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# The MCS Foundation's response to Ofgem's consultation: Electricity Distribution Price Control – ED3

## The MCS Foundation

Our vision is to make every UK home carbon-free. The MCS Foundation helps drive positive change to decarbonise homes heat and energy through our work programmes, grants and advocacy. We support engagement programmes, fund research and facilitate innovative solutions to drive widespread adoption of renewables to help achieve a Net Zero future. In addition, the Foundation oversees the Microgeneration Certification Scheme (MCS) which defines, maintains and improves quality standards for renewable energy at buildings scale.

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*The MCS Foundation will only be responding to parts of the consultation.*

**Investing for the energy transition:**

We strongly support the overarching objective set out in Chapter 3 and are pleased to see Ofgem recognising the need for proactive, long-term investment in the distribution network. The MCS Foundation has been calling for this shift for some time. Electrification of heat will be one of the defining features of the energy transition, and the capacity and readiness of the local grid will be a key limiting factor past 2035 if investment is not committed to in advance.[1]

The proposed major increase in network investment, alongside a 'touch-the-network-once to 2050' approach, is a positive and necessary step. We agree that proactive reinforcement is more cost-effective than continued reactive upgrades and helps avoid the bottlenecks and delays that are already slowing progress in some areas. The introduction of low-regret, future-proof investment principles—building for expected load growth, new housing, and the widespread rollout of clean technologies such as heat pumps and EVs—provides the right foundation for a coherent transition.

Overall, we welcome Ofgem's recognition that early, strategic investment will reduce long-term costs and better support the pace and scale of decarbonisation required.

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

We are very supportive of the guiding principles.

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

Yes. In particular, we are pleased to see the term "proactive investment" in the objectives; something The MCS Foundation have been advocating for several years. We are also pleased to see that coordination and optimisation feature heavily. Proactive investment in the grid will be critical, but we

[1] https://www.regen.co.uk/insights/electrification-the-local-grid-challenge

should also be investing in the grid in the most efficient way, utilising distributed flexibility, including consumer-led flexibility, to minimise the need for grid investment.

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

Overall, we find the proposed structure and contents comprehensive, covering the main areas we'd expect – in particular, "proactive investment decision-making framework".

However, what is clear from this proposed structure is that DNOs are going to have to improve the data visibility that they have on their network to achieve this. Though we understand there is some progress, less data is available of low-voltage secondary networks. This will need to be rectified to reduce uncertainty and ensure transparency.[2]

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

Yes, we strongly agree. This will be key to coordinating, ensuring that actors across the energy system are moving in the same direction. Ultimately, securing investment to deliver the RESPs is key, and Ofgem's price control decisions determine what is funded.[3]

However, there are certain risks with the RESP that need to be considered[4]:

- Local data gaps – National-level data is helpful but inevitably broad; incorporating local information will be key to achieving meaningful RESPs. DNOs and local authorities will have an important role in providing this data.
- Tight timelines – With consultation closing for RESPs in November 2025 and final outputs expected in January 2026, there is limited time for authorities to meaningfully incorporate the work into ongoing plan-making.
- Long-term uncertainty – The three pathways presented provide helpful direction but reflect different possible futures rather than firm forecasts, so they should be treated as scenarios rather than definitive projections.

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

We strongly agree with this approach.

**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?**

We agree with this approach. Looped service connections can create delays for households wishing to install low-carbon technologies, and there is evidence that lengthy delays can deter people from

[2] https://cdn.prod.website-files.com/6798bfee7da7f37163ec22fb/67ed553e220820962c8fde88_Regen%20-%20The%20local%20grid%20challenge.pdf
[3] https://lichfields.uk/blog/2025/october/20/why-the-tresp-consultation-matters-for-the-future-of-energy-investment#:~:text=Local%20Data%20Gaps%20%E2%80%93%20Without%20strong,is%20policy%20overlap%20or%20misalignment.
[4] https://lichfields.uk/blog/2025/october/20/why-the-tresp-consultation-matters-for-the-future-of-energy-investment#:~:text=Local%20Data%20Gaps%20%E2%80%93%20Without%20strong,is%20policy%20overlap%20or%20misalignment.

proceeding with a heat pump installation altogether. A more programmatic, area-based approach has the potential to reduce waiting times, lower overall costs, and support a smoother rollout of low-carbon heating.

As a first step, we are pleased to see the emphasis on "data-driven mapping". At present, data on fuse ratings and the prevalence of looped versus unlooped connections is not publicly available at a level that is useful for planning. Enabling installers to request property-level information on fuse ratings from DNOs would significantly improve the accuracy of installation assessments and allow households to understand likely timescales before committing to a site visit.[5]

We are also pleased to see some consideration around customer refusal. We imagine there will be cases where only one property in a looped pair is seeking to install a low-carbon technology, but the neighbouring household sees little incentive to accept disruption. For the protocol, we especially see the need for a standardised process for documenting refusals and re-engaging customers in the future. Considering potential future trigger points, including change of property owner/tenant, would be worthwhile.

Overall, we support an area-based, programmatic approach, provided it is accompanied by improved data transparency and thoughtful solutions to household-consent challenges.

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

We agree with the need for consistency. Our understanding is also that progress amongst DNOs is different, which means that there is not a level-playing field for households who want a connection.

**Incentive for smaller connections, including LCTs**

There are significant challenges with the minor connections process as it currently stands. These include patchy visibility of the low-voltage (LV) network, inconsistent criteria between DNOs, uncertainty around application times, and avoidable delays to connections.[6] These delays and uncertainty can lead to customers dropping out of installations—especially in distressed boiler replacements. These issues need to be addressed as a priority so that compliance and asset registration become a natural by-product of a smooth, predictable connection journey rather than an additional burden.

We strongly support the minor-connections proposals — including incentive-driven treatment of enabling works, streamlined processes, and tying DNO permitted revenue to measurable performance. In particular, we welcome the suggestion that DNO revenue should be linked to clear metrics on timeliness, accuracy, and customer experience, and that there should be meaningful penalties where avoidable delays occur. Improved transparency — including publication of data on fuse ratings, looped/unlooped status, connection readiness and the performance of enabling works — is essential to give installers, households and policymakers confidence in the system. On that latter point, Regen's recent report explicitly calls for just such openness: it argues that publicly available data on LCT connections will help spot bottlenecks early, reduce customer hassle, and enable benchmarking across DNOs.[7]

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[5] https://cdn.prod.website-files.com/6798bfee7da7f37163ec22fb/682354741f40e62996cc1d03_2025-05-08%20End-to-end%20connections%20review%20-%20A%20framework%20for%20publication%20of%20LCT%20data-%20Regen.pdf

[6] Regen response to connections end-to-end review consultation

[7] Regen response to connections end-to-end review consultation

In short, we believe these proposals — especially when combined with strong data transparency and performance-based incentives — represent a sensible and supportive approach to unlocking heat-pump and other low-carbon technology rollout.

**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?**

We agree that the definitions of ‘minor’ and ‘major’ connections should be updated. The current categories do not reflect the realities of a rapidly electrifying system, where a heat pump or EV charger installation can trigger enabling works that far exceed what would ordinarily be considered a “minor” connection.

In particular, we would also support redefining ‘minor’ connections to include the common enabling works that routinely affect households: fuse upgrades, cut-out changes, minor service alterations, and unlooping. Bringing these under a clearer, performance-driven minor-connections category would improve customer experience, reduce delays, and give installers greater certainty.

Overall, redefining these categories to better reflect the physical work involved—and aligning them with the needs of the heat transition—would be a positive and timely change.

**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.**

n/a

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

We strongly agree with this proposal. Bringing low-carbon technology (LCT) connections and their associated enabling works into the incentivised connections scope is an essential step if we are to accelerate heat decarbonisation and ensure households have a smooth, predictable experience when installing technologies such as heat pumps, EV chargers, or solar PV.

Many of the challenges installers and households currently face stem from delays or uncertainty around enabling works — such as fuse upgrades, cut-out changes, minor LV reinforcement, or unlooping. Treating these as separate from the core connection often leads to fragmented processes, inconsistent service levels across DNOs, and unnecessary waiting times. Folding them into the incentivised scope would help ensure they are completed promptly and consistently, and that DNOs are held accountable for the elements of the process that materially affect customer timelines.

We also support the proposal to set different working-day targets for different types of activities, recognising that enabling works vary in complexity. A one-size-fits-all standard would not reflect operational realities, whereas differentiated targets can ensure both fairness and deliverability. Clear, measurable standards tied to performance incentives will give installers and households far greater certainty, encourage best practice across the sector, and remove a frequently cited barrier to heat-pump uptake.

In short, this proposal would materially improve the customer journey and help create the conditions needed for a rapid rollout of low-carbon technologies.

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

**n/a**

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

We think it is logical to do both.

**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?**

Work by Regen commissioned by The MCS Foundation shows that better use of open DNO data can identify constraint hotspots and prioritise upgrades, reducing queuing and uncertainty for minor connections. Four key themes were identified as part of this work[8]:

1. **Connections readiness**

Property-level data could be used to help customers and installers understand whether a property is ready to connect an LCT, giving a better sense of feasibility, timescale and cost before an application is made. This data could also support DNOs to deliver enabling works in advance of applications, further encouraging uptake.

2. **The application process**

Data on the time taken by DNOs to respond to applications could give installers and customers an idea of likely timeframes and encourage best practice by highlighting where faster and more consistent application turnarounds are being achieved. Monitoring could also help improve digital application processes and highlight where automatic approvals are or aren't being implemented.

3. **Upgrades and enabling works**

Data recording the number and types of works required to connect LCTs, alongside the average and range of times DNOs take to complete them, could guide network planning decisions, inform installer and customer expectations and support the development of improvements.

4. **Performance on the overall process**

A new measure focused on minor connections would complement Ofgem's existing monitoring metrics, aiding transparency and benchmarking and reflecting the experiences of LCT installers.

**Energy efficiency:**

[8] https://www.regen.co.uk/insights/end-to-end-connections-review-a-framework-for-publication-of-lct-connections-data

**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?**

As we expressed in our response to the ED3 Framework consultation in January, we are not against DNOs taking on a more active coordinating role in the rollout energy efficiency measures and low carbon measures, but still have some concerns. We think that the success of this would be dependent on several factors, including the detail on what that coordinating role will mean in practice.

We agree that energy efficiency and low-carbon technologies offer advantages to the grid, particularly given the context that almost all heating and domestic transport will be electrified.[9] Energy-efficient homes and businesses can act as thermal stores, moderating heating needs. By improving insulation and energy performance, buildings can store and release energy more effectively, aligning energy use with periods of low demand and helping to flatten peak demand. In addition, flexible low-carbon technologies, like home batteries, can also be used to shift electricity demand away from peak times. Consumer-led flexibility is essential in a decarbonised system.[10] In our own research,[11] we found that:

- There is a place-based element to consumer-led flexibility, as grid constraints tend to be regional, not national.
- With their local knowledge of grid constraints, DNOs could play a role in engaging households and communicating the value of flexibility, working alongside trusted local messengers.
- Low-carbon technologies are key to facilitating participation in domestic flexibility.

Through this lens, we can see a benefit for DNOs taking a more coordinating role both for energy efficiency and consumer-led flexibility.

However, there are potential challenges with this shift that need to be acknowledged.

**Significant uncertainty following the announcement that ECO will be scrapped**

As of the Autumn Budget 2025, the government has announced that the Energy Company Obligation (ECO) scheme will be scrapped from April 2026. This creates substantial uncertainty for the sector at a time when clarity and stability are essential. MCS data shows that ECO4 has supported over 40,000 air-source heat pumps and over 50,000 solar PV installations.

Frequent changes to national schemes undermine long-term planning. Without a clear replacement for ECO, the sector faces a period of instability that will affect installers, manufacturers, and households. This broader uncertainty may limit the effectiveness of any DNO-led coordination role, particularly if supply chains contract in the absence of stable demand and become increasingly difficult to rebuild.

Against this backdrop, it is unclear what a more prominent coordinating role for DNOs would mean in practice. Would DNOs be expected to take on responsibilities associated with a future national retrofit or heat-decarbonisation scheme? Or would their role be limited to supporting energy-

[9] https://www.theccc.org.uk/publication/the-seventh-carbon-budget/
[10] https://assets.publishing.service.gov.uk/media/68874ddeb0e1dfe5b5f0e431/clean-flexibility-roadmap.pdf
[11] https://mcsfoundation.org.uk/wp-content/uploads/2025/08/MCSF-Engaging-households-in-DSR-Report-2025-final-1.pdf

efficiency and low-carbon technologies only where these directly benefit the grid? We are sceptical that the latter provides the scale, certainty or policy coherence required to meet the CCC's targets for heat pumps and fabric efficiency measures. We also think there is a risk of tensions between DNOs' network-management responsibilities and their potential coordination of retrofit role. In constrained areas, a DNO may have operational reasons to limit or delay heat-pump deployment, for example, even if it is the most suitable approach to heat decarbonisation. Clear governance boundaries and accountability mechanisms will be essential to provide clarity on which of these objectives should prioritised.

**We are generally supportive of an area-based, place-based coordination — but there is little evidence of it working at scale**

We support area-based delivery in principle. Several reports — and our own work with the Local Area Retrofit Accelerator project[12] — show that place-based approaches could bring significant benefits[13]:

- Lower costs through economies of scale
- Better local supply chain development
- Higher consumer uptake due to social motivation (i.e. doing what your neighbours doing)
- More efficient planning for shared infrastructure (e.g. heat networks, networked GSHPs)
- Alignment with local challenges, housing stock, and readiness

However, there are no real-life examples of area-based delivery working at scale, and as Nesta outline in their report, this type of local, coordinated delivery mechanism is likely to take time to develop properly and comprehensively.[14] Without more clarity on what the delivery mechanism will be and what role DNOs are going to play, it is difficult to fully support at this stage.

**Areas The MCS Foundation thinks must be considered within the delivery mechanism**

**a) Public engagement and customer experience**

Any coordinating role must be supported by a clear and credible strategy for engaging households. Previous government schemes have, to varying degrees, eroded trust due to inconsistent communication, poor onboarding practices and, in some cases, poor installation experiences. [15] [16] Research commissioned by The MCS Foundation shows that the public do not feel they have been well engaged in the transition, particularly regarding why heat pumps are the primary decarbonisation technology.[17] If DNOs are to take on greater responsibility in this space, they will need to build trust with households. We would suggest working alongside trusted local messengers to help raise awareness and improve confidence.

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[12] https://mcsfoundation.org.uk/projects/local-area-retrofit-accelerator-lara/
[13] https://media.nesta.org.uk/documents/Clean_heat_-_coordinating_the_switch_street_by_street.pdf
[14] https://media.nesta.org.uk/documents/Clean_heat_-_coordinating_the_switch_street_by_street.pdf
[15] https://committees.parliament.uk/publications/48054/documents/251274/default p.11
[16] https://assets.ctfassets.net/mfz4nbgura3g/1i1Y6bMRh9k6mweAG02OaP/6eb49d32d6a3391a22dfc2a380514079/Consumer_attitudes_to_retrofit_-_Report.pdf
[17] https://mcsfoundation.org.uk/wp-content/uploads/2025/06/Whose-energy-transition-is-it-anyway-Jan-2025.pdf

It is also essential that households are supported throughout the entire process. Evidence from the evaluation of earlier ECO iterations (ECO2t and ECO3)[18] and the domestic Renewable Heat Incentive (RHI)[19] shows that when households receive clear information, good handover, and tidy, respectful installation practices, satisfaction is high even when works are disruptive. Conversely, poor communication, inadequate handover, and damage during works have been shown to drive dissatisfaction. [20] Ensuring robust consumer protections will be vital to the success of the delivery mechanism, including that processes are simple, transparent, and that households know where to go when something goes wrong. [21]

**b) Finance**

While coordination is important, it does not resolve the fundamental question of how low-carbon heat and retrofit measures will be financed. The consultation provides limited clarity on the funding mechanism, which could result in an increased cost of capital.

Regardless of the delivery model, accessing further finance will be important to scaling the retrofit measures. Without it, uptake will be constrained, even with strong coordination.

**c) Supply chain development**

There is a general shortage of energy-efficiency and retrofit skills across the UK, including heat-pump installers, retrofit assessors and other key trades.[22] While a more place-based and coordinated approach to retrofit could help local supply chains develop in a more stable and sustainable way, this will nonetheless present a significant challenge for DNOs. Any expanded role would need to be accompanied by broader efforts to build capacity through training, accreditation pathways and predictable multi-year demand signals. Without this, area-based schemes may stimulate interest but struggle to translate it into delivery.

**e) Integration with other schemes**

If DNOs introduce a new delivery model, it will be important to consider how this interacts with existing and emerging schemes. Without careful coordination, there is a possibility that households could face a more complex landscape, particularly if a DNO-led approach operates alongside programmes in the Warm Homes Plan. This could lead to overlapping responsibilities or differing delivery models, which may create confusion and reduce the overall effectiveness of support. Establishing a coherent national framework — with clear roles and good alignment between schemes — would help ensure households experience a more streamlined and understandable journey.

[18] https://assets.publishing.service.gov.uk/media/653f8705d10f3500139a6b2f/eco-evaluation-phases-2t-3.pdf
[19] https://assets.publishing.service.gov.uk/media/64a5aad74dd8b3000c7fa52d/rhi-domestic-synthesis-report.pdf
[20] https://assets.publishing.service.gov.uk/media/653f8705d10f3500139a6b2f/eco-evaluation-phases-2t-3.pdf
[21] Stepping up: reforming protections in the retrofit market
[22] https://assets.publishing.service.gov.uk/media/68382619e0f10eed80aafaaa/domestic-energy-efficiency-retrofit-supply-chain.pdf