

Energy UK response – RIIO ED3 Sector Specific Methodology Consultation

10/12/2025

About Energy UK

Energy UK is the trade association for the energy industry, representing companies investing billions of pounds to secure our country's current and future energy needs.

From growing start-ups to major electricity generators, grid and infrastructure developers, and energy suppliers, our members are driving change across power, heat, transport, and flexibility.

We provide a collective voice for the sector working with governments, regulators, charities and other organisations to provide crucial insight that shapes policy, offers solutions and promotes best practice.

Our broad view across the whole system supports evidence-based positions which are not tied to particular technologies, and are focused on delivering strategic benefits for people, businesses and the economy.

We champion initiatives such as our Vulnerability Commitment, which pushes suppliers to go beyond regulation to support customers with additional needs, and TIDE, the industry's drive for greater inclusion and diversity. Through our Young Energy Professionals Forum, we support the development of future leaders. We are equally committed to our team and are proud to be recognised as a 'Gold' Investors in People employer.

Executive Summary

Energy UK welcomes Ofgem's proposals for the RIIO-ED3 price control and supports a framework that enables strategic, accountable, and adaptable delivery of network investment to meet Net Zero, economic growth, and consumer priorities.

RIIO-ED3 must empower DNOs to deliver strategically, transparently, and flexibly in response to evolving stakeholder and consumer needs. The regime should reward proactive investment that delivers consumer and system benefits, while maintaining strong accountability through clear metrics, evidence-based triggers, and transparent reporting.

There are a number of critical considerations in this price control, given the significant amount of ambition and the growing queue for demand connections at

distribution level. Consideration of how to enable critical investment while also balancing cost recovery to enable fair and affordable distribution of costs is critical.

Connections

Energy UK supports reforms that simplify and accelerate the connections process for all customers. As we see low-carbon technologies (LCTs) being connected in increasing numbers, as heat, transport, and industrial decarbonisation result in increased electrification, the process of connecting these assets must be straightforward. Redefining connection types by technical complexity and bringing LCT enabling works into scope will align incentives with decarbonisation outcomes.

Incentives should combine reward and penalty mechanisms and focus on measurable outcomes, such as reduced Time-to-Connect (TTC) and improved customer experience. Programmatic LV reinforcement and unlooping, delivered consistently but flexibly across regions, will reduce bottlenecks and provide clearer investment signals to installers, developers, and local authorities.

Adaptability

The RIIO-ED3 framework must support adaptive, data-driven planning to keep pace with electrification and adapt to policy changes and technology cost trends. Energy UK favours a hybrid “Plan-and-Adapt” model, embedding firm commitments for low-regret, strategic investments while maintaining the use of flexibility through defined re-openers and mechanisms.

Adaptability should be underpinned by clear evidence thresholds, transparent decision windows, and alignment with Regional Energy Strategic Plans (RESPs), ensuring DNOs can respond quickly to emerging needs while maintaining accountability and consumer value.

Supply Chain and Workforce

Energy UK strongly supports Ofgem’s focus on delivery readiness and long-term supply-chain visibility. Requiring ten-year Delivery Strategies across RIIO-ED3 and RIIO-ED4 will give suppliers and training providers confidence to invest in skills and manufacturing capacity.

Enhanced monitoring and alignment with national initiatives, such as the Electricity Networks Sector Growth Plan, will help coordinate demand forecasting, address skills gaps, and improve UK content and social value. Monitoring must remain proportionate and outcome-focused to avoid unnecessary burden.

Alignment

It is critical that price controls are aligned with the development of the reformed connections queue at transmission level, Reformed National Pricing (RNP), spatial plans, and the delivery of wider government policy, for example the Industrial Strategy or Planning reforms. The RIIO-ED3 price control should include consideration of any flexibilities that should be embedded to enable investment to continue to be adjusted in light of any changes expected in the coming price control period.

If you would like to discuss this response with Energy UK or its members, please do not hesitate to get in touch using the contact details below.

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Consultation Response

Long-term integrated network development plans

Q1. What are your views on our regulatory guiding principles that will inform the development of accountable investment planning and delivery?

Energy UK is broadly supportive of guiding principles that prioritise delivery of Net Zero, whole-system value and transparency. Regulatory frameworks must enable timely, strategic investment to meet electrification demand and more broadly establish an effective, cost-efficient, and secure energy system.

The approach to price control frameworks must be proportional and focus on consumer value. The guiding principles should, therefore, balance ambition with clear metrics for value for money and avoid imposing overly prescriptive inputs that constrain pragmatic delivery.

Advocate for clear expectations on engagement and data-sharing (RESP/tRESP links) so industry, local partners and supply chain can plan forward with certainty. Transparency on assumptions and scenario choices is essential.

Q2. Are the proposed objectives for the long-term integrated network development appropriate?

Energy UK has consistently called for long-horizon planning to support Net Zero.

It would be beneficial if Ofgem clarified how objectives will be prioritised where trade-offs emerge and how consumer impacts are assessed. For example, balancing long-term resilience and the most cost-effective short-term reinforcement.

It is critical that there is consistency in outputs and assumptions across DNOs for suppliers, developers and the supply chain to act on comparable information.

Q3. What are your views of proposed structure and contents of the plan?

Energy UK is broadly supportive of a tiered approach: for example, a detailed EHV/132kV project specification and more volumetric HV/LV planning by GSP group would balance granularity and practicality.

The plan must include clear, auditable assumptions, scenario inputs, and an explicit treatment of uncertainty, including pathways and triggers for re-openers. Energy UK stresses clarity to avoid costly mis-alignment.

The plan should also include explicit delivery milestones, expected impacts on connections queue, and a supply-chain visibility section to enable mobilisation.

Q4. Do you agree with the proposed use of tRESP outputs in DNOs' network impact assessments?

Yes, using tRESP outputs provides consistent strategic inputs and helps align DNO planning with regional decarbonisation pathways. Energy UK also supports longer-term alignment between strategic plans and network investment.

tRESP outputs must be transparent, timely and sufficiently flexible to reflect local variations. DNOs should retain the ability to explain justified deviations where local evidence differs. The approach should be monitored for any best practice and take active steps to enable effective network investment directed by well-informed and actionable Regional Energy System Plans.

Q5. What are your views on the guidelines for proactive investment decision-making across all DNOs?

Energy UK supports guidelines that encourage area-based, low-regret proactive interventions, for example, targeted unlooping or selective reinforcement, where they unlock wider system value and reduce whole-system costs. Energy UK supports a proactive approach to investment to avoid future bottlenecks.

Guidelines should require clear and robust cost-benefit evidence, alignment to enable comparability across DNOs, and robust stakeholder engagement, including consumer impacts and supply-chain readiness.

Ofgem should keep decision rules proportionate and allow DNOs flexibility to select optimal local solutions and enact them while ensuring transparency and accountability. Transparency and clear publicly-available guidance should be used to enable Ofgem and wider stakeholders to scrutinise DNO decisions.

Q6. Do you agree that LV network reinforcement and unlooping of legacy service connections are suitable areas for a programmatic, area-based approach in ED3? Why or why not?

Yes.

Programmatic, area-based LV unlooping and targeted reinforcement are high-value low-regret interventions to enable mass electrification (heat pumps, EVs), reduce future disruption and create supply-chain efficiencies.

Programmatic delivery provides clearer forward-visibility for customers, installers and local authorities and can reduce repeated street works through coordinated programs.

It is, however, important that national consistency is delivered in planning/prioritisation criteria. Ofgem must remain cognisant of the potential for area-based discrepancies to impact local investment.

Programmatic schemes must be subject to proportionate cost-benefit and early local stakeholder input to avoid unnecessary spend and delays from disputes.

It should also be considered that local councils often cause DNOs to be subject to cumulative fees and scheduling constraints due to street work permits, which disincentivises programmatic LV reinforcements and pushes DNOs to be more reactive towards network reinforcements rather than proactive. Until local councils and DNOs are better aligned in their priorities, through policy reform, RIIO-ED3 should consider the extra costs incurred by scheduling constraints and cumulative fees.

Q7. What are your views on the need for national consistency in the delivery of proactive unlooping programmes?

Energy UK is supportive of national consistency of principles, data standards and prioritisation criteria. This will enable customers and market participants to face coherent expectations, and ensure that the workforce and supply-chain can scale where needed. Energy UK also supports consistent outputs and assumptions across networks.

While maintaining national consistency in the criteria, the criteria themselves should set out how to account for regional variation in demand growth, housing stock and network topology. A consistent framework, locally applied is the right approach.

Ofgem should also consider central coordination of mapping/data, to identify high-density looped areas and 'electrification-ready' neighbourhoods, and clear reporting requirements to track progress and value for money.

Strengthening delivery accountability

Q8. What are your views on high-level delivery accountability options and their respective strengths and limitations?

Energy UK supports strong accountability mechanisms that link funding to delivery performance, not merely outputs.

Price Control Deliverables (PCDs) should be used to prevent under-delivery and ensure transparency of outcomes. Regularly Reported Evidence (RRE) should complement PCDs, enabling Ofgem and stakeholders to track progress in real time. There is also potential for PCDs to be used in ensuring that DNOs are supporting the delivery of the tRESP/RESP for their respective regions of operation.

Ofgem should look to embed adaptability in the approach by ensuring that PCDs for firm commitment are balanced with uncertainty mechanisms and other measures to enable DNOs to react to changing system and consumer needs. Ofgem should avoid excessive complexity or overlapping incentives that blur accountability.

Q9. Should delivery accountability mechanisms prioritize certainty over flexibility when funding low-regret, proactive investments aligned with strategic value decarbonisation and growth goals?

A balance is necessary to ensure the delivery of a range of outcomes:

- Certainty for low-regret, strategic investments essential to Net Zero delivery.
- Flexibility through periodic re-openers to accommodate emerging needs and update regional and national spatial plans.
- Use of in-period mechanisms, for example the Timely Addition of Network Capacity Incentive (TANCI), to ensure timing and delivery are balanced.

Locking in core investments will give confidence to supply chains and local authorities, but adaptive capacity must remain to respond to unforeseen developments.

Q10. Are additional delivery incentives needed, or can a combination of accountability mechanisms and output-based incentives sufficiently ensure delivery performance?

Accountability plus outcome-based incentives, for example BMCS, Connections Incentive, DSO Incentive, can be effective if properly coordinated.

Ofgem should focus on delivery-linked PCDs with clear milestones and data transparency, rather than layering new mechanisms.

Financial rewards and penalties should depend on verified delivery of consumer value, not just expenditure levels.

Adapting for additional investment needs during the ED3 period

Q11. What are your views on the assessment of the adaptability mechanisms, and should additional criteria be included?

The price control must embed adaptive mechanisms that enable DNOs to respond to major shifts in demand and technology mix during the control period.

The current proposals may not be sufficiently agile, given the scale of network reinforcement expected to meet Net Zero and economic growth targets.

Additional criteria should be considered, relating to:

- Deliverability and supply chain readiness;
- Data transparency and evidence thresholds for triggering changes; and
- Consumer value safeguards to prevent “gold-plating”.

A structured assessment framework, similar to Ofwat’s adaptive pathways in PR24, has been proposed by UKPN and NPG, known for now as the TANJI, in the RIIO-ED3 SSMD working groups. Energy UK could be supportive of such a mechanism, as it could help to deliver appropriate capacity additions where and when they are needed during the 5-year period. It is critical that there is full transparency over decision-making and the application of such mechanisms to enable Ofgem and wider stakeholders to understand and, where necessary, challenge decisions.

Energy UK does, however, recognise that networks require a baseline allowance to fully fund low-regret work in their business plans to meet customer needs. Automatic adaptability mechanisms need to address changes and new information, rather than funding low-regret, core work.

Q12. How could the adaptability options be refined or combined to better support timely and strategic investment during ED3?

Ofgem should implement pre-agreed adaptive pathways that define alternative routes based on emerging data, for example, EV uptake, flexibility availability, tRESP/RESP revisions. Adaptability would allow incremental authorisation of investment without resorting to time-consuming re-openers.

Combining adaptive pathways and investment re-openers with volume drivers or fast-tracked PCDs would contribute to responsiveness while maintaining accountability.

Q13. How can adaptability mechanisms be designed to ensure DNOs respond quickly to new network needs while maintaining transparency, accountability, and value for money?

Ofgem should codify clear evidence thresholds and timelines for re-openers to ensure decisions are processed within fixed windows. Transparent publication of data triggers and Ofgem determinations would build stakeholder confidence and minimise the potential for gaming.

Ofgem could also introduce interim determinations with post-event review to balance speed and scrutiny.

If the TANDI process proposed by NPG and UKPN in the SSMD working groups is adopted, these mechanisms would also need to be aligned.

Accountability could be delivered by ensuring the planned capacity in an area is released by the time the price control ends and that proposed solutions would indeed achieve the proposed capacity increase in a cost-effective manner.

Mechanisms should align with Strategic Spatial Energy Plan (SSEP), Centralised Strategic Network Plan (CSNP), and RESP updates to ensure DNOs adapt to new national and local priorities without losing regulatory discipline and consistent processes.

Q14. What are your views on the proposed timing of the RESP reopener windows in years 2 and 4 of ED3?

The proposed windows in years two and four are appropriate, aligning with the transition from transitional RESP (tRESP) to the enduring RESP.

Year two re-openers should capture early adjustments informed by tRESP outputs. Year four windows could then integrate the more granular, substation-level data expected from the enduring RESP.

Energy UK suggests retaining a limited “urgent” trigger mechanism outside these windows for material unforeseen needs, for example any large strategic connections like those expected in Artificial Intelligence (AI) Growth Zones.

Conceptual models for ED3 delivery

Q15. What are your views on the combination of mechanisms presented in the two conceptual models? Do they effectively illustrate how different regulatory tools could be packaged to support strategic delivery in ED3?

The two models (Plan-and-Deliver and Plan-and-Adapt) successfully illustrate the balance between certainty and flexibility needed for ED3.

A hybrid approach is likely most effective; using firm commitments for low-regret investments while preserving adaptive levers for emerging requirements.

Ofgem should ensure mechanisms are complementary, with clear boundaries between re-openers, volume drivers, and incentives to prevent overlap.

The framework should explicitly link mechanisms to whole-system outcomes rather than treating them as discrete regulatory tools.

Q16. In the context of ED3, do you consider that we should put more emphasis on Plan-and-Adapt or Plan-and-Deliver — to be more appropriate for achieving the guiding principles set out in Paragraph 3.5? Please explain your reasoning.

Energy UK favours a Plan-and-Adapt model with defined delivery anchors, locking in strategic low-regret investments while retaining flexibility for uncertain areas. The pace of decarbonisation and electrification makes adaptability essential, but investors and suppliers also need stable, predictable commitments.

Therefore, the price control should embed fixed delivery milestones for critical infrastructure alongside adaptive pathways for demand- or policy-driven shifts. Appropriate flexibility should be embedded into the approach to milestones, ensuring that there is guidance in place to clarify where issues outside of networks' control impact delivery.

This hybrid approach would ensure accountability and enables cost-efficient evolution as technology and regional data improve.

Q17. Are there additional mechanisms or combinations of mechanisms that should be considered to better support strategic, accountable, and adaptable delivery in ED3? If so, how might they complement or improve upon the models presented?

Proposals such as the expansion of TANDI could reinforce network planning quality, ensuring investments occur in the right place at the right time.

Consider introducing portfolio-based PCDs for area-wide LV and flexibility programmes, allowing DNOs to manage delivery across sites dynamically.

Ofgem should also explore standardised reporting dashboards to improve transparency across mechanisms and reduce administrative burden.

These additions would strengthen both strategic delivery and regulatory accountability.

Connections

Q18. Do you agree that the connection types of 'minor' and 'major' should be redefined? If so, do you have thoughts on how they should be redefined — via voltage works required, customer type, a blend of the two, or a split not considered here?

Yes. The current binary split is too simplistic and does not reflect the diversity of connection projects emerging under electrification at the distribution level.

Energy UK supports redefining connection types based primarily on technical complexity (e.g. voltage level, asset works required), with secondary consideration for customer class.

This approach would ensure proportional treatment, simplify process design, and align with the move toward performance-based incentives across connection types.

Q19. Do you have views or suggestions on how redefining connection types, with potentially more types being introduced, will be able to be operationalised at this level of granularity? See Paragraph 4.18.

Implementation requires standardised digital processes and open-access data platforms to route applications automatically by type and complexity.

DNOs should publish a transparent decision matrix or flowchart clarifying classification rules for customers.

The process should remain consistent nationally, with room for regional flexibility where justified by a nationally-defined approach to these flexibilities, including consideration of network topology.

Q20. Do you agree with our proposal for LCT connections and their associated enabling works to be brought into the connections scope and incentivized, with the potential to set varying working-day targets for different connection activities? Why?

Yes. Incentivising Low Carbon Technology (LCT) connections is vital to achieving timely electrification of transport and heat.

Bringing LCT enabling works into the incentive scope will promote end-to-end accountability and align DNO focus with decarbonisation outcomes.

Varying working-day targets by activity type is appropriate, reflecting differences in project scale and complexity.

This approach will also ensure that domestic and non-domestic LCT installations benefit from clearer performance expectations and improved service levels.

Incentives for smaller connections

Q21. Do you agree the incentive should be reward and penalty (as per the RIIO-ED2 minor connections incentive)? Why?

Yes. A two-sided, reward-and-penalty incentive drives balanced performance improvement and discourages gaming.

DNOs typically respond best to clear financial signals tied to license conditions, ensuring timeliness and service quality are linked to clearly defined impacts.

Retaining symmetry promotes consistent investment in resourcing teams responsible for smaller connections, rather than acting only to avoid penalties.

Q22. Do you think any LCT connection incentive should be for domestic, non-domestic, or both? Why?

Energy UK would support the introduction of incentives for both domestic and non-domestic LCT connections. Excluding non-domestic sites would create inequities and hinder SME decarbonisation, especially for small industrial estates and logistics hubs.

Differentiated targets may still be appropriate, recognising the greater complexity and cost of larger LCT installations.

Q23. Notwithstanding the proposals we have set out under 'Redefining Connections Types', do you have alternative proposals for what DNOs need to do to speed up connection times for LCTs, and what incentives (other than those we have discussed in this chapter), obligations and/or funding may be required to support this?

Energy UK would support the adoption of additional measures, including the following:

- Introduce minimum service-standard milestones. For example, requiring the initial project-initiation meetings to be held within 10 days of offer acceptance.
- Require DNOs to maintain up-to-date capacity and constraint mapping at substation level to enable proactive planning.
- Use data-driven queue management and digital self-service tools to reduce administrative delays.
- Make available funding for digital upgrades that can demonstrably shorten connection lead-times.

Incentives for larger connections

Q24. Do you agree changes should be made to the MCCSS to increase participation and better reflect the customer journey? If so, what changes do you think are required and why?

Yes. The Major Connections Customer Satisfaction Survey (MCCSS) must better represent the entire customer journey from application through to energisation.

Participation can be improved by automated invitations, shorter survey formats, and inclusion of digital interactions as valid feedback channels.

Question design should capture performance at each major milestone, post-offer support quality and transparency of costs, not just timeliness.

Q25. Do you agree with the proposals we have set out for changing the incentives for the RMS for the MCCSS for the purposes of encouraging faster and more transparent connections and improving the quality of offers and post-offer services provided by DNOs? If not, what other proposals do you suggest?

Energy UK broadly agrees with these proposals. Reforming the RMS metrics should prioritise clarity, timeliness, and consistency in offers.

DNOs must standardise the basis for connection-charge calculations and provide clearer visibility of cost drivers.

Customer experience scores should weight complex projects more heavily, ensuring resources are allocated to high-impact connections.

Q26. Do you think we should financially incentivise the TTC metric in order to accelerate connections and achieve the right outcomes? Are there other changes we should consider? How would any change sit alongside the current incentives?

Yes, the Time-to-Connect (TTC) metric is a direct and transparent measure of delivery performance and should attract financial weighting.

Safeguards are needed for this to be an appropriate approach. The TTC metric should be adjusted for project complexity and third-party dependencies to avoid unfair comparisons. The incentive must also account for the need for connection offers to be of a defined minimum level of quality to qualify.

Any TTC incentive should complement, not duplicate, MCCSS and BMCS incentives by focusing solely on end-to-end delivery time.

Q27. Do you see value in incentivising SLAs/minimum standards? How should it be done and are there any associated risks or impacts?

Yes. Defining Service-Level Agreements (SLAs) as enforceable minimum standards would raise baseline performance.

To deliver this, Ofgem could codify SLAs for milestones such as quotation issue, site surveys, and energisation, with automatic reporting of compliance rates.

There remains a risk that rigidity would result in an impact on the ability to deliver. Appropriate exceptions should be permitted for exceptional external dependencies, for example highway consents.

Q28. Do you agree that we should not pursue the options we have set out that we would not consider further, i.e. incentivising flexibility and the SO:TO incentive? Why?

Energy UK broadly agrees, as these options would duplicate mechanisms being developed under the DSO Incentive and flexibility frameworks.

A targeted focus on connections performance avoids over-complexity and incentive fatigue.

Q29. Notwithstanding the proposals we have set out under 'Redefining Connection Types', do you have alternative proposals for how to incentivise timely connections and improve the quality of service for larger connections?

Energy UK would also recommend that Ofgem consider the introduction of milestone-based PCDs for complex strategic-connection clusters, tying funding to verifiable progress.

Ofgem could also require DNOs to provide curtailment transparency in connection offers, enabling informed investment decisions.

Finally, Ofgem can promote collaborative planning with developers through regular regional forums to resolve systemic delays.

Broad Measure of Customer Service (BMCS)

Q30. Do you agree with removing the 'Connections Survey' and the LCT-related elements from the 'General Enquiries Survey' from the CSS part of the BMCS and putting this into the new smaller connections incentive? Why?

Yes. Consolidating connection-specific questions within a dedicated smaller-connections incentive will sharpen focus and avoid duplication.

This would allow the BMCS to concentrate on reliability, interruptions, and general enquiries, while the new incentive tracks LCT-related customer experience.

Simplification would reduce survey fatigue and align incentives with targeted outcomes.

Q31. Do you agree that the remaining surveys under the BMCS CSS then be split between 'Planned Interruptions', 'Unplanned Interruptions' and 'General Enquiries'? Why?

Yes. Splitting surveys clarifies accountability for different customer touchpoints and enables DNOs to prioritise improvements where consumer dissatisfaction is highest.

The separation will also allow more accurate benchmarking across DNOs and regions.

Q32. Do you agree with the proposal to also report on and incentivise PSR vs Non-PSR survey results for each interruptions survey? Why?

Energy UK strongly supports this proposal. Distinguishing between Priority Services Register (PSR) and non-PSR customers ensures vulnerable groups are properly represented. Transparency of PSR performance will improve stakeholder confidence and promote equitable service.

A reputational or modest financial incentive could highlight performance gaps and encourage targeted support.

Q33. Do you have a view on what weightings should be applied to the different surveys now proposed for the CSS part of the BMCS? Why?

Energy UK recommends giving greater weighting to unplanned interruptions, which have the most direct consumer impact.

Planned interruption and general enquiry components should retain meaningful but lower weighting to encourage balanced attention.

Periodic review of weightings would be a welcome measure to ensure alignment with evolving consumer priorities.

Q34. Do you agree the CSS part of the BMCS should remain a penalty and reward incentive? Why?

Yes. A two-sided financial incentive provides stronger behavioural motivation than a penalty-only model, promoting continuous improvement even among already high-performing DNOs and maintaining competitive pressure.

The calibration should avoid excessive volatility by setting proportional reward and penalty ranges.

Q35. Do you agree with our proposals to retain the complaints metric as a penalty-only incentive and to leave the weightings applied to each category unchanged? Why?

Energy UK broadly agrees with these proposals. A penalty-only design keeps focus on prompt resolution and discourages complacency.

Retaining current weightings ensures continuity and comparability of performance data between ED2 and ED3.

Ofgem should, however, continue monitoring whether persistent complaint categories indicate systemic issues requiring targeted interventions.

Q36. Do you agree with our decision not to take forward the proposals set out in 'options considered but not proposed'? Why?

Yes. Energy UK agrees with Ofgem's decision to simplify and not pursue redundant or overlapping BMCS options.

A leaner incentive structure will allow DNOs to concentrate resources on measurable, high-impact service improvements.

Removing underperforming or marginal incentives ensures consistency and comparability between DNOs and reduces administrative burden.

Consumer Vulnerability

Q37. What is your view on the PSR Reach metric and whether this should form part of the AVR as a reputational incentive? If we were to continue this metric as a financial incentive, do you think it should continue as a reward/penalty or penalty-only and should we change the weighting?

The Priority Services Register (PSR) Reach metric is valuable as a reputational incentive but should not be retained as a financial one in its current form. If retained financially, Energy UK supports a balanced reward-penalty structure with moderate weighting to encourage innovation without excessive risk exposure.

Continued measurement helps track outreach performance and identify underserved regions or demographics.

Networks have a limited but critical role in supporting customers, and the scope of this engagement should be tightly defined. The use of the PSR varies significantly across networks, with differences in sign-up processes and customer approaches. The current lack of consistency and the potential for duplication of effort across the sector highlight the need for a sharper focus on well-defined, efficient, and comparable outcomes.

While it is appropriate that networks provide customer assistance, customer support should ultimately be delivered through a coordinated, cross-sector approach, with networks playing a supporting role.

Q38. What are your views on the Social Value metric and the CSS elements of the CVI incentive? Are there any areas you think we should amend or adapt for ED3?

Energy UK supports the continued use of the Social Value metric as part of the Consumer Vulnerability Incentive (CVI), provided definitions remain clear, consistent, and auditable.

Social Value metrics should capture tangible outcomes, such as energy advice uptake or efficiency improvements, not just engagement numbers.

The CSS element should align with the BMCS framework to avoid double-counting similar satisfaction indicators.

Q39. Do you think the targets for the CVI metrics should be made common across DNOs? Why?

Yes, common baseline targets improve comparability and fairness across regions.

However, flexibility should remain for locally specific interventions where demographics or vulnerability profiles differ.

Ofgem should introduce tiered targets; a national core supplemented by region-specific benchmarks ensuring equity and realism.

Q40. Do you think the AVR should be carried forward as an ODI-R to ED3, and why? If it is carried forward, are there any changes you think should be made to the structure and content?

The Accessibility and Vulnerability Reporting (AVR) framework should continue as an Output Delivery Incentive - Reputational (ODI-R). This approach promotes transparency and continuous improvement without imposing excessive compliance costs.

Structure refinements could include:

- A clear minimum standard for data segmentation and PSR reporting;
- Independent validation of self-reported metrics; and
- Cross-sector comparability (e.g., with gas and water sectors).

Energy Efficiency

Q41. Do you have any views on our proposal for DNOs to play a bigger role in the delivery of energy efficiency and low carbon measures?

Other actors, such as energy suppliers, installers or local authorities, are better placed to deliver energy efficiency and low-carbon technology measures at scale owing to their direct relationship with households, the data they hold, and, in the case of suppliers, their existing installation capacity.

The best way that DNOs can support the delivery of energy efficiency and low-carbon measures is by upgrading the network according to a strategic and area-based approach that is aligned with broader retrofit schemes and combined authority energy plans. DNOs should prioritise upgrading networks in areas where the rollout of low-carbon technologies is high. They should be incentivised to do this in ED3 and beyond.

If DNOs are expected to coordinate delivery of energy efficiency, installation of measures should still be delivered by commercial providers.

To better understand the value that DNOs could bring to being more directly engaged in the delivery of energy efficiency and low-carbon measures, there may be merit in Ofgem enabling targeted pilot funding or an extended Network Innovation Allowance (NIA) to DNOs that are looking to actively engage in this work. However, this should not be the primary objective of ED3.

DNOs should be expected to be proactive in their relationship with the different actors that are best suited to supporting LCT adoption, so that DNOs have good visibility over their LV network, this should be built into existing incentive structures and DNOs should be scored based on their anticipatory engagement in this area.

Environmental Framework

Q42. How should the EAP baseline expectations be revised to drive improved environmental outcomes in ED3 and beyond?

Energy UK recommends evolving the Environmental Action Plan (EAP) baselines into dynamic, output-tracked commitments aligned with Net Zero trajectories.

Baselines should include measurable indicators for biodiversity, embodied carbon, waste reduction, and SF₆ emissions, with reporting harmonised across DNOs.

Incentives should focus on continuous improvement rather than static compliance, allowing innovation in green procurement and circular-economy practices.

The decision not to include biodiversity stretch targets as a requirement is supported with Energy UK, on the understanding that a lack of a requirement for stretch targets does not prohibit such targets from being enacted if stakeholders wish to do so.

Q43. What criteria should be prioritised in a structured evaluation of DNOs' EAP for ED3?

Key priorities should include:

- Carbon reduction impact (scope 1–3 emissions);
- Sustainable resource management (including waste and recycling targets); and
- Biodiversity enhancement (integration of nature-based solutions into plans).

Evaluations should weight delivery evidence over narrative reporting and link directly to reward-penalty outcomes through the Environmental Incentive.

Q44. Is the proposed approach to SF₆ - focusing on reducing both absolute emissions and the total SF₆ bank - appropriate and proportionate?

Yes. Energy UK supports a dual focus on absolute emission reduction and total SF₆ bank management to ensure long-term accountability.

The policy must remain technologically neutral, allowing flexibility in how DNOs achieve reduction (e.g., gas recovery, switchgear replacement, or SF₆ alternatives).

Metrics should account for asset age and duty cycles to ensure fairness in performance comparison.

Q45. Do you think we should introduce a specific mechanism to hold DNOs to account for delivering on their Fluid Filled Cables reduction targets? If so, what should this take the form of?

Yes. Energy UK supports a specific output-based mechanism for fluid-filled cable (FFC) reduction.

A hybrid approach combining reporting transparency (ODI-R) and a modest financial reward/penalty would drive measurable progress.

Ofgem should set minimum annual milestones and validate delivery through independent environmental audits.

Q46. How can tools like the AER and PCDs be used to strengthen delivery and accountability of the EAPs in ED3?

The Annual Environmental Report (AER) should serve as the central evidence base for tracking PCD-linked commitments.

Embedding EAP milestones within PCDs ensures delivery accountability without expanding regulatory complexity.

Standardising environmental reporting formats across DNOs will enable Ofgem to benchmark progress transparently and intervene early if performance deviates.

Consumer Voice / Research

Q47. Do you have any comments on the proposed guidance on consumer research set out in Appendix 3?

Energy UK welcomes Ofgem's commitment to strengthening consumer evidence in business planning.

Guidance should ensure research is:

- Representative across regions and demographics;
- Methodologically transparent, using consistent question framing; and
- Accessible, with outputs published in summary form for stakeholder scrutiny.

Ofgem could also facilitate a shared research repository to avoid duplication and enhance comparability between DNOs' data.

Enhanced Stakeholder Engagement

Q48. Do you have any comments on the proposed ISG guidance as set out in Appendix 4?

Energy UK strongly supports Ofgem's proposal to enhance Independent Stakeholder Group (ISG) roles through clearer governance and accountability structures.

ISGs should include a balanced mix of consumer, environmental, and system-level expertise, with transparent selection processes.

Members should receive consistent access to data and the ability to commission independent analysis to assess DNO performance.

Accountability for Consumer Outcomes

Q49. Do you agree with our proposal to retain and adapt SLC50 Business Plan Commitment Reporting? Do you have suggestions for how the reporting should evolve?

Yes. Retaining SLC50 reporting ensures ongoing transparency of Business Plan commitments.

Adaptations should include clearer cross-references to PCDs and more frequent publication of progress dashboards.

Energy UK recommends a common digital template for reporting to improve consistency and enable comparative assessment.

Q50. Do you agree that we should proceed with the development of a Consumer Value Framework for ED3 and if so, do you agree with the principles set out above as the basis for developing a CVF?

Energy UK strongly agrees. A Consumer Value Framework (CVF) would help quantify trade-offs between cost, service quality, and decarbonisation benefits.

The CVF should adopt a whole-system perspective and consider its role in strategic planning, incorporating flexibility benefits, social value, and resilience outcomes.

Ofgem should co-design the CVF with industry and consumer groups to ensure legitimacy and practicality.

Digitalisation and data

Q51. Do you agree with our proposed approach on all five themes? Why?

Yes. Energy UK supports stronger data quality, accessibility, interoperability, cyber-by-design, and governance as enablers of faster connections and smarter planning.

Priorities for this approach should include:

- machine-readable, open datasets (hosting capacity, constraints, TTC);
- standard APIs, and;
- consistent data dictionaries across DNOs.

Digitalisation must be explicitly tied to consumer outcomes (e.g., reduced TTC, fewer design iterations) to justify spend.

Q52. Do you agree with the need and role of the independent expert panel on interoperability? Why?

Yes. An independent panel can set vendor-neutral standards, police conformance, and avoid lock-in across DNO/DSO tooling.

It is important that a clear scope is defined, including the need to publish profiles/specs for data exchange, for example, flexibility market interfaces, and stage assurance of DNO compliance.

Q53. Do you agree that DSAPs should include outcome-linked digital spend? Why?

Yes. DSAPs should link digital investments to measurable outputs (e.g., % of applications routed straight-through, TTC reductions).

Introduce post-implementation reviews and de-scope or re-prioritise where benefits are not realised.

Innovation

Q54. Do you agree that we should maintain the current NIA Eligibility Criteria? Why?

Broadly yes. The criteria remain fit for purpose if consumer benefit pathways and replicability are evidenced.

Clarify TRL expectations and require a scaling plan to avoid projects stalling post-trial.

Q55. Do you agree with our suggested approach for assessing and setting NIA? Why?

Energy UK would support a hybrid approach combining benchmarking and portfolio health checks, with real-terms protection to reflect ED3 scale.

Ofgem should prioritise themes that demonstrably defer reinforcement, improve LV visibility, or accelerate connections.

Q56. Do you have examples of projects that couldn't deploy in RIIO-ED2 due to the lack of funding, or that you anticipate wouldn't be able to deploy in ED3 without the extension of the Deployment Fund to cover DNOs in ED3? ?

Energy UK is aware of LV monitoring/automation at scale, voltage optimisation, and standardised digital self-serve connections not being deployed during ED2 based on member experiences. This is likely because of their high consumer benefit but capital-intensive rollout.

Extending a Deployment Fund to DNOs would unlock system-wide learning by moving proven pilots to fleet deployment.

Q57. Do you perceive a lack of coordination and direction as an issue for the deployment of innovation in the ED sector, and do you think a similar intervention to the TID is needed to resolve this?

Coordination gaps exist (themes, interfaces, common specs). A light-touch thematic steer and shared artefacts (standards, code libraries) could improve reuse without centralising delivery.

Q58. Do you agree that further incentivisation is needed within the price control for innovation that doesn't primarily benefit networks? Do you have evidence to support this?

Yes. Where benefits accrue mainly to consumers or markets, a tailored incentive is warranted to avoid under-investment.

Q59. Do you have any feedback on what kind of mechanism would best provide this incentive, while ensuring that networks are only rewarded for actual delivery of consumer or system benefit?

A delivery-verified consumer benefit incentive (DV-CBI): ex-post rewards triggered by audited, durable benefits (e.g., avoided curtailment, reduced TTC), with clawback if benefits fade.

Distribution System Operator (DSO)

DSO Network Planning

Q60. Do you agree with our proposed scope for the DSO's role in network planning for ED3, including leading long-term integrated development planning and enhancing forecasting? How should DSOs ensure that future iterations of these plans align with emerging strategic inputs such as the Regional Energy Strategic Plan (RESP) and Strategic Spatial Energy Plan (SSEP) when they become available?

Energy UK broadly agrees that DSOs should lead LINDPs and publish transparent forecasting down to primary substations. Ofgem should also mandate cross-references to RESP/SSEP and require iterative updates as new regional inputs emerge

Q61. How should DSOs best coordinate with other parties (eg NESO, local authorities, iDNOs, gas networks) to deliver whole-system outcomes through network planning? Are there specific governance or data-sharing arrangements that should be strengthened?

Ofgem, working with the networks operators, should formalise data-sharing protocols and joint planning cadences through the RESP bodies, including housing and LCT uptake plans and gas decommissioning timelines.

The RESPs cannot be entirely driven by DNOs, and a broader range of business users, developers, and iDNOs should be included wherever possible and appropriate.

The approach should utilise a shared open data layer and common schemas to minimise reconciliation effort.

Q62. What additional data, digital tools, or visibility improvements are needed to enable DSOs to deliver proactive, spatially targeted network planning in ED3? Please provide examples of gaps or best practices.

Priorities should include:

- LV visibility,
- granular hosting-capacity maps,
- streetworks/permitting data, and
- curtailment histories.

There should also be consideration of the following elements of best practice:

- open APIs,
- machine-readable releases,
- on-network digital monitoring equipment, and,
- routine model validation against measured load/voltage usage compared to 'nominated' load/voltage.

Q63. How should DSOs incorporate flexibility services and connection process improvements into their network planning approach to ensure timely, efficient, and predictable connections? Should this be incentivised, and if so, how?

DSOs should treat flexibility as a firm/non-firm resource class in planning with clear sunset triggers to reinforcement. This has been a concern in current and past price controls.

DSOs should look to incentivise flexibility where it can demonstrably release capacity, in line with spatial plans on an enduring basis, and in line with the LINDPs.

Flexibility

Q64. Do you agree that changes are required to the CEM tool to implement our proposed approach in ED3? Any other changes needed?

Yes. Ofgem should update the Connections & Engineering Methodology (CEM) to value flexibility vs. reinforcement options consistently and reflect local constraint costs. Flexibility is currently only valued against network deferral, but its ability to provide value in accelerating connections, outage management, repowering quicker after storms, and curtailment reduction should all be considered in the approach.

ED3 should harmonise assumptions across DNOs to support fair option comparison and market signals across GB.

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

Ofgem should set reliability guardrails, curtailment caps, and time-bound sunset clauses that trigger reinforcement when limits are reached and where it is clear that flexibility management is no longer the long-run cost optimal decision to meet expected energy investment from spatial plans.

DSOs should publish zone-level plans showing the transition pathway from non-firm to firm capacity to give clarity on timelines for addressing lower quality connections.

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?

ED3 should align ANM with national market products, avoid exclusive constraint management responsibilities, and provide dispatch visibility to market participants.

Through alignment with national markets, Ofgem and NESO should work to establish, in line with emerging spatial plans and the Flexibility Roadmap, the specific roles best served by networks through ANM without crowding out market-based services that can competitively release needed system capacity.

Ofgem should strengthen NESO-DSO coordination on baseline, metering and settlement to prevent double-counting/blocks.

Ofgem should also remove and perceived or actual incentive for DNOs to prevent flexibility uptake by removing the ability for DNOs to participate in flexibility markets with their own network assets.

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

Yes. Ofgem can deploy location-specific, transparent incentives tied to verified reinforcement deferral value and consumer benefit, accounting for the expected need for reinforcement in the future indicated by spatial plans. The approach should avoid overlap with DSO incentive and BMCS.

Voltage management

Q68. Do you agree with the proposed voltage management responsibilities, for DSOs? Are there any aspects you disagree with, or any additional responsibilities we should consider?

Energy UK agrees with the proposed responsibilities and welcomes the intention to clarify these roles.

Ofgem should ensure the approach clarifies roles, sets out data-sharing requirements and sets standards for coordinated voltage control (OLTC settings, VAR resources, smart voltage).

The approach should also avoid over-centralisation and ensure interfaces with transmission investment and power and flexibility markets are explicit.

It is critical that voltage management delivered by network assets are delivered as part of BAU, and any continued use of CLASS technology is not included where competitive markets are established, to ensure that the technology is applied based on where it is a cost-effective network management measure, not based on the potential for flexibility market revenues.

Q69. In your view what would be appropriate metrics or KPIs by which the success of delivery of these responsibilities could be measured? For each of these metrics or KPIs, should this target be codified in a licence condition or otherwise incentivised?

Energy UK would support the following KPIs:

- % voltage compliance,
- tap-changer operations per feeder,
- curtailment hours due to voltage, and,
- time-to-resolve voltage breaches.

To aid transparency, the approach should begin as RRE/ODI-R, after which, Ofgem could selectively introduce ODI-F where benefits are clear and gaming risks low.

Q70. How can we support DSOs in getting access to useful 3rd-party voltage data from assets such as EV chargers?

Energy UK outlined views in response to the consultation on the [visibility of distributed assets](#).

Much of this should be coordinated through the emerging Data Sharing Infrastructure (DSI) and Flexibility Market Asset Register (FMAR).

Key for Ofgem is to provide clear incentives for DSOs to engage with relevant bodies and third parties to utilise the DSI and ensure its utility.

Q71. Do you support our proposal to include the reduction of reactive power injection on the transmission from distribution networks? Are there additional

implications of this on the operation of distribution networks we should consider?

Energy UK supports this proposal, as it aligns voltage management across system levels and reduces transmission-level inefficiencies.

DNOs will need improved visibility of reactive flows, coordinated set-point management, and reinforcement of control systems.

Ofgem should recognise the investment and data integration required to deliver this functionality effectively as part of the development of the DSI.

Q72. For each of the options outlined for Providing Flexibility, what are the advantages and disadvantages, and which would be your preferred option, including any that we have not considered?

Options that combine transparent market mechanisms with long-term contractual flexibility provide the strongest consumer benefit.

Market-based approaches ensure cost efficiency, while programmatic procurement offers delivery certainty.

The preferred model is a hybrid one that allows local and cross-regional market trading under a national governance framework.

This would maintain competitive cost efficiency while supporting timely delivery.

Q73. Do you have any comments on the proposal for the creation of a new incentive for the provision of flexibility through demand reduction?

An incentive for demand-reduction flexibility is very welcome if designed with clear baselines and verified metering.

This could help DSOs to manage short-term constraints cost-effectively.

Care is needed to prevent overlap with existing flexibility markets, especially the ongoing work to incentivise demand-turn down through the Demand Flexibility Service (DFS).

Rewards should be based on measured, verifiable energy savings.

DSOs could also be required to explore the potential for market-based flexibility in managing voltage.

Q74. Do you support the requirement for a published voltage management strategy from each DSO, with an annual reporting requirement?

Yes, this would enhance transparency and enable benchmarking across DSOs.

Reports should include operational data, progress on automation, and quantified benefits from smart voltage initiatives.

Consistent templates would allow stakeholders to track progress and identify best practices.

DSOs could also be required to look at other options for voltage management for bill reduction purposes, learning from project BEET.

Losses

Q75. Do you agree with the proposed working-level definition of loss optimisation as a cost-based, system-wide approach to managing distribution losses?

Yes, this definition reflects practical trade-offs between technical performance and consumer value.

It encourages DSOs to assess reinforcement, flexibility, and operational measures together to find the least-cost outcome.

Q76. Do you support Ofgem's focus on loss optimisation over loss reduction in ED3? Why?

Energy UK agrees with the focus on optimisation, which balances efficiency with affordability.

Pure loss reduction targets risk driving inefficient investment. Optimisation better captures the role of flexibility and whole-system coordination in managing network losses.

Q77. How should we embed loss optimisation into ED3 and what are some of the challenges with this?

Ofgem could embed loss optimisation through explicit planning requirements and integration into investment appraisals.

Challenges include limited real-time data, inconsistent modelling across DSOs, and difficulty monetising benefits.

Clear guidance on common modelling standards will be essential.

Q78. What mechanisms should be used to monitor and assess DNOs' impact on network losses, and how can loss optimisation be embedded into planning, operational, and investment decisions under ED3?

The following mechanisms could be used to best monitor and assess DNO impacts:

- Combine annual loss reporting with targeted audits of modelling assumptions.
- Require DSOs to demonstrate loss-optimised decision-making within business plans.
- Integrate loss evaluation into PCDs for accountability.
- Use benchmarking to identify outliers and share best practice.

Q79. Do you believe there is a case for introducing financial or discretionary incentives to encourage active loss optimisation by DSOs? If so, what form should these incentives take (eg direct financial, reputational, discretionary rewards), and what risks or complexities should be considered?

A light-touch discretionary approach could be appropriate.

Direct financial incentives would require viable and reliable baselines to be established.

Key risks include data uncertainty and unintended consequences favouring short-term outcomes.

Q80. Are there additional strategic or policy measures you believe should be considered in ED3 to manage losses?

Ofgem could promote standardised loss-modelling tools and data sharing with equipment manufacturers.

Ofgem could also encourage participation in plan-making in research on low-loss technologies and material manufacturers.

The approach must align with broader spatial planning policy to improve system-level efficiency.

DSO incentive framework

Q81. Do you agree that the proposed aims for the DSO incentive framework appropriately reflect the core functional areas for ED3 (flexibility services, network planning, voltage and loss management)? Are there any additional priority areas that should be included, and how should these be measured?

Yes, the proposed aims cover the key functional areas.

DNOs will continue to deliver connections to clearly defined timelines, and DSOs will hold a clear role in reducing system cost and enabling faster connections by making use of local flexibility and effective system management. Both parts of these organisations must work in tandem and with transparent practices shared publicly.

Additional focus could be given to data transparency and coordination with NESO. Additional public transparent data reporting on areas such as what is currently reported in Australia, including operational performance data and average network utilisation.

Metrics should assess connection lead times, flexibility deferrals, and stakeholder satisfaction with network planning. Most of these areas appear to be covered by the existing frameworks or proposals.

Network utilisation should be a key focus for DSOs in ED3. For instance, average network utilisation is a simple metric that should be reported on.

Q82. How should the incentive framework evolve to reflect the DSO's more proactive role in network planning, operational use of flexibility, flexibility market development, and whole-system coordination?

The framework should evolve toward performance-based incentives linked to demonstrable system benefits, cost effective delivery and delivery of key areas of the tRESP/RESP.

Metrics could include flexible capacity contracted, forecast accuracy, and the delivery of the tRESP/RESP assets agreed in the final business plans.

It is important that there is a balance between performance- and outcome-based incentives. While holding metrics for the amount of flexibility capacity contracted would be welcome, it is critical that the approach is reflective of the actual effort taken to deliver that flexibility. A DSO may make all reasonable efforts to contract flexibility locally but still fail to contract sufficient capacity based on issues outside of their control.

Regular performance reviews will ensure adaptive, evidence-based regulation.

Q83. Are the current parameters (Stakeholder Satisfaction Survey and Performance Panel) an effective way of measuring DSO performance? How do you view the role of Regularly Reported Evidence (RRE) in complementing these assessments?

The Stakeholder Satisfaction Survey provides useful qualitative feedback but needs quantitative support.

The Performance Panel adds accountability but requires clear, consistent evaluation criteria.

Regularly Reported Evidence (RRE) is essential for objectivity and should underpin both mechanisms.

Q84. How can the DSO Incentive be designed to complement, and not duplicate, other mechanisms such as the Connections Incentive, BMCS and the Interruptions Incentive Scheme?

The incentive should include definitions of clear scope boundaries for each mechanism. The DSO Incentive should focus on planning quality, flexibility use, and coordination.

Customer service outcomes should remain under BMCS and the Connections Incentive.

Consistent reporting templates will ensure alignment and avoid duplication.

Resilient networks – Introduction

Q85. Are there additional risks, dependencies or policy areas that we should consider strengthening network resilience in ED3 beyond those set out in this chapter?

Additional focus is needed on supply chain constraints, workforce availability, and cyber-physical dependencies, given the rate of Transmission network buildout anticipated to 2030 and beyond.

Climate adaptation measures should be integrated into long-term investment planning. The National Adaptation Programme should be considered as a the baseline for future climate adaptation planning, as well as submissions by network companies for Adaptation Reporting Power round 4.

Data-driven stress-testing and scenario planning would strengthen regional resilience.

Network Asset Risk Metric (NARM)

Q86. What are your views on setting outputs on additional asset classes not currently reported in NARM?

Expanding NARM to include LV assets, civil structures, and environmental mitigation assets would improve visibility of condition risks.

Reporting should remain proportionate and focus on material categories to avoid administrative burden, something that became a notable issue during ED2.

Q87. What are your views on our proposed approach to increasing our reporting on non-NARM assets to improve our understanding of asset health?

The proposal is sensible and would fill important data gaps, especially for secondary substations and automation assets.

Consistent asset health scoring and aligned thresholds are needed for meaningful comparison.

Q88. What are your views on our approach to enhancing data assurance on the data input into the NARM? Are there alternative ways we could enhance our data assurance processes?

Enhanced assurance through independent validation and audits will improve data confidence. Cross-DNO benchmarks could also expose inconsistencies.

Ofgem should prioritise digitalisation of asset registers and standardised data definitions to support automation.

Q89. What are your views on introducing subsidiary targets in NARM to hold DNOs accountable to their Business Plans? Are there other ways we could hold DNOs accountable?

Subsidiary targets could help track delivery if applied selectively and flexibly in a way that does not produce excessive administrative burden.

They should complement, not duplicate, PCDs, the preferable way to ensure resilience aspects of Business Plans are delivered.

Other alternatives include integrating NARM progress into annual submissions or outcome-based metrics.

Q90. Do you agree with our approach to enabling the future effects of climate change on asset deterioration to be modelled in NARM?

Yes, this approach will improve long-term asset risk forecasting and resilience planning.

Ofgem should use UK Climate Projection scenarios for consistency.

DNOs should show how results influence maintenance and renewal priorities.

Climate Resilience

Long-term goal and stress testing

Q91. What are your thoughts on our phased approach to stress testing which seeks to provide greater clarity on investment costs and rationale whilst building up capabilities to support government in setting national resilience standards/goals?

Energy UK would support a phased approach that provides early visibility of costs and delivery risks while capabilities mature. Phase gates should include clear evidence thresholds, standard scenarios, and feedback loops to refine assumptions.

As part of this process, results should be published in a consistent format so stakeholders can compare methodologies and outcomes across DNOs.

Q92. What are your reflections on the stress testing methodological framework for the first phase (see Climate resilience stress testing methodological framework annex)? Does it align with your expectations of the responsibilities of a DNO and current capabilities? Can you foresee any support or changes that might improve its effectiveness? Do you have any views on priorities for future phases of work?

The framework broadly aligns with DNO responsibilities, but will benefit from better local hazard data, critical-dependency mapping, and restoration-time metrics.

Provide guidance on data quality standards and model validation to reduce divergence between DNOs.

Future phases should strengthen cross-vector inputs (heat, transport), incorporate interdependency stress (telecoms/water), and link findings to prioritised delivery plans.

Hold to account

Q93. Do you agree with our proposed granular approach to categorising climate resilience investment to hold DNOs to account? What are your views on the suggested categories (ie direct, incremental, load, non-load, operational, reactive, incremental and transformational)? How can we ensure that this works effectively alongside other approaches in ED3, notably LRE and asset health proposals? What are the risks and challenges?

Energy UK agrees with the proposed approach. A granular taxonomy will clarify trade-offs and aid prioritisation, provided categories map cleanly to LRE, asset health and environmental drivers.

Ofgem can mitigate double-counting by defining clear attribution rules and cross-references in business plan templates.

Risks include administrative burden and overlaps; Ofgem should keep reporting proportionate and focused on the most material categories.

Given the wider lack of coordination on climate adaptation across sectors, Ofgem can play a role through this process in highlighting these gaps across the economy more widely, showcasing its own best practise as a responsible regulator.

Improved Rationale

Q94. Do you agree that strengthening the rationale for investments is required to allow for differences in local contexts between networks and that our proposed approach to improve guidance for climate resilience strategies and business plans is the best way to do this? Do you agree that we need a clear link between CRS and LINDPs and what are your thoughts on how we can do this?

Energy UK would agree that a stronger investment rationale is needed to reflect local hazard profiles and workforce/supply-chain constraints.

Ofgem could mandate a clear trace from Climate Resilience Strategies to LINDPs, with common evidence standards and machine-readable annexes.

ED3 should also require DNOs to show how stress-test outputs alter timing, scope, or sequencing of reinforcement and operational measures.

Long-term re-openers and future price controls

Q95. Do you think we have struck the right balance between early action and building long-term capability? Can you identify any other areas for early action on climate resilience?

Energy UK broadly agrees that the proposed approach strikes the right balance: progress low-regret actions and monitoring now while building modelling capability.

Early actions should include LV automation for faster restoration, flood protection at critical substations, and improved situational awareness (sensors/telemetry).

Ofgem should ensure the approach prioritises programmes with clear delivery pathways and co-benefits for reliability and losses.

Q96. Do you agree with our approach to introduce Climate Resilience Metrics and Indicators (CRMI) at the start of ED3 and use the learnings to shape future decisions (either for future price controls or via a re-opener)?

Energy UK broadly supports introducing CRMI from day one, with iterative refinement rather than rigid targets at the outset.

Include indicators for restoration time, asset exposure, and data recovery/backup performance.

Use CRMI results to inform re-openers and update resilience assumptions in LINDPs.

Q97. Do you have any views on the proposed CRMI Framework (Climate Resilience Metrics and Indicators (CRMI) Annex)? Do the CRMI Framework objectives and attributes reflect what's needed to measure climate resilience? Are there specific metrics or indicators we should consider?

The framework objectives are directionally appropriate; strengthen asset-level exposure metrics and community-impact indicators.

Ofgem should consider adding measures of supply-chain readiness, including lead times, spares availability, and workforce surge capacity.

Ofgem should publish definitions and calculation methods to ensure comparability between DNOs.

Reliability

Q98. What is the impact of short interruptions on consumers and are certain regions or customer groups more affected? Do you expect the severity of these impacts to change over the ED3 period? If so, in what way and why?

Feedback from members indicates that short interruptions disproportionately affect vulnerable consumers, SMEs, and EV charging users.

Without LV visibility and automation, frequency and impact of interruptions may rise as electrification increases dependency on supply quality.

Targeted LV programmes and improved switching/sectionalisation can mitigate these impacts.

Q99. What drives short interruptions and how can these be reduced? Could innovation, data analytics, and enhanced network visibility play a role in reducing the frequency and impact of short interruptions? If so, how?

Common drivers include LV faults, vegetation, and limited automation. Emerging work on voltage, including lowering the statutory voltage limit, will also help in the short run.

In the long run, networks must deploy analytics for predictive maintenance, expand fault location/isolation technologies, increase on-network LV monitoring, and make increased use of emerging local flexibility markets and voltage solutions, both from networks and from third parties.

Integrating new on-network thermal management technologies as part of the initial buildout will also help reduce faults.

ED3 could also tie digital investments, like the DSI, to quantified improvements in interruption metrics to demonstrate value.

Q100. Do you agree that a formal mechanism should be introduced to recognise and address the experiences of customers significantly impacted by short interruptions? If so, what form should this mechanism take (eg enhanced reporting, adjustments to existing incentives, or alternative mitigation approaches)?

Energy UK would support a formal mechanism combining enhanced public reporting by geography and targeted interventions for persistently affected customers.

Ofgem should consider a reputational tool or limited ODI where evidence shows persistent under-performance, coordinated with BMCS to avoid overlap.

The approach should emphasise rapid remedial action plans and progress tracking.

Q101. Are long-duration outages becoming a more significant concern, and could a targeted IIS incentive or penalty for 12+ hour events effectively address this? How could such a mechanism work and are there system or data barriers to implementing it?

Long-duration outages merit additional focus as climate risks rise, works volumes increase and GB's energy and consumption mix evolves.

While GB continues to have one of the most resilient networks on the planet, the recent blackout event in Iberia highlights the importance of defining the role of the price control in reducing the probability of long-duration outages at the local level.

A targeted IIS add-on for 12+ hour events could sharpen performance if underpinned by robust data, clear exemptions, and alignment with GSoPs.

Ofgem should ensure consistent event logging and cause coding to support fair benchmarking.

Q102. How should multiple unplanned interruptions be defined (qualifying criteria similar to WSC?) and monitored over time, and could targeted incentives or reputational tools help improve outcomes for customers who are persistently affected?

Energy UK recommends that Ofgem define thresholds on a rolling basis, for example, events per premise over 12 months, and publish heatmaps by LV area.

The approach should initially focus on with reputational reporting and escalate to targeted incentives where persistent clusters remain.

DNOs should be required to file mitigation plans with milestones and post-implementation outcomes.

Q103. Do you agree we should review the extreme weather event thresholds for IIS to determine whether they are still appropriate in light of the changing climate? If so, do you have a view on the possible approaches we have set out, and why.

Energy UK agrees that Ofgem should review thresholds to reflect changing risk profiles and avoid misclassification of events. This process should use statistically

grounded approaches calibrated to recent climate data and maintain cross-sector consistency.

Beyond this, Ofgem should test options for threshold adjustments against historic events to ensure proportionality.

Q104. If our review of the extreme weather event threshold does result in a change in the threshold for IIS, how do you think we should manage the interaction with GSoPs?

Ofgem should align definitions and escalation rules to avoid conflicting signals between IIS and GSoPs.

Where thresholds change, ED3 should provide a transition period and clear guidance on compensation triggers and exclusions.

Alongside the price control, the regulator could improve consumer clarity by publishing simple explanatory materials.

Q105. Should the IIS be amended to reflect the expected increase in planned interruptions from the increase in network investment in ED3? If so, how, and how can this be done whilst ensuring that customer impacts are effectively mitigated?

IIS should be amended to account for justified planned works while maintaining strong incentives to minimise customer impact.

Mitigation plans should be required, including consideration of load transfers, mobile generation, and time-of-day scheduling, and tracking customer communications quality.

Planned-work interruption metrics should be reported separately for transparency.

Q106. Beyond the UIOLI mechanism, what additional regulatory or operational measures could be introduced to ensure sustained and equitable improvements for WSCs?

Targeted area-based programmes should be introduced, with ring-fenced delivery milestones for the worst-served customers.

Ofgem could also combine investment, vegetation management, and automation measures, with progress audited annually.

Community engagement could be used to prioritise solutions and monitor service equity.

Q107. Is the current threshold for defining WSCs still appropriate? If not, what principles should guide any revision to ensure it remains fit for purpose?

Thresholds should be revisited to reflect evolving patterns of interruptions and vulnerability.

Principles should include fairness, materiality, stability over time, and transparency of methodology.

The criteria should remain simple enough for customers to understand and for DNOs to operationalise.

Q108. Is it appropriate to update the VoLL for ED3? Do you think price control mechanisms that utilise VoLL should use a more dynamic value? If not, how should the results of the study feed into a revised uniform figure

The VoLL should be updated using the latest evidence and including consideration of time- and location-sensitivities.

Where operational complexity is a concern, retain a single headline figure for core mechanisms and use dynamic values in analysis and planning.

Methods and datasets should be published in full to support trust and comparability.

Resilience re-opener

Q109. Do you agree with our proposal approach to introduce a resilience re-opener? Why?

Energy UK agrees with the proposal for a resilience re-opener, which should provide flexibility to address emerging climate and security risks without waiting for the next price control period.

Materiality thresholds, evidence requirements, and decision timelines should be clearly defined to ensure predictability.

The approach must coordinate with RESP updates and other adaptive mechanisms to maintain alignment with regional priorities.

Cyber

Q110. Do you agree with our proposed approach to cyber resilience in ED3, and do you have any suggestions for improvements? Why?

Energy UK would support a cyber-by-design approach aligned with NCSC guidance and OT/IT convergence best practice.

Ofgem should look to strengthen supply-chain security requirements, incident reporting standards, and tabletop exercises across DSOs.

ED3 should, therefore, include proportionate funding for critical upgrades and independent assurance of cyber controls.

This incentive is essential given the increasing international incidences of cyber-attacks on critical infrastructure.

Supply chain and workforce

Q111. Do you agree with our proposal to require a ten-year Delivery Strategy (ED3+ED4) that embeds supply chain and workforce plans? Are the content expectations complete and proportionate? Where should we be more/less prescriptive and why?

Energy UK supports a ten-year Delivery Strategy, as it promotes continuity across price-control periods and allows the supply chain to scale efficiently.

The proposed content expectations are broadly proportionate, but prescriptiveness should be limited to key deliverables to retain flexibility.

Strategies should highlight key skills gaps, procurement timelines, and interdependencies with national workforce initiatives.

Q112. Do you agree that DNOs should publish annual equipment and people volumes for ten years to provide better market visibility? What minimum granularity would be most useful to suppliers and training providers?

Publishing forward-looking demand data would enhance market visibility and investment confidence for suppliers and training bodies.

Aggregated national data, supplemented by regional breakdowns for critical equipment (transformers, switchgear) and workforce categories (linesmen, engineers), strikes the right balance between transparency and commercial sensitivity.

Q113. Do you agree that Delivery Strategies should be in scope of BPI Stage A and Stage C? What evidence and criteria should we emphasise in assessing quality and credibility?

Including Delivery Strategies in both stages is appropriate, reinforcing accountability for deliverability and realism.

Assessment should emphasise evidence of supplier engagement, realistic mobilisation sequencing, and workforce risk mitigation.

Independent validation of supply-chain readiness would strengthen credibility.

Q114. Should we introduce a supply chain and workforce monitoring framework for ED3 and future price controls? What metrics and reporting frequency would provide the greatest value while remaining proportionate?

A monitoring framework would be valuable if streamlined and outcome-focused.

Annual reporting on equipment lead times, workforce retention, and delivery progress should suffice, and would avoid excessive administrative burden by aligning with DESNZ and industry-wide initiatives.

Q115. What do you consider essential for these mobilisation re-opener windows in RIIO-ED2 to be effective in supporting timely ED3 delivery? For example, how should we specify eligible activities (eg design, surveys, factory deposits), require evidence of supplier commitments, or introduce minimum thresholds for submissions? Are there other measures that would make these windows more useful in accelerating mobilisation and reducing ED3 delivery risk?

Mobilisation re-openers should allow recovery of demonstrable pre-delivery costs such as design, procurement deposits, and early works. Submissions must include supplier evidence and contractual milestones to ensure credibility.

Standardised minimum value thresholds will prevent fragmentation and administrative congestion.

Q116. How can DNOs demonstrate active engagement in industry and government-wide initiatives such as DESNZ's Electricity Networks Sector Growth Plan, the Transmission Operators skills alliance, and OCEJ's Clean

Energy Workforce Strategy? What steps should Ofgem take to ensure DNOs play a leading role in these programmes?

ED3 should include a requirement for DNOs to demonstrate alignment with and facilitation of national plans. Ofgem should link participation and outcomes to incentive scoring.

These incentives should be linked to the emerging efforts from the Electricity Networks Sector Growth Plan to develop a joint supply chain pipeline database, identify key supply chain needs and opportunities, develop a joint order book, and standardise equipment.

Best practice should be recognised and, where possible, adopted through discretionary incentives.

Q117. What is the current level of UK content and social value in supply chains for distribution network investment?

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Q118. Are there features of the price-control framework that create barriers to sourcing from UK suppliers or SMEs? How could Ofgem enable greater social value in a way that protects consumers, ensures value for money, and remains compliant with trade obligations?

Existing barriers include short procurement cycles, rigid cost-assessment frameworks, a lack of cross-network company and cross-industry coordination, and limited recognition of social value in evaluation criteria.

Ofgem could introduce balanced scorecards that incorporate social value while balancing them against key cost-delivery metrics, like coordination, alongside cost and quality.

Aggregated demand forecasts would help SMEs invest with confidence.

Re-openers**Q119. Do you agree with our proposals for pass-through costs? Why?**

In principle, pass-throughs should be retained for uncontrollable exogenous costs to maintain regulatory predictability and to ensure recovery of costs.

Q120. Do you agree that we should consider incentivising DNOs to reduce costs associated with business rates? Why?

Business-rate management could be included in efficiency benchmarking if sufficient control levers exist.

Q121. Do you agree with our proposals for volume drivers? Why?

The proposals for volume drivers could help manage load-related investment, but the current incentive design is insufficient. The design should be refined to balance responsiveness to demand growth with appropriate cost control.

Triggers must align with local decarbonisation and electrification forecasts and wider spatial plans.

Q122. Do you agree with our proposals to consolidate re-openers relating to resilience and cyber? Why?

Energy UK agrees with these proposals. Consolidation will reduce administrative burden and promote adaptive pathway planning.

A single, integrated re-opener should capture both physical and cyber-resilience risks.

Q123. Do you agree that costs associated with Wayleaves and Diversions and Streetworks should be included in baseline allowances? Why?

Energy UK agrees with the inclusion of these costs in baseline allowances, as this would promote efficient forward planning.

Modernising the statutory framework for land rights and consents remains essential and Energy UK is supportive of recent efforts by the Government to improve the rights and consents regime for networks.

Programmatic works can minimise repeated street works and disruption, and must continue to be explored, not only within electricity networks but across all utility infrastructure.

Q124. Do you agree with retaining the existing RIIO-ED2 materiality threshold at which re-openers can be submitted at 0.5 percent of baseline revenue? Why?

Generally, maintaining the current threshold balances flexibility and administrative simplicity, and as such is appropriate.

Business Plan Incentive (BPI)

Q125. Do you agree with our proposals to retain Stage A of the BPI as per RIIO-3 BPI? Why?

Retention would ensure continuity and familiarity, provided assessment remains transparent.

Q126. Do you consider that an asymmetric incentive for Stage B, weighted towards rewards, would deliver the greatest benefit for consumers, as per RIIO-3? If not, do you consider that BPI Stage B should be removed?

Energy UK supports a balanced penalty-and-reward framework.

Purely reward-weighted mechanisms risk asymmetric outcomes and weak accountability.

Q127. Do you agree with our proposed changes to Stage C of the BPI, including our approach to seeking early proposals and the principle of deferred rewards? Why?

In general, early proposals could improve delivery readiness if evaluation criteria are clear and objective.

Q128. Do you have any views on the strength of the BPI?

The incentive's strength should reflect material consumer benefit without over-complicating submissions.

Incentivising delivery

Q129. Do you agree with our proposed approach to setting TIM sharing factors? Why?

Energy UK supports the use of the TOTEX Incentive Mechanism across all expenditure categories, conditional on completion.

TIM should recognise the value of non-capital activities and reward efficient delivery.

Allowances should be adjusted dynamically based on evidenced delivery.

**Q130. Do you agree with our proposals regarding the application of PCDs?
Why?**

Yes, greater use of Price Control Deliverables is supported.

PCDs reinforce delivery accountability, ensuring planned outputs are met and under-delivery is prevented.

They are particularly valuable for strategic investments and environmental improvements.

**Q131. Do you think that additional delivery incentives might be needed in ED3
and if so in which areas?**

Additional incentives may be needed to accelerate flexibility deployment and timely connections.

Mechanisms should reward adoption of non-wire alternatives and proactive reinforcement planning.

Incentives must align with system efficiency and consumer value, not volume of spend.