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Ofgem

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Dear Jack

**DNO Low Carbon Technology - Energy Efficiency Role Consultation**

Thank you for the opportunity to provide input to the consultation on the role of DNOs in supporting the rollout of Low Carbon Technologies. I confirm that our response is not confidential to Ofgem.

I am writing on behalf of ESP Electricity Ltd, (IDNO) which forms part of ESP Utilities Group Ltd (ESP). ESP is one of the largest and longest established IDNOs serving over 300,000 customers across Great Britain. Our connections cover a range of electricity users including homes on new developments, Electric Vehicle charging points and increasingly Data Centre's of all sizes.

The consultation recognises that DNOs are already playing an important role in supporting the adoption of low carbon technologies through their engagement with stakeholders and enhanced data sharing through the Smart Optimisation Output Obligation. We are supportive of proposals to strengthen these aspects of DNO engagement with the low carbon sector, but do not agree with a delivery role being imposed on DNOs, or IDNOs.

DNOs already have a significant role in ensuring the energy transition can be handled smoothly and with least disruption, adding in new responsibilities for delivering energy efficiency measures for consumers, which sit outside their core competency, risks diluting Board and Operational focus on the day job. It would also overlap with the evolving role of the RESP, which will take a holistic market view of the transition across both gas and electricity. In addition to this duplication, the energy efficiency market is itself undergoing change with the

creation of the Warm Home Agency and introducing a role for DNOs at this point risks creating confusion and lack of clarity around responsibilities.

We are particularly opposed to the Focused Intervention proposals under the Expanded Role section which sees the DNO being used as a vehicle for raising capital which is recovered from consumers through energy bills. This introduces an additional cost and resource burden on the DNOs which we do not see they are best placed to meet.

IDNOs do not have the same characteristics as DNOs in that our networks are spread across Great Britain. This reduces any perceived geographic benefit of imposing obligations to deliver energy efficiency measures on IDNOs. Our networks also differ from the more general population served by virtue of being new housing developments, built in the last twenty years to modern standards. We work closely with the Independent Networks Association and regularly review the design standards for new homes to ensure they remain fit for purpose, so the proportion of homes on our networks which require retrofitting is lower than typical across the UK housing stock.

We consider the best use of IDNO experience is to strengthen the activities of DNOs by being recognised as key stakeholders in their Community Collaboration Plan.

Should you have any questions or wish to discuss our response please do not hesitate to contact me.

Yours sincerely,



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