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Akshay Kaul
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Ofgem
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via email

03/12/2025

Dear Akshay,

Thames Water's Response to ED3 Sector Specific Methodology Consultation

Thank you for the opportunity to respond to the consultation. Our response is from the perspective of a LMU (large multi-site user), and we have restricted our response to issues which will directly affect Thames Water, and the households and businesses it serves, rather than the wider price control design.

A reliable and high-quality supply of energy is vital to our ability to provide our Critical National Infrastructure service, supplying clean water and the removal of wastewater, to over 16m customers across the South East. As a company we consume circa 1,277 GWh of electricity and generate circa 285 GWh of electricity annually. We have a significant DUoS spend per annum across 6,000 connections and 6 DNOs, because of our geographic footprint we have extensive experience of network performance across several DNOs.

Short power interruptions lasting under three minutes are excluded from the Interruption Incentive Scheme and other DNO performance measures. We urge Ofgem to reconsider this. The consultation correctly recognises that these short interruptions are widespread and increasingly frequent. This has a tangible impact on Critical National Infrastructure. Water and wastewater assets are particularly vulnerable as a brief loss of power can halt pumping, disrupt biological treatment, destabilise processes for hours or days, and directly lead to pollution incidents. Furthermore, we think from our experience that the number of these incidents is increasing but definitively proving information requires cooperation between Water Companies and DNOs. Therefore, we urge Ofgem to introduce additional metrics measuring short interruption performance of DNOs, which clearly specifies, and recognises, the importance of Critical National Infrastructure and will subsequently be used as the basis for in-period reopeners by DNOs for network power resilience investment.

The consequence of unreliable power supply which cause infrastructure outages is borne by other sectors and their customers. An example of this is the revised Environment Agency Water Industry Regulation Incidents (WIRI) guidance, pollution incidents arising from third-party power outages will be attributed to water companies, even though companies have no control over the reliability of electricity supply and are not funded to provide universal backup generation.

In order to address the resilience issue, we request that Ofgem amends its methodology to include the following nine refinements:

1. The full coordination and safeguards measures need strengthening to explicitly account for critical interdependencies with Critical National Infrastructure, such as water and wastewater services.
2. Adding an explicit objective of the control to ensure alignment with other critical infrastructure sectors, including water, to avoid unintended consequences from network investment phasing.
3. Explicit prioritisation for connections for Critical National Infrastructure assets.
4. Include water utilities in voltage management planning to avoid operational risks related to water and wastewater infrastructure, with clear accountabilities of Distribution System Operators (DSOs) as well as DNOs.
5. Requirement for DNOs to share network resilience plans with impacted Critical National Infrastructure customers, so investment is correctly targeted.
6. Domestic LCT installations (EV chargers, heat pumps) and enabling works (e.g., unlooping) should be clearly distinguished from strategic infrastructure connections to avoid delays caused by competing priorities.
7. The inclusion of predefined triggers in the control linked to essential service power resilience (e.g., water treatment sites flagged as critical). This should include transparent reporting of decision rationale, including cost-benefit analysis and cross-sector impact, and be subject to independent audit or review. Supporting this we note that RESP reopener windows in years 2 and 4 of ED3 may not be fast enough to accommodate for extreme weather or rapid policy changes could create urgent investment needs outside these windows.
8. Streetworks disruption is also a major concern for water companies. A coordinated approach between DNOs and water utilities would reduce repeated excavations, minimise customer disruption, and optimise costs.
9. Mandate representation from critical services (water, wastewater, telecoms, health) within ISGs so cross-sector risks are considered in business planning and delivery.

In conclusion the insertion of these targeted measures will make a big difference to customers and the reliability of our services, and those of other critical national infrastructure providers. We request that Ofgem makes these amendments to the ED3 methodology.

Attached to this letter is an Annex where we provide our detailed response on each of the questions raised in the consultation.

Please do not hesitate to contact me or my team if you have any questions or comments on our response.

Yours sincerely,

Jonathan Read
Director of Regulatory Policy and Investigations

Annex – Responses to specific consultation questions

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?

We are generally supportive of the guiding principles, particularly those on consumer value, transparency, and supply chain readiness. However, we believe the principle of adaptability with safeguards needs strengthening to explicitly account for critical interdependencies with Critical National Infrastructure such as water and wastewater. Even short power interruptions can cause pollution incidents and continuity of wholesome water supply. The framework should therefore prioritise resilience for critical services alongside decarbonisation goals.

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

They do not fully reflect the need for cross-sector coordination. During the control it will be important to ensure that the long-term integrated network plans are integrated with the Regional Systems Planner envisaged by the Independent Water Commission. Water utilities depend on uninterrupted power for pumping and treatment processes. We recommend adding an explicit objective to ensure alignment with other Critical National Infrastructure sectors, including water, to avoid unintended consequences from network investment phasing.

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

We require a mandatory section on interdependencies with Critical National Infrastructure. For Thames Water, visibility of local network constraints and time-critical interventions is vital to maintain compliance with environmental regulations. We propose adding a section that requires DNOs to assess and report on impacts to critical services during planning and delivery.

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

No comment at this time.

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

We require prioritisation for resilience-critical sites. For Thames Water, delays in reinforcement can lead to pollution incidents and regulatory penalties. Guidelines should include criteria for prioritising investments that protect essential services and the public health benefits of the continuity of wholesome water supply.

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?

Again, this points to an absence of cross-utility coordination requirements. Streetworks disruption is a major concern for water companies. A coordinated approach between DNOs and water utilities would reduce repeated excavations, minimise customer disruption, and optimise costs. Groups such as the 'Greater London Authority' are evidencing the positive impact of cross sector collaboration, we believe this needs to be adopted further across local councils.

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

(Refer to question 6)

Strengthening delivery accountability

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

A hybrid approach to delivery accountability that combines certainty for strategic investments with flexibility for resilience-critical interventions.

We would expect PCDs to offer the highest delivery certainty and strong alignment with tRESP and ED3 investment plans. They can however limit flexibility to adapt to new information within the price control period and involve significant monitoring effort. Volume-based measures would strike a balance allowing some flexibility on location, timing, and provide good visibility. However, they may not fully capture strategic priorities and risk incentivising quantity over quality.

We believe, although output-based metrics provide the greatest flexibility, value will depend heavily on metric robustness, and there is a risk of misalignment if they are too narrow.

Given these trade-offs, we believe no single option is optimal. ED3 requires a combination of mechanisms to balance accountability with adaptability:

- PCDs should underpin high-value, strategic investments to guarantee delivery certainty and consumer value.
- Volume-based measures should apply to replicable, high-volume interventions such as LV reinforcement and unlooping, where proportional flexibility is appropriate.
- Output-based metrics should be reserved for areas of uncertainty or resilience-critical interventions, where adaptability is essential to avoid misaligned investment or stranded assets.

This hybrid approach aligns with our priorities for AMP8 & 9: ensuring we receive what we pay for and maintaining responsiveness to sector needs.

Q9. Should delivery accountability mechanisms prioritise certainty over flexibility when funding low-regret, proactive investments aligned with strategic value decarbonisation and growth goals?
They certainly should be prioritised for strategic investments that underpin resilience and

decarbonisation. For Thames Water, power reliability is paramount: short outages can cause pollution events and impact continuity of wholesome water supply.

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

Existing mechanisms may not fully incentivise timely delivery for resilience-critical sites. Additional incentives should be considered to prioritise investments that protect critical services and environmental compliance, ensuring these are not delayed in favour of lower-cost interventions.

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?

To strengthen adaptability for Critical National Infrastructure, the following additional criteria should be included: security and resilience impact (ensuring timely delivery of assets vital for emergency response), interdependency management (coordination with other sectors to prevent cascading failures), supply chain assurance (visibility for long-lead strategic components), and societal impact under stress events (prioritising interventions that protect critical services such as hospitals and utilities). We would note that this should not include a prohibitive materiality threshold for the DNOs given the materiality of the impact in our sector.

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

No comment at this time.

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

Adaptability mechanisms should combine speed with strong governance to ensure DNOs respond quickly to emerging network needs while maintaining transparency, accountability, and value for money. We recommend incorporating predefined triggers linked to critical service resilience, such as water treatment sites or other critical infrastructure flagged as high priority, to guarantee timely action where societal impact is greatest. Decisions to activate adaptability mechanisms should be supported by transparent reporting of the rationale, including cost-benefit analysis and assessment of cross-sector impacts, ensuring stakeholders can trace how consumer value and system resilience are being protected. Finally, all adaptability actions should be subject to independent audit or review, providing assurance that interventions are proportionate, efficient, and aligned with strategic objectives.

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

It may not be sufficient for sectors with high operational dependency on electricity, such as water. Global disruptions or rapid policy changes could create urgent investment needs outside these windows. Therefore, we recommend retaining Year 2 and Year 4 reopeners for strategic updates. In addition, we recommend introducing a contingency mechanism for critical resilience needs between windows, to avoid delays that could lead to environmental harm or continuity of wholesome water.

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?

No comment at this time.

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.

We recommend Plan and Deliver as the primary emphasis as certainty is essential for safeguarding water supply and wastewater removal and treatment. Power outages – even short ones – can cause pollution incidents and supply interruptions of wholesome water. However, this must be complemented by adaptive mechanisms for urgent resilience needs; delivery certainty ensures critical capacity upgrades are implemented on time, and adaptability is needed for unforeseen events and evolving climate risks.

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?

As discussed in Question 16 including;

- Obligations for DNOs to engage with water utilities during planning and delivery to avoid conflicts.
- A streamlined process for urgent resilience investments outside RESP windows, ensuring rapid response without undermining accountability.

Connections

Redefining connection types

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?

The current classification of 'minor' and 'major' connections is outdated and does not reflect the complexity of modern connection requests, particularly those linked to Critical National Infrastructure.

A hybrid approach is therefore needed. Voltage alone does not capture the operational criticality of sites such as water treatment works, which may require rapid upgrades to maintain consumer needs.

Domestic LCT installations (EV chargers, heat pumps) and enabling works (e.g., unlooping) should be clearly distinguished from strategic infrastructure connections to avoid delays caused by competing priorities.

Critical National Infrastructure like water and wastewater should be categorised separately to ensure prioritisation in planning and delivery.

Connections enabling decarbonisation (e.g., electric pumps, renewable integration) should be flagged for accelerated processing to meet net zero targets.

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.

Introducing more granular categories is sensible but must avoid complexity that slows delivery. Overly complex categorisation could create administrative bottlenecks, delaying critical works for water resilience and pollution prevention.

Granularity should be paired with a prioritisation framework that elevates critical services and nationally significant projects above routine domestic connections as discussed in Question 18.

Incentives for smaller connections

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?

No comment at this time.

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

No comment at this time.

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

No comment at this time.

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?

No comment at this time.

Incentive 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?

Include end-to-end journey mapping for strategic customers like water utilities, covering pre-application, post-offer negotiation, and energisation stages.

Introduce specific metrics for resilience-critical sites (e.g., water treatment works) to ensure prioritisation and transparency.

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?

The proposals do not go far enough to prioritise Critical National Infrastructure and environmental compliance needs.

Incentives focused on generic customer satisfaction risk overlooking critical projects that have wider societal and environmental impacts.

We ask Ofgem to introduce weighted incentives for projects supporting Critical National Infrastructure and decarbonisation goals, ensuring these are not delayed in favour of less complex, lower-cost works.

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?

TTC should be incentivised, but with safeguards:

- Delays in energising water pumping stations or treatment facilities can lead to pollution incidents and breach environmental regulations.
- Apply differentiated targets – shorter timelines for resilience-critical and significant projects, while maintaining realistic expectations for complex works.

- TTC incentives should complement MCCSS and SLAs, not replace them, providing a holistic approach to timely delivery.

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

Define SLAs for each stage (quote, design, delivery) with penalty-only mechanisms for non-compliance to avoid rewarding basic obligations.

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

No comment at this time.

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?

No comment at this time.

Broad Measure of Customer Service

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?

No comment at this time.

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

No comment at this time.

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

No comment at this time.

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?

No comment at this time.

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

No comment at this time.

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?

No comment at this time.

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

No comment at this time.

Consultation 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?

No comment at this time.

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?

No comment at this time.

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

No comment at this time.

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?

No comment at this time.

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?

We recommend the following:

- Energy efficiency measures reduce demand and help manage costs for consumers, including water utilities, who are high energy users.

- Risk of delays if DNOs take on roles without clear governance or prioritisation rules.
- DNO involvement must not divert resources from core network reinforcement, which is critical for resilience and environmental compliance works.
- A framework needs to be designed where DNOs act as enablers (data sharing, coordination) rather than direct installers, prioritising projects that deliver whole-system benefits and support critical services.

Environmental framework

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

No comment at this time.

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

No comment at this time.

Q44. Is the proposed approach to SF_6 - focusing on reducing both absolute emissions and the total SF_6 bank - appropriate and proportionate?

No comment at this time.

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?

Accountability is essential because oil leakage from fluid-filled cables poses a direct risk to water utilities and Critical National Infrastructure. Many water treatment works, pumping stations, and critical assets are located in the vicinity of electricity networks. Oil contamination due to cable failure or replacement can compromise water quality, damage sensitive equipment, and lead to environmental harm and compliance breaches. In extreme cases, this could disrupt water supply and wastewater operations.

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

No comment at this time.

Consumer voice/research

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

No comment at this time.

Enhanced stakeholder engagement (Independent Stakeholder Groups and guidance)

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

The guidance currently leaves stakeholder identification to the company, with ISGs providing challenge. This creates a risk that Critical National Infrastructure such as water and wastewater may not be adequately represented, despite their dependency on electricity for pumping, treatment, and resilience during extreme weather.

The guidance should require mandatory representation from Critical National Infrastructure (for example water, wastewater, telecoms) within ISGs to ensure cross-sector risks are considered in business planning and delivery.

Appendix 4 requires ISGs to have access to relevant data and performance information, but it does not explicitly require cross-sector impact assessments. For water utilities, lack of visibility on planned reinforcement, outage risks, and streetworks coordination can lead to delays, service disruption, and environmental harm and compliance breaches.

Therefore, including a requirement for DNOs to share planned works and outage schedules with ISGs and affected sectors will enable joint planning and mitigate risks to water supply and wastewater compliance.

ISGs are tasked with scrutinising consumer engagement and business plan ambition but not explicitly with assessing system interdependencies or resilience impacts. For Thames Water, failure to consider these could result in pollution incidents, continuity of wholesome water risks, and missed decarbonisation targets if power upgrades do not align with water sector needs.

By expanding ISG remit to include review of Critical National Infrastructure coordination and resilience planning, ensuring that investment decisions support whole-system outcomes and environmental obligations.

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?

No comment at this time.

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?

No comment at this time.

Digitalisation and data

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

No comment at this time.

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

No comment at this time.

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

No comment at this time.

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

No comment at this time.

Innovation

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

No comment at this time.

Q56. Do you have examples of projects that weren't able to 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?

No comment at this time.

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?

No comment at this time.

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?

No comment at this time.

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?

No comment at this time.

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?

We strongly support the emphasis on long-term integrated development planning and enhanced forecasting. However, DSOs must explicitly consider Critical National Infrastructure dependencies within these plans. For example, delays in reinforcement or misaligned planning for assets serving Thames Water could disrupt water supply and wastewater treatment, which in turn could precipitate environmental permit breaches and quickly reduce treated water availability to businesses and households. To mitigate these risks, DSOs should integrate prioritisation of Critical National Infrastructure into their long-term planning frameworks and ensure that future iterations of RESP and SSEP include formal cross-sector coordination protocols, giving water utilities and other critical services visibility of planned upgrades and outage risks. Furthermore, accountability mechanisms should require DSOs to demonstrate how resilience for Critical National Infrastructure is embedded in their planning, ensuring that strategic investments deliver whole-system value and protect continuity of critical services.

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?

To deliver whole-system outcomes, DSOs must adopt a more integrated approach to coordination that extends beyond NESO and local authorities to include water utilities and other Critical National Infrastructure. We recommend establishing formal governance structures for cross-sector engagement, ensuring clear roles, accountability, and decision-making processes. This should be supported by mandatory data-sharing agreements covering outage schedules, reinforcement timelines, and voltage management plans to enable transparency and efficient planning. Finally, we propose the creation of joint planning forums that bring together DSOs, NESO, iDNOs, gas networks, and Critical National Infrastructure providers to align investment strategies, manage interdependencies, and optimise delivery for consumers and national resilience.

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.

DSOs require enhanced visibility and digital tools that support real-time decision-making. We recommend the introduction of real-time outage and capacity dashboards to provide accurate, dynamic insights for planning emergency resilience measures and prioritising critical interventions. In addition, DSOs should implement two-way communication platforms that allow

seamless data exchange with Critical National Infrastructure operators, ensuring mutual visibility of network status, planned works, and emerging risks. These improvements will strengthen coordination, reduce response times, and ensure that network planning aligns with whole-system resilience objectives.

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?

No comment at this time.

Flexibility

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

Yes, we agree that changes are required to the CEM tool to implement the proposed approach in ED3. In particular, the tool should incorporate a better understanding of the likely utilisation of flexibility services to ensure that cost-benefit analysis accurately reflects real-world scenarios. This includes verifying whether the alternative cost of reinforcement versus flexibility is being properly assessed, so decisions are based on comparisons. To strengthen transparency and stakeholder confidence, we recommend that CEM tool outputs be published, enabling scrutiny of assumptions and methodologies and supporting consistent, evidence-based planning across the sector.

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

Flexible connections should not be deployed without load monitoring and designated control. The purpose of a network is to provide capacity for supply and demand, with anything less constituting under investment, inefficiency, and underperformance. DNOs should be incentivised to deliver a service as free from constraints within their network as possible, which should consider supply peaks. This should be specifically targeted at providing investment to minimise such constraints and, therefore, will improve power resilience for Critical National Infrastructure.

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?

No comment at this time.

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

No, we recommend a systematic review of the need and utilisation of flexibility services. While DNOs invest significant resources in procuring flexibility, it is unclear whether these services are always required or delivering intended outcomes.

We would suggest the review incorporates current alternatives to flexibility, for example the variable red, amber and green DUoS tariffs. This could provide a more consistent and predictable flexibility offering.

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?

The proposed voltage management responsibilities for DSOs require additional measures to protect resilience-critical services. Voltage fluctuations can significantly impact water pumping and sewage treatment processes, creating risks of pollution incidents and compliance failures. To address this, DSOs should be required to maintain voltage stability within defined limits for critical infrastructure sites, ensuring operational continuity for critical services. In addition, DSOs should share voltage performance data with operators of Critical National Infrastructure, enabling proactive risk management and contingency planning. Finally, water utilities and other critical service providers should be formally included in voltage management planning, ensuring that network strategies account for interdependencies and avoid operational disruptions.

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?

Appropriate metrics should capture both technical performance and the impact on resilience-critical services. We recommend the following KPIs:

- Voltage deviation limits (e.g., maintaining voltage within +10% -6% of nominal values).
- Response time to correct deviations affecting critical infrastructure, ensuring rapid intervention to prevent operational disruption.
- Number of incidents where voltage fluctuations caused service interruptions for essential sectors such as water and healthcare.

These KPIs should be in licence conditions to provide regulatory clarity and linked to financial incentives or penalties to drive compliance and continuous improvement. This approach ensures DSOs are held accountable for maintaining voltage stability and protecting critical services while delivering consumer value.

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

No comment at this time.

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?

We support the proposal to include the reduction of reactive power injection from distribution to transmission networks, provided that this does not compromise local voltage stability. Reactive power control must be managed carefully to avoid unintended impacts on resilience-critical operations such as water treatment and pumping stations, where voltage fluctuations could lead to compliance failures and service disruption. To mitigate these risks, DSOs should adopt a risk-based approach, ensuring that any changes are preceded by impact assessments and consultation with critical service providers. This will safeguard operational continuity while delivering system-wide benefits.

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?

Ofgem's proposal to provide flexibility through temporary voltage reduction at primary substations is an innovative approach to support network balancing. However, each option presents distinct advantages and disadvantages when viewed through the lens of critical infrastructure dependencies.

- Option 1 offers maximum flexibility for NESO, enabling rapid response to system needs, but it introduces significant uncertainty for critical services such as water and wastewater operations. Frequent or unpredictable voltage reductions could compromise pumping and treatment processes, increasing the risk of supply interruptions and environmental breaches.
- Option 2 mitigates this risk by limiting interventions to defined thresholds, providing greater predictability, though it may reduce the overall flexibility available to the system.
- Option 3, which applies voltage reduction during peak demand hours, offers simplicity and predictability, allowing utilities to plan around a known schedule. However, this approach assumes that peak periods align with operational tolerances, which may not hold true for water and waste infrastructure that operates continuously and often at high load during extreme weather events.
- Option 4 combines predictability with responsiveness, balancing system needs and operational certainty, but it introduces complexity in coordination and communication between DSOs, NESO, and critical service providers.

From Thames Water's perspective, the preferred approach would be Option 2 or Option 4, provided that safeguards are introduced to protect critical services. These safeguards should include mandatory engagement with critical infrastructure operators, clear voltage deviation limits, and real-time communication protocols to prevent unintended service disruptions. Additionally, Ofgem should consider an incentive framework that rewards DSOs for flexibility while penalising actions that compromise customers environmental compliance, or continuity of water and wastewater services. This balanced approach would enable flexibility without undermining resilience for Critical National Infrastructure.

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

We support the creation of a new incentive for the provision of flexibility through demand reduction where it delivers clear whole-system benefits, such as reducing reinforcement costs and improving network efficiency. However, robust safeguards are essential to ensure that demand reduction does not compromise critical services like water supply or wastewater treatment. DSOs should be required to conduct and publish risk assessments before curtailing loads linked to Critical National Infrastructure, demonstrating that resilience and continuity of supply are not put at risk. This approach balances the need for innovation and flexibility with the imperative to protect critical services and maintain consumer confidence.

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

Each DSO is required to publish a comprehensive voltage management strategy with an annual reporting obligation. The strategy should include impact assessments for critical infrastructure, ensuring that voltage control measures do not compromise critical services such as water supply and wastewater treatment. It should also set out detailed coordination protocols with water utilities and other resilience-critical sectors, supported by clear governance arrangements. Annual reviews should incorporate performance reporting against agreed KPIs, providing transparency and accountability while enabling stakeholders to monitor progress and identify areas for improvement. This approach will strengthen resilience and deliver whole-system benefits.

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?

No comment at this time.

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

No comment at this time.

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

No comment at this time.

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?

No comment at this time.

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?

No comment at this time.

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

No comment at this time.

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?

The proposed aims for the DSO incentive framework, covering flexibility services, network planning, and voltage and loss management. These are all broadly appropriate. However, additional priority areas are needed to reflect the critical dependency of water and wastewater infrastructure on electricity. DSOs should be incentivised to prioritise resilience for critical services in both planning and operational decisions. This requires KPIs that measure the impact of voltage fluctuations on pumping and treatment processes, as these directly affect critical services, risking service interruption, environmental permit breaches, regulatory penalties and reputational damage.

Metrics should also capture engagement with utilities and delivery of joint planning outcomes, while licence conditions should link to resilience KPIs such as outage duration for critical sites and voltage deviation limits. Independent audits of coordination and delivery performance would provide transparency and accountability.

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 incentive framework should evolve to reward DSOs for proactive measures that protect Critical National Infrastructure and support whole-system resilience. Performance-linked financial incentives should be introduced for timely reinforcement and voltage stability at critical service

sites. DSOs should be required to publish annual resilience and coordination reports demonstrating alignment with RESP and SSEP planning cycles and engagement with Critical National Infrastructure operators. Penalty mechanisms should apply where DSOs fail to engage with critical services or mitigate risks to Critical National Infrastructure. This approach ensures that flexibility and market development do not compromise resilience for services that underpin public interest and environmental compliance.

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?

Current parameters provide useful qualitative insights but are insufficient for measuring technical and resilience outcomes. Satisfaction surveys do not capture operational risks such as voltage instability or delayed reinforcement impacting water utilities. RRE should be expanded to include voltage performance data for critical sites, evidence of coordination with critical services, and delivery against resilience commitments. Combining qualitative feedback with quantitative KPIs would create a more robust and accountable framework, ensuring that DSO performance reflects both stakeholder engagement and measurable resilience outcomes.

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 DSO Incentive should focus on whole-system coordination and resilience, complementing existing mechanisms rather than duplicating them. It should align with the Connections Incentive for timely delivery while adding resilience metrics for critical services. Similarly, it should support BMCS and IIS by addressing voltage stability and outage prevention, which underpin customer experience and service continuity. By targeting interdependency risks and resilience-critical sites, the DSO Incentive can fill gaps in current frameworks and ensure that flexibility and planning deliver benefits without compromising essential infrastructure.

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? (chapter 6)

Chapter 6 rightly addresses climate resilience, cyber security, and supply chain risks, but additional policy considerations are needed to reflect the critical dependency of water and wastewater infrastructure on uninterrupted electricity supply. This dependency has far-reaching implications for customer experience, environmental compliance, and reputational risk. Even short-duration outages can disrupt pumping stations and treatment processes, leading to water supply interruptions and pollution incidents, while voltage fluctuations can damage pumps and control systems, causing process failures and increased energy costs. These risks are not fully addressed in the current proposals.

Water utilities rely on electricity for resilience during extreme weather events, and any misalignment in planning or delays in reinforcement could compromise emergency response and

flood mitigation. Service failures caused by power interruptions directly affect customer trust and satisfaction and can result in breaches of discharge permits and environmental regulations, exposing utilities to penalties and enforcement action. Current resilience proposals do not explicitly link DSO/DNO performance to outcomes for critical services, which is a significant gap given the potential economic and environmental impacts of service disruption.

To address these issues, Ofgem should require DSOs to engage with water utilities in resilience planning and outage management, include metrics such as outage duration for critical services, voltage deviation limits, and restoration times, and introduce a Critical Infrastructure Impact Protocol within the DSO/DNO incentive framework to ensure transparency and enforceability. RESP and SSEP planning should explicitly consider water sector dependencies and emergency response requirements to strengthen resilience and protect critical services.

Network Asset Risk Metric (NARM)

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

We are supportive of the metric and so any extra asset class can be included in it can only be beneficial to consumers.

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

It makes sense to increase non-NARM assets to improve the general understanding of resilience.

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 assurances processes?

No comment at this time.

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?

No comment at this time.

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

This makes sense for implementation of the proposal.

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?

We support Ofgem's phased approach as it provides a structured pathway to build resilience capabilities while informing national standards. For Thames Water, this is critical because:

- Water and wastewater operations rely on uninterrupted electricity for pumping, treatment, and emergency response. Stress testing will help identify vulnerabilities in local networks that could disrupt these critical services.
- Even short outages can lead to supply interruptions and pollution incidents.
- Failure to anticipate climate-driven risks could result in environmental breaches, reputational harm, and penalties under frameworks such as the Environmental Permitting Regulations.
- Linking stress testing outcomes to resilience incentives will ensure DSO/DNOs prioritise critical infrastructure in investment planning.
- The phased approach should explicitly require DSO/DNOs to assess interdependencies with critical services and publish risk mitigation strategies for resilience-critical sites.

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?

We welcome Ofgem's proposed stress testing framework as a positive step toward scenario-based planning and cost clarity. It provides a foundation for aligning with government resilience standards and supports the development of Climate Resilience Metrics and Indicators (CRMI). However, to ensure meaningful protection for critical services, the framework must go further in addressing interdependencies and Critical National Infrastructure priorities.

The framework should explicitly model resilience across the three phases – before, during, and after climate hazards – reflecting the ability to anticipate, withstand, and recover from extreme events.

The current methodology does not adequately address cascading risks or interdependencies with water infrastructure. Outages – even short ones – can disrupt pumping stations and treatment works, leading to supply interruptions, pollution incidents and continuity of wholesome water.

Stress testing outputs must link to resilience incentives and reporting requirements to ensure timely and cost-effective implementation.

Identified gaps:

- Limited modelling of voltage stability impacts on critical processes such as water treatment.

- Insufficient focus on cross-sector coordination, which is essential for integrated resilience planning.
- No explicit requirement for Critical National Infrastructure prioritisation within stress testing outputs.
- We require DSO/DNOs to consult critical national infrastructure during stress testing to capture operational dependencies and identify resilience-critical sites.

Incorporate outage duration thresholds for critical services and link these to CRMI indicators such as:

- Customer Interruptions (CI)
- Customer Minutes Lost (CML)

Stress testing results should be integrated into RESP and SSEP planning to ensure long-term alignment and consistency across resilience strategies. The scope of these assessments needs to expand beyond asset-level considerations to include whole-system interdependencies, such as telecoms and transport links that support water operations. Resilience performance must also be linked to environmental compliance and customer satisfaction, creating a clear connection between technical outcomes and service quality. Finally, mechanisms for real-time operational data exchange during extreme events should be introduced to enable coordinated responses and minimise disruption to essential services.

The stress testing framework is a positive step, but its effectiveness depends on embedding interdependency modelling, critical national infrastructure prioritisation, and actionable outputs that link to incentives and planning cycles. Thames Water is ready to collaborate with DSO/DNOs and Ofgem to ensure resilience measures protect critical services.

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?

We broadly support the proposed granular approach to categorising climate resilience investment as a means to hold DNOs accountable. However, for critical infrastructure operators such as Thames Water, the framework must go further to reflect critical service dependencies and customer impact.

Views on categories:

- Direct and incremental investments are vital for addressing immediate risks, but categorisation should explicitly identify projects that safeguard critical services and national infrastructure.
- The load vs non-load distinction is useful for planning but does not capture resilience-critical interventions for water utilities, where non-load failures (e.g., voltage instability) can lead to environmental breaches.

- Operational and reactive categories should include mandatory reporting on how temporary measures affect critical services and compliance obligations.
- Transformational investments support long-term resilience but must integrate cross-sector planning to avoid fragmented investment that overlooks water sector needs.

Alignment with ED3 Approaches:

- Climate resilience should complement load-related reinforcement by prioritising resilience-critical sites within reinforcement schedules. Asset health proposals must incorporate resilience metrics so that replacement decisions consider climate risk and interdependencies with water infrastructure.

Risks and Challenges:

- Without cross-sector coordination, resilience investments may fail to protect critical services, risking service interruption, environmental permit breaches, regulatory penalties and reputational damage.
- Overly granular categorisation could create administrative burden and slow decision-making, increasing exposure to climate-driven risks.
- Current proposals do not link resilience categorisation to performance incentives for DSOs, which is critical to ensure prioritisation and timely delivery.

Recommendations:

- Require DSOs to publish impact assessments for critical services alongside resilience investment plans.
- Link resilience delivery to financial incentives and penalties, for outcomes that protect consumers, and environmental compliance.

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?

No comment at this time.

Longer 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?

No comment at this time.

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)?

No comment at this time.

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?

No comment at this time.

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?

Short interruptions have a critical impact on water and wastewater operations, where pumping stations and treatment processes can trip offline, causing service disruption and potential pollution incidents. These outages can also lead to low pressure or supply interruptions for customers, undermining trust and satisfaction. The severity of these impacts is expected to increase during ED3, driven by higher levels of electrification and tighter environmental standards. This reinforces the need for proactive measures to minimise short interruptions and protect essential infrastructure.

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?

Short interruptions are commonly driven by network switching, asset faults, and voltage instability. These can be mitigated through predictive maintenance and real-time monitoring, enabling early identification of weak points before failure. Enhanced LV system visibility, including underground non-intrusive maintenance, will further reduce risks. Additionally, sharing outage plans with critical infrastructure operators such as water utilities can help mitigate operational impacts and maintain service continuity.

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)?

We support introducing a formal mechanism to recognise and address customers significantly impacted by short interruptions. This should include enhanced reporting of interruptions affecting

Critical National Infrastructure, adjustments to existing incentives to penalise repeated short outages for resilience-critical sites, and extending the IIS mechanism to start from zero minutes to capture short-duration events. A reputational metric linked to critical service continuity would further incentivise DNOs to prioritise resilience.

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 outages exceeding 12 hours pose severe risks, including water supply failures and environmental breaches. We recommend raising IIS penalties for 12+ hour events, with additional weighting for designated critical services. For critical infrastructure, the threshold should be reduced to three hours to reflect the urgency of restoration. DNOs should also be required to publish restoration plans and escalation protocols, supported by improved data granularity and classification of critical sites to ensure transparency and accountability.

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?

Multiple unplanned interruptions should be defined using criteria similar to Worst Served Customers (WSC) but with additional granularity. We recommend categorising based on frequency and cumulative duration of outages, rather than single events, to capture persistent reliability issues. The definition should also consider impact on critical services, recognising the need to protect local and national infrastructure where repeated interruptions can have significant societal consequences. To drive improvement, we support the introduction of targeted penalties and reputational tools for DNOs that fail to address persistent failures, ensuring accountability and incentivising proactive investment in resilience.

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.

Extreme weather event thresholds for IIS should be reviewed to ensure they remain appropriate in light of the changing climate. Thresholds must reflect the increased frequency and severity of storms and flooding, which significantly raise outage risks. We recommend using a combination of historical outage data and forward-looking climate projections to establish dynamic thresholds that adapt to evolving conditions. These thresholds should also align with resilience metrics and emergency response protocols, ensuring consistency across regulatory frameworks. Furthermore, given the substantial investment in network resilience during ED1 and ED2, DNOs should now be expected to withstand more severe conditions, meaning higher thresholds for defining ‘exceptional events’ are appropriate to maintain accountability and incentivise robust planning.

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?

If the extreme weather event threshold for IIS is revised, the interaction with GSoPs must ensure that customer compensation remains enforceable and proportionate. We recommend that GSoPs continue to apply as a mandatory safeguard, with adjustments to reflect the wider impact of outages. Specifically, higher GSoP compensation should be introduced for critical infrastructure and commercial customers, recognising the significant economic and societal consequences of prolonged interruptions. In addition, the GSoP threshold for critical national infrastructure should be reduced to three hours, ensuring rapid restoration and prioritisation of critical services. These changes would maintain fairness for consumers while reinforcing resilience obligations for DNOs.

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 reflect the expected increase in planned interruptions resulting from the significant network investment required in ED3. We propose that the cost of interruptions under IIS should rise proportionally with additional outages impacting the same customers. This would incentivise a “touch the network once” approach, encouraging DNOs to coordinate works efficiently, repair defects, and resolve Worst Served Customer (WSC) issues during planned interventions. Such an adjustment would help mitigate customer impacts while promoting strategic planning and minimising repeated disruptions.

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

Additional measures are needed to ensure sustained and equitable improvements for Worst Served Customers (WSCs). We recommend enhanced stakeholder engagement, particularly with operators of critical infrastructure, to ensure that improvement plans reflect whole-system resilience priorities. Regulatory oversight should be strengthened through financial penalties for failure to deliver service improvements in high-risk zones, creating clear accountability for performance. In addition, a dedicated performance metric should be introduced to capture DNO progress, including a specific measure for power supply reliability and resilience in WSC areas. These steps will help drive consistent improvements and protect vulnerable communities and critical services.

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?

We do not believe the current threshold for defining Worst Served Customers (WSCs) remains appropriate, as it fails to reflect modern dependency on electricity and the criticality of uninterrupted supply. Any revision should be guided by principles that consider impact on critical services, such as water treatment, wastewater and healthcare facilities, alongside traditional measures of reliability. In addition, thresholds should account for frequency and cumulative

duration of interruptions, rather than single-event metrics, to capture the real-world impact on consumers and critical infrastructure. This approach will ensure that WSC definitions remain fit for purpose and aligned with resilience and societal priorities.

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?

No comment at this time.

Resilience re-opener

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

No comment at this time.

Cyber

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

No comment at this time.

Supply Chain and Workforce

Q111. Do you agree with our proposal to require a tenyear 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?

No comment at this time.

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?

No comment at this time.

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?

No comment at this time.

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?

No comment at this time.

Q115. What do you consider essential for these mobilisation reopener windows in RIIOED2 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?

No comment at this time.

Q116. How can DNOs demonstrate active engagement in industry and government-wide initiatives such as DESNZ's upcoming industry-led 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?

No comment at this time.

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

No comment at this time.

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?

No comment at this time.

Re-openers

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

No comment at this time.

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

Yes, DUoS cost are high for consumers (for Thames this represents 8% of our energy retail costs). While we understand the infrastructure costs need to be recovered, further review should be given to how cost are allocated across fixed and variable elements to better encourage self-generation and less reliance on the grid. Reducing reliance on grid will in the long-term reduce the need for further grid upgrades.

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

No comment at this time.

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

No comment at this time.

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

No comment at this time.

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

No comment at this time.

Business Plan Incentive

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

No comment at this time.

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 and if not, do you consider that BPI Stage B should be removed?

No comment at this time.

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?

No comment at this time.

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

No comment at this time.

Incentivising delivery

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

No comment at this time.

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

No comment at this time.

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

No comment at this time.