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# DNO Low Carbon Technology - Energy Efficiency role in ED3<sup>1</sup>

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## Summary

Energy Systems Catapult welcomes the opportunity to respond to this Ofgem consultation on the DNOs' future role in supporting the rollout of low carbon technologies.

The Catapult was set up to accelerate the transformation of the UK's energy system and ensure UK businesses and consumers capture the opportunities of clean growth. The Catapult is an independent, not-for-profit centre of excellence that bridges the gap between industry, Government, academia, and research. We take a whole systems view of the energy sector, including in policy design and implementation, helping us to identify and address innovation priorities and market barriers, to decarbonise the energy system at the lowest cost.

Our key points:

- **DNOs should have a role in the support of area-based delivery of low carbon technologies.** DNOs are crucial enablers of area-based delivery and are part of a complex stakeholder landscape of national, regional and local actors. Effective coordination of these actors will be essential to supporting a cost-effective energy transition.
- **DNOs hold data which is needed to plan effective area-based energy transition.** This is best utilised through whole-system planning, to ensure that the transition is delivered in a way that optimises efficiency and affordability across multiple sectors e.g. transport, housing, generation. One of the most important roles for DNOs is to provide visibility of the power demand on each feeder to enable efficient use of the local network.
- **DNOs do not currently have a consumer facing role and are not currently structured for close engagement with households.** Most members of the public will not be aware of the name of their DNO or the role they play. The consumer journey and experience are vital to effective area-based delivery and poor consumer experiences risk the social licence of Net Zero, particularly with low-income households that may be experiencing energy debt or difficulty affording the energy they need to meet every-day needs.

We provide a response to a selection of the detailed consultation questions in the annex. We would be happy to further discuss this topic with you.

Sincerely, Katrina Young

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<sup>1</sup> <https://www.ofgem.gov.uk/consultation/dno-low-carbon-technology-energy-efficiency-role-ed3>

## Response to detailed consultation questions

### 1.1. Overarching rationale

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

We agree that DNOs should have a role in the support of area-based delivery of low carbon technologies. DNOs are crucial enablers of area-based delivery and are part of a complex stakeholder landscape of national, regional and local actors. Effective coordination of these actors will be essential to supporting a cost-effective energy transition.

DNOs hold data which is needed to plan effective area-based energy transition. This is best utilised through whole-system planning, to ensure that the transition is delivered in a way that optimises efficiency and affordability across multiple sectors e.g. transport, housing, generation.

DNOs do not currently have a consumer facing role and are not currently structured for close engagement with households. Most members of the public will not be aware of the name of their DNO or the role they play. The consumer journey and experience are vital to effective area-based delivery and poor consumer experiences risk the social licence of Net Zero, particularly with low-income households that may be experiencing energy debt or difficulty affording the energy they need to meet every-day needs.

We surveyed the recipients of our [Warm Home Prescription pilot with SGN](#) about what role the network operators should have in supporting households with additional needs. There was not a high level of confidence on who the network operators are and how they differ from energy supply companies. This project was funded through the Vulnerability and Carbon Monoxide Allowance (VMCA) fund, and provided immediate support to those most at risk from the dangers of living in a cold home, by providing tailored energy credits and wider support including guidance on energy-efficient solutions, smart meter installations, and further improvements that deliver affordable, long-term warmth. This is a successful example of DNOs supporting lower-income and vulnerable households without being the contact point for consumers.

Delivery of area-based schemes should be designed to optimise the consumer journey, ideally through a single point of contact that coordinates activity of each of the stakeholders involved in the energy transition. The new Warm Homes Agency could be well placed to facilitate this.

### 1.2. Enhanced Co-ordination

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

We broadly agree with the overall rationale and scope of 'Enhanced Coordination' set out in the consultation document. Strengthening requirements for DNOs to collaborate and share data with stakeholders should enable more effective area-based delivery, aligning network investment plans with adoption of low-carbon technologies and energy efficiency.

The LCTs mentioned in the consultation does not include electric vehicle chargers. The scope of technologies should also include smart electric vehicle (EV) chargers and vehicle-to-grid EV

chargers, which have significant potential to provide electricity network flexibility if operated in a coordinated way.

Our recent modelling analysis in [Innovating to Net Zero 2026](#), found that smart EV charging, to shift demand away from the peak power gaps in demand and supply, could rise to 40 GW by 2040, and will also be essential to reduce local grid constraints. Co-ordinating and scheduling EV charging to manage constraints requires solutions from both a technical and market-design perspective, and it makes sense for DNOs to participate and share data to support this.

One of the most important roles for DNOs is to provide visibility of the power demand on each feeder to enable efficient use of the local network.

**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?**

Collaboration between DNOs and local authorities is essential to effective area-based delivery. There are examples of effective collaboration at both unitary and strategic authority level, for example in Greater Manchester Combined Authority and York and North Yorkshire.

Local Area Energy Plans (LAEPs) and Regional Energy Strategic Plans (RESPs) provide a framework for developing shared local and regional plans agreed by multiple stakeholders, including both DNOs and local authorities. If DNOs were to share scenarios outside of this process, this could risk confusion among local authorities and other stakeholders and have a negative impact on planning and coordination.

Consistency in the data structure used is vital, particularly where multiple DNOs operate in the same region. The Catapult has developed [guidance for development of LAEPs](#) and worked with DNOs to [develop tools to facilitate collaboration](#) with local authorities.

**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?**

Regional Energy Strategic Plans (RESPs) provide a framework for developing shared local and regional plans agreed by multiple stakeholders, including DNOs. If DNOs were to share scenarios outside of this process, this could risk confusion among stakeholders and have a negative impact on planning and coordination.

### 1.3. 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?**

DNOs should work as part of area-based partnerships to support the rollout of LCTs and EE, and these partnerships should prioritise support for low-income households. DNOs are not best placed to lead on consumer engagement and therefore should partner with better placed organisations

(which may include local authorities, energy companies or voluntary organisations) for the provision of advice and guidance. The proposed Warm Homes Agency should put in place a governance structure to facilitate these partnerships.

DNOs have a unique role to play in place-based partnerships through providing data to facilitate effective local decision-making and through making the upgrades needed (including proactive unlooping and fuse upgrades) to enable households to adopt LCTs.

Of the archetypes set out in the consultation paper, Laying the Groundwork is most aligned with the Catapult's view of the future role of DNOs. However, the provision of advice to households should be coordinated by place-based partnerships to avoid duplication or contradictory advice being given by different organisations. DESNZ has proposed that the Warm Homes Agency will streamline the consumer experience and provide a trusted source of advice and support.