



BUSINESS PLAN INCENTIVE EARLY PROPOSALS

30 January 2026 submission





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Introduction

SSEN Distribution is pleased to have provided our draft BPI Early Proposals on 3rd December 2025 as part of the SSMC process. We welcome the opportunity to submit our final proposals to Ofgem for 30th January 2026. We are proud of the work we have done to develop a set of rigorous proposals in a very short space of time, that are ambitious, aligned to consumer priorities and Ofgem guidelines, and can deliver genuine value to consumers.

As noted in the draft submission, we used a robust and structured methodology to shortlist six early proposals. This approach was delivered in two phases: Phase 1 up to 4th December submission, and Phase 2 up to the final 30th January submission.

In many aspects, we consider that we have gone above and beyond the requirements set out by Ofgem. Our proposals align well with the priority areas identified by Ofgem including LCTs and connections, system resilience, and supporting vulnerable customers. Each of the proposals address a knotty issue that is critical to delivering the energy system transformation in a fair and sustainable way.

Phase 1 (Pre 4th December):

1. Engaged across all areas of our ED3 plan to identify ambitious and stretching commitments aligned with Ofgem's guidance and ED3 priorities.
2. Compiled a list of 12 options from across all areas, which we then assessed against key criteria: impact on consumers, benefits to bills, alignment with consumer needs, and strength of supporting evidence. We also validated the proposals against our ED3 Consumer Priorities Research¹ (November 2025), incorporated insights from broader stakeholder engagement, and sought feedback from the Independent Stakeholder Group (ISG).
3. We shortlisted the strongest six proposals and developed them in greater detail in preparation for the interim submission on 4th December 2025.

Phase 2 (Post 4th December):

4. Following the draft submission on 4th December 2025 and our bilateral meeting with Ofgem on 14th January 2026, we refined our proposals incorporating the feedback received.

¹In Autumn, we commissioned new Consumer Priorities Research aimed at identifying new consumer priorities that have emerged since our ED2 business plan was developed. The research included 2,248 participants, with focus group sessions involving six distinct consumer segments, and a survey covering 2,000 domestic consumers and 200 business customers. These insights, gathered from customers across both our license areas, have provided strong guidance for shaping our proposals. We shared an initial view of these insights with Ofgem at our bilateral on 14/01/2026.



5. We engaged with other DNOs to assess potential for joint proposals, recognising the benefits of coordination to reduce duplication and strengthen the ambition of the proposals. Unfortunately, due to tight timelines and governance requirements, we were unable to progress beyond initial discussions. We are of course open to continue exploring joint proposals post 30th January.
6. We presented the updated proposals to the ISG on 23rd January 2026 to gather further input, with a focus on ensuring the proposals maximised benefit to consumers and aligned with our consumer research.
7. We also convened several ‘Think Tanks²’ throughout January to deepen our understanding of stakeholder needs and ensure the proposals continue to reflect consumer interests and maximise consumer benefit.
8. We have sought to quantify the cost–benefit impacts of each proposal for consumers, to inform a cost-benefit analysis and Social Return on Investment (SROI), where applicable. We have included the NPV outcome in the summary table and would welcome the opportunity to further engage with Ofgem on the cost-benefit analysis as we refine the scope of the proposals.
9. Lastly, we integrated the implications of the latest government announcement on the Warm Homes Plan (21st January 2026), ensuring full alignment (particularly for Proposal 4: the Enhanced Facilitator Role for Energy Efficiency) with government energy efficiency ambitions.
10. Collectively, these steps have enabled us to develop proposals that seek to maximise consumer benefit, respond to current consumer needs, align fully with government ambitions, and leverage the strengths that come from coordinated proposals.

The table below provides a detailed description of the six BPI Early Proposals. In line with Ofgem guidance, we have only submitted six proposals, three for each of our licensees. However, as noted in our SSMC response, we are concerned that this restriction per licensee does not create a level playing field and results in some DNOs being provided with more opportunity to earn rewards than others. This is even more of a concern if early proposals become the only opportunity for reward under the BPI, which was outlined as a potential option in the recent Ofgem ED3 BPI working group on 15th January 2026.

The proposals collectively push the boundaries of the current regulatory framework, barriers include restrictions on shared asset ownership, gaps in liability and warranty arrangements, and procurement rules that prevent favouring UK based manufacturing. Three of our proposals present an opportunity for Ofgem to normalise standards, align best practice and

² SSEN's Think Tanks bring together a diverse range of consumers to explore how the network can better support customers, particularly those in vulnerable situations, by engaging in an open dialog based on specific topic. These sessions provide insight that directly informs our ED3 plan and ensures consumer voices shape future commitments.



standardise delivery. There is also opportunity to test how an enhanced DNO role in energy efficiency could be delivered, as well as to explore how we can enable greater flexibility around the ownership or operation of storage and generation assets. Further detail on the regulator barriers and how these could be addressed are provided in Table 2, within the submission template, and expanded upon at the end of each appendix.

We have sought to quantify the cost–benefit impacts of each proposal to inform a cost benefit analysis and Social Return on Investment (SROI), where applicable. We have included the Net Present Value (NPV) impact in the summary table and would welcome the opportunity to further engage with Ofgem on the cost benefit analysis and share these as we refine the scope of the proposals.

Feedback received

Date	Feedback from	Feedback	How we have responded
11 th Nov 2025	ISG Monthly	We shared our longlist of BPI early proposals at early stage of development. Our ISG were keen to understand the cost implications of each and value to consumers.	We carried out targeted workshops to assess and quantify the cost–benefit impacts of each proposal for consumers, to inform a cost-benefit analysis and/or SROI, as applicable.
12 th Nov 2025	Ofgem Bilateral	Ofgem most interested in proposals that lead to changes in their existing methodology rather than fully new proposals.	Used this feedback to inform the shortlisting of our proposals for the SSMC submission (4 th December 2025).
14 th Jan 2026	Ofgem Bilateral	Ofgem noted that it was not clear for all proposals what the regulatory blockers are to achieving them.	Our updated submission includes for each early proposal table detailing the regulatory blockers and changes that would be required to implement the proposal.
23 rd Jan 2026	ISG Monthly	We provided an update on our final early proposals including cost implications and value to consumers.	The ISG welcomed our robust approach to developing the proposals. We received feedback on further strengthening explanations around why these proposals could not currently go ahead.



Next Steps

We have a comprehensive ED3 stakeholder engagement plan in place that will allow us to continue testing and refining our proposals with stakeholders over the coming months. Our approach to stakeholder engagement in ED3 is deliberately iterative, ensuring each phase builds on the insights gathered to date. We are currently midway through Phase 2 and have already recorded over 11,000 points of engagement across 51 events and activities, including commissioned research, workshops, webinars, bilaterals and surveys. This growing evidence base is helping us shape a robust, stakeholder-informed business plan, including our BPI early proposals.

We will continue to keep our ISG up to date as we progress with our early proposals, ensuring we gain feedback from them at all relevant stages so that we can factor this in as we make any further refinements.

As mentioned in our recent (14th January 2026) bilateral with Ofgem, we would welcome the opportunity to discuss our BPI early proposals in more detail once Ofgem has had the opportunity to review, including on the costs of the proposals, and the associated cost-benefit analysis, as we further refine the scope of our proposals. This will allow us to understand any feedback and refine our proposals accordingly, and we note that all costs and benefits are indicative at this stage. This will be particularly valuable given the tight timescales we have worked to in order to provide this full set of proposals and noting that BPI early proposals could become the only opportunity for reward under the BPI.



Overview of our early BPI proposals

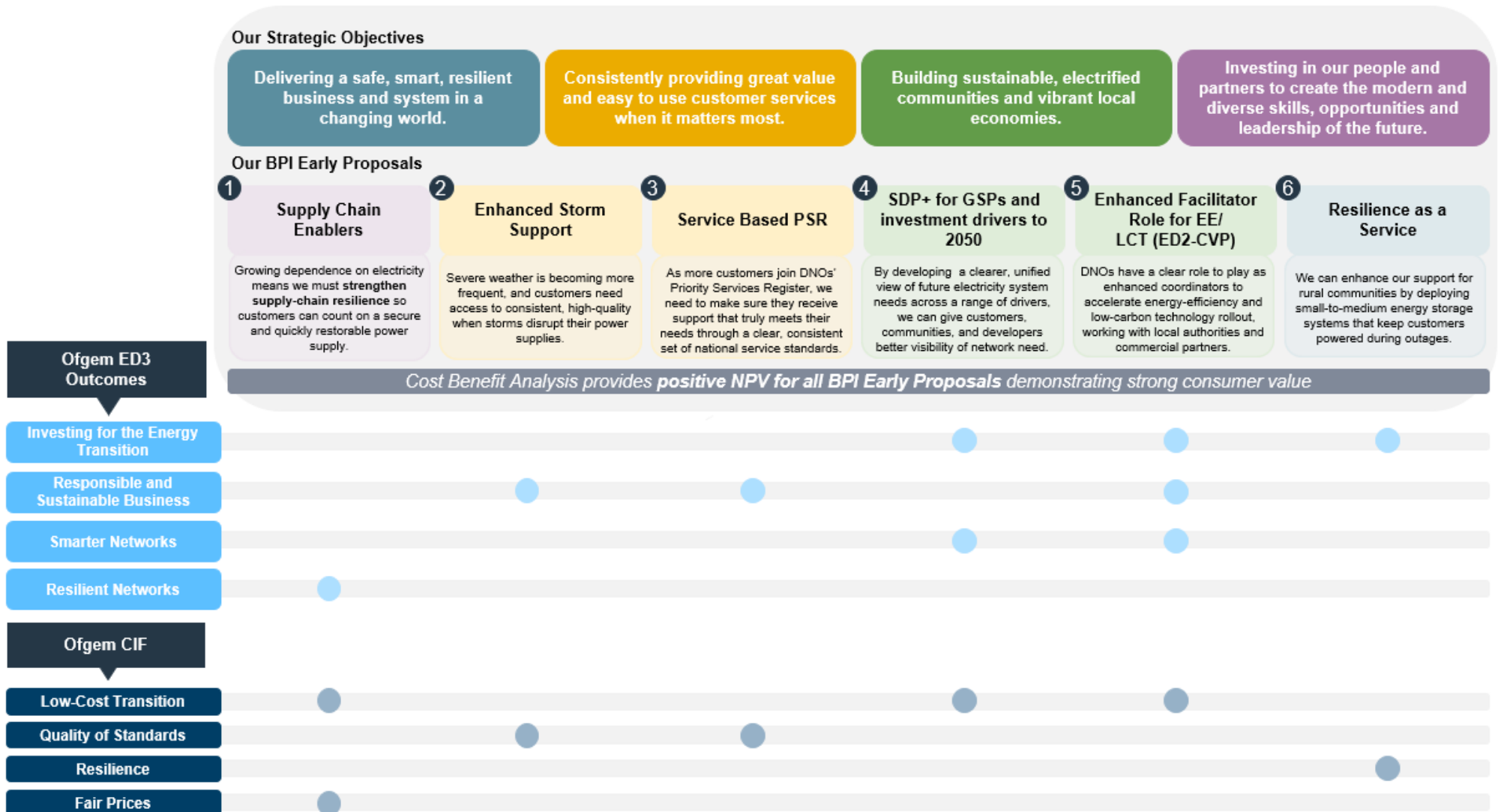




Table 1 – Summary of BPI Early Proposals

No.	BPI Early Proposals	Description	Addressing barriers and pushing the boundaries of the framework	Net Present Value
1	<p>Supply Chain Enablers</p> <p>Growing dependence on electricity means we must strengthen supply chain resilience so customers can count on a secure and quickly restorable power supply. Shared strategic spares and greater UK based manufacturing would speed up repairs, reduce costs, boost jobs, and cut carbon. However, current regulatory and procurement rules block joint asset ownership and UK focused sourcing, preventing these benefits from being fully realised.</p> <p>(Commitment)</p>	<p>As society’s reliance on electricity grows, having access to the right specialist equipment - in the right place at the right time – will be critical to maintaining a secure electricity supply. Growing demand globally, and increasing geopolitical tensions, means our supply chains need to be resilient and robust.</p> <p>We are already leaders in this space, as evidenced through our ED3 Emerging Thinking³ and our proactive contribution to the ENA Sector Growth Plan⁴. Our supply chain enablers proposal, which is in two parts, builds on our leadership:</p> <p>1a) Strategic Spares & Joint Procurement of Equipment: to support long-term network resilience in the face of increasing macro-challenges, we’re proposing to develop a central repository for critical spares and equipment for some of our key assets: transformers, switchgear equipment and SF₆ gas. This would mean we can “pool” resources across network operators, speeding up</p>	<p>1a) This goes beyond the existing regulatory framework as there are likely to be regulatory and procurement barriers. In addition, the current framework does not provide rules for funding, owning, accounting for or managing shared assets and there are gaps with regards to liability, warranties and accountability when multiple DNOs depend on the same stock.</p> <p>1b) Procurement law also currently prevents favouring UK-based manufacturing, and Ofgem’s ED3 cost assessment methodology would need to be reviewed to recognise that sourcing incrementally higher priced domestic products could deliver wider social and economic benefits, in line with Ofgem’s growth duty. We’re working with the industry, Ofgem, and government on the next phase of the electricity networks growth plan, which will be a critical enabler to our proposal.</p>	Positive

³ [We've set out our vision to deliver decarbonisation and sustainable economic growth - SSSEN](#)

⁴ [Sector Growth Plan – Energy Networks Association \(ENA\)](#)



		<p>our ability to fix faults and restore power to our customers. Buying equipment at scale could also lower prices, and provide suppliers with greater certainty, driving costs down for customers.</p> <p>1b) Strengthening our Local Supply Chain: In tandem with this, we're looking to further enhance supply chain resilience and economic growth opportunities. We're proposing to source a minimum percentage of our total spend on equipment and materials from products manufactured or assembled within the UK. This supports UK businesses, promotes job creation, stimulates economic growth, and helps reduce our carbon footprint. By building shorter, greener supply chains, we also increase resilience and improve serviceability.</p>		
2	<p>Enhanced Storm Support</p> <p>Severe weather is becoming more frequent, and customers need access to consistent, high-quality when storms disrupt their power supplies. This proposal would create consistent, GB wide standards for welfare support and improve coordination between network operators and local resilience partners, delivering better outcomes for customers and communities. Proactive coordination and collaboration is required to support this.</p>	<p>Our climate is becoming ever-more volatile, and damaging storms increasingly frequent. Our expertise in keeping customers informed and supported when their power supply is affected by severe weather has been well recognised and offers a template for all Distribution Network Operators.</p> <p>We are proposing to drive forward the development of a more standardized level of storm support service commitments across Great Britain, which sets out clear thresholds for when additional support – like free hot meals, hotel accommodation,</p>	<p>This proposal goes beyond the existing regulatory framework as there are current no national standards that define when storm welfare support is triggered, what should be included or a requirement to apply a consistent approach across DNOs. This also sits outside core incentivised outputs, meaning it is discretionary and unfunded, with significant regional variation. This is not about creating new obligations around new activities, rather driving standardisation, where appropriate, in existing activities, in line with Ofgem's 2025 Storm Arwen response.</p>	<p>Positive</p>



	(Commitment)	<p>communication methods - is provided to customers in affected communities.</p> <p>These standards would also formalize co-operation between network operators and Local Resilience Forums and Partnerships, to build on NEWSAC⁵ and extend it beyond outage/fault restoration, improving storm support for all.</p> <p>When it comes to the welfare payments and accommodation support DNOs provide, SSEN's in favour of rates being harmonised and the criteria becoming more consistent, to minimise differences in what's provided.</p>	<p>This proposal could then be further developed together with proposal six below with a view to introducing local community resilience hubs.</p>	
3	<p>Service Based PSR</p> <p>As more customers join DNOs' Priority Services Register, we need to make sure they receive support that truly meets their needs through a clear, consistent set of national service standards. By aligning service levels to specific needs codes, customers and society benefit from fairer, more predictable support and reduced regional disparities. However, current regulations lack national standards and focus mainly on identifying vulnerable customers rather than improving the</p>	<p>With the numbers of customers being signed up for DNOs' Priority Services increasing, ensuring that the support offered is appropriate and of real benefit to people is becoming ever-more important.</p> <p>To this end, we're proposing to develop a consistent set of standards tailored to the range of needs people have, so that customers have a better idea of what help to expect based on their circumstances and aligned to their needs. Such an approach would also reduce current variations in the help people get.</p>	<p>This proposal goes beyond the existing regulatory framework as there are currently no national standards that define the support to be provided to specific PSR codes and no requirement for DNOs to meet the same standards, leading to significant regional variation. The existing incentives focus on numbers of vulnerable customers identified rather than driving improved and standardised service to these customers. As with the enhanced storm support, this is not about creating new obligations around new activities, rather driving standardisation, where appropriate, in existing activities</p>	Positive

⁵ Northern Eastern Western and Southern Area Consortium (NEWSAC) arrangements provide for the voluntary and temporary transfer of staff and equipment from one company to another.



quality of service they receive, creating barriers to delivering equitable, standardised support.

(Commitment)

Central to this work is applying the agreed service level commitments as a framework to each needs code, ensuring the level of service aligns directly with the customer's PSR category. An illustrative example for a PSR0/1+ OU customer and a PSR3 OP customer is included in the appendix.

SDP+ for GSPs and investment drivers to 2050

By developing a clearer, unified view of future electricity system needs across a range of drivers, we can give customers, communities, and developers better visibility of network need. This supports a fairer, more efficient and transparent approach to long-term planning, using digital tools, also providing a blueprint for ED3 Long-term Integrated Network Development Plans.

(Commitment)

We're leading the way in how we proactively and transparently plan the future of our network: we're the first DNO to publish sector-leading Strategic Development Plans (SDPs)⁶ for every part of our network. Each SDP provides a blueprint of long-term electricity needs, giving our customers and stakeholders a transparent view of growing demand and how we plan to meet their long-term needs.

We propose to significantly enhance the SDPs by integrating load and non-load investment data, RESPs, and spatial planning information into a unified view of future system needs. This rich dataset will give consumers, local authorities, developers, and market participants clarity and confidence in understanding future system needs.

This proposal goes beyond the current regulatory framework as the LINP is new and there is not currently a standardised methodology underpinning it. Our integrated approach establishes a robust, transparent and accessible evidence-based model that can be used for the LINP, which remains undefined. Our approach to digitalisation is also consistent with Ofgem's commitment to creating a more open, interoperable, and accessible data environment. By doing so, SDPs will become a key enabler for future system planning and decision-making.

Positive



		With a strong focus on digitalisation, we want to enable easier access, improve usability, and unlock additional benefits beyond the Long-term Integrated Network Development Plan (LINP), including new customer and stakeholder applications.		
5	<p>Enhanced Facilitator Role for EE (ED2-CVP)</p> <p>DNOs have a clear role to play as enhanced coordinators to accelerate energy efficiency and Low Carbon Technology (LCT) rollout, working with local authorities and commercial partners. Through pilots we can put enhanced coordination to the test, exploring delivery and funding models, and how digital tools can maximise benefits for consumers.</p> <p>(Commitment)</p>	<p>We are committed to accelerating targeted Energy Efficiency (EE) and Low-Carbon Technology (LCT) deployment by adopting an Enhanced Facilitator Role and testing this role in practice through pilots delivered in partnership with local authorities, installers, and selected commercial and funding partners. These pilots will allow us to validate how a coordination role can support the ambition in the Warm Homes Plan⁷.</p> <p>Through our pilots, we will test partnerships with commercial delivery organisations to shape how the facilitator role can unlock new delivery channels, strengthen supply chains, improve customer journeys, and accelerate installation volumes at scale.</p> <p>A central component of the role will be the development and deployment of a geospatial planning and delivery platform, made available to consortium partners, including local authorities, installers,</p>	<p>The role of DNOs in energy efficiency and LCT is currently under review and there are currently no clear delivery models, incentives or funding provisions for DNOs to enable or coordinate local delivery of energy efficiency interventions or to provide open access to digital planning tools on the scale required. Our pilot approach will build on existing innovation projects to test options out, and explore how partnerships, including in the funding space can work in practice. Finally, by equipping partners with the right level of visibility, we will also create a shared, data-driven understanding of where EE and LCT deployment can be accelerated most effectively.</p>	Positive

⁷ <https://www.gov.uk/government/publications/warm-homes-plan>



		commercial retrofit providers, and customers. This tool will support the practical rollout of energy efficiency technologies by combining key datasets and modelling capabilities.		
6	Resilience as a Service We can enhance our support for rural communities by deploying small-to-medium energy storage systems that keep customers powered during outages. This innovative approach offers a greener, more cost-effective alternative to traditional backup generation, paving the way future community resilience hubs. (Commitment)	<p>The impacts of climate change are increasingly being felt by our networks and communities. This is particularly true of some of our more rural communities. At SSEN we are proposing to deploy innovative solutions to enhance reliability for those customers.</p> <p>We are proposing to deploy a range of small-to-medium scale storage solutions that can supply power during outages, in areas where it may take us longer to restore power. There is a range of technologies available, from large storage units that can support whole communities, through to systems to support individual customers.</p>	<p>This proposal would enable us to deploy a tried-and-tested innovative solution at scale, providing an alternative, cheaper, greener solution to our communities.</p> <p>This proposal goes beyond the existing regulatory framework, as current licence conditions prevent DNOs from owning or operating storage or generation assets.</p> <p>In addition, the treatment of batteries within the NESO Connections Queue could also become a regulatory blocker.</p> <p>This proposal could then be further developed together with proposal two above with a view to introducing local community resilience hubs.</p>	Positive



Alongside the shortlisted early proposals, we have outlined key points for Ofgem to consider when assessing the proposals:

- Networks will need to be adequately funded to deliver on these commitments where commitments are new and stretching, including any commitments proposed by other DNOs.
- Some commitments have broader implications (e.g. supply chain, DNOs, and external bodies (ENA) and must be carefully integrated into the regulatory framework. As requested during the Ofgem bilateral on 14th January 2026, we have included a list of regulatory implications that should be considered as part of the BPI Early Proposals.
- Some commitments, particularly those linked to innovation, are still in development and follow varying timelines to implementation. These will require further refinement and funding before becoming business as usual. However, they offer significant consumer benefits, and their current development stage allows flexibility to adapt and align them with the proposals as needed.

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We are submitting these proposals now on the understanding that Ofgem will work through the details collaboratively post submission.

Further detail on the six shortlisted proposals is included in the appendix, structured according to the SSMC guidance, covering the rationale, supporting evidence, anticipated benefits, regulatory implications and how each proposal aligns with Ofgem's ED3 policy direction.



Appendix A – Proposal 1: Supply chain enablers

Licensee Name	SSEN Distribution
Proposal Name	Supply Chain Enablers
Type of proposal (confirm all that apply)	New or enhanced service
Proposal summary (Max 200 words)	<p>We are already leaders in this space, as evidenced through our ED3 Emerging Thinking and our proactive contribution to the ENA Sector Growth Plan. Our supply chain enablers proposal, which is in two parts, builds on our leadership. This proposal includes two options, with Option 1b acting as an addition to Option 1a.</p> <ul style="list-style-type: none">• Strategic Spares & Joint Procurement of Equipment: Commitment to develop a central repository for critical spares and fungible equipment for transformers, switchgear equipment and SF6 gas. This commitment would enable access to a shared pool of resources in response to real-time operational demands, minimising duplication and enhancing responsiveness to faults and outages. By drawing from a common inventory, the model reduces competitive bidding for equipment, shortens lead times, and leverages economies of scale to achieve greater cost efficiency.• Strengthening our Local Supply Chain: Sourcing a minimum percentage of our total spend on equipment and materials from products manufactured or assembled within the UK. This supports UK businesses, promotes job creation, stimulates economic growth, and helps reduce our carbon footprint. By building shorter, greener supply chains, we also increase resilience through improved serviceability.
Which ED3 outcomes does the proposal support? (confirm all that apply)	Responsible and sustainable business Resilient networks
Which Consumer Interest Pillars does the proposal support? (confirm all that apply)	Low-cost transition Fair prices Quality and standards Resilience



Summary of key reason(s)/driver(s) for the proposal (Max 200 words)

The proposal is driven by four critical factors shaping the future of energy networks. These challenges highlight the need for a coordinated approach to ensure resilience, cost efficiency, and security of supply, with a greater focus on strengthening the UK economy. The key drivers are below.

- **Availability of critical spares:** Growing pressure on the availability of essential spares due to tightening global supply chains, extended manufacturing lead times, and rising demand driven by the energy transition, particularly for standardised equipment.
- **Long-term Funding Security:** A unified approach would provide long-term funding security and greater negotiating power in the market.
- **Drive efficiencies in inventory management:** with reduced overall costs to customers.
- **Uncertainty in SF₆ demand:** As SF₆ assets are phased out and leakage falls, consumption becomes less predictable. With likely requirements to use only recycled SF₆, and a single international supplier, competition could intensify and drive-up costs.
- **Global supply chain pressures:** Longer lead times and global uncertainty highlight the need for a stronger UK based supply chain to reduce dependency on overseas manufacturing.
- **Sustainability benefits:** Increasing domestic sourcing reduces transport emissions.
- **UK growth opportunity:** Onshoring manufacturing can rebuild supply chains, create skilled jobs, drive innovation, and stimulate regional economic growth.

Summary of supporting evidence (Examples could include references to sector specific intelligence, innovation projects, ISG engagement, wider consumer research, endorsement from third parties) (Max 200 words)

Our ED3 Consumer Priorities Research (November 2025) shows that customers (i) strongly support measures that deliver long-term reductions in energy bills and (ii) place high value on us working with local third parties and partners, including building skills for the future within local communities. By improving strategic spares availability, streamlining procurement, and increasing UK based manufacturing, we reduce costs, stimulate growth, boost network capacity, and accelerate restoration in line with customer priorities.

Beyond these core consumer benefits, this approach provides several wider system and sector advantages:

- **Greater standardisation across DNO networks:** more efficient production, lower manufacturing costs, and shorter connection times, creating a more cost-effective and responsive energy system.



- **Improved supply chain resilience:** addresses constraints such as limited manufacturing slots, factory relocations, extended lead times, material shortages, delivery disruptions, and rising costs, reducing programme risk and speeding up network build.
- **Alignment with international best practice:** mirrors the shift by major European utilities to prioritise domestic manufacturing capacity and resilience under frameworks like the EU Net Zero Industry Act.
- **Local economic and community benefits:** supports job creation, apprenticeships, and local industry development, consistent with what consumers told us they value.

Summary of
potential benefits
(Max 200 words)

- **Strategic Spares:** A centralised repository of critical components ensures rapid access to essential spares, improving network resilience and reducing downtime during emergencies or planned works. Consolidating storage cuts warehousing and logistics costs, minimises duplication, and accelerates network build times by ensuring equipment are available when needed.
- **Joint Procurement:** Joint procurement drives equipment standardisation, simplifying design and maintenance and improving efficiency. Acting collectively enables economies of scale, lowers costs, strengthens market influence, and provides demand certainty to support long term supply security.
- **Availability of SF₆:** SF₆ remains vital for high voltage insulation, but future phase out policies create supply challenges. With legislation likely to mandate recycled SF₆ only, and a single international provider, competition for limited supply could increase costs. Shared procurement and access to SF₆ would mitigate tightening availability and associated cost increases.
- **Sustainability:** Increasing UK manufacturing and assembly reduces transport emissions, supporting wider decarbonisation objectives.
- **Economic Growth:** Clear demand signals can stimulate investment in UK production, strengthen industrial base, and enhance supply chain resilience.
- **Community Benefits:** Supporting UK based manufacturing helps sustain skilled jobs, expand training opportunities, and retain economic value locally, reinforcing DNOs' role in economic growth.

Where the
proposal relates
to a new or
enhanced service

This proposal sets out a new non-BAU coordinated service, spanning joint storage, joint procurement, and manufacturing-based supplier selection. The existing regulatory framework does not define how shared assets would be funded, classified, depreciated or cost-



or to stretching commitments, explain why the proposal is not already business as usual or incentivised either through the existing RIIO-ED2 framework or under ED3 proposals that we are consulting on (Max 200 words)

recovered. Existing incentive frameworks would expose DNOs to downside risk when relying on shared assets.

Joint Storage

A centralised spares repository goes beyond current procurement and stock management practices. Each DNO therefore maintains separate supplier relationships and risk positions, leading to duplicated inventories, inconsistent availability, and competition for identical equipment. Existing shared models, such as National Grid Cable Clubs, are limited to equipment that is no longer being manufactured and do not cover new strategic spare requirements, and levelled access to inventory.

Joint Procurement

Creating a single procurement entity across all DNOs may raise competition law concerns, as consolidated buying could be interpreted as reducing supply chain competition. Regulatory approval or specific exemptions would be required to ensure transparent, proportionate, and consumer focused collaboration.

Manufacturing Based Supplier Selection

Procurement law requires fairness and non-discrimination, preventing decisions based on manufacturing location.

Cost Assessment

Current rules prioritise lowest cost procurement, offering limited mechanisms to reward choices that deliver wider social, economic, or long-term system benefits.

Where the proposal relates to a new or enhanced service, explain why DNOs are best placed to undertake the activity described under the proposal (Max 200 words)

DNOs will need to play a central role in designing and shaping a coordinated strategic spares model, as they hold the statutory responsibilities for maintaining a reliable network and possess the technical expertise required to define specifications, performance standards and operational requirements for safety critical equipment. However, the overarching structure should sit with an independent governing body, such as the ENA or a dedicated new entity, which would oversee the management of the storage facility and coordinate joint procurement on behalf of all DNOs.

The table below provides further detail on the regulatory implications associated with this proposal, building on the summary presented above. We are happy to work with Ofgem on how best to address these, and we have already outlined high-level solutions to mitigate any potential blockers.



Title	Implications	Proposed Solution
Competition law	Setting up an entity to jointly procure electricity equipment and recycled SF6 gas can be interpreted as anti-competitive without explicit regulatory cover.	To enable this model, specific provisions or exemptions within the regulatory framework would be required, ensuring that any collaboration is transparently governed, proportionate, and demonstrably in the consumer interest.
ED2 regulatory framework	<p>RIIO-ED2/ED3 frameworks do not define how shared assets would be funded, classified, depreciated, or cost-recovered.</p> <p>No regulatory framework covering liability, insurance, warranties, or performance failure for jointly owned stock.</p> <p>Unclear accountability during outages if shared assets fail or are unavailable.</p> <p>Unclear treatment of cross-DNO cost sharing, intercompany transfers, and benefit attribution.</p> <p>Existing incentive frameworks expose DNOs to downside risk when relying on shared assets.</p>	<p>Amendment to the cost assessment framework to incorporate guidance on how this equipment would be treated.</p> <p>Regulatory recognition of a sector-wide entity (e.g. ENA-led or ringfenced SPV) to own and manage shared stock.</p> <p>Defined accountability, audit, assurance and incentive-alignment requirements in ED3 framework.</p>
Procurement Law	Act 23 prohibits the discrimination of suppliers based on location of manufacturing.	An amendment to the law, similar to the EU Net Zero Industry Act, could allow for differentiated treatment of suppliers based on sustainability and resilience criteria. Under the Net Zero Industry Act, Member States and contracting authorities are required to apply nonprice criteria, including contributions to sustainability and supply chain resilience, when procuring specified Net Zero technologies or running a proportion of RES auctions. The



“resilience” criterion specifically focuses on diversifying supply chains and reducing dependency on any single country.

Cost Assessment

Current cost assessment approaches focus almost exclusively on unit cost, meaning that if a UK manufactured product is selected, DNOs are effectively penalised for choosing an option with a higher upfront price. This creates a disincentive to procure domestically, even where doing so would strengthen supply chain resilience and support long term system reliability.

To address this, cost assessment would need to evolve to include broader social value benefits, such as job creation, economic growth, apprenticeships, innovation, and strengthened domestic capability, alongside the direct unit cost. A more holistic assessment framework would allow decisions that reflect overall value to consumers and the UK economy, rather than purely on lowest cost.



Appendix B – Proposal 2: Enhanced Storm Support

Licensee Name	SSEN Distribution
Proposal Name	Enhanced Storm Support
Type of proposal (confirm all that apply)	New or enhanced service Stretching commitment
Proposal summary (Max 200 words)	<p>Our storm support for communities is industry leading; we are proposing to drive forward the development of a standardised level of storm support service commitments across Great Britain. This could include with regards to the following activities:</p> <ul style="list-style-type: none">• Establish resource requirements and operational thresholds for the provision of welfare services, including warm meals, specifying conditions, duration, and extent of support.• Develop consistent engagement protocols with Local Resilience Forums to align standards.• Require framework agreements with welfare providers to standardise capability and readiness.• Implement standardised welfare payment to ensure fairness.• Establish consistent criteria for hotel and heating support, conditions, duration, proximity, while expanding local business partnerships to widen welfare service reach.• Establish consistent communication standards for storm events to ensure customers receive clear and timely updates.• Enable DNOs to share advisors, services, and additional support to improve resilience and expand assistance beyond standard welfare provision.• Develop a UK wide resilience portal that provides the public with visibility of local welfare providers, expanding our current portal to a GB wide. <p>These commitments reflect Ofgem’s Storm Arwen Response, calling for stronger resilience, improved welfare, coordination, and service standards. We would welcome the opportunity to explore the role of resilience hubs in delivering enhanced storm support to customers.</p>
Which ED3 outcomes does the proposal	Responsible and sustainable business Resilient networks



support? (confirm
all that apply)

Which Consumer
Interest Pillars
does the proposal
support? (confirm
all that apply)

Low-cost transition
Fair prices
Quality and standards
Resilience

Summary of key
reason(s)/driver(s)
for the proposal
(Max 200 words)

Severe weather events are occurring more often and can be highly disruptive. While continued investment in resilience helps to significantly reduce the impact and frequency of outages, it is not possible to eliminate them entirely. As society becomes increasingly reliant on electricity for heating, communication, and healthcare, loss of supply now has a more significant and immediate impact, especially for customers in vulnerable circumstances.

Current welfare support varies between DNOs, creating inconsistent experiences and uncertainty about what help is available. This proposal would close that gap, ensuring every customer receives timely, visible support and information during an outage.

Public expectations are also evolving. Reliability alone no longer defines good performance, how customers are cared for during disruption matters too. Embedding storm welfare support as a funded, standardised service would formalise what many DNOs already strive to deliver, ensuring fairness, transparency, and consistent customer protection across the country.

Summary of
supporting
evidence
(Examples could
include
references to
sector specific
intelligence,
innovation
projects, ISG
engagement,
wider consumer
research,
endorsement from
third parties)
(Max 200 words)

As extreme weather becomes more frequent and reliance on electricity grows, customers expect SSEN to provide enhanced storm support services. This proposal responds to those expectations with a standardised, national approach.

Insights from our ED3 Consumer Priorities Research show:

- Building a reliable, resilient network is a top priority, with 62% placing it in their top three. Customers expect SSEN to be prepared for outages as severe weather impacts increase.
- Extra storm support ranks 7th of 39 sub priorities. This shows customers view storm welfare as a core service rather than an optional add-on.
- Support for vulnerable customers ranks within the top five priorities. Targeted support specifically sits 8th (3.8%),



highlighting the importance of proactive welfare measures.

Additional customer insights:

- Strong support for a faster and more streamlined reimbursement process.
- A desire for earlier, clearer, and more diverse communication on the availability of welfare services, including hotel accommodation and meal provision.
- Requests for more specific outage information, covering cause, repair progress, and expected restoration times, alongside more proactive contact during storm events.

Feedback after Storm Arwen from Ofgem supports this commitment: customers want outage duration estimates, improved information sharing and clearer communication on welfare support.

Summary of potential benefits (Max 200 words)	<p>This commitment would deliver the following benefits:</p> <ul style="list-style-type: none">• Standardised storm support would deliver clear and equitable benefits, particularly for customers in vulnerable situations.• Defined national commitments would ensure consistent access to practical and financial assistance, such as meals, heating, accommodation, and welfare payments, across all regions.• Customers would have confidence in what support to expect and when, strengthening trust in their network operator.• For the wider system, a consistent framework would improve coordination with LRFs, welfare providers, and other DNOs, enabling resources and expertise to be shared during major incidents.• Consistent communication standards and call response expectations would close the gap in customer satisfaction between storm and non-storm periods, driving improved customer satisfaction and social sentiment across the sector.• More efficient deployment of storm response resources reduces pressure on DNOs and enables staff to focus on other priority areas. This coordinated approach also delivers cost efficiencies by lowering the need for surge staffing and welfare provisions through shared resource arrangements.
Where the proposal relates	<p>There is currently a minimum guidance associated with storm resilience support and is mainly incentivised via the BMCS and</p>



to a new or enhanced service or to stretching commitments, explain why the proposal is not already business as usual or incentivised either through the existing RIIO-ED2 framework or under ED3 proposals that we are consulting on (Max 200 words)

the vulnerability incentive, and network resilience and restoration times via the IIS. However, the current framework lacks specific standards the support required in case of a storm, leading to different levels of service across DNOs.

SSEN Distribution currently goes beyond the requirements by deploying food vans, welfare units, arranging accommodation, reimbursing essential costs, and conducting door-to-door welfare checks. These initiatives are unfunded and undertaken voluntarily in recognition of the importance of visible customer care. We have also shared food vans with other DNOs to support during storm response.

As electricity dependency grows, customer expectations for tangible support continue to rise. A funded, standardised approach would ensure that all customers receive consistent care, regardless of geography, while recognising the crucial role that welfare provision plays alongside restoration performance in maintaining public confidence.

This is further explored in the table below.

Where the proposal relates to a new or enhanced service, explain why DNOs are best placed to undertake the activity described under the proposal (Max 200 words)

DNOs are uniquely positioned to lead this activity due to their operational capability, local presence, and direct responsibility for power restoration. They already work closely with emergency services, local authorities, and LRFs, making them best placed to coordinate welfare and communication efforts efficiently.

Unlike third-party providers, DNOs have real-time data on outages and can prioritise vulnerable customers, affected by the storm, through the Priority Services Register (PSR). Their field teams and customer service operations are embedded within communities across our entire licence area, enabling rapid, targeted deployment of welfare support.

By leveraging existing infrastructure, partnerships, and customer insight, DNOs can deliver an immediate and coordinated response, ensuring every customer receives the care they need when and where it matters most.

The table below provides further detail on the regulatory implications associated with this proposal, building on the summary presented above. We are happy to work with Ofgem on how best to address these, and we outline high level solutions to mitigate any potential blockers.



Title	Implications	Proposed Solution
ED2 framework – no national standards for storm welfare support	There are no national standards that define when storm welfare support is triggered and what should be included. There is no requirement for DNOs to meet the same standards for storm welfare support.	ED3 framework to require DNOs to work together (via the ENA) to develop and implement a Code of Practice for storm welfare support. A Code of Practice is easy to implement and provides flexibility to respond to changing and specific customer needs, noting that this is not about introducing new obligations but rather standardising activities where appropriate.
ED2 framework - no direct output, incentive or funding.	Welfare provision during outages is not an explicit regulatory expectation and sits outside core incentivised outputs, leaving it discretionary and unfunded and resulting in inconsistent delivery across DNOs.	ED3 framework to provide funding for DNOs to provide welfare support during storms.



Appendix C – Proposal 3: Service Based PSR

Licensee Name	SSEN Distribution
Proposal Name	Service Based PSR
Type of proposal (confirm all that apply)	New or enhanced service Stretching commitment
Proposal summary (Max 200 words)	<p>This proposal establishes a consistent framework of targeted support for PSR customers, ensuring assistance is tailored to individual needs and backed by clear, transparent standards.</p> <p>Defining a common set of service-based commitments for each PSR needs code ensures customers know what to expect while improving consistency across DNOs and reducing regional differences. This could include:</p> <ul style="list-style-type: none">• Providing a dedicated PSR hotline, including alternative communication formats, so every customer can access support that works for them.• Offering in person visits to help customers develop personalised resilience plans to prepare for supply interruptions.• Sharing relevant PSR data through the DSI to enable coordinated support for vulnerable customers.• Providing out of hours customer support for those who prefer contact outside standard hours.• Supplying location specific information on emergency food and accommodation.• Delivering welfare hubs with local resilience partners to offer safe, warm spaces during storms or severe cold.• Proactively contacting PSR customers before planned outages to ensure they can prepare effectively.• Ensuring prompt, tailored communication after unplanned outages.• Providing age and needs appropriate comfort resources for families with children on the PSR.• Deploying Fault Liaison Officers to communities significantly affected by unplanned outages.• Home visits for PSR customers at heightened risk during power interruptions.
Which ED3 outcomes does the proposal	Responsible and sustainable business



support? (confirm
all that apply)

Which Consumer
Interest Pillars

does the proposal
support? (confirm
all that apply)

Quality and standards

Summary of key
reason(s)/driver(s)
for the proposal
(Max 200 words)

As the number of customers supported through our PSR continues to grow, driven by positive engagement and current incentive arrangement, we have an opportunity to enhance the quality and consistency of the support we provide to customers. Our existing PSR activities have successfully strengthened identification, registration, and data quality, the focus should shift to ensure customers receive proactive and targeted support whilst on the register.

The proposal introduces a national minimum standard for PSR service delivery, ensuring all customers in vulnerable situations receive reliable, timely, and tailored support during both planned and unplanned interruptions. It aligns with Ofgem's four principles underpinning the expectations for the standard of service for consumers in vulnerable situations, strengthening support for those most affected during a loss of supply (Principle 1), improving the smart use of data to identify and prioritise customers (Principle 2), recognising emerging forms of vulnerability and barriers to participation (Principle 3), and embedding a consistent, customer-focused approach across operations (Principle 4).

The proposal aligns with our Consumer Vulnerability Strategy by complementing our commitments, inclusive service improvements, channel accessibility, Personal Resilience Plans, and battery backup provision. It builds on our data- and insight-driven processes and partnership framework, ensuring standards reflect customer needs.

Summary of
supporting
evidence
(Examples could
include
references to
sector specific
intelligence,
innovation
projects, ISG
engagement,

This proposal is based on insights from our consumer research into PSR, front-line logs of PSR customer interactions, and ED3 Consumer Priorities Research. The research confirms that supporting vulnerable customers is a top priority, ranking in the top five overall priorities.

Evidence from PSR research and operational logs includes:

- Hearing- and sight-impaired customers struggle with voice channels and prefer alternatives.



wider consumer research, endorsement from third parties)
(Max 200 words)

- Requests for flexibility in planned works (medical appointments, funerals, childcare) and advance notice to avoid hardship.
- Need for honest, regular restoration updates during faults; uncertainty causes stress and practical issues.
- Importance of location-specific emergency food and accommodation lists.
- Families with young children face severe hardship during prolonged outages.
- Stakeholders stress visible, local coordination during major incidents.
- Multiple requests for welfare visits or companionship during stressful outages (e.g., dementia, anxiety).
- Families and carers value assisted sign-up and advocacy, achievable through resilience visits that also confirm needs (batteries, fridge storage, heaters).
- Many welfare requests occur after 5pm or on weekends.

Summary of potential benefits
(Max 200 words)

Improved Customer Experience

This proposal ensures vulnerable customers receive tailored, proactive support rather than general assistance. By introducing consistent standards for each PSR needs code, customers will have clear expectations of the service provided, reducing uncertainty and stress during outages. This clarity promotes trust and confidence in the network operator.

Operational Efficiency and Resilience

Targeted support will reduce incoming call volumes through proactive communication and improve outage management by prioritising customers with critical needs. Enhanced coordination with local partners and charities will streamline welfare delivery, ensuring resources are deployed effectively and reducing duplication of effort.

Measurable Outcomes and Industry Consistency

The proposal sets a national minimum standard for PSR service delivery, eliminating postcode variations and improving fairness. Benefits include higher customer satisfaction scores, reduced outage-related hardship, and faster restoration for those most at risk. By defining distinct interventions for each PSR needs code, the proposal creates clear, measurable service outcomes and enables consistent tracking of delivery across all customer groups.

Where the proposal relates to a new or enhanced service or to stretching

While current RIIO-ED2 mechanisms, such as the Consumer Vulnerability Incentive (CVI), primarily reward PSR registration and data quality, DNOs are already reaching or exceeding their PSR Reach targets, creating a performance ceiling. The focus has therefore been on identifying and maintaining eligible customers, not



commitments, explain why the proposal is not already business as usual or incentivised either through the existing RIIO-ED2 framework or under ED3 proposals that we are consulting on (Max 200 words)

on delivering enhanced, proactive, or consistent service once they are registered. Ofgem's ED3 consultation recognises this and signals a shift toward qualitative measures of PSR customer experience, separating satisfaction scores for PSR and non-PSR customers.

This proposal directly supports that direction and goes further by defining a national minimum service standard that operationalises Ofgem's intent to go beyond data completeness to meaningful, targeted, and outcome-based service delivery. This commitment would therefore fill a clear gap between existing quantitative metrics and the qualitative, customer-focused service Ofgem seeks to promote in ED3.

This is further explored in the table below.

Where the proposal relates to a new or enhanced service, explain why DNOs are best placed to undertake the activity described under the proposal (Max 200 words)

DNOs are best placed to deliver this proposal as they have direct operational control of the electricity network and immediate visibility of both planned and unplanned outages. They already maintain the PSR and have the systems, data, and local relationships required to identify and support customers in vulnerable circumstances quickly and effectively. Their established links with local authorities, emergency services, charities, NGOs, and resilience partners allow them to coordinate targeted assistance and share information securely.

Delivering enhanced, proactive, and consistent support builds naturally on DNOs' existing customer contact and operational frameworks, ensuring that interventions are timely, reliable, and tailored to those most affected by power interruptions.

The table below provides further detail on the regulatory implications associated with this proposal, building on the summary presented above. We are happy to work with Ofgem on how best to address these, and we have already outlined high level solutions to mitigate any potential blockers.

Title	Implications	Proposed Solution
ED2 framework – no qualitative output or incentive	Existing incentives (CVI, PSR Reach) reward quantitative outcomes rather than quality of support or consistency of customer experience. They focus on PSR identification, registration and data quality.	ED3 framework requirement for DNOs to work together via the ENA, led by SSER, to develop and implement a common PSR Service Framework. Note that this is not about creating new



Title	Implications	Proposed Solution
		obligations, rather standardising activities and service levels
No minimum national service standards for PSR needs codes	There are no national standards that define the support to be provided to specific PSR needs codes. There is no requirement for DNOs to meet the same standards, leading to inconsistent support levels across DNOs and significant regional variation.	ED3 framework requirement for DNOs to work together via the ENA (led by SSEN) to develop and implement a common PSR Service Framework.
Funding	There is currently no funding mechanism to provide differentiated support based on needs codes, despite the varying levels of risk, vulnerability, and support requirements across customer groups.	ED3 to provide sufficient funding for this activity.



Appendix D – Proposal 4: SDP+ for GSPs and Investment Drivers to 2050

Licensee Name	SSEN Distribution
Proposal Name	SDP+ for GSPs and Investment Drivers to 2050
Type of proposal (confirm all that apply)	New or enhanced service Stretching commitment
Proposal summary (Max 200 words)	<p>SSEN has led the industry by being the first DNO to publish sector-leading Strategic Development Plans (SDPs) that provide a blueprint of long-term electricity system needs that allow us to work with other stakeholders to design and build the local markets and networks they need to decarbonise their power needs.</p> <p>We propose to significantly enhance the SDPs by integrating load and non-load investment data, RESPs, and spatial planning information into a unified view of future system needs. This rich dataset will give consumers, local authorities, developers, and market participants clarity and confidence in understanding future system needs. By adopting this integrated, bottom-up approach, we will establish a robust, transparent and accessible evidence base that directly underpins the Long-Term Integrated Network Development Plan (LINP).</p> <p>We will introduce a strong digitisation element, digitalising SDPs to enable easier access, improve usability, and unlock additional benefits beyond the LINP, including new customer and stakeholder applications. This is consistent with Ofgem's commitment to creating a more open, interoperable, and accessible data environment. By doing so, SDPs will become a key enabler for future system planning and decision-making.</p>
Which ED3 outcomes does the proposal support? (confirm all that apply)	Responsible and sustainable business Resilient networks
Which Consumer Interest Pillars does the proposal support? (confirm all that apply)	Low-cost transition Fair prices Quality and standards Resilience



Summary of key reason(s)/driver(s) for the proposal (Max 200 words)

SSEN is the uniquely positioned to lead this work as the first and only DNO producing bottom-up SDPs⁸ at GSP level, providing an unprecedented level of visibility of long-term network needs. SDPs must evolve into collaborative frameworks co-designed with local authorities, developers, community groups, and regional stakeholders. Aligning with land use, housing, transport, and economic development plans will uncover spatial opportunities, such as renewable generation zones, district heating networks, and coordinated EV infrastructure.

This place-based, participatory approach provides the bottom-up data needed to develop the LINP, supporting a consistent, sector-wide methodology as the LINP becomes embedded.

Summary of supporting evidence (Examples could include references to sector specific intelligence, innovation projects, ISG engagement, wider consumer research, endorsement from third parties) (Max 200 words)

Feedback from our customers supports a centralised and strategic bottom-up analysis of our network capacity needs:

- Customers emphasised the need for integration with RESPs and spatial planning.
- Data transparency emerged as a recurring theme, with stakeholders requesting access to the raw data underpinning SDPs.
- Stakeholders also sought clearer outputs and defined success measures.
- Stakeholder feedback from a February 2025 seminar indicates strong demand from local authority departments, with clear requests to broaden the scope to include more assets, provide greater granularity, and grant access to the underlying data.
- Feedback from SDP Consultation Responses (2025) shows strong support from councils such as Basingstoke and Deane, Cherwell, and Shetland Islands for SDPs as a valuable framework for future energy planning and collaboration. Themes include continued strategic dialogue, integration with Local Plans, improved visibility of low-voltage planning, and better data access through tools like LENZA. Councils also highlighted the importance of aligning SDPs with whole-system approaches and providing clear processes for engagement and updates.

Collectively, this evidence demonstrates strong stakeholder support for SDPs that are integrated, transparent, data-driven, and encompass all network assets, ensuring alignment with regional priorities and enabling collaborative planning.



Summary of
potential benefits
(Max 200 words)

Integrating data from SDPs, RESPs, and spatial plans into the LINP enables detailed, locally specific network plans that align energy infrastructure with development needs. This combined approach improves affordability by optimising investment, reducing inefficiencies, and supporting the ‘touch the network once’ principle, which Ofgem recognises as contributing to lower costs for consumers.

It also supports a fair transition by ensuring all communities are considered equally. Local data highlights underserved areas, guiding targeted investment that avoids regional inequalities and improves access to low-carbon technologies.

Transparency increases as local authorities gain clearer insight into planned network developments. Shared datasets strengthen coordination between DNOs and councils, improving planning for housing, transport, and regeneration while reducing disruption from roadworks and land use conflicts.

System resilience grows through a better understanding of spatial interdependencies, helping design infrastructure that reflects climate, population, and economic changes. Efficiency improves as flexibility services, distributed generation, and demand side solutions are deployed where they add most value. Open access to SDP data further enables innovation for consumers.

Overall, this integrated approach delivers smarter, more coordinated planning that enhances affordability, fairness, transparency, and resilience while accelerating local progress toward net zero.

Where the proposal relates to a new or enhanced service or to stretching commitments, explain why the proposal is not already business as usual or incentivised either through the existing RIIO-ED2 framework or under ED3

While DNOs are required under their licence to produce bottom-up forecasts for load and non-load assets through the Network Development Plan, this only provides a seven-year forecast. What’s missing is a longer-term view beyond that timeframe out to 2050, aligned with the LINP. SDPs provide that 2050 long-term view for load at a GSP level.

SSEN is currently the only DNO actively developing and publishing SDPs as part of business-as-usual activities. Building on this industry leadership, we aim to enhance SDPs, in ED3, to include non-load considerations and integrate with wider regional planning frameworks. This evolution will ensure that our planning approach meets future regulatory expectations and reflects customer priorities. In addition, this proposal will enable the creation of robust, evidence-based intervention plans extending to 2050, supporting long-term network resilience and



proposals that we are consulting on (Max 200 words)

flexibility. SDPs provide the most effective mechanism to deliver this granular view of future needs.

This is further explored in the table below.

Where the proposal relates to a new or enhanced service, explain why DNOs are best placed to undertake the activity described under the proposal (Max 200 words)

DNOs are well placed to lead the integration of SDPs, RESPs, and spatial plans into the LINP due to their technical expertise, data access, and system oversight. They possess detailed knowledge of network constraints, load patterns, and reinforcement requirements, enabling them to translate local development and spatial information into practical, implementable solutions. Extensive operational and demand data collected by DNOs allows for accurate, data-driven planning that aligns network investments with real-world growth.

DNOs maintain visibility across regional electricity systems, understanding interdependencies between networks, generation sources, and demand centres. This ensures coordinated planning that avoids bottlenecks and inefficiencies. Their regulatory responsibilities to Ofgem and other authorities provide both accountability and credibility in convening stakeholders and implementing plans that meet local and national energy objectives.

Additionally, DNOs have the operational capability to model, simulate, and deliver network interventions, including reinforcements and flexibility solutions. This combination of expertise, oversight, and delivery capacity positions DNOs as the natural coordinators of place-based LINPs, enabling a more integrated, resilient, and fair energy transition.

The table below provides further detail on the regulatory implications associated with this proposal, building on the summary presented above. We are happy to work with Ofgem on how best to address these, and we have already outlined high level solutions to mitigate any potential blockers.

Title	Implications	Proposed Solution
Setting new standards for long-term planning	Our SDPs create a new benchmark for high-quality, long-term, place-based planning. While this raises the overall standard of investment planning, it also highlights a gap in consistency across the sector: without a shared approach, other	Work with Ofgem and all DNOs to formalise SDP aligned principles as a standardised framework to inform LINP. This should include common methodologies, data requirements, digital modelling



Title	Implications	Proposed Solution
	<p>companies may not produce plans at a similar level of granularity, transparency or digital maturity.</p> <p>This limits Ofgem's ability to compare approaches fairly and undermines sector-wide standardisation.</p>	<p>expectations, and place-based criteria.</p> <p>Embedding these standards into regulatory guidance would ensure all network companies plan on a comparable basis, enabling fairer benchmarking and consistent regulatory scrutiny.</p>



Appendix E – Proposal 5: Enhanced Facilitator Role for Energy Efficiency (ED2-CVP+)

Licensee Name	SSEN Distribution
Proposal Name	Enhanced Facilitator Role for Energy Efficiency (EE)
Type of proposal (confirm all that apply)	New or enhanced service Stretching commitment
Proposal summary (Max 200 words)	<p>We commit to accelerating targeted Energy Efficiency (EE) and Low Carbon Technology (LCT) deployment by adopting an Enhanced Facilitator Role and testing it through pilots with local authorities, installers, and commercial and funding partners. These pilots will help inform how coordinated delivery can support the Warm Homes Plan.</p> <p>Through the trials, we will explore partnerships with commercial delivery organisations to understand how the facilitator role can open new delivery channels, strengthen supply chains, improve customer journeys, and increase installation volumes at scale.</p> <p>A core element of the role is a geospatial planning and delivery platform for consortium partners, including local authorities, installers, retrofit providers, and customers. By combining key datasets and modelling, the tool will help identify where EE and LCT deployment can be accelerated most effectively, prioritising connection ready properties with the highest likelihood of uptake.</p> <p>To support rapid deployment, this proposal could be accompanied with a commitment or incentive to approve installations within 48 hours⁹ or notify customers within that period if enabling works are required.</p>
Which ED3 outcomes does the proposal	Investing for the energy transition Responsible and sustainable business

⁹ We would welcome the opportunity to work with Ofgem on the detailed design of any associated commitment or incentive, to ensure it is ambitious, deliverable, and aligned with customer interests. Subject to this design process, our current working assumption is that the commitment would apply to single domestic properties requesting an LCT connection where the home is already connection-ready. For solar or battery installations, where the system is 17 kW per phase maximum installed and connected to an existing single-phase or three-phase single domestic whole-current supply that does not require any enabling works. In these circumstances, we consider an average 48-hour connection window to be an appropriate starting point, recognising that the final target, and any conditions under which faster or slower timeframes may apply, would be confirmed through the detailed design to ensure it remains stretching yet achievable.



support? (confirm all that apply)	Smarter networks
Which Consumer Interest Pillars does the proposal support? (confirm all that apply)	Low-cost transition Fair prices Quality and standards
Summary of key reason(s)/driver(s) for the proposal (Max 200 words)	<p>A key driver of this proposal is the Government's ambitions under the Warm Homes Plan which is seeking to accelerate the rollout of energy-efficiency measures and Low Carbon Technologies (LCTs).</p> <p>The proposal also responds to the clear need for locally informed, data-led coordination across all stakeholders. Local authorities, community groups, and installers often lack access to the technical network and energy-use data needed to plan, target, and sequence interventions effectively. Our digital planning tool addresses this gap, opening access to this data supports stakeholders to deploy interventions where they will have the greatest impact, supporting targeted investment, and enabling measures to be "stacked" to maximise benefits for consumers.</p> <p>A further driver is alignment with our LV network strategy. By improving visibility of constraint points and readiness at a granular level, the tool supports smarter targeting of future LV investment in ED3 and beyond. It also enables a coordinated "touch the network once" approach. Where reinforcement or unlooping is required, we will explore opportunities to integrate energy-efficiency measures at the same time, reducing disruption, creating opportunities for efficiencies and delivering long-term system benefits where possible.</p>
Summary of supporting evidence	The proposal is informed by three innovation projects: LENZA, CRI, and Equal LCT.
(Examples could include references to sector specific intelligence, innovation projects, ISG engagement, wider consumer research,	LENZA (LAEP+) has been widely adopted across all local authorities within our licence area for data-driven local energy planning. Feedback from authorities such as Dorset, Dundee and Winchester highlights its impact: Dorset called it a "game changer" for shaping decarbonisation; Dundee emphasised its value for strategy development; and Winchester is using it to create the UK's



endorsement from
third parties)

(Max 200 words)

first digital LAEP, delivering significant time and cost efficiencies.

Research from +impact¹⁰ demonstrates that CRI reduces customer uncertainty around low-carbon technology and energy-efficiency upgrades, with 75% of users finding it helpful for planning and understanding required property improvements. Photo-upload features improved trust, and DESNZ alongside other stakeholders strongly endorsed CRI's continued development, including expanded data access, API integration and use in local planning.

Equal LCT consortium engagement highlighted strong demand for geospatial tools that align network need, building suitability and customer appetite. Stakeholders emphasise the importance of visibility on network constraints, accurate property-level data, integration with LAEPs, and customer-facing features such as clear journeys, independent advice, quality assurance and aftercare

Summary of potential
benefits

(Max 200 words)

The proposed commitment will strengthen evidence-based planning for energy efficiency, network optimisation, and wider societal benefits. This will be achieved by supporting the delivery of local energy and heat strategies, local area energy plans, and the projects developed to implement them, such as those currently underway in Dundee and other participating authorities.

A locally targeted, zone-based approach will enable strategic partners to identify the most effective energy efficiency interventions, using our insights and local expertise to maximise impact. This collaboration enables partners to align or “stack” funding from complementary schemes, such as The Warm Homes Initiative, increasing the scale and value of interventions delivered.

Expected benefits include lower energy bills, reduced fuel poverty, and improved housing quality, alongside network benefits from reduced peak demand and enhanced system resilience. Collectively, these outcomes contribute to faster, more efficient progress toward net zero.

Further, expected benefits include delivering faster connections, allowing consumers to realise savings sooner

¹⁰ [Low Carbon Technology: Connection Readiness Indicator Consumer Research](#)



and strengthening the resilience of their homes. This also provides a credible pathway for achieving the government's wider ambitions.

Finally, this proposal also facilitates a more targeted and efficient approach to network build out, in particular at the LV level, also enhancing deliverability and creating greater opportunity for community buy-in.

Where the proposal relates to a new or enhanced service or to stretching commitments, explain why the proposal is not already business as usual or incentivised either through the existing RIIO-ED2 framework or under ED3 proposals that we are consulting on (Max 200 words)

This proposal goes beyond business-as-usual activities under the RIIO-ED2 framework by expanding the role of the DNO from network planning and facilitation to proactive coordination of local energy efficiency and LCT deployment. While RIIO-ED2 and emerging ED3 proposals include elements of flexibility and whole-system collaboration, they do not currently incentivise DNOs to directly enable or coordinate local delivery of energy efficiency interventions or to provide open access to digital planning tools.

The proposal establishes a strengthened, data-driven coordination function that supports local authorities, certified installers, and community groups in identifying targeted opportunities for efficiency measures and LCT adoption. This represents a stretching commitment that complements, rather than duplicates, existing regulatory mechanisms.

By embedding local collaboration, shared data access, and measurable societal outcomes, such as fuel poverty reduction and improved housing standards, the proposal extends well beyond standard network management activities. It therefore constitutes a distinct, value-added service aligned with Ofgem's consumer value principles and the wider policy shift toward integrated, locally led decarbonisation.

This is further explored in the table below.

Where the proposal relates to a new or enhanced service, explain why DNOs are best placed to undertake the activity described under the proposal

DNOs are uniquely positioned to support this proposal due to their central role in managing and planning the Distribution network, access to detailed system data, and strong relationships with local authorities and community energy groups. Coordinating energy efficiency and LCT deployment depends on understanding network capacity, constraints, and connection opportunities, insights that only DNOs can provide.



(Max 200 words)

Through tools like LENZA (LAEP+), DNOs can combine network data with socio-demographic, housing, and environmental datasets to identify priority areas for intervention. This enables local partners to plan energy efficiency measures with full visibility of network implications, ensuring projects are technically feasible and cost-effective.

DNO involvement also aligns local decarbonisation plans with network investment strategies, supporting a whole-system approach consistent with Ofgem's priorities. Acting as a neutral facilitator, DNOs can convene stakeholders, share data transparently, and enable informed decisions that avoid unnecessary reinforcement costs and duplication of effort.

This approach maximises consumer value by ensuring local delivery aligns with network readiness and national net-zero objectives, a role no other stakeholder is as well placed to fulfil.

The table below provides further detail on the regulatory implications associated with this proposal, building on the summary presented above. We are happy to work with Ofgem on how best to address these, and we have already outlined high level solutions to mitigate any potential blockers.

Title	Implications	Proposed Solution
Role of DNO in Energy Efficiency	The role of DNOs in energy efficiency and LCT is currently under review and there are currently no clear delivery models, incentives or funding provisions for DNOs to enable or coordinate local delivery of energy efficiency interventions or to provide open access to digital planning tools on the scale required.	Our pilot approach will build on existing innovation projects to test options out, and explore how partnerships, including in the funding space can work in practice. Finally, by equipping partners with the right level of visibility, we will also create a shared, data-driven understanding of where EE and LCT deployment can be accelerated most effectively.



Appendix F – Proposal 6: Resilience as a Service

Licensee Name	SSEN Distribution
Proposal Name	Resilience as a Service
Type of proposal (confirm all that apply)	New or enhanced service
Proposal summary (Max 200 words)	<p>A commitment to provide reliable backup electricity to customers during power interruptions, particularly in areas where restoration times may be extended.</p> <p>Solutions range from larger standalone storage units (up to c.8 MWh) supporting whole communities, to medium to smaller residential systems installed in homes (for example, social housing or customers in vulnerable circumstances).</p> <p>The delivery model is designed as a portfolio of approaches; some solutions may be owned by the DNO where it is commercially unviable for third parties or the private sector to provide the service, while others could be market-led or even community-led schemes. This ensures that no community is disadvantaged, and resilience is maintained across all areas.</p> <p>The proposal builds on learning from an active Network Innovation Competition project, with the first site on the Isle of Skye commissioning last winter 2025 and further real-world trials planned across winter conditions spanning into 2026. While the application is novel, the underlying technologies are proven and already available at scale.</p> <p>The proposal offers an alternative to traditional reinforcement solutions such as diesel generation or subsea cables, delivering improved resilience outcomes, especially for our P28 customers, while reducing disruption, greenhouse gas emissions, and long-term costs.</p>
Which ED3 outcomes does the proposal support? (confirm all that apply)	Responsible and sustainable business Resilient networks
Which Consumer Interest Pillars does the proposal	Quality and standards Resilience



support? (confirm
all that apply)

Summary of key
reason(s)/driver(s)
for the proposal
(Max 200 words)

Power interruptions can result in significant disruption for customers, particularly where restoration times are extended. Reliance on electricity for heating, communications, healthcare, and other essential services means that loss of supply can quickly lead to safety risks, hardship, and wider societal impacts.

Current approaches to managing resilience risk primarily rely on permanent network reinforcement or standby generation. While effective in some circumstances, these interventions can be high-cost, carbon intensive, and designed to address infrequent events, meaning they may not always represent the most proportionate or efficient response to outage risk.

There is a need for more flexible and targeted ways to support customers during power interruptions, focused on outcomes during loss of supply rather than permanent infrastructure, especially where the private market has failed to deliver an alternative. Providing temporary backup electricity during outages offers a means of reducing the impact on customers while avoiding unnecessary long-term investment.

The proposal also reflects a broader shift toward service-based solutions within network operation, where resilience can be delivered through contractual and operational arrangements rather than solely through asset ownership. This approach complements existing network investment and provides an additional option to manage resilience risks in a more adaptable and customer-focused way.

Summary of
supporting
evidence
(Examples could
include
references to
sector specific
intelligence,
innovation
projects, ISG
engagement,
wider consumer
research,
endorsement from
third parties)

This proposal is supported by learning from our *Resilience as a Service (RaaS)* Network Innovation Competition (NIC) project, which has completed site selection, system design, and refinement of the technical and commercial case, and has passed a formal stage gate decision to proceed to trial deployment this winter (2025).

Engagement undertaken as part of the RaaS Stage Gate Stakeholder Engagement 'Overview' event demonstrated strong support for the concept. All participants (100%) supported progression of the project to the trial phase. When asked about customer benefit, 89% of respondents (16 out of 18) considered that RaaS would deliver significant benefits, with the remaining 11% identifying some benefit and no respondents identifying minimal benefit. Customer survey evidence undertaken as part



(Max 200 words)	of the project also showed high levels of support, with 82% of respondents in favour of the scheme progressing to trial, 16% neutral, and only 2% opposed.
Summary of potential benefits (Max 200 words)	<p>This proposal has the potential to deliver improved outcomes for customers during power interruptions by reducing the impact of outages, particularly where restoration times may be extended.</p> <p>Providing temporary backup supply during faults can help maintain access to essential services such as heating, communications, and medical equipment, reducing hardship and disruption during loss of supply.</p> <p>The proposal also offers a more proportionate and flexible approach to network resilience compared to traditional solutions such as permanent standby generation or major reinforcement. By targeting support only when outages occur, it can deliver resilience benefits at lower overall cost, helping to avoid unnecessary long-term investment and supporting better value for consumers.</p> <p>There are wider system benefits through reduced reliance on diesel generation, supporting lower carbon outcomes and alignment with net zero objectives. Where local renewables and distributed energy resources are integrated, the approach may also enable continued use of zero-carbon generation during outages that would otherwise be curtailed.</p> <p>This service-based approach provides operational flexibility and learning that can inform future resilience planning. It creates an additional option in the resilience toolkit that can be deployed selectively, complementing existing investment and supporting a more adaptable, customer-focused approach to managing outage risk.</p>
Where the proposal relates to a new or enhanced service or to stretching commitments, explain why the proposal is not already business as usual or incentivised either through the	<p>Current arrangements under the RIIO-ED2 framework primarily focus on funding permanent network assets and incentivising restoration performance following faults, rather than the routine procurement of temporary, service-based resilience solutions during outages.</p> <p>While DNOs can deploy traditional measures such as network reinforcement, standby generation, or mobile generation to manage resilience risks, there is no established mechanism to fund or procure resilience as a defined service using third-party assets. Existing incentives do not support the development of the commercial arrangements, procurement processes, or</p>



existing RIIO-ED2 framework or under ED3 proposals that we are consulting on (Max 200 words)	contractual frameworks required to deliver this type of service in a consistent and repeatable way.
	Licence Condition 43B restricts DNOs from operating storage or small-scale generation assets to maintain full legal and operational unbundling. As a result, DNOs are currently prohibited from owning or operating such assets, and any change would require amendments to the existing regulatory framework. However, this position warrants reconsideration in circumstances where the private market has failed to deliver battery storage solutions for certain communities, particularly where no viable market exists to meet their needs.

This is further explored in the table below.

Where the proposal relates to a new or enhanced service, explain why DNOs are best placed to undertake the activity described under the proposal (Max 200 words)	<p>DNOs are best placed to undertake this activity because they have direct responsibility for maintaining network resilience and restoring supply during outages. They hold real-time operational visibility of network conditions, fault locations, and restoration activities, which is essential for determining when and where temporary resilience solutions are required.</p> <p>Delivering resilience through a service-based approach requires integration with network protection systems, outage management processes, and control systems to ensure customer safety and system stability. These functions sit entirely within the DNO's operational remit and cannot be effectively delivered by third parties acting independently of the network operator.</p> <p>DNOs also have established relationships with local authorities, emergency responders, and community stakeholders, enabling coordination of resilience measures alongside wider outage response and customer support. This allows service-based resilience solutions to be deployed in a way that aligns with existing restoration priorities and customer protection arrangements.</p> <p>Finally, DNOs are uniquely positioned to assess where such services provide value for consumers, balancing resilience outcomes against cost and ensuring deployment is targeted, proportionate, and consistent with wider network planning objectives.</p>
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The table below provides further detail on the regulatory implications associated with this proposal, building on the summary presented above. We are happy to work with Ofgem on



how best to address these, and we have already outlined high level solutions to mitigate any potential blockers.

Title	Implications	Proposed Solution
Connections Queue	A key issue is the treatment of batteries within the NESO Connections Queue, which is becoming increasingly problematic given the current oversubscription.	A review of the Connections methodology is needed, with a view to prioritising projects enable to provide critical local services (e.g. resilience), alongside updates to the DCUSA.
Licence Conditions	Current regulations prevent DNOs from owning or operating storage or generation assets.	Addressing this would require changes to the relevant licence conditions.



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