

RESPONSE TO OFGEM CONSULTATION: *DNOS' FUTURE ROLE IN SUPPORTING THE ROLLOUT OF LOW CARBON TECHNOLOGIES*

About Broadway Initiative

[Broadway Initiative](https://www.broadwayinitiative.org.uk/) is a non-profit organisation bringing together the top 20 business and trade associations in the UK to work with government and other stakeholders to develop long term sustainability policy. We work across both the decarbonisation and natural environment agendas, and our focus is on creating mechanisms which will enable mainstream business to collaborate at scale to align their long-term investment and business plans to the net zero and nature restoration transitions in a way which will reinforce rather than undermine business competitiveness.

To this end we have worked with Government to create the [Net Zero Council](#) and through that body set up a 3-year programme to develop sector transition plans for all the key sectors of the economy. We have also created Business Climate Hub, a government-backed national website providing objective, free to access advice for SMEs looking to decarbonise. The site is getting 10,000 users a month, and is funded by a range of organisations with large SME member/customer bases including the main business associations, the retail banks, and, most relevant to the Consultation, by most of the DNOs.

Given our experience of working with DNOs on SME decarbonisation, we are well placed to contribute to aspects of the consultation. We have therefore provided answers to selected questions below.

Responses to selected questions

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?

Yes DNOs should play such a role. Specifically, our experience is that they have a lot to offer in terms of enabling the roll out of low carbon technologies (LCTs) to small businesses as well as to households. This is because small businesses face similar barriers to households (including low-income households) – cashflow constraints, time constraints, lack of information. An example would be our work with the DNOs to increase awareness and take up of energy flexibility schemes by SMEs, using Business Climate Hub as a [mechanism](#) to stimulate engagement by SMEs in these schemes.

Q6. What are your views on the Working with Local Authorities and others proposals we have set out above? What if any, would be the key elements of this? Are you aware of particular entities who would benefit from such advice?

In addition to working with local authorities we see value in DNOs working with SMEs and organisations such as Broadway that work with SMEs. For example, SMEs generally lack

the capacity to understand and proactively engage in flexible demand schemes, yet engaging clusters of SMEs in a geographical location in such schemes can both cut the energy costs of those SMEs and help DNOs build system resilience.

Q7. How could iDNOs support the proposals in this portion of the consultation? How could either private wire connected properties or license-exempt networks feature in these proposals?

Business parks and commercial premises are often served by a private wire – so it would make sense to include business clusters and SMEs in this sort of enhanced coordination.

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?

RESPs incorporate commercial demand. Therefore, excluding SMEs from DNO coordination might create misalignment with NESO planning.

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?

Our experience working with SMEs shows that many of the same barriers apply for them as for low-income households. The variety of building types and energy requirements that SMEs have can mean that the market offering is fragmented and lack of time, information, and cashflow pressures can discourage them from exploring options proactively. Applying the 'Expanded Role' to SMEs as well as low-income households would therefore make sense.