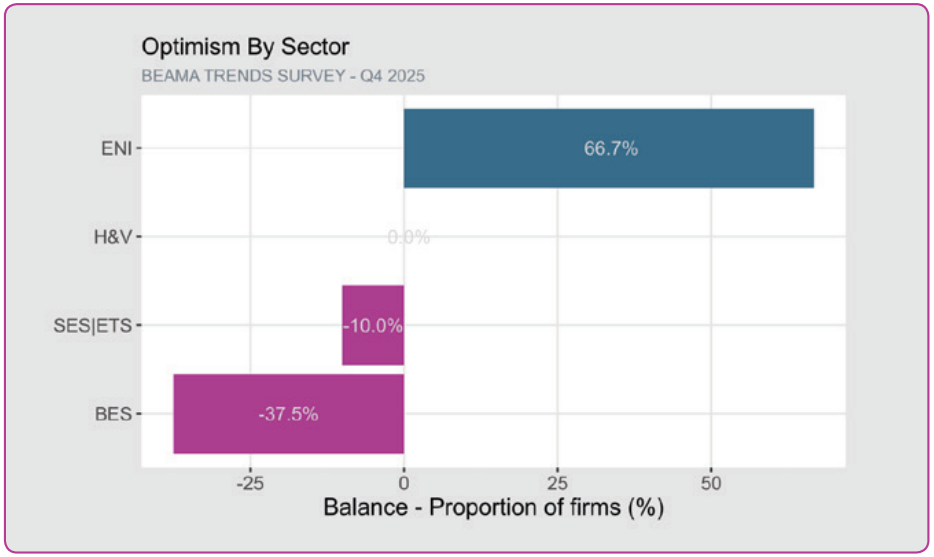
Q4 of 2025 saw a modest increase in business optimism across the whole of BEAMA members reporting but the sector-specific breakdown presents a different viewpoint.

While the Electricity Networks Infrastructure membership presented an overwhelmingly optimistic view, Heating & Ventilation were neutral and Building Electrical Systems presented a very negative view, worse even than the – 10% result for Q3 2025.

With the BES sector closely reliant on the Construction sector, concerns on house-building momentum must be a concern. In addition, while the ENI sector has an ongoing growth project in place in cooperation with Government and other industry stakeholders, similar initiatives in the H&V sector were uncertain at the time of survey. For Construction-oriented BES members, Government support is not currently being felt.







Source: BEAMA

BUSINESS OPTIMISM | PAST QTR | 2025 Q4

#ACCELERATING ELECTRIFICATION

Commentary around Business Optimism shifts from markets to politics.

Please feel free to comment on key issues influencing this quarter's response.

This is a free text comment question, producing a word cloud. There is a marked contrast between the word cloud produced for the entirety of 2025 (above) where the most commonly used terms include business, cost, market, demand, projects and products.

In the word cloud for Q4 only, although market-oriented terms are still used, notably flat and demand, key words are political, instability and uncertainty.

With the vast majority of BEAMA members' businesses dependent to a large degree on political decision-making, uncertainty and instability around regulatory structures, national infrastructure investment, consumer incentives and ease of construction will all have an impact on demand for products and on economic growth in the industry.

2025 - Full Year

Sales dropped at the end of 2025 despite very strong showing in some sectors.

How have sales volumes during the current quarter changed compared with the previous quarter?

Sales volumes stabilized towards the 5-year average after some substantial peaks and a trough during the year.

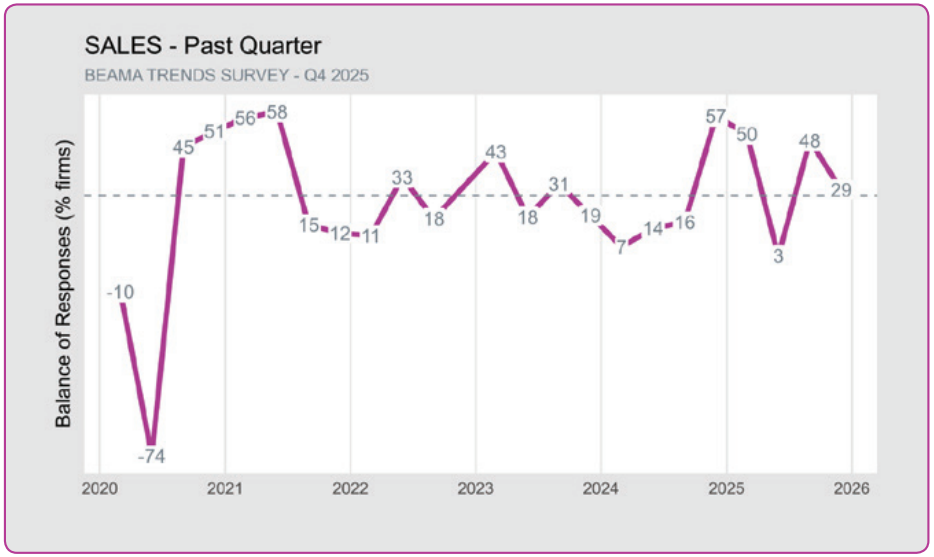
On the Sector breakdown, the highest increases by far were in H&V, although there is a natural seasonal effect in autumn and winter for those products. The newer technology sectors had a positive report, albeit from a small sample.

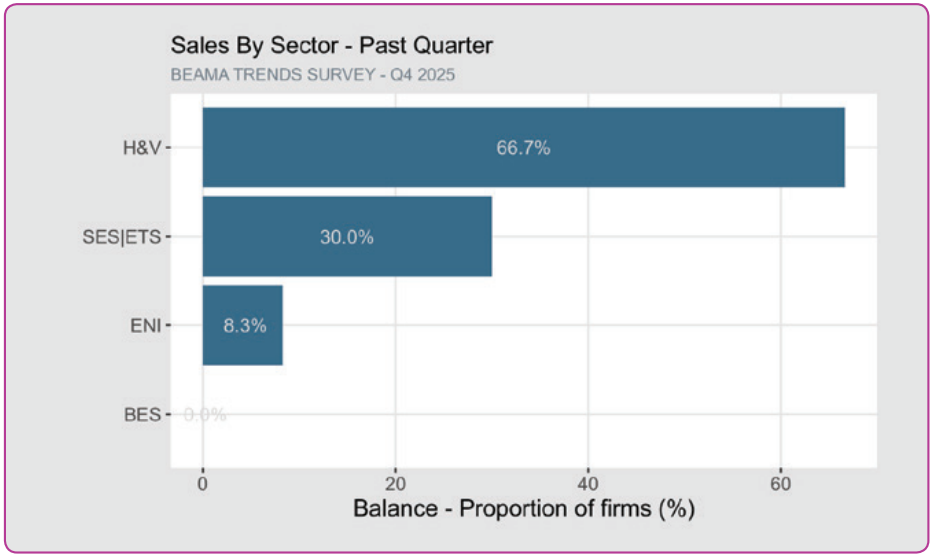
Interestingly, despite very strong reports of Business Optimism, ENI members reported an increase in sales of a relatively modest 8.3% after flat sales results reported in Q3.

As mentioned for ENI last Quarter:

- Positive indications on future buying do not equate to growth in sales – this can take months or years to achieve.
- Manufacturers already operating at near-full capacity will need significant assurance before being able to increase capacity and take on more business, especially when dealing in very high value capital equipment.

The neutral Sales report for BES, along with their negative reports on Business Optimism, suggest that the challenges of the Construction industry continue to feed into the sector.





Source: BEAMA

Europe remains by far our biggest trading partner both for exports and imports.

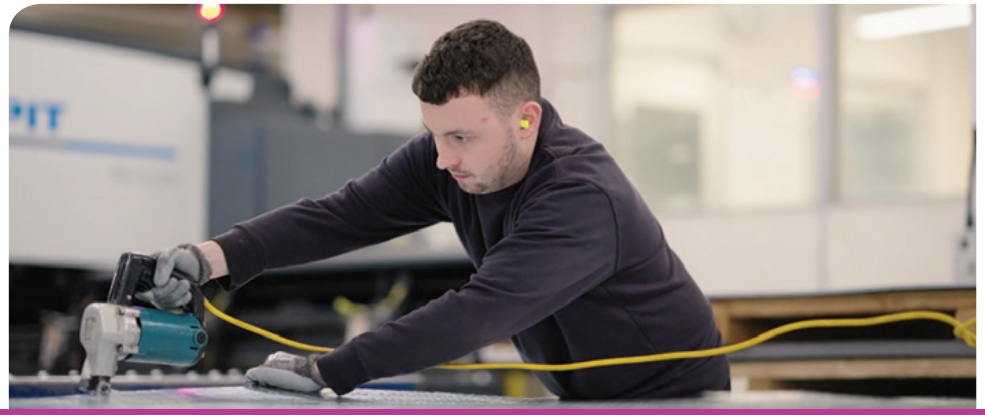
Which regions do you export most to by value?

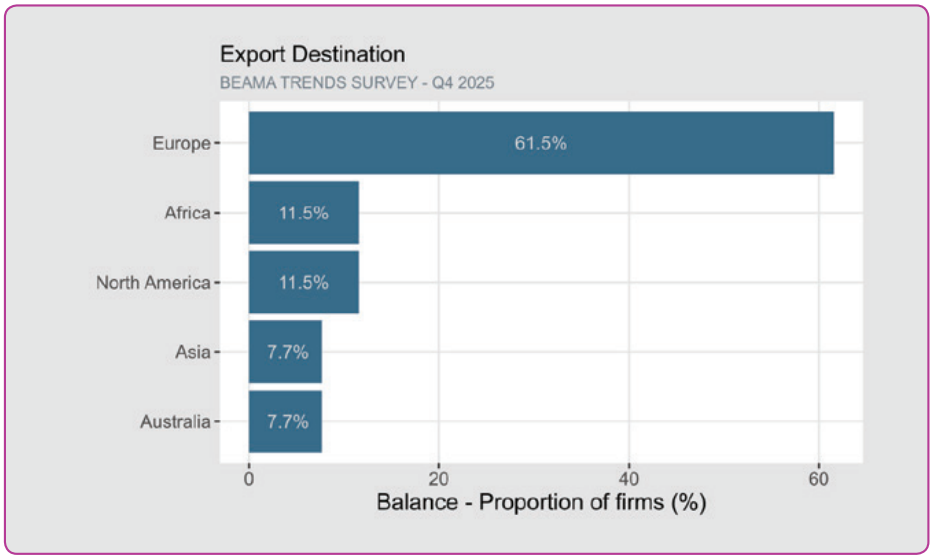
Which region do you source your materials and components from most by value?

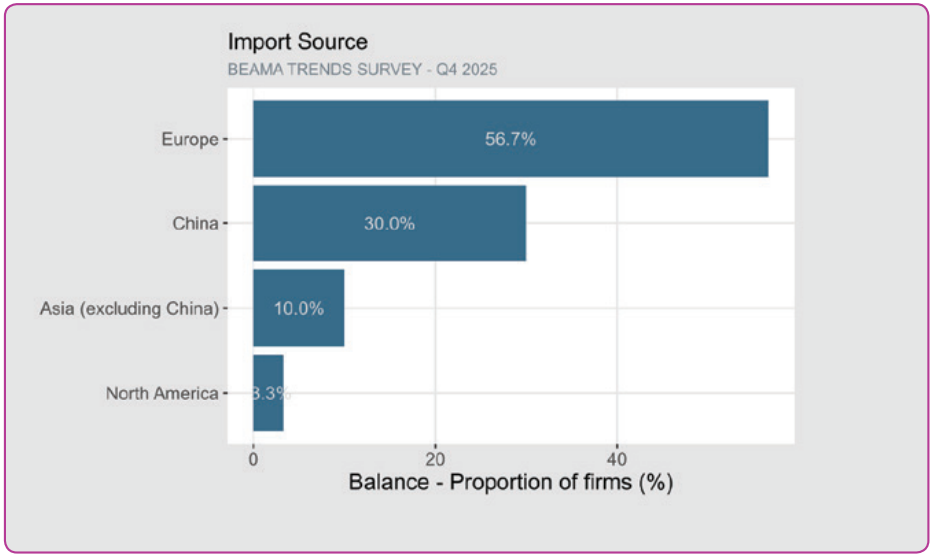
Europe has consistently been the most significant market for BEAMA members both for exports and imports and this has slightly increased over recent quarters.

Not surprisingly, China is in a strong second place for Imports, but the category of Asia (excluding China) is important for a number of members.

In Exports, there is an increasing diversity in export markets outside of Europe, with only South America not being cited as the biggest market by any members reporting this quarter. North America remains a key region for a few members despite the well-publicised challenges for trade with the USA.







Source: BEAMA

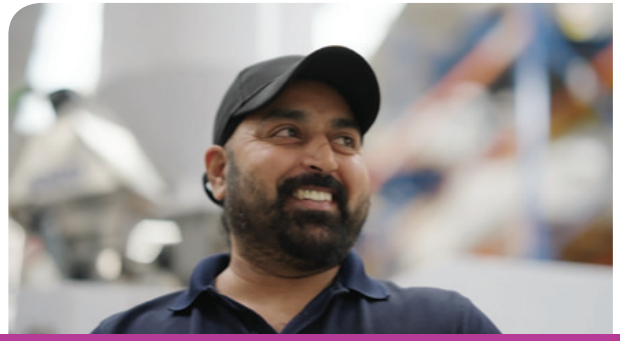
Capacity Utilisation averaged across the whole of BEAMA's membership remains stubbornly modest.

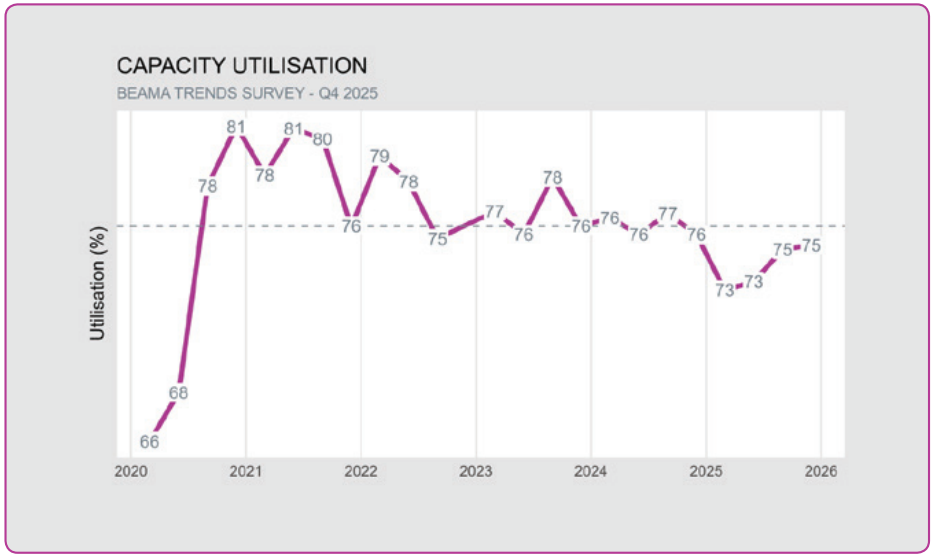
What is your estimate of the current level of capacity utilisation?

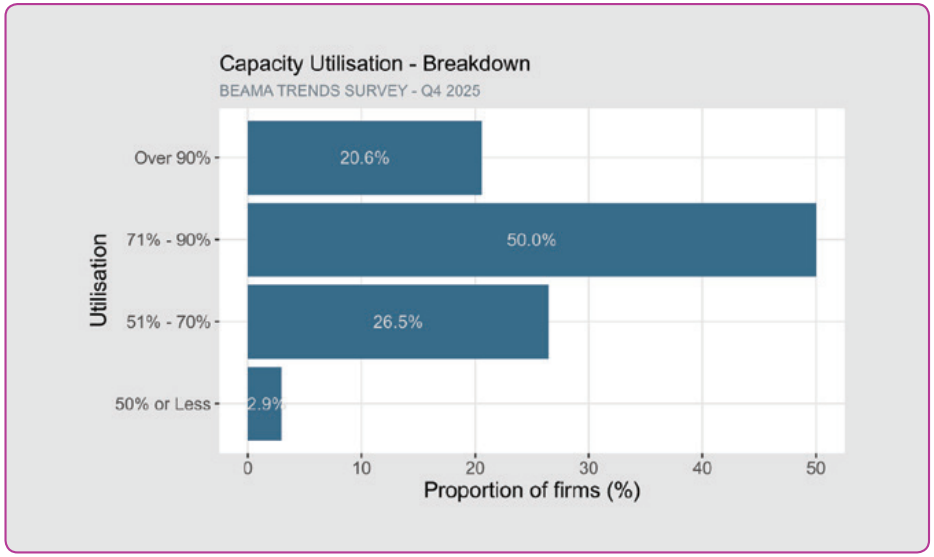
This asks BEAMA members the extent of their manufacturing capacity that is fully utilised, i.e. what scope there would be to increase production in the event of new orders arriving and to what extent the invested capital is making a return.

Q4 reports maintained the position in Q3 at just below the 5-year average but it remains a significant concern that this has not reached the 80% mark since 2021 despite periods of strong sales. Once again, it is broadly equal throughout BEAMA's sectors, with Sector returns in a range from 71.3% to 76.7%.

Those member reporting operating at full or near full capacity improved from 15.4% to 20.6%; and those between 71% and 90% capacity improved from 48.7% to 50%, however this still leaves a more than a quarter between 51% and 70%. It is encouraging that those below 50%.dropped from 10.3% to 2.9%.







Source: BEAMA

RAW MATERIAL & COMPONENT COST/ AVAILABILITY | PAST QTR | 2025 Q4

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Members are generally untroubled by availability issues but costs of copper are a major concern.

Please list if any, the raw materials and components you have been affected by due to reduced availability.

This is a free text comment question, producing a word cloud. The overwhelmingly most popular answer was a simple 'None', suggesting that members reporting are able to source necessary materials and components without the major challenges of the early 2020s.

Please list if any, raw materials and components you have been affected by due to increase in price.

When asked about price, however, metals including steel, brass and aluminium were mentioned, and especially copper was very widely cited as a material where cost increases are having an effect.

Availability

Price/Cost

INVESTMENT INTENTIONS | NEXT 12 MONTHS | 2025 Q4

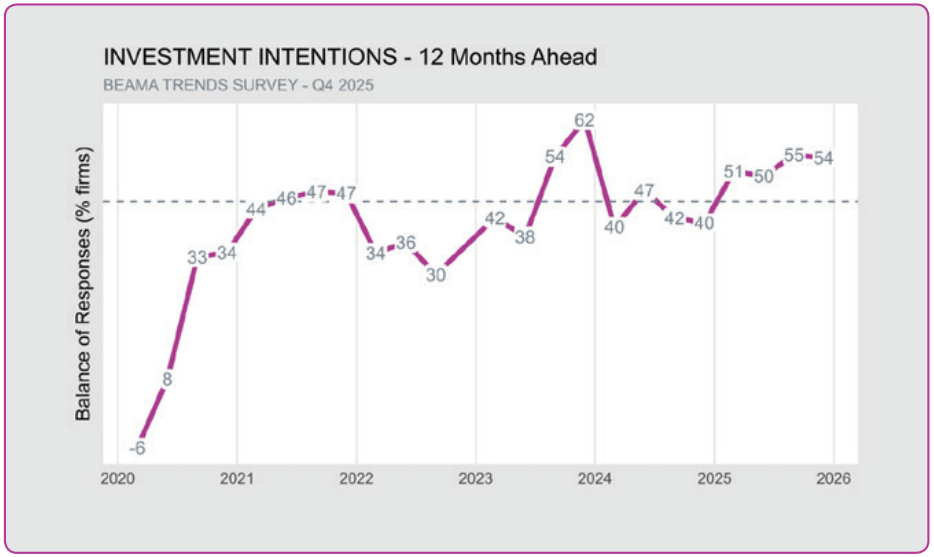
#ACCELERATING ELECTRIFICATION

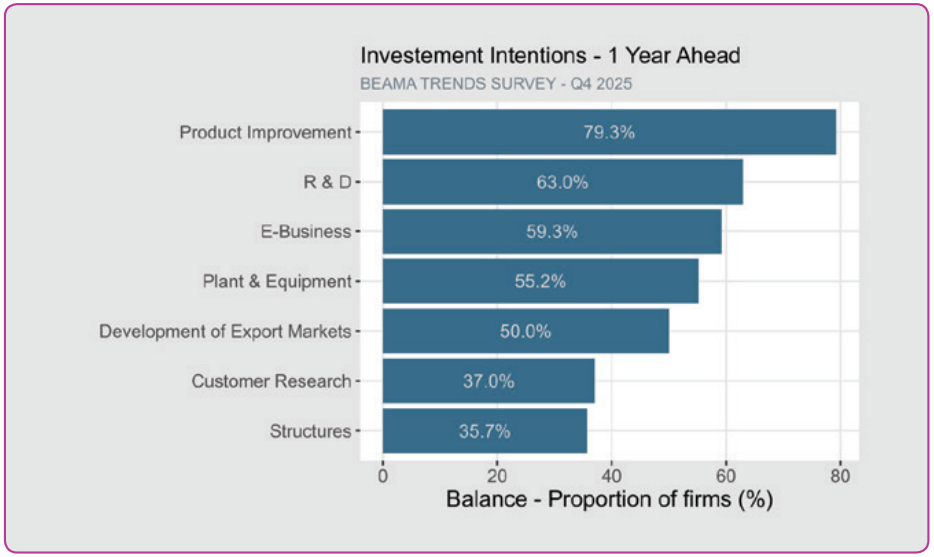
Another strong Quarter for Investment planning as the increases seen earlier in 2025 were maintained in Q4 at near the 5-year high point.

How will your capital investment change in the next 12 months?

A very positive outlook across the BEAMA membership for the coming 12 months was maintained at the end of 2025.

The biggest proportion of investment continues to be planned for Product Improvement. R&D swapped back with E-Business (including AI) into second place but innovation remains the main theme. The low position of Structures may illustrate that the majority of members are not currently at full capacity for their existing factory set-ups.





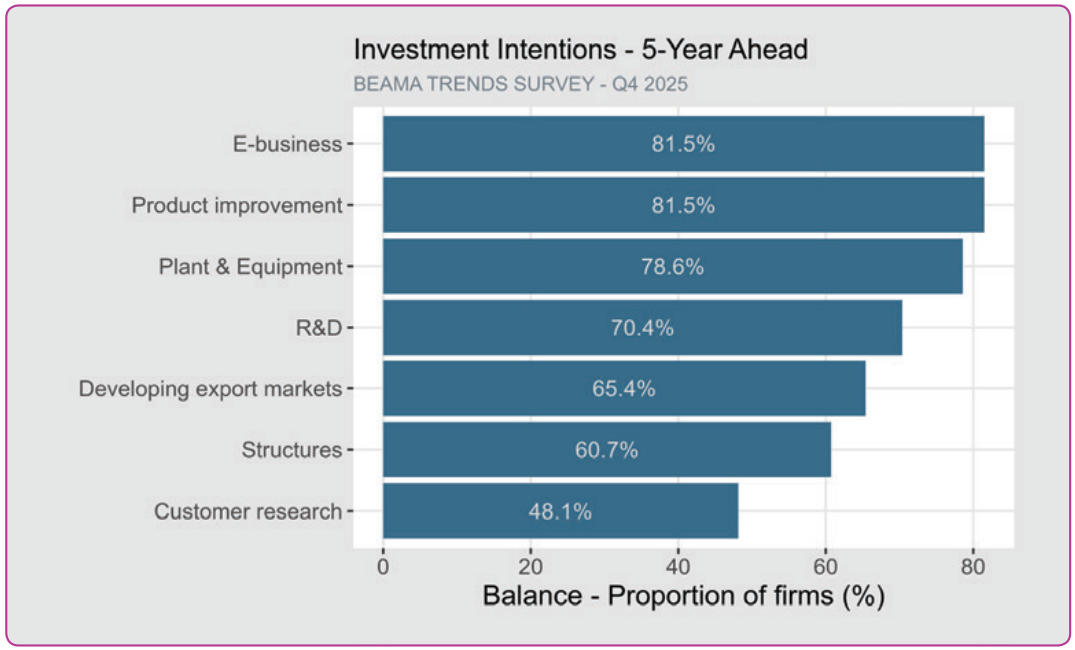
Source: BEAMA

Investment Intentions over the longer term continue to be very positive.

How do you expect your capital investment to change during the next 5 years in the following areas?

BEAMA members report universal plans to maintain or increase investment over the next 5 years in all areas, albeit with modest drops in the extremely high intention levels reported in Q3, for example Product Improvement remains in top position but at 81.5% compared with 92.9% in the previous Quarter.

Developing Export Markets increased again, rising one place and from 57.1% to 65.4%, showing great commitment to growth in the sector despite exceptionally challenging international trade conditions.



Source: BEAMA

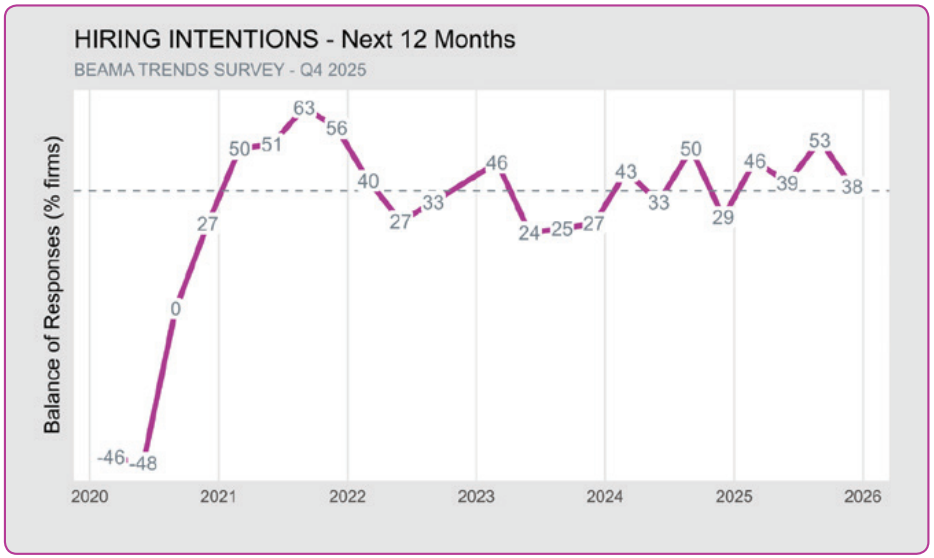
BEAMA Members seek to expand their workforces against the challenge of skills shortages.

How do you anticipate your number of employees will change over the next 12 months?

After reaching a near 5-year high point at Q3 2025, BEAMA members hiring intentions decreased to around the 5-year average in Q4. They continue to find their intentions difficult to fulfil due to (1) skills shortages (2) overall employment costs and (3) salary expectations that are challenging to meet.

The main challenge is not always a shortage of applicants but finding the right skills for key positions. The shortage of necessary skills then leads to unaffordable salary requirements for some members, especially when linked to increased cost of employment overall. The alternative of bringing in skilled staff from overseas is often ruled out by visa sponsorship costs and complexity.

The combination of factors all mean that while hiring intentions remain positive, and the potential for both increased employment and economic growth is there, it is an uphill struggle for the industry.



Source: BEAMA

Policy tracker

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Our members tell us that two major factors affecting their output are demand, and decisions on policy and regulations (which themselves heavily impact demand). Here we continue to track progress against our key policy requests, focusing on structural cross-sector issues.

In determining the red-orange-yellow-green ratings in the chart below for each area of policy development, we consider many criteria that our members pick up on: specific policy measures and their level of detail, actual delivery, coherence with other policy, consistency with previous announcements, absence of policy, rhetoric and rumours, and delays. The chart gives an at-a-glance view of where most progress is being made, and where further work is needed, with a comparison across the last four Market Pulse documents.

The recent publication of the Warm Homes Plan and associated policies is likely to influence many BEAMA members' sentiments and intentions throughout this year. As it stands, the Plan and associated policies are not sufficient to stimulate a short-term increase in demand for products within BEAMA's scope, nor to trigger investment from manufacturers for the longer term. BEAMA welcomed that the Plan addresses many important issues. However, for many electrification policies that have a clearer trajectory we are still some way off implementation, and many others are still subject to consultation that will determine what impact they might have.

> Across all sectors, members are eager to see actual implementation of measures that can have a material impact on their markets.

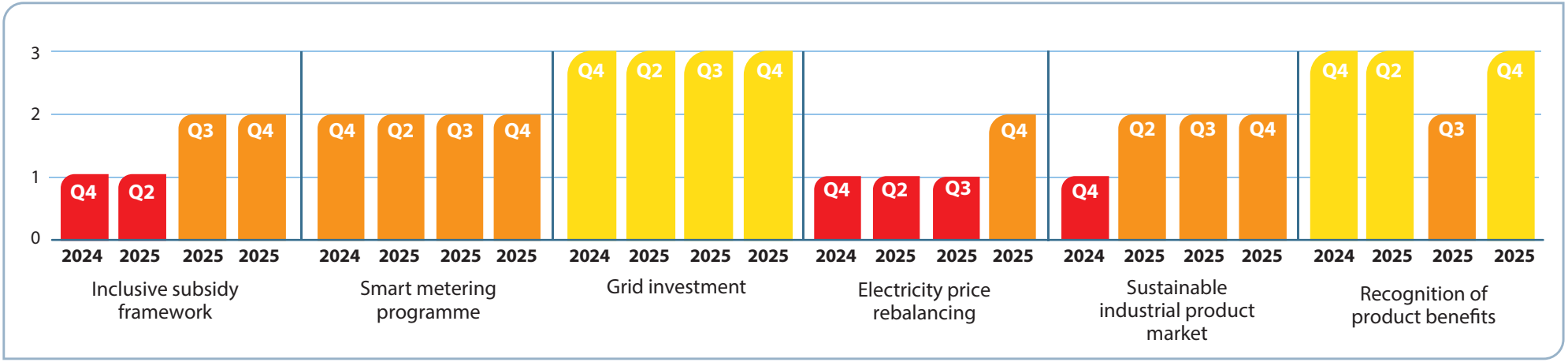


Figure 1: Policy tracker

Electric Transport Systems

#ACCELERATING ELECTRIFICATION

Cars

2025 marked a record year for EV sales with **477,000 vehicles sold**, a **23% increase on 2024**, showing increasing consumer confidence in EVs[3].

Indeed, despite negative headlines in 2025 from car manufacturers in regard to the ZEV mandate no car manufacturer will face fines for ZEV mandate non-compliance in the car segment due to a **surplus of 60,000 credits across the market.** With reforms to the ZEV mandate allowing manufacturers to also use surpluses in the car market to compensate for any underperformance in the van market according to analysis from New Automotive.

In December 2025, the car market was already performing at **2026 ZEV Mandate sales target levels (33%).**

Vans

With amendments to the ZEV mandate more manufacturers look **on track to meet the ZEV Mandate requirements** despite van registrations falling 0.6% year on year (Dec 24- Dec 25). (New Automotive figures).

HGVs

With amendments to the ZEV mandate more manufacturers look **on track to meet the ZEV Mandate requirements** despite van registrations falling 0.6% year on year (Dec 24- Dec 25). (New Automotive figures).

What this tells us

Overall, the electric vehicle sector is in a stronger position in 2026 than in any year previous with a significantly strong year for EV sales, demonstrating above all that the ZEV Mandate is working and in no way needs further changes.

With increased Government support through the electric car grant and the improved plug in truck grant there is real potential for the start of 2026 to be an even stronger year. Ultimately, while some actors are seeking to paint the transition as stuttering, in reality, it is performing at exactly the levels we need to hit the ZEV Mandate.

Consumers too are seeing increasingly positive views of EVs with EVA England at the end of 2025, with 95% of their surveyed members responding saying they would recommend these cars to friends and family, and more than 9 in 10 saying their EV is cheaper to run than their previous petrol or diesel cars[4].

However, EVA England members also reported that the price of public charging was something they would like to see lowered. At the November 2025 Budget, the Chancellor committed to a pricing review for public charging. Ultimately, the cost of energy and the standing charges will likely be shown to be the single biggest factors in price, and we'd expect to see the Government recommit to grid reform and work by Ofgem and the ENA to help lower these costs before the end of 2026.

> *"The EV transition is progressing well, but manufacturers now face a convergence of new requirements, from smart appliance rules to electrical standards. Coordination across these programmes will be vital to maintain momentum in the EV charging market."*
>
> Lee Sutton, Chief Innovation Officer, myenergi

3 hhttps://storage.googleapis.com/public_download_assets/ecc_pdfs/20260106%20ECC%20December%202025.pdf

4 https://www.evaengland.org.uk/our-work/our-annual-driver-survey/

EV Charging Figures

Public charging

By the end of 2025 there were over 87,500 public charge points operational in the UK. Overall reflecting a 19% growth rate from Jan-Dec 2025. Slow charge points (less than 8kW) had the highest number of installations in 2025 – with 6,951 added over the year. In January this year a further 717 charge points were added[5].

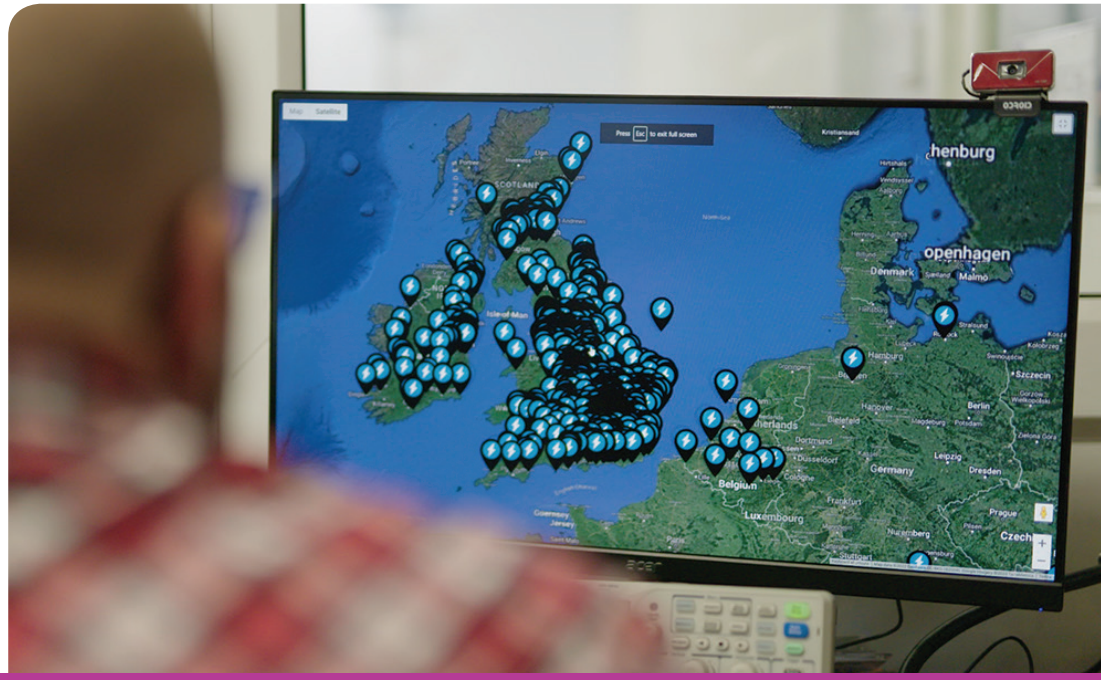
Wider market commentary

Overall, we are expecting more slow and fast chargers to continue being installed at higher rates this year as LEVI (Local EV Infrastructure) continues to see charge points rolled out. The programme the Government claims will bring 100,000 new public charge points to the UK.

The market has also seen consolidation with a number of businesses becoming part of larger charging brands, which is a sign the market is maturing and that attracting new funding will be critical for many organisations should they wish to continue growing in the UK. The policy and regulatory landscape is a key decider on investment in the product and cost of doing so to businesses may be a critical factor in their continued success in the UK as seen by our current market trends analysis. With the Energy Smart Appliance Regulations, Load Control Licence Regulations, SSES phase 2, proposed changes to BS 7671, PAS 1878, PAS 1899, and G12 that we know of at present, the cost of product development and compliance is likely to continue to rise in the next 18 months for this sector.

We have argued that the unintended consequences of these changes coming in could be a freeze in new charge point supply should the timelines proposed for some of these changes remain as tight as they currently are. We are urging Government, and other bodies to consider manufacturing timescales when proposing these changes to ensure our members and other manufacturers are able to comply with these changes.

Of concern is also the proposed changes to the Landlord and Renters grants that will reportedly see an end to the future proofing element of these grants, adding an additional £24,000 to the cost of installation. This may have the unintended consequence of severely reducing or ending demand entirely for charge points in residential car parks, as the cost may be seen as prohibitive. With a review of Part S of the Building Regulations taking place, there appears to be a contradiction by reducing support for residents in one sense and potentially making it easier and making the old grant easier to use in another if Part S was amended. Overall, without the completion of the Part S review and protecting the existing Landlord and Renters grant and changes to car park fire safety guidance Government may inadvertently increase the risk of isolating 4 million households from being able to access residential charging.



5 https://www.zapmap.com/ev-stats/how-many-charging-points

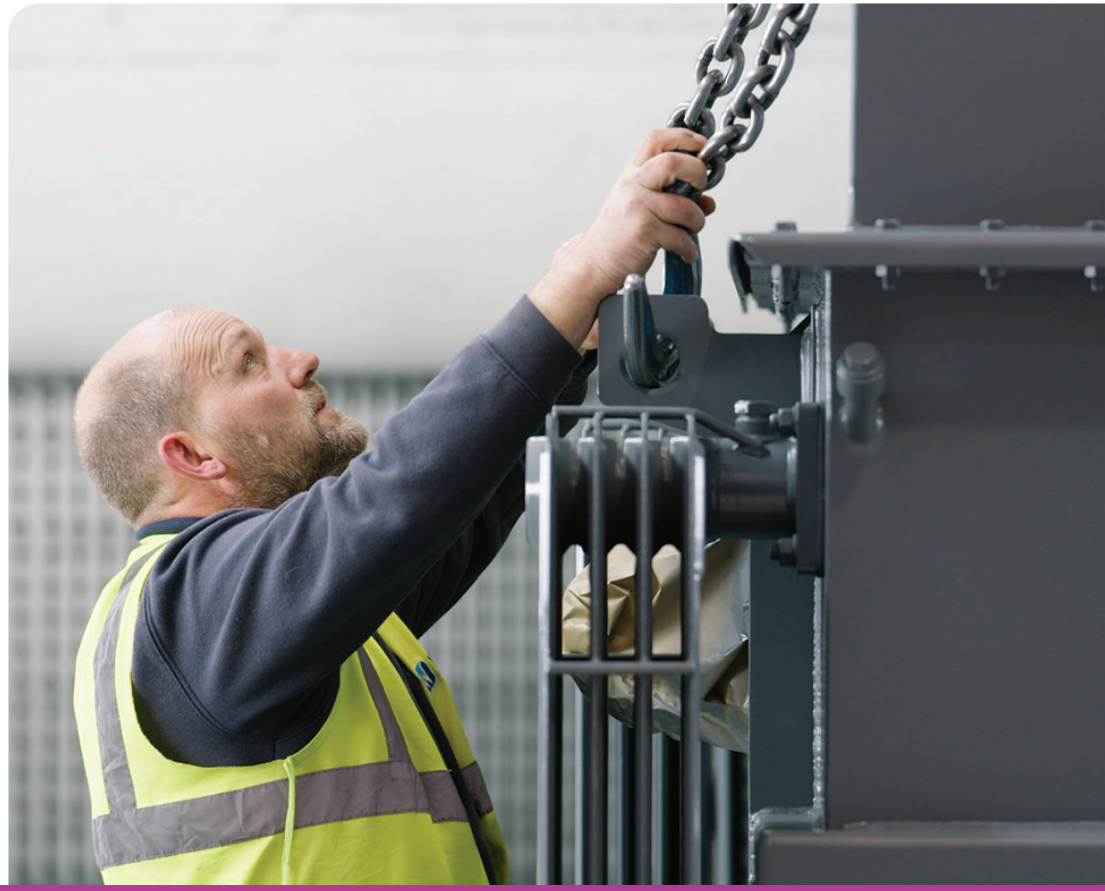
New Ofgem data reveals continued under-delivery by DNOs

#ACCELERATING ELECTRIFICATION

Ofgem's annual report on RIIO-ED2, published on January 15th, contains updated data on spending by distribution network operators on network reinforcement for the year 2024-25.

The report finds that:

- Across both load and non-load related capital expenditure, DNOs have underspent their allowances by **£280m** in 2024-25, and a cumulative **£841m** across the first two years of ED2 (all numbers in 2020-21 prices).
- All six DNOs are underspending on **load-related expenditure** – on average by **35%** across ED2.
- This is driven by lower expenditure on **connections** and **primary reinforcement.** Network companies have cited long lead times, supply chain constraints and rising material costs as some of the reasons for this under-delivery.
- Most DNOs say they expect to catch up by the end of ED2, with the exception of UKPN, who forecast a 19% underspend driven by efficiency savings and lower low carbon technology uptake.
- **Secondary reinforcement** has improved in the second year of ED2, with four DNOs reporting cumulative overspends – though this is primarily driven by higher unit costs rather than higher volumes of work.
- **Non-load related expenditure,** such as asset replacement and refurbishment, is **14% below allowances across ED2,** with all network companies except SSEN **at least 10% below their allowances.** Network companies also cite supply chain constraints and extended lead times for critical assets as part of the reason for delays.
- **While DNOs are still underspending in 2024/25, this is by a smaller amount** – the percentage of underspending in 2024/25 is lower than across the whole of ED2, indicating that the picture is improving compared to the first year of the price control.



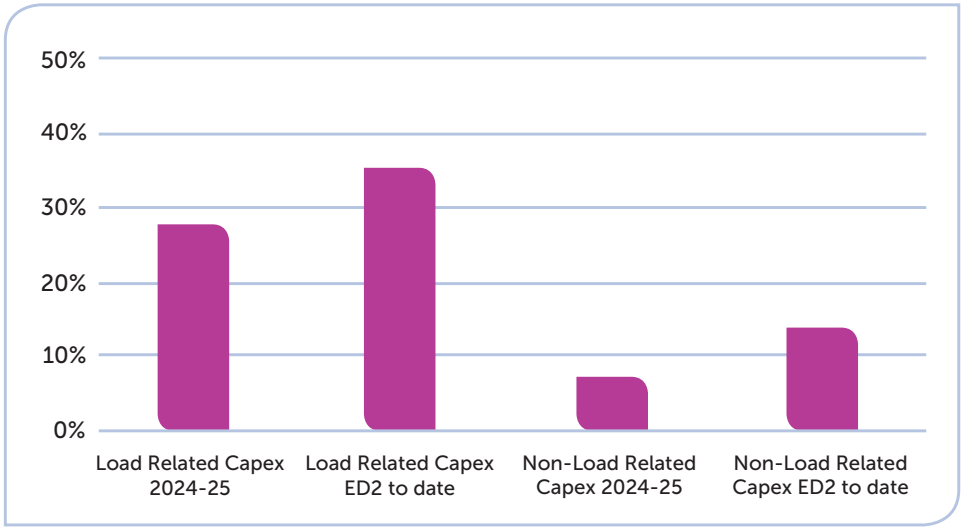


Figure 2: Underspending in RIIO-ED2 by capex type and year (%)

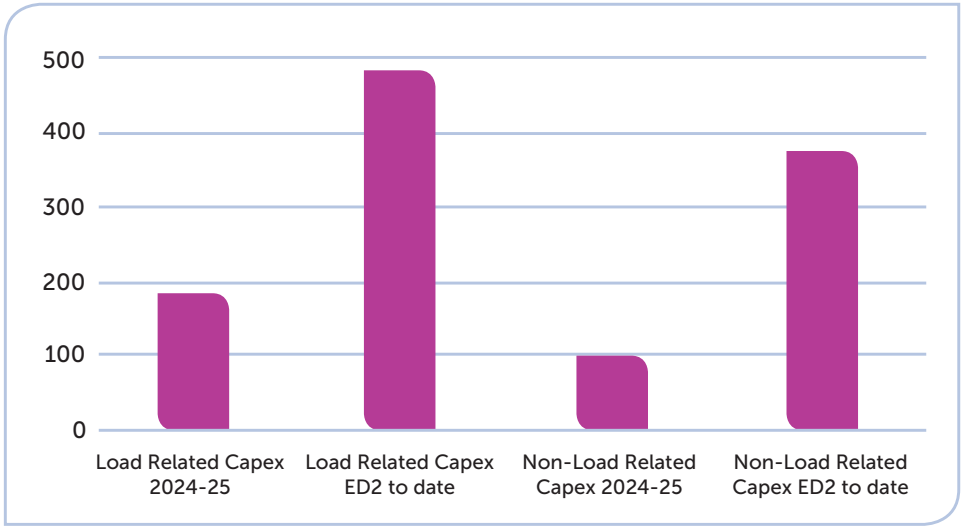
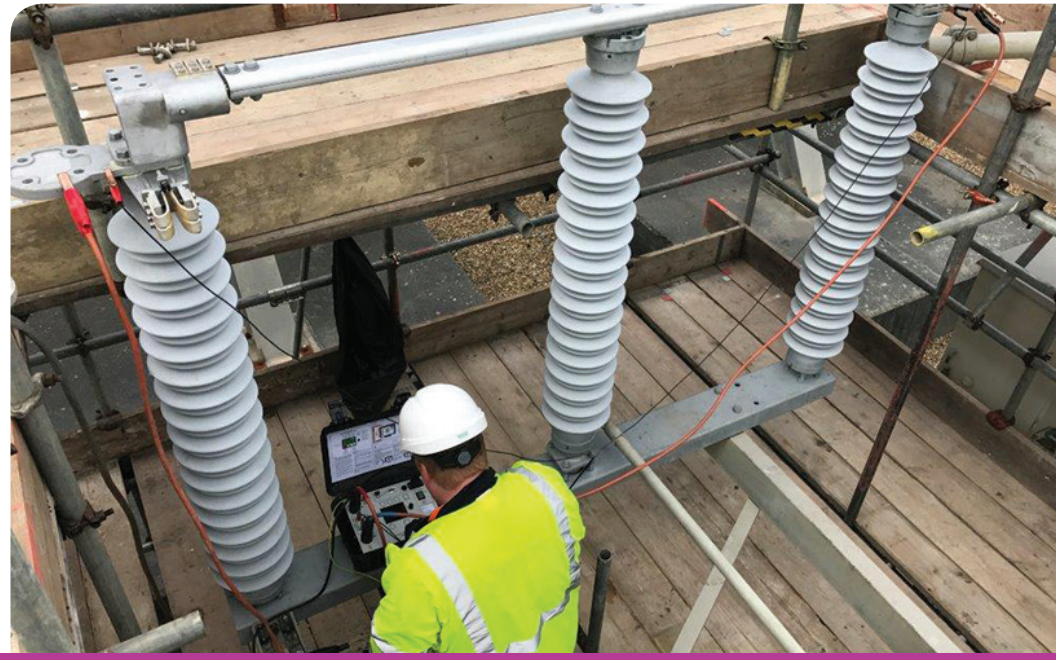


Figure 3: Underspending in RIIO-ED2 by capex type and year (£, 2020-21 prices)

This data illustrates the problem of boom and bust across price controls. Network operators have failed to deliver in the first years of the price control, creating a slowdown in orders at a critical time, and requiring a more significant acceleration in delivery in the later years. It is critical that Ofgem follows through with their proposed actions to counteract this in ED3, giving confidence in the volume of demand and ensuring a steady pipeline of work across a longer period, enabling key suppliers to scale up and meet the demands of electrifying the economy.



Electricity Networks Sector Growth Plan

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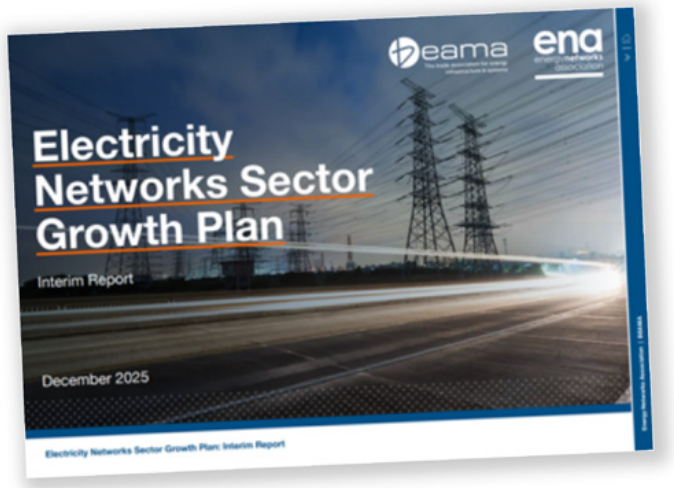
For the first time, the networks sector has come together to build a plan to maximise the contribution that the electricity networks sector makes to UK growth. BEAMA is leading this project in partnership with ENA and supported by government.

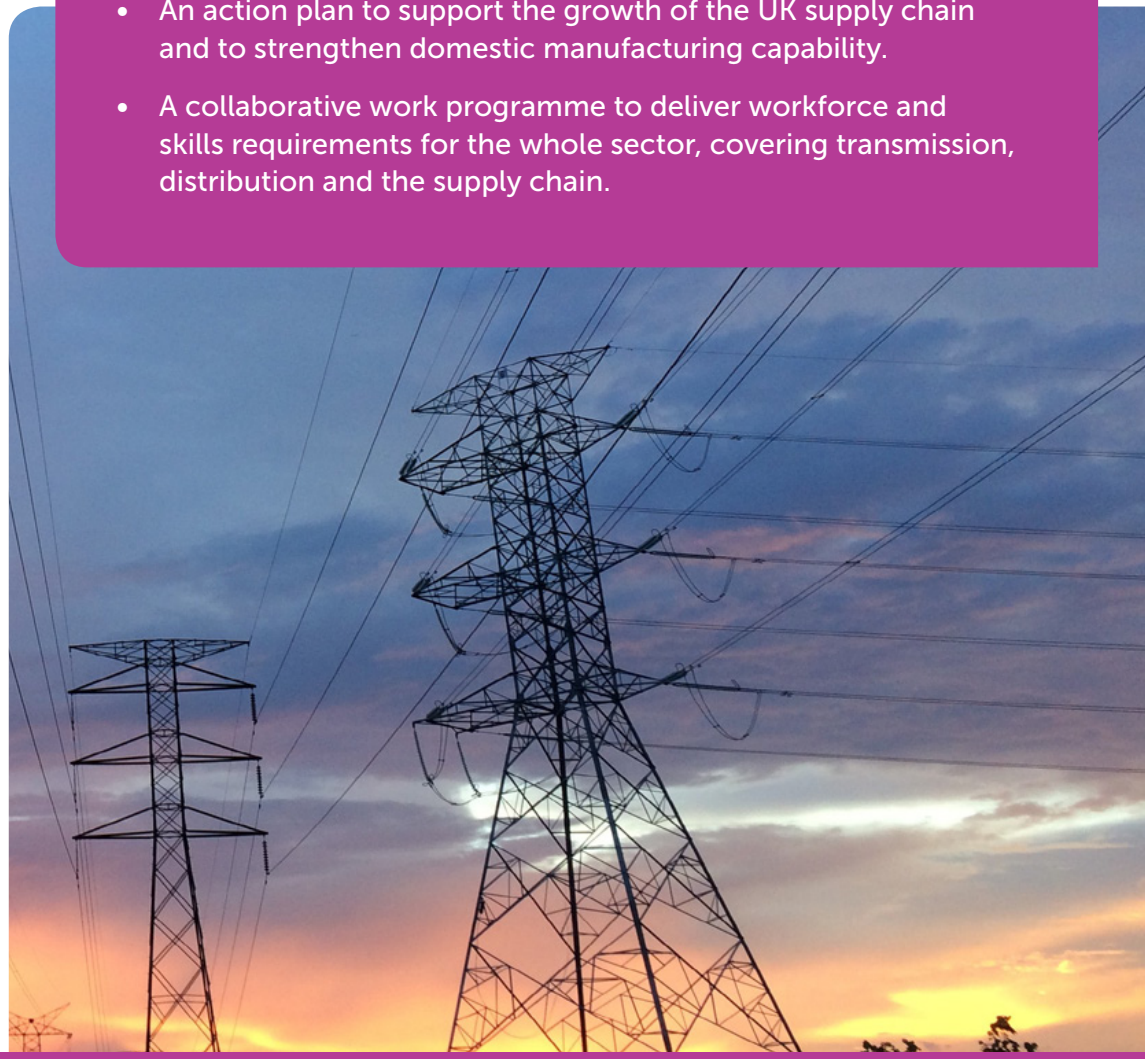
The plan seeks to grow the supply chain for manufacturing and services. It will look to maximise domestic supply chain benefits, resilience and export potential by leveraging existing strengths and identifying high-potential growth areas to build domestic capabilities.



An interim report[6] was published in December 2025, detailing the steps that the industry will take to investigate the full impact of grid investment. The plan sets out the scale of the opportunity, leaning heavily on data and intelligence provided by BEAMA members as part of previous editions of the Market Pulse.

Later in 2026, the final report will deliver:

- A comprehensive economic and supply chain analysis to quantify the economic opportunity stemming from network investment.
- An action plan to support the growth of the UK supply chain and to strengthen domestic manufacturing capability.
- A collaborative work programme to deliver workforce and skills requirements for the whole sector, covering transmission, distribution and the supply chain.



6 https://www.beama.org.uk/resourceLibrary/electricity-networks-sector-growth-plan-interim-report.html

Smart and Secure Electricity Systems (SSES) Programme

#ACCELERATING ELECTRIFICATION

The **Smart and Secure Electricity Systems (SSES)** programme, led by DESNZ, is developing the regulatory and technical framework needed to enable smart and flexible electricity use in homes and small businesses. The programme will introduce common requirements for smart energy devices such as electric vehicle charge points, electric heating and battery storage, helping ensure these technologies can operate securely and respond to system needs.

SSES is expected to play a key role in enabling consumer-led flexibility as the electricity system becomes increasingly electrified in support of Clean Power 2030. For manufacturers, the programme will shape future product design, interoperability requirements and routes to market for smart and flexible technologies.

Key work areas

The SSES programme is being delivered through several linked workstreams:

- **Energy Smart Appliance (ESA) regulations –** establishing requirements for smart functionality, cyber security and system stability across relevant technologies including EV charging, electric heating and battery storage.
- **Load control licensing –** creating a new regulatory framework for organisations providing demand flexibility through control of consumer devices.
- **Tariff interoperability –** developing arrangements to enable smart devices to access and respond to tariff information consistently.
- **Cyber security framework –** establishing minimum security requirements for smart energy devices and control services to ensure resilience and protection of consumer and system data.
- **Technical governance and standards –** establishing enduring governance arrangements and technical frameworks to support interoperability and secure operation of smart energy devices.

Together these areas form the foundation for scalable consumer flexibility across the domestic energy sector. BEAMA members have been deeply involved in the programme over the past two years, working to ensure the changes are practical and commercially workable.

Programme update

During the past year the SSES programme has progressed through consultation and policy development. Draft Energy Smart Appliance regulations and proposals for load control licensing have been consulted on, with further policy development continuing across technical and governance workstreams.

Industry engagement is increasing as the programme moves towards implementation, with technical working groups being established and further regulatory detail expected. The programme remains a major area of focus for manufacturers as product development timelines and regulatory requirements continue to evolve.

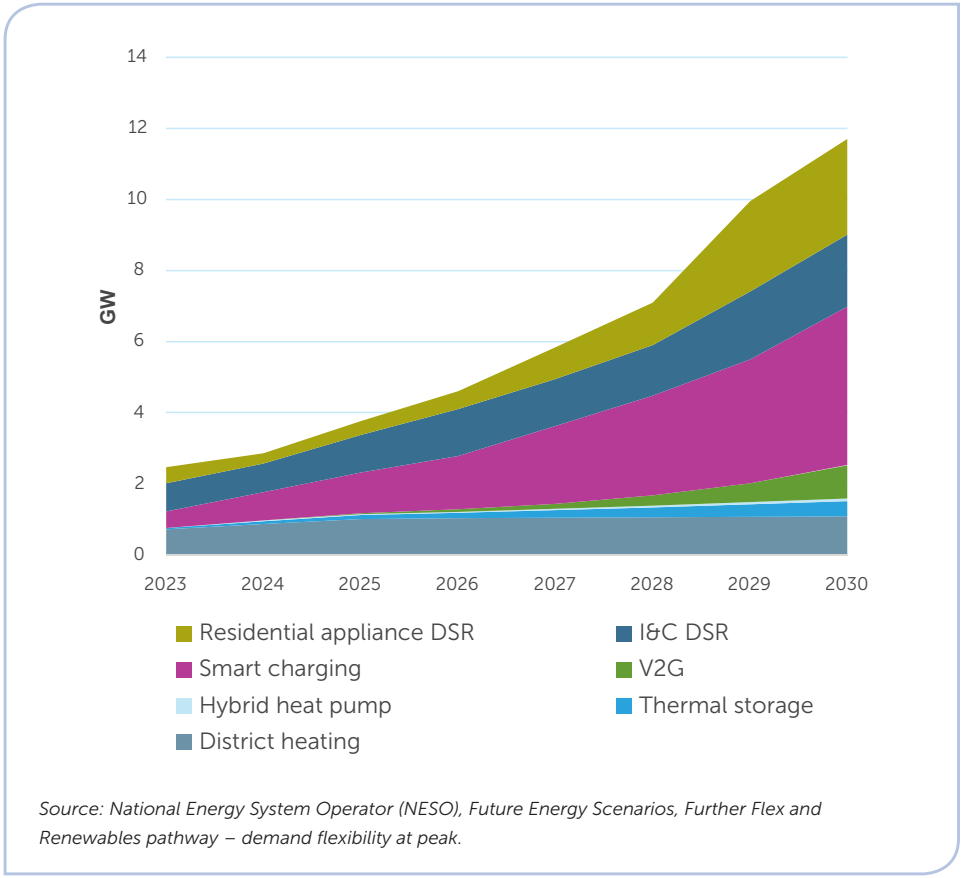
BEAMA activity this quarter

> BEAMA has remained at the forefront of industry engagement on the SSES programme, representing manufacturers across heat, EV charging, battery storage and smart controls. The breadth of BEAMA's Energy Smart Appliance representation enables detailed technical input across multiple SSES workstreams.

The past quarter has seen significant activity across the SSES programme for Phase 1 implementation. BEAMA responded to four SSES consultations, drawing on extensive member engagement to deliver over 100 pages of detailed technical feedback. To support the consultation process, BEAMA conducted a series of member briefing sessions to review the consultations in detail, supported by more than 50 clarification questions submitted to DESNZ to improve understanding of the consultation proposals and ESA regulations. BEAMA has also developed guidance for members on potential OPSS enforcement approaches and produced a licensing guidance document for EV manufacturers, which is currently being reviewed with DESNZ. Finally we also worked on a joint industry letter to government on implementation challenges and timescales.

We continue to keep our focus on Phase 2, with BEAMA now formally joining the ESA sub-technical group to represent manufacturer interests.

BEAMA also continues to develop additional workstreams outside the formal consultation process to support key industry priorities.



Source: National Energy System Operator (NESO), Future Energy Scenarios, Further Flex and Renewables pathway – demand flexibility at peak.

Figure 4: Demand flexibility at peak

Heat Electrification

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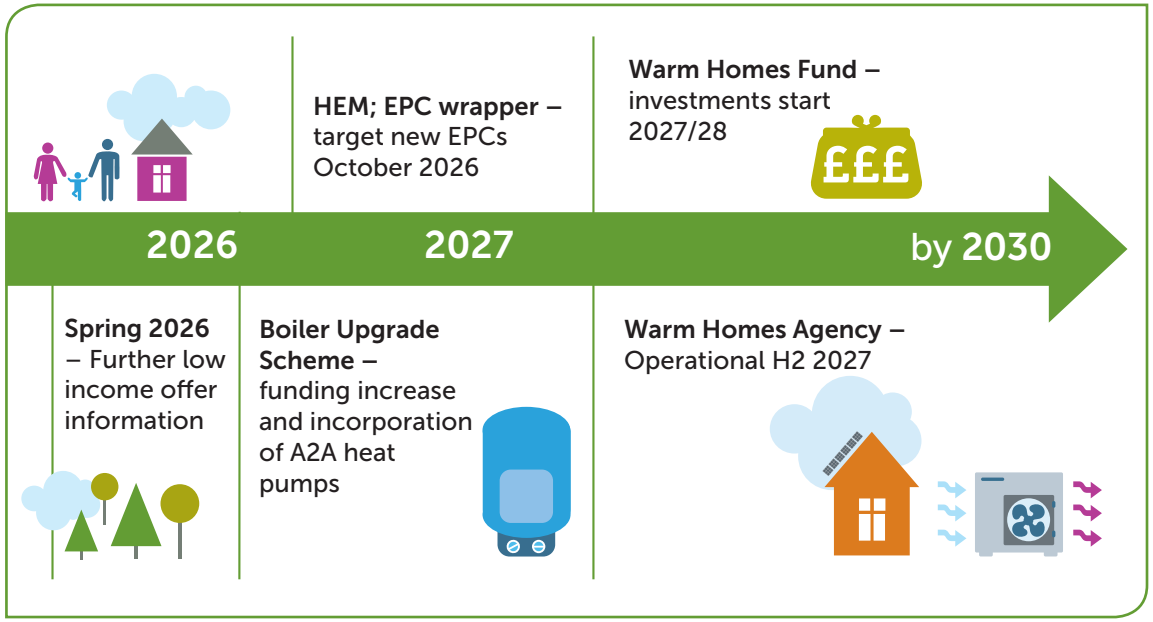
The electrification of heat is a long-established policy objective for successive Governments.

Recent announcements regarding the Warm Homes Plan, new Energy Performance Certificates, changes to the Boiler Upgrade Scheme, the establishment of a Warm Homes Fund, the merging of low-income schemes and the creation of a Warm Homes Agency linked to advice and quality assurance are all positive initiatives. However, the supply chain for heat remains confused and subdued due to a range of factors.



Funding (low income and WHF)

Coupled with the very real commercial challenge of removing ECO from the policy framework, there is simply not enough clarity over technology scope for electrification and transparency of funding flows. The non-heat pump market is in a hiatus and investment decisions impossible. The inclusion of air-to-air heat pumps in the BUS prior to any formal consultation is also a concern for storage technologies and calls into question appropriate trustworthy industry engagement.

EPCs

The current HEM and EPC framework has no clarity of what a smart ready appliance actually is and is pre-launching before we have visibility of – or the capability to recognise – energy smart appliances. No clear signal for investment. EPCs still do not reflect the health aspects of a home which is a risk for all tenures. Significant omissions in the EPC calculation (e.g. zoning) will also detract from performance measurement.

Advice and Quality

- Without clarity of measures scope it is impossible for manufacturers – or installers – to pitch a clear consumer proposition or, in the case of manufacturing, a product and market development investment case.
- Quality assurance remains very poor and BEAMA members are concerned that regulations are being ignored or not adhered to.

Conclusion: BEAMA Members are keen to pick up the heat electrification challenge and general heat systems improvement, along with maintaining a responsible focus on the health agenda. However, the gaps in policy detail and poor Government attention to consumer and supply chain proposition development will continue to hamper growth and investment. Urgent action is required to further develop policy along the lines mentioned.

Smart Meter Installations

Statistics update and analysis

To date, around 40 million smart and advanced meters have been installed across Great Britain, representing approximately 70% of all meters, with the majority operating in smart mode. Installation activity during 2025 has remained steady but below the level required for rapid completion of the rollout. Around 680,000 meters were installed in Q3 2025, representing an 8.2% decrease compared with the previous quarter and a 4.7% decrease compared with Q3 2024, indicating that acceleration has yet to occur.

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Policy and Smart metering rollout

Policy developments over the past year show a clear shift from installation targets towards long-term system performance and completion by 2030. The government's Smart Metering Policy Framework post-2025 sets an expectation that suppliers will take all reasonable steps to achieve near-universal coverage by 2030, supported by annual deployment planning and continued installation activity beyond the end of the current target framework.

From 2026, suppliers will be required to produce annual deployment plans covering the period through to the early 2030s. Alongside rollout activity, there is increasing policy focus on meter performance and connectivity, with several million meters still operating in traditional mode and requiring restoration to full smart functionality.

Technical developments continue to strengthen the smart metering system. The transition to 4G communications hubs is progressing in preparation for the future retirement of 2G and 3G mobile networks, improving long-term communications resilience and coverage. Work is also continuing under the Smart Energy Code (SEC) to support ongoing operation of the smart metering system, including updates to technical arrangements and system performance improvements.

Government continues to emphasise the long-term benefits of completing the rollout. Smart meters remain a core foundation for smart tariffs, improved consumer visibility of energy use and the wider transition to a more flexible electricity system aligned with Clean Power 2030.

As the rollout moves into its later stages, the focus is increasingly shifting from installation volumes towards connectivity, performance and long-term system operation. Smart metering is expected to play an increasingly important role in supporting electrified homes, including integration with electric heating, EV charging and energy storage.

In recent months, BEAMA has contributed to several government consultations, including the Enhancing the Smart Meter Installation Journey work. BEAMA's input has focused on practical improvements, including better coordination between smart meter installations and low carbon technology deployment, addressing installer capacity challenges, and improving local engagement in areas where rollout has been slower. BEAMA has also highlighted the importance of consistent customer experiences and efficient processes for resolving faults and replacing legacy equipment.

Conclusion

At this stage of the implementation of the UK's Industrial Strategy we see some marked contrasts between BEAMA's member sectors, and a shift across the board from a focus on purely market-driven considerations to concern over uncertainty and instability in the political outlook.

Our members working in the Electricity Networks Infrastructure sector are expressing very strong positivity in their Business Optimism, albeit that this is on the back of relatively modest sales growth at the end of 2025.

For our Heating & Ventilation members there was a typically strong sales profile in autumn/winter 2025 but this was not matched by optimism, which came in at a neutral level, with members feeling no more or less optimistic than in the previous quarter. As they were awaiting the Warm Homes Plan at time of survey, their reaction will emerge in future survey rounds.

Meanwhile, members in Building Electrical Services reported zero increase in Sales and a very marked drop in Business Optimism, with the balance ending at –37.5%. Low expectations for housebuilding and construction generally due to delayed projects, planning hurdles and struggles to hit national targets all contribute to a less than optimistic viewpoint for construction-oriented manufacturers.

When asked to comment on the key issues influencing whether they had become more, or less optimistic about the general business situation, the terminology used across all four quarters of 2025 had tended to focus on "business", "market", "demand", "costs", "projects", and "products".

When taking only the responses from Q4 2025, the emphasis shifts markedly towards terms such as "political", "instability", and "uncertainty", along with "flat demand". Manufacturers in all sectors of the industry are dependent to a substantial degree on certainty and stability of government decision-making and currently confidence in this appears to be lacking.

> *"The UK has a strong manufacturing base ready to support electrification across homes and transport. With clear policy direction and stable regulation, manufacturers can invest with confidence and scale rapidly to meet Clean Power 2030."* Lee Sutton, Chief Innovation Officer, myenergi

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BEAMA MEMBER CASE STUDY

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The trade association for energy infrastructure & systems

CASE STUDY

Envirovent: From On-Site Generation to an Integrated Clean Energy System

In 2024, Envirovent moved into a new purpose-built manufacturing and office facility in Harrogate designed around low carbon principles. The site reflects a clear commitment to sustainability, with a modern manufacturing space, improved working environment for employees, and a building designed to reduce operational emissions. A key feature of the site is on-site solar generation, helping Envirovent produce clean electricity directly where it is used.

BEAMA visited the site with our Sustainability Manager to better understand Envirovent's journey towards clean power and to explore how we can support the next phase of their energy strategy.

The visit focused on two main areas:

- Understanding Envirovent's sustainability journey and clean power ambitions
- Agreeing a practical programme of support over the coming year

Envirovent's site already demonstrates what a modern low carbon manufacturing facility can look like. The next step is turning clean generation into a fully integrated energy system.

CASE STUDY

Envirovent's Clean Power Journey

Envirovent's Harrogate facility was designed as a low carbon building, incorporating energy efficient construction and on-site solar PV. The solar installation allows Envirovent to generate renewable electricity directly on site, reducing reliance on grid electricity and lowering carbon emissions.

However, like many industrial sites with solar PV, the absence of battery storage means that not all locally generated electricity can be used when it is produced. Surplus generation may be exported to the grid while electricity is still imported at other times of the day. This limits both the carbon and cost benefits of the installation and reduces the site's overall flexibility.

During the visit, we explored how Envirovent could move beyond generation alone towards a more integrated energy system that better uses the clean power already available on site.

Key areas discussed included:

- How battery storage could increase self-consumption of solar generation
- How storage could improve operational flexibility and energy resilience
- Interaction with existing grid connection and export arrangements
- Opportunities to expand solar generation across the wider site
- Longer-term potential for shared energy use across the business park, subject to technical and commercial feasibility

> *We are delighted to endorse and be supported by BEAMA in highlighting awareness for electrification 2050 and that benefits it will deliver into the supply chain for UK industry. We are excited to be working alongside our peers and the dedicated BEAMA electrification team in delivering added value for envirovent as a result.* Andy Makin, Managing Director

This represents a natural next step in Envirovent's clean energy journey – moving from installing solar panels to building a smarter and more flexible energy system.

BEAMA Support Programme

The visit marked the start of a structured programme of support between BEAMA and Envirovent.

Over the coming year, BEAMA will work with Envirovent to help identify practical and deliverable pathways for developing the site's energy system. This will draw on BEAMA's network of manufacturers and technical specialists across solar, battery storage, smart controls and energy management.

The aim is to help Envirovent make informed decisions about the next stage of their energy investment while ensuring solutions are practical and scalable.

Envirovent Market Pulse Series

This case study forms part of a wider Market Pulse series that tells the story of Envirovent's new facilities, workforce and sustainability work.

> Together, the series highlights how manufacturers are responding to the clean energy transition in practical ways.

Our approach to data

It is important that policymakers utilise the findings of our Market Pulse in decision making. Data sources on delivery from outside of BEAMA could be improved to help analyse progress and to help our members make investment decisions. BEAMA also has a rich data history from our long-running work on member statistics, tracking trends in our industry, and publishing our globally renowned and respected Contract Price Adjustment indices.

Market Pulse provides a snapshot of a larger body of work as we work closely with Government and other key stakeholders, including utilities, to analyse our market data and build up the information we can share. Understanding the position of the UK's electrotechnical and energy supply chain is the key to devising a successful industrial strategy, to driving growth and investment in UK advanced manufacturing and to delivering clean power. Market Pulse provides the background to gaining the clarity needed for an evidence-led policy and regulatory framework.

There is a lot of data we have that can help us understand what is needed from the market today. The Future Energy Scenarios National Grid NESO database[7] is an important resource in setting the benchmark for successful delivery but data on delivery is still patchy, and in some areas, we are unable to confidently analyse progress without more complete datasets and monitoring. We comment on this in places in the report but will pick this up in more detail with Government and stakeholders going forward as we develop this work.

Modelling from our 2022 report with the Energy Systems Catapult demonstrated clearly that the 6th Carbon Budget necessitates early action and the next 5 -10 years will be a crucial period of investment in manufacturing capacity for electrical products to support the energy transformation. We can therefore provide evidence that Labour's Clean Power 2030 Mission is absolutely the right way to go.

7 Future Energy Scenarios (FES) | ESO (nationalgrideso.com)

BEAMA Energy Systems Catapult – Growing the Supply Chain for a Net Zero Energy System

85%

of our members expect to scale up by

20-100%

to meet future needs, with some expecting to scale up

10 times

current capacity

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