Ohme response — ED3 Sector Specific Methodology Consultation

EXECUTIVE SUMMARY

Ohme welcomes this opportunity to input into the direction of travel for the ED3 methodology. Running across the final two years of delivery for the 2030 Clean Power ambition (CP30), the ED3 period will be critical in both delivering the target and influencing consumers on its merit, as well as that of the task ahead – achieving Net Zero by 2050. Impact on consumers is therefore central to ED3's success.

The most significant change from ED2 to ED3 proposals is the shift from a 'flex first' to 'plan and build' approach for network reinforcement. While Ohme support a level of proactive network build out in anticipation of future system needs, we are concerned that Ofgem's understanding of how this ambition can be delivered disregards the necessary role that flexibility must also play in anticipation of both current and future needs, as well as the reality that such flexibility is not assured without sufficient incentives.

Flexibility is already delivering value in ED2 in supporting network resilience, managing constraints and reducing the need for costly unnecessary reinforcement. For example, UKPN secured £199m in benefits through flexibility services and connections in the 2023/24 period[1], with over 175,000 flexible assets having dispatched 12GWh of distributed flexibility during 2024/25[2]. However, as deferring investment has provided the business case for the vast majority of DNO/DSO flexibility spending to date, Ofgem's strong bias against such deferral under the 'plan and build' approach puts the momentum built at risk.

Without a clear sense of direction and sufficient incentives around flexibility services, the current SSM approach could lock in reliance on expensive asset-based network upgrades, significantly impacting current consumers. Therefore, Ohme urge Ofgem to re-orientate it's public decision-making on the role that consumer-flexibility can and must play alongside network investment as a means to reduce over-build and deliver the electricity system of the future at least cost to all consumers. Ofgem should also clearly evidence when and by how much it expects that future consumers will benefit from the cost that today's consumers will incur. Ultimately, a clear 'build and flex' approach with parity of importance between proactive reinforcement and use flexibility services is needed.

Finally, if Ofgem are to prioritise building out new network infrastructure, we urge the use of clear financial incentives for DNOs to attain voltage data from 3rd parties such as EV charge point operators to inform delivery of this build out. The granularity of data available from such assets is significantly more valuable than that of smart meters, while the pace of attaining this data will be significantly faster and less costly than that of installing requisite monitoring equipment at secondary substations in the backdrop of supply chain constraints.

In our response, we detail why clear financial incentives for DNOs are necessary to move the dial on using this critical data for the cost-effective management of voltage issues.

ABOUT OHME

Ohme is the leading home EV charging company in the UK and Ireland, expanding rapidly across Europe. We design, build, install and operate smart chargers with customer needs at heart. Through long term engagement with our customers, programmes and using supplier EV tariffs, we shift charging to cleaner, cheaper times and deliver real flexibility at scale on behalf of our customers.

Our vision is a reformed retail market that makes automated, consumer-friendly flexibility the norm—cutting bills and emissions while meeting customers' mobility needs, delivering them rewards and supporting innovation. Our goals for flexibility markets are:

- Full whole system value of flexibility being passed through to the customer.

[1] UK-Power-Networks-DSO-Performance-Panel-Report-2023-24-FINAL.pdf
[2] LCP-Delta-UPKN-Improving-Coordination-in-GB-Markets-2025.pdf

- Open flexibility market participation beyond suppliers with proportionate regulation and assurance, leaving room to trial and iterate before locking systems and processes.
- Enable accurate asset-level measurement and settlement for EVs (turn-down and turn-up) with value-stacking across ESO/DSO, wholesale and capacity markets.
- Standardise DSO flexibility markets, with any new products only reducing laborious process requirements.
- Keep participation simple: a single device/app-based consent, and data access differentiated by need, with robust security and clear overrides.
- Promote customer choice and common standards while preserving sustainable commercial models so manufacturers and operators can fund ongoing customer support and in-life updates.
- Design for inclusion from the outset, ensuring access for prepay and low-credit households and for customers with disabilities.

Ohme stands ready to work with Government, Ofgem, Elexon, NESO and DSOs to scale flexible demand for a cleaner, cheaper system.

RESPONSE TO CONSULTATION QUESTIONS

Long-term integrated network development plan:

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

Ohme agrees that the regulatory guiding principles are appropriate as broad concepts. However, we do not agree with Ofgem's perceived interpretation of these principles and how they can be delivered. For example, while Ofgem is right to prioritise 'consumer value', perceived interpretation of how this value is best delivered, i.e. through substantial incentives for proactive network reinforcement without adequate support for increasing energy flexibility services, is too narrowly focussed.

As explained in our executive summary, this approach risks overlooking affordability pressures and locking in reliance on expensive asset-based network upgrades. While Ofgem will have to conclude inevitable trade offs between the level of impact on today's consumers vs tomorrow's, placing the benefits of flexibility below the benefits of proactive build out risks today's consumers over-paying for an inflexible system that may not meet future consumers' needs. We suggest that 'consumer value' is better delivered by balancing costs for all consumers – through adequate incentives for proactive network build out and energy system flexibility. We detail why the SSMC's incentive approach for flex is not suitable in our response to Q67.

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

We agree that the proposed objectives are appropriate. In particular, objectives for DNOs to consider "a holistic and long-term view of network needs across multiple price control periods" and "coordinate network interventions to realise efficient delivery and identify innovation opportunities" should support provision of flexibility services. We urge Ofgem to better support these objectives through clear financial incentives for DNOs to enhance energy system flexibility.

As above, we explain how the SSMC's incentive approach for flexibility is not suitable in our response to Q67.

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

The structure and content are sufficient for intended principles and objectives above.

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

We point to the Association of Decentralised Energy's (ADE) response to this question and note wider industry concerns on the validity of tRESP projections on how demand is currently represented, limiting its effectiveness in guiding long-term DNO decisions.

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

Not answered.

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?

Not answered.

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

National consistency would be highly beneficial to ensure all parties are aware of requirements and can better support customers who need unlooping services. Through our experience in facilitating installation of EV chargers, we note that the following may also be beneficial to consider in the new programmes:

- That installation of EV chargers on a looped supply (as a temporary measure) may be of value if load curtailment can be put in place to mitigate any risk of an overloaded supply.
- The need for more effective communication: Currently, once electrical contractors submit relevant ENA applications to DNOs for unlooping supplies, for GDPR reasons, the DNOs then only speak to and update consumers directly. As consumers often do not understand unlooping processes, it would be more effective for all parties if consumers can give consent for the electrical contractor to communicate on their behalf.

Strengthening delivery accountability:

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

In general, we support more output-based metrics for delivery accountability as suggested by UPKN and NPg due to the flexibility needed to address real-world dynamics and changing system needs. However, as identified by Ofgem, clear and careful metric design is needed to ensure effectiveness. It should be possible to include flexibility in how to deliver outputs without resorting to vague standards for network spend. Ultimately, a mixed approach may be most suitable.

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

As above.

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

Not answered.

Q11-17: Not answered

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, we agree that current connection types of ‘minor’ and ‘major’ should be redefined as they do not adequately capture how real customers actively manage demand and generation through flexible operations. As such management techniques reduce reliance on the wider network, the current definitions risk over-estimating impact on local capacity and the need for reinforcement.

Ohme does not have an opinion on which of the proposed alternatives, redefinition under ‘voltage works required’ or ‘customer type’, is more appropriate.

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?

Not answered.

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?

Yes.

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

Yes.

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

Both. Improving LCT connections is critical for sites of all sizes and at all voltage levels.

Q23. Notwithstanding the proposals we have set out under 'Redefining Connection Types', do you have alternative proposals for what DNOs need to do to speed up connection times for LCTs, and what incentives?

Not answered.

Q24-50: Not answered.

Data and digitalisation:

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

Yes, Ohme agrees with these themes. They broadly align with the data and digitalisation priorities for the distributed flexibility sector, especially the elements on the data sharing infrastructure, asset visibility and on enhanced provision of dynamic data.

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

While we agree with the broad value of an independent expert panel on interoperability, we note that the energy data and digitalisation policy landscape is becoming increasingly complex. While this complexity may be warranted, the approach is already too fragmented and unclear for industry to navigate and engage with, with various working groups and panels already established. Any new panels should seek to drive forward delivery of clear value over and above existing channels.

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

Yes, the size of digital spend should reflect the billions of pounds to be spent on network reinforcement over coming decades. Digital outcomes should also clearly reflect DSO responsibilities, in particular the new responsibilities on voltage management and improving visibility, such that DSOs are incentivised to acquire the data insights and services necessary to plan for the network of the future.

Q54-59: Not answered.

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?

We point to the ADE's response to this question and reiterate broader industry concerns on the quality of data in the tRESP and SSEP as well as current omissions in data. For example, there is a need for more granular location specific data sets from independent sources (i.e. not DNO/DSOs) in RESP regions covering two or more DNO areas.

Q61. How should DSOs best coordinate with other parties (e.g. 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?

Not answered.

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.

Uptake of low carbon technologies such as EV chargers is at the edge of the grid, across GB. Real-time granular data from these devices can fuel the valuable insights and services necessary to tackle challenges and plan, in particular, the low voltage network of the future.

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?

Effectively incorporating flexibility services and connection process improvements into network planning requires DSOs to systematically assess how demand side response (DSR) facilitates network headroom, shortens connection timelines and avoids unnecessary network build. This will require high-quality, granular data at the lowest levels of the network and transparent processes for forecasting and capacity allocation.

We suggest that doing so in a standardised way across all DSOs is best achieved via a dedicated connections incentive that drives DSOs to proactively use flexibility. As explained in our executive summary, flexibility should be seen and treated as a necessary accompaniment to network reinforcement.

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

Ohme agrees that the CEM should be updated as it is no longer fit for purpose. However, we suggest that this is best delivered via a more collaborative and aligned approach with the Market Facilitator and industry, rather than just network operators. The CEM no longer accurately reflects the benefit of flexibility services and in particular how demand turn-up can reduce curtailment and therefore accelerate connections.

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

While we cannot comment on the use of flexible connections at the expense of network reinforcement, we perceive a general conflation of ‘flexibility services’ and ‘flexible connections’ as one throughout the SSMC as use of flexibility services also seems to be perceived as disagreeable with network reinforcement.

We reiterate that the core policy intent of energy system flexibility, which is documented, accepted and acclaimed by Government and Ofgem, is delivery of whole system benefits, including avoiding the need for unnecessary network build-out, to the benefit of everyone. Other benefits include in assisting outage prevention, faster connections and reducing curtailment by turning up demand. As the benefits of flexibility services can complement network build out, Ofgem should similarly re-orientate its public decision-making on the role and incentives for flexibility throughout the SSMC. Our response to Q67 explains why current incentives on flexibility services are not adequate.

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?

Not answered.

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

Yes, further incentives are required.

Ohme disagrees with Ofgem’s suggestion that the use of flexibility services, embodied under identified flexibility use cases, will be adequately incentivised by the outcomes the SSMC is seeking to achieve, as opposed to directly incentivising the use of flexibility itself.

Flexibility use cases must be urgently defined to be made valuable and for business cases to be drawn by DSO/DNOs. However, as the business cases will be less mature, strong financial incentives are still required to ensure standardisation between the networks. If the approach is not standardised through strong financial incentives, flexibility service providers

(many of which are start-up/scale-ups) may not commit to engagement in DSO/DNO flexibility markets if the resource needed to participate outweighs the value to be gained. For instance, there are currently three DSO flexibility platforms which, depending on the DSO, may also require use of multiple other platforms.

Likewise, we argue that incomplete implementation of a uniform process across all DSOs likely undervalues the impact and potential of DSO flexibility services. More broadly, we are discouraged that the timing of the SSMC and associated questions on the delivery/value of flexibility precedes publication of DESNZ modelling on the whole system value of consumer-led flexibility, as actioned in the Clean Flexibility Roadmap[3]. While the Roadmap committed to DESNZ publishing an update on this no later than the 2026 Roadmap Forum, its omission is apparent in Ofgem's perception of flexibility services, as well as our ability to evidence answers around the value and necessity of these services in this response.

DESNZ modelling must be urgently published so that it can inform urgent definition of DSO flexibility use cases – among other things.

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?

Yes, Ohme agrees with proposed voltage management responsibilities. ED3's emphasis on proactively building out the network ahead of need is reliant on much greater visibility of where this build out should be prioritised. If build out is to be cost-effective and in the interest of all consumers, reinforcement prioritisation should be informed by the greatest challenges, i.e. with voltage data from the lowest levels of the network.

We also note that voltage management responsibilities 2 (enhanced management) and 3 (providing flexibility) are dependent on the value of data used in responsibility 1 (improved monitoring). Therefore, the greatest impetus should also be on this responsibility, and it is imperative that Ofgem assign clear financial incentives for DSOs to obtain the most granular voltage data available. Such data is especially pertinent from 3rd parties such as EV charge point operators, with smart chargers offering much greater granularity than voltage data from smart meters.

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?

Not answered.

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

Given that voltage issues are apparent throughout GB, cost-effective management for all consumers requires GB-wide visibility, necessitating clear financial incentives for DSO access to useful 3rd party voltage data. As there is no emphasis on the use of 3rd party data in ED2 - only on the installation of monitoring equipment in secondary substations, it is unlikely that all DSOs will effectively take up this new responsibility without sufficient incentives. For example, an asymmetric incentive structure which both rewards use of such data and penalises non-identification of network issues due to lack of use may be sensible.

We also suggest that any financial incentive is reflective of the cost of business-as-usual, i.e. considering that there are over 550,000 substations in GB[4], installing requisite monitoring equipment at each would cost over £1bn and require significant engineering capacity in the backdrop of supply chain constraints.

By contrast, a network of sensors capturing granular data at the very edge of the grid is already growing exponentially in the form of smart EV chargers. Therefore, it is more cost-effective to incentivise use of this data.

[3] Clean Flexibility Roadmap
[4] Electricity Substation Points Dataset

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?

Not answered.

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?

We note that there may be some unintended consequences to identified options. Incentivising DSOs to seek flexibility through voltage management at primary substation level reduces incentives for flexibility service providers. Instead, we propose that the Market Facilitator is asked to coordinate primacy issues between NESO and DSO instructions.

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

As above, if this approach risks flattening incentives for flexibility service providers, it also risks minimising the market.

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

Yes, we support clear voltage management strategies which, as noted in previous answers, should be substantiated with clear financial incentives and emphasis on responsibility 1, with provision of granular 3rd party data for the most effective monitoring.