

DNO Low Carbon Technology - Energy Efficiency role in ED3

Executive summary

Ofgem is consulting on the evolving role of Distribution Network Operators (DNOs) during the ED3 price control period (2028–2032). The consultation explores how DNOs can move beyond traditional network management to actively facilitate the rollout of Low Carbon Technologies (LCTs) - such as heat pumps, solar PV, and batteries - and Energy Efficiency (EE) measures. The goal is to achieve an efficient, low-cost transition that supports Clean Power 2030 and Net Zero 2050 without leaving vulnerable households behind.

Ofgem takes a two-tiered approach:

- **Enhanced co-ordination:** This tier focuses on DNOs as strategic enablers through better data and partnership. Key proposals include community collaboration plans, data transparency and technical advice.
- **An Expanded Role:** Ofgem is considering more active DNO involvement in the deployment of LCTs and EE measures. The consultation considers options including enabling works, financing and potential involvement in installation.

Cotality view

Cotality welcomes the opportunity to respond to this consultation. As a leading provider of housing stock data and retrofit workflow solutions serving hundreds of organisations and managing data for the landlords of over 2 million homes - we believe the Distribution Network Operators (DNOs) have a pivotal role to play in the ED3 period to give investors and homeowners confidence in the low carbon transition.

Energy efficiency is infrastructure. If DNOs treat home upgrades with the same strategic priority as substations and cables, we can unlock grid capacity faster and give large landlords confidence to invest. However, DNOs should not "do it all" or duplicate cost and effort. Their role should be that of an enabler, providing the data and network signals that allow local authorities, social landlords, and services like Cotality to play their part in delivering property-specific, high-quality retrofits with a mix of low carbon technologies and energy efficiency.

Timeline and Next Steps

Response Deadline:

April 2, 2026.

Decision Publication

The outcome will be included in the ED3 Sector Specific Methodology Decision in May 2026.

Future Pilots

Ofgem intends to use stakeholder feedback to design DNO-led pilots at the start of the ED3 period.

Consultation response

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?

Cotality agrees that Distribution Network Operators (DNOs) should play a role in co-ordination to improve planning and supporting delivery. The transition is only affordable and achievable if energy efficiency (EE) is treated as essential infrastructure rather than an optional consumer choice. From our experience, they can help in the following ways:

- Improve coordination
 - Target network investment in line with local authorities', landlords' and regional plans to optimise spend in terms of time and cost.
 - By coordinating local network upgrades (such as "unlooping" shared service cables or fuse upgrades) with local authority retrofit plans, DNOs can achieve efficiencies of scale and lower installation costs.
 - DNOs are potentially well-placed to communicate and build trust in the transition, as they only engage with consumers when necessary for supply, not sales.
- Enhance data-sharing
 - Provide certainty to key stakeholders of grid readiness, for example mutual data-sharing process of housing and grid investment plans could give confidence to the large landlords and developers investing in the electrification of heat.
 - By providing data to EPC accreditation schemes on looped cables and fuse upgrades, DNOs can help ensure property-owners, buyers and advisers work with the latest information.
 - Standardized tools and data schemas would help stakeholders develop plans cost-effectively. While delivery may be planned locally, standardization would help reduce the administrative costs for those working nationally including large landlords, accreditation schemes, software providers and contractors.
 - Improved data visibility and standardized processes could lead to faster, more accurate connection offers, lowering the administrative costs for developers and households.
- Support low-income households
 - With the end of ECO, support for low income households will be subject to local authorities' skills and resources, and those of landlords where relevant.
 - The continuation (or return) of support through the energy sector mitigates the risk of a postcode lottery, and provides an alternative means to enable LCTs and EEs when those other parties' resources are focused elsewhere.
 - Support for demand flexibility could reduce overall energy bills due to reduced transmission, generation, system operation and balancing, overall energy demand, imports and gas disconnections.

There is also the potential for the following, but benefits are likely to be specific to individual clusters of homes and/or reliant on the DNO developing new skills and capacity.

- Fabric efficiency may help to reduce peak demand, and in so doing defer costly grid reinforcement.

- Bulk procurement of LCTs for clusters of homes, to support low-income households or reduce peak demand, passing the cost (and related savings) on to bill-payers.

Enhanced Co-ordination

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

We agree with the rationale of strengthening data sharing and stakeholder engagement. DNOs should act as enablers, making granular network data available so that specialists, local authorities (LAs), and landlords can develop property-specific plans.

Q3. What are your views of the effectiveness of the existing Collaboration Plan requirements? Do you think the enhanced Community Collaboration Plans we have described would be helpful to stakeholders and, if so, how best should they be monitored?

The proposed introduction of a requirement to incorporate stakeholder plans into network planning is welcome. Cotality works with the landlords of over 2 million homes and is keen to support the interface between household and network data, so that DNOs understand the EE and LCT plans for housing and so that there is a low administrative hurdle to assessing how any LCT investment could be affected by grid constraints.

We recommend that DNO stakeholders are not permitted to work in exclusive partnerships. This would restrict innovation either to certain technologies, approaches or consumer groups. Data-sharing and collaboration will take different forms to support different tenures and consumer attitudes.

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

Every home is unique, and area-based approaches can tailor services to local needs, but large landlords work across regional boundaries, and efficiencies can be realised by national software and service providers. DNOs should prioritize providing raw, interoperable "grid-side" data to a standardized format that can be integrated into specialized platforms like Cotality's to support investment and programme planning. Of particular interest is information on looped properties, and how this could be supplemented by changes to retrofit assessment, EPC and stock condition surveys; readiness for LCTs; and a clear timeline for processing applications.

Open data is available from a number of sources, and may be part of the Warm Homes Agency role. We do not think DNOs need to duplicate this offer, or the services already available in the market.

In terms of data formatting, it is perhaps only necessary to provide visualisation where data-modelling can be completed online and/or stakeholders are unlikely to have their own GIS.

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?

Cotality does not think that DNOs are best placed to collate and publish additional non-network datasets. Open data is available from gov.uk. DNOs can signpost to data without potentially duplicating effort and cost.

Ofgem refer to the potential sharing of heat network zones and planned heat networks. Sharing of this data would be helpful, either on DNO sites, gov.uk or Ofgem, but we recommend a single data host so that users can be certain they are accessing the latest data version.

We note the reference to social housing data. We help landlords of over 2 million homes manage their portfolios. Data-sharing, beyond the tenure already in the public domain via EPC open data, should be subject to permission from the landlord and a clearer rationale for sharing in the public domain. It would be helpful to have a process for sharing data with DNOs in order to assess and manage the relationship between grid constraints and plans for decarbonisation of the housing stock, but it is not clear why data should then be shared more widely. Additionally these datasets are subject to change; it would be a significant burden on DNOs to continually integrate, update and maintain social housing data in line with changes to the stock.

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?

We support DNOs providing technical advice and tools to LAs. A key element should be working with services like Cotality to build and test detailed plans for social housing. This allows landlords to align their cycles of maintenance with network upgrades.

Ofgem refers to local authority purchasing of housing stock data from consultancies and suggests “there may be opportunities to provide a more uniform and cost effective service for key elements of this.”

Ofgem should be aware that there are different levels of service in the market. Some organisations may provide or re-sell open EPC data. This is limited in benefit as it is low-resolution, covers a limited proportion of the housing stock, and does not provide a reliable picture of what the future may hold due to the way in which EPC recommendations are generated.

Services like Cotality’s Pathways incorporate proprietary data and modelling tools. Pathways fills the gaps in EPC data and is built from layering multiple data sources (some open, some paid for) and nationwide street-viewing. The service also includes powerful modelling that goes beyond the EPC by assessing thousands of measures at the latest market prices, incorporating the users’ aims and constraints, and optimizing investment plans against the users’ goals.

This service has been built over time in response to the market’s needs. We know our users would appreciate a ‘free’ version of our service, but if that means losing granularity and powerful tools they will be worse off. We encourage DNOs to work with existing, proven services rather than reinvent the wheel. DNOs can add value to the data ecosystem by providing data sets in a common, raw format, to a competitive market with experienced and tailored service providers.

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?

Independent DNOs (iDNOs) are critical for a "whole system" view. They should be required to provide the same level of data transparency as DNOs to ensure that private developments are integrated into local decarbonisation strategies.

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?

Enhanced Co-ordination provides the "bottom-up," granular data (especially on the low-voltage network) for other market actors including RESP to develop investment plans. This can help ensure delivery is grounded in street-level reality. The key tension appears to be the potential to duplicate investment, skills, services and products already in the market, whether from RESP or across the public, third and private sectors.

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?

Cotality believes that a national network of funding and support is required following the closure of ECO. Warm Homes funding to date has been subject to a competitive process. This means support is restricted to those areas and landlords which have the organisational skills, knowledge and motivation required to bid. In turn, there is a risk of a postcode lottery where no funding is available even in the event of clear benefit. There is the need for a national programme that can help vulnerable households in any location and enable investment in demand reduction to avoid or reduce the cost of investment in strengthening the grid.

There is then a question of what makes this approach different from ECO, and what lessons have been learned.

We recommend Ofgem explore the issues raised by NAO, and define the role of the DNO and the standards for installers in response to that evidence.

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?

No response.

Q11. Do you have any views on the archetypes presented and their implications?

There are elements of each that appeal, but also each has elements that move beyond a DNO's core competency.

Our recommendation for bringing the DNOs' skills and knowledge to the rollout of low carbon technologies and energy efficiency are that they:

- Carry out enabling works
- Advise households and signpost to accredited installers and one stop shops that use accredited assessors, coordinators and installers, e.g. Ecofurb
- Provide funding for quality assured works where network benefits can be added to the DNO RAV and recovered from consumers over time
 - Where funding is available, the DNO should determine whether:

- It is consumer-facing and offers funded measures to homeowners as an option, procuring installer(s) to install measures
- It procures an accredited installer and/or one stop shop to realise the savings on its behalf, potentially through a system similar to ECO
 - Installers and one stop shops should be able to blend DNO funding with other grant sources and Warm Homes finance as applicable

Cotality is not taking a view on funding sources but does have concern about duplication of costs and effort. DNOs could reuse existing ECO and Warm Homes infrastructure for workflows to avoid administrative duplication.

The archetypes do not reference quality assurance. It is critical that any funding embeds significant oversight, for example by requiring independent assessment and coordination under PAS 2035, and aligning PAS 2035 and MCS workflows.

Q12. Do you have views on whether pilots of these approaches would be valuable? What should be the main focus of any pilots?

Pilots are welcome. Cotality is keen to participate with its high-resolution property data and large social housing client base. We have a number of ideas for using the data and our scenario modelling capacity to support decision-makers across the sector. We also have 2 decades' experience of managing the install of LCT and EE measures in homes, through homeowner- and area-based services. By layering our data and experience, we can help reduce the delivery risks and "quality gaps" identified by the NAO.

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

iDNOs could act as "innovation zones," testing the archetypes in new-build or specific estate-regeneration projects where they have total network visibility.

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