

Network Price Controls, ED3 Team
10 South Colonnade
London
E14 4PU
ED3@ofgem.gov.uk

3rd December 2025

Dear ED3 Team,

ED3 Sector Specific Methodology Consultation

Please find below our responses to three questions in the above consultation.

Q65. How can we best ensure that flexible connections aren't deployed at the expense of network reinforcement?

AMP believes that the solution to this challenge lies in ensuring that the roll out of flexible connections, and flexibility in general, is done in a way which provide the market with a clear and sustained signal.

Flexible connections, and flexibility are delivering significant savings to networks and bill payers.

The UK Power Networks' Distribution System Operator has already delivered £200m in capital savings in the first two years of ED2. Without Ofgem's continued incentive to expand flexibility services, and network flexibility in general, these savings will stop and consumers bills will therefore rise, at a time when bill payers can ill afford this.

In order to avoid and minimise capital expenditure as network(s) evolve, the continued provision of DSO services will only become more important – if network evolution is to be achieved in a way which is cost efficient, and not simply reliant on enormous capital expenditure programmes.

The ongoing expansion of the DSO market (required to avoid network reinforcement all together) will not be sustained without continued private investment (in flexible assets), and that investment will fall away should the current DSO regulatory regime change in such a way that either reduces the size of the current market or reduces the size of future markets (e.g. through giving DSO services a smaller role in ED3 than they have in ED2).

Q66. How can we best ensure that DER/CER are not prevented from accessing wider flexibility markets due to the use of ANM or lack of NESO-DSO coordination?

While this concern seems to have underpinned to a greater or lesser extent the authority proposal to move away from a flex first approach, we believe that only a very small minority of DER/CER assets are prevented from accessing wider flexibility markets due to the use of ANM. AMP operates a portfolio of c.150 grid connected flexibility assets (batteries and gas engines, all connected at distribution), many of which have ANM connections. The availability of ANM connections has enabled us to build more sites (as our connection costs would have otherwise been prohibitively expensive), and we have at no point found that having an ANM connection precludes us from participating in any flexibility market.

Q67. Are further incentives required to incentive and encourage the use of flexibility in line with our approach for ED3?

AMP operates a large network of low-voltage connected BESS ('Battery Box') and high-voltage connected gas peakers, through which it has provided the UK Power Networks DSO with 16% of all volumes it has procured since April 2023 (3,015MWh out of a total of 18,888MWh as of 03/12/25). Based on UK Power Networks published savings for 2024 & 2025 in ED2, AMP's services have created a capital

saving for bill payers of at least £32,000,000 (UK Power Networks published savings of £200m for 2024 & 2025 in ED2 * 16% (the % of volumes provided by AMP)).

Without the framework of the ED2 DSO incentive, this would not have been possible, there would not have been a market for AMP to serve, and consequently an opportunity for the DSO to generate the savings it has been able to do so. Bill payers would have had to fund an extra £30.5m of network costs, of which they have been spared, as set out below.

In delivering the referenced services, AMP has been paid a total of just £1,519,643 (i.e. providing a net saving to bill payers of £30.5m)

AMP considers that Ofgem should continue to incentivise providers such as AMP to generate significant savings, through working with the DSOs, through retaining the ED2 framework for DSOs – or expanding it to incentivise growth in DSO flexibility markets.

The retention of the ED2 DSO incentive is essential, particularly for AMP's Battery Box business, which we think delivers real value to bill payers. Our distributed network of small storage sites presents a number of advantages to the current industry trend of ever larger transmission (>100MW) connected BESS:

- Provision of hyper-local flexibility to DSOs to help manage local network issues or constraints. Each Battery Box is 200kW / 800kWh, and as such the portfolio is distributed across a very large area of distribution network;
- Increased resilience as by virtue of being a distributed portfolio, the Battery Box portfolio is highly resilient, with no single point of failure – and therefore far less impacted by individual outages;
- Provision of local flexibility services with the opportunity to provide system-wide flexibility services through aggregation;
- Ability to site individual units in otherwise unused land in urban locations;
- Quick build times (< 2 weeks)
- Ability to take advantage of spare capacity on the LV network rather than joining significant queues or creating further congestion at higher voltages such as 11kV, 33kV or 132kV.

Furthermore, we wish to take this opportunity to make a number of points on the role of flexibility in ED3.

Firstly, we note the recent presentation to the ED3 SSMC Working Group on 27th November and the following statements, and welcome the clarification over the continued role of flexibility over the ED3 Price Control period:

- For ED3 we believe proactive network investment coupled with flexibility will be vital, and therefore the principle of "Build and Flex" should be the right approach.
- Flexibility remains important but should not be used to defer planned investment until the last moment.
- We at Ofgem are committed to a smart, flexible energy system as set out in the Clean Flexibility Roadmap.
- Flexibility remains a critical tool for DNOs alongside network build to meet rising demand and maintain reliability.

We understand the authority's aspiration for all flexible assets to provide services through both local and national markets, however we would counsel, as above, that local markets have played a key role in the supporting the development of smaller scale flexible assets to date and that there is a risk that the current ED3 proposals, in so far as they depart from the ED2 framework, will reduce the volume and scale of local flex markets, increasing bills for consumers.

Finally, we would encourage the Authority to enshrine in the final SSM the use cases listed in the ED3 SSMC Working Group update referred to above, and that this ensures that DNO's are adequately incentivised to use flexibility to its optimal extent across:

- Network operations
- Consumer outcomes
- Curtailment reduction

We would, of course be happy to discuss any of the point raised above in further detail.

Yours sincerely,

Caspar Ruane

Head of Asset Management (Grid Flexibility)

📞 [07990 066 337](tel:07990066337)

☎ [0207 382 7815](tel:02073827815)

✉ caspar.ruane@ampcleanenergy.com