

Ofgem  
Net Zero Strategy (Decarbonisation)

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## **Response to DNOs' future role in supporting the rollout of low carbon technologies consultation**

BUUK Infrastructure (“BUUK”) welcomes the opportunity to respond to Ofgem’s consultation on potential roles for licenced distribution network operators to be involved in the deployment of low carbon technologies (LCT) and energy efficiency (EE) measures to consumers.

In addition to our direct responses to the proposals, we have included a short overview of our business and highlighted the key aspects that we believe are important.

### **About BUUK Infrastructure**

BUUK is a leading British multi-utility infrastructure investor operating across Great Britain and competing directly with incumbent utility companies.

Our business began with the ownership and operation of regulated gas networks, and we have since expanded into electricity, fibre, water, wastewater and heat. We have delivered more than three million utility connections and continue to serve customers across 50,000 discrete networks, including over 1 million domestic electricity customers.

Through our Passiv and Levelise businesses, we also provide smart low-carbon technology, load-control and flexibility solutions designed to support the decarbonisation of homes and improve system efficiency.

### **Summary of Our Views**

We do not believe that distribution network operators are the optimal delivery entities for the mass deployment of EE or LCT to domestic consumers.

This is not part of their existing business model, and we did not find the consultation’s rationale for why they should be preferred delivery partners to be robust. DNOs would need to build new skills and resources, which would take time and incur considerable cost. They would also face the same challenges that have affected supplier-led

approaches to date and could undermine a more efficient, market-led rollout of retrofit solutions.

We are also not persuaded by the comparison between area-based LCT deployment and meter replacement. The exchange of an electricity meter is relatively simple, quick, and non-intrusive. In contrast, installing a heat pump requires substantial consumer engagement, behavioural change, and potentially significant disruption in the home. It is therefore not an appropriate comparison.

A consumer-led, market-delivered transition for home heating is a preferable approach. This aligns more closely with the Government's Warm Home Agency and wider strategy for decarbonising domestic heating. It will likely drive innovation, improve consumer appeal, and help overcome existing barriers.

I hope our responses are helpful and we would be happy to discuss them in more detail with you.

Yours faithfully,

Alex Travell

Head of Regulation

**Responses to consultation questions:****Overarching rationale**

***Q1 Should DNOs play a role in co-ordinating and supporting a cost-effective energy transition through improved planning and supporting/directing targeted delivery? How can they help make the transition more efficient and affordable for everyone, and do they have a role in supporting lower-income households?***

DNOs can support a cost-effective transition by ensuring they do not create barriers for consumers. This includes ensuring sufficient network capacity for electrified heating and transport and making the transition as smooth and hassle-free as possible.

This will help ensure the transition is efficient and costs are minimised wherever possible.

Direct delivery should not be undertaken by DNOs but left to existing market service providers.

**Enhanced Co-ordination**

***Q2 Do you agree with the overall rationale and scope of 'Enhanced Co-ordination'?***

Yes, although there is a clear potential for overlap with NESO's development of the RESP with local authorities. It would be more efficient and clearer for stakeholders if a single party led this activity. NESO is the logical lead, with DNOs appropriately incentivised in ED3 to engage.

***Q3 What are your views of the effectiveness of the existing Collaboration Plan requirements?***

We have no engagement, or visibility, of these plans which shows a clear gap in the current activity. DNO should be required to engage more collaboratively with IDNO operating within their area. Without this happening the plans cannot be accurate nor serve all the customers in the DNO region.

***Q4 How useful is the data currently published by DNOs, and is it presented adequately?***

N/A

***Q5 What are your views on strengthening the System Visualisation Interface requirement, and would it be valuable for DNOs to collate and publish additional non-network datasets, if so, which datasets would be most beneficial?***

We do not consider it efficient or appropriate to task DNOs with collecting and publishing datasets that do not belong to them. This would add unnecessary cost and introduce risks around accuracy and timeliness.

It is better for data owners to make their information available in a standardised and secure format.

***Q6 What are your views on the Working with Local Authorities and others proposals we have set out above?***

N/A

***Q7 How could IDNOs support the proposals in this portion of the consultation?***

DNOs (or NESO for RESP-related activities) should be encouraged and incentivised to involve IDNOs when developing plans. This will help build a fuller understanding of customers connected to IDNO networks.

Currently, some DNOs ignore IDNO-connected customers when developing initiatives. As the IDNO market grows, this should not continue. DNOs should be incentivised to collaborate more meaningfully.

***Q8 We are keen to understand how these proposed Enhanced Co-ordination activities could best integrate with NESO's RESP processes in the near and long term, and how these proposals could complement, or be in tension with, RESP development?***

It would be more efficient and clearer for all stakeholders if one party led on engagement activities. NESO is best placed to do this and can assist in coordinating DNO, IDNO and local authorities.

**Expanded Role**

***Q9 Do you think if DNOs adopted the type of Expanded Role described above this would add value and support the rollout of LCTs and EE? Could this model provide an effective and viable way to deliver network and system benefits? If so, could this be achieved while also prioritising support for low-income households?***

No. We do not believe DNOs are the optimal delivery entities for mass deployment of EE or LCTs.

This is not part of their business model, and the consultation has not demonstrated a convincing business case. DNOs would need new skills and capabilities, requiring time and significant investment.

A consumer-led, market-delivered approach remains more appropriate.

***Q10 What are your views on us considering these proposals using a network benefit and wider system benefits approach? Do you have relevant information on the likely network, system, consumer or efficiency benefits of such an approach?***

If any coordinated, large-scale deployment of LCTs is planned, it would be helpful for the relevant network operator to be informed so they can plan for any required reinforcement in advance.

***Q11 Do you have any views on the archetypes presented and their implications? Do you have any other approaches we should consider?***

We do not believe that network operators should have a direct roll in the installation of EE and LCT in consumers homes.

***Q12. Do you have views on whether pilots of these approaches would be valuable? And, if so, whether the pilots should potentially include a range options across archetypes, or whether the scope should be narrowed in advance? What should be the main focus of any pilots?***

As we do not support DNO involvement in direct installation, we do not believe trials of such activities are needed.

***Q13. How could IDNOs support the proposals in this portion of the consultation?***

As an IDNO serving over a million electricity domestic customers we see our role being very similar to that of DNO. We would envisage supporting the deployment of LCT for our customers as much as possible.

For example, we have already invested in making the process as smooth as possible from an administrative perspective with online notification tools for customers installing new LCT.

Our networks are new and for some time we have been building these considering the needs of customers who are transitioning to electrified heating and transport. All new homes are being built with EV charges and many have PV installed.