

Heat Pump Association UK response to Ofgem consultation: DNO Low Carbon Technology – Energy Efficiency role in ED3

Response submitted by: Nancy Jonsson on behalf of the Heat Pump Association UK

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

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About the Heat Pump Association UK:

The HPA UK is the UK's leading authority on the use and benefits of heat pump technology and represents over [400 member organisations](#) which include the country's leading manufacturers of heat pumps, components, and associated equipment as well as energy companies, certification bodies, installation businesses, training providers and others critical to the heat pump supply chain. Proposals put forward by HPA UK are developed closely with a membership base that represents around 96% of the heat pump market manufacturing share, including all the large multinational companies providing products to the UK market, ensuring that the proposals are workable and credible.

HPA UK Response to Consultation questions

Section: Rationale

Question 1: 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?

The majority of HPA UK members agree that there is potentially a role for DNOs in coordinating and supporting the transition to electrification of heat through improved planning and supporting targeted delivery. However, some members have expressed concern for DNO's having an Expanded Role, beyond grid readiness, and urge a more cautious approach.

Heat pumps installations are set to grow to 450,000 per year by 2030 and therefore likely to play a significant part in the overall projected increase in electricity demand during the ED3 (the regulated price control period for electricity distribution networks covering 2028 to 2033) as the transition from gas for domestic heating progresses. We would suggest that the transition to heat pumps will require timely and efficient network upgrades and customer

connections, and all members agree there will be a need for DNOs to prioritise planning and delivering of these upgrades.

We agree that there could be an opportunity for private tenure households to install multiple Low Carbon Technologies (LCTs) and Energy Efficiency (EE) measures in a more co-ordinated way so that the benefits of flexible assets can be realised within individual homes or within an area. However, recommending multiple measures for a dwelling will require significant upfront capital, which will be challenging for both low income and private tenure homes. Consumers of all tenures will require information and support to realise the possible savings from installing multiple measures.

We agree with the view that a more co-ordinated area-based approach is likely to better support the electrification of heating in homes, and might increase certainty for networks. Whilst an area-based approach is common within the social rental sector, we would welcome a better understanding of how activities might be coordinated in areas of private tenure homes.

We would welcome efforts to reduce risks and impacts of network upgrades in a way that reduces cost to consumers whilst increasing efficiencies of scale during network upgrades. We would agree with the suggestion for DNOs to take steps to coordinate their activities with other local services, such as home improvements in social housing stock, and to streamline gas disconnections from gas distribution networks.

An area-based approach to the transition, however, should be evidenced with more studies and trials before any large-scale deployment programmes are undertaken to ensure that learnings are identified, processes are optimised and any unintended consequences are limited. All learnings from other large scale retrofit programmes should be fully understood and all risks mitigated before deploying any large-scale DNO-led programmes. Any proposals should be evidenced with more studies including from previous schemes, and should deploy existing data and current best practices to avoid on-going delays in the heat pump rollout.

When considering if DNOs could play a role in accelerating the transition and targeting support (especially at low-income households), we would encourage close coordination with schemes and bodies such as MCS, Installer Certification Bodies, and Building Control, etc.

HPA UK Members represent several key stakeholder groups (such as installers, manufacturers and certification bodies). We would welcome the opportunity to discuss with Ofgem the intent of the 'Enhanced Co-ordination' role(s), the ways in which DNOs might engage with the wider supply chain to deliver an effective and efficient rollout of heat pumps in homes.

We would encourage initiatives that are designed to minimise the timescales for approving connection requests. HPA UK calls on Ofgem to require DNOs to adopt a presumption of approval for heat pump connections, whilst also requiring network upgrades to be proactively delivered in tandem. Consumers should not experience any delays when replacing their heating system due to grid capacity constraints and delays in seeking connection permission — this must become the default expectation in ED3.

Section: Enhanced coordination

Question 2. Do you agree with the overall rationale and scope of 'Enhanced Co-ordination'?

HPA UK agrees generally with the overall rationale. We support a more strategic, long-term approach to network investment being a key objective for ED3, in a way that supports the roll out of heat pumps. We would welcome all steps by DNOs to improve efficiency by minimising the time for connection requests, delivering speedy unlooping of supplies, and supporting installers with guidance for their activities, such as the calculation of After Diversity Maximum Demand (ADMD) in a proportionate, modern way. The DESNZ Secure Smart Electricity Systems (SSES) Programme proposes to require randomised delay functionality of Electric Heating Appliances which should help to mitigate the risks of peak load from high volume deployments of heat pumps.

In the short term, efforts should be focussed on delivering current obligations efficiently and effectively in a way that supports rapid heat pump connection and a smooth customer experience. We welcome that the ED3 proposals will require DNOs to take steps to prepare long-term network development plans which support a more programmatic approach to delivering local network upgrades, including proactive unlooping. Under ED3, we would suggest considering strengthening the existing ED2 licence obligations that require DNOs to publish collaboration plans and share more network data. Requirements for Service Level Agreements (SLAs) should be established for clear, measurable and transparent performance reporting on requests for smaller connections and unlooping. We would welcome early action under the current ED2 framework to help drive improvements in the short term.

Where possible, we would encourage DNOs to offer their technical expertise and support Local Authorities in their efforts to transition to a low carbon housing stock. Many housing providers have limited resources, and it could be very helpful for DNOs to assist them in optimising the planning and delivery of projects by sharing data, identify and prioritising suitable areas. Under the DESNZ Warm Homes Plan, there is already a strong link between DNO delivery and partnership with Local Authorities. In previous schemes prior to the Warm Homes Plan, there has been an average underspend of 43%¹, as well as significant regional variation in resources, expertise and local political inclination. A street-by-street approach is likely to be most successful in social housing tenures, whilst other approaches will be required to reach private housing.

Within the ED3 proposals, consideration should also be given to requiring transparent procedures, clearly defined acceptance criteria, and minimum information to support installers. For example, providing or signposting to standardised guidance on determining ADMD.

¹ <https://www.gov.uk/government/statistics/green-homes-grant-local-authority-delivery-lad-and-home-upgrade-grant-hug-release-november-2025>

We suggest that consideration is given to requiring DNOs to align and harmonise their processes as far as practical to simplify the heat pump installation journey and reduce complexity for installers, consumers and wider stakeholders. Installation businesses geographical areas are likely to cross over the operational boundary of more than one DNO. It may be possible to centralise some DNO processes, for example within the ENA Connect Direct platform. Where requirements and processes are communicated on multiple platforms, e.g. both on ENA and on DNO websites, it is important that information is reported in a consistent way, and that acceptance criteria are made publicly available.

We believe that individual DNOs should be required to report frequently on key performance metrics so that improvements in any poor performance can be tracked, and confidence can be maintained where there is good performance. We suggest that quarterly reporting would offer a practical balance between benefit and burden. We welcome that consideration is being given to the publishing and monitoring of DNO outputs and metrics, as this is key to increasing confidence going forward.

Further considerations for Enhanced Co-ordination include:-

- Equitable delivery: Ensuring that DNO co-ordination roles are delivered equitably across all DNO geographical areas (including iDNOs) to avoid a “regional lottery”.
- Funding: ensuring (non-Government) funding is appropriate and avoids being added to consumer bills.
- Enforcement where DNOs fail to deliver on their obligations, and incentives to encourage DNOs to exceed minimum requirements.
- Avoiding duplication: Any DNO collaboration plans or data sharing activities must not duplicate other activities or regional plans, such as LAEPS, RESPs, Warm Homes Agency, Network Development Plans.
- Interoperability: ensuring DNO data sharing and software tools are accessible to other entities that are supporting the roll out of LCTs. Ofgem could consider requiring a degree of standardisation between DNOs to support interoperability data sharing.

Question 3. What are your views of the effectiveness of the existing Collaboration Plan requirements? Do you think the enhanced Community Collaboration Plans we have described would be helpful to stakeholders and, if so, how best should they be monitored?

We agree with the principle of establishing Collaboration Plans with key Stakeholders, such as housing providers and local authorities. We agree with proposals that DNOs should take steps to improve the quality and availability of data for their stakeholders so that they have a better understanding of the network in their area. We agree with proposals to require improving the quality of stakeholder engagement so that stakeholder investment plans can be incorporated into DNO network planning.

We suggest that any data shared by DNOs with Stakeholders should be in a format which is easily accessible and can be readily used by those engaging with the Collaboration Plan. Data should be meaningful to the stakeholder user group, be accessible at the click of one

button, and be automated as far as possible. Avoiding the need for additional data processing is key, especially where stakeholder groups have limited resources. Technical terminology should be limited as far as practical to ensure that the user group can easily understand and utilise the information.

One suggestion is to require DNOs to publish a live dashboard showing the time to approve connection requests on an area-by-area basis. This would give heat pump installers the possibility to advise potential customers during the quotation stage. It would also be useful to consider requesting the ENA to publish their dashboards on an area-by-area basis, and by DNO. These steps will improve transparency and could encourage further innovation to speed-up connection requests.

The needs of each group of stakeholders may vary, depending on their size and scale. Therefore, we would suggest seeking input from a variety of stakeholder groups, such as small- and large-scale housing providers, to understand the data formats which might be suitable for their purposes.

With regards the suggestion that DNOs might be encouraged to enter into Scheduling and Co-ordination Agreements (SCAs) with key stakeholders (e.g. local and regional government), we agree it could be beneficial to encourage both parties to proactively share network and retrofit investment plans to enable the timely installation of enabling works. SCAs represent a potential opportunity for engaging with larger organisations, whilst a more proportionate and lenient approach could be considered for smaller housing providers.

Section: Strengthening System Visualisation Interface to improve data sharing and visualisation

Question 4. How useful is the data currently published by DNOs, and is it presented adequately?

HPA UK has no direct experience on the adequacy or helpfulness of required data sets (covering network assets, capacities, locations, and constraints across all voltage levels) that are published currently by DNOs. However, we would suggest that any expansion of the required datasets should be done in collaboration with the intended stakeholder groups to ensure that it is useful and done in a way that avoids unnecessary duplication.

Question 5. What are your views on strengthening the System Visualisation Interface requirement, and would it be valuable for DNOs to collate and publish additional non-network datasets, if so, which datasets would be most beneficial?

HPA UK has no direct experience of the DNO System Visualisation Interfaces (or their equivalents) which are required as part of an overall License Obligation.

We agree with the proposal to explore with stakeholders that DNO-held information and other datasets, could be presented in alternative formats, e.g. maps or other tools. As mentioned in

our answer to Question 3, information should be presented in a meaningful way to the stakeholder user group, be accessible at the click of one button, and be automated as far as possible. Avoiding the need for additional data processing is key, especially where stakeholder groups have limited resources.

We would support all DNO innovation efforts that might improve how datasets and network investment plans are displayed and shared with stakeholder groups in easily accessible formats.

Section: Working with Local Authorities and others

Question 6 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?

HPA UK support Ofgem's efforts to understand from local authority stakeholders whether DNOs could usefully provide technical support or advice to support their area-based decarbonisation programmes. DNOs have access to useful data as well as technical expert staff, and it would seem logical that such DNO resources might be useful to many local authorities.

We would suggest that the degree of support required is likely to vary between local authorities of different sizes. Therefore, support services should be offered in a flexible way which is tailored to the needs and skills of the individual organisation it is intending to serve.

We would suggest that the ED3 proposals give more consideration to the needs of Installer stakeholders – their engagement is vital in the successful roll out of heat pumps. A broad range of improvements are needed to the connections request procedures. These would likely improve the willingness of installers to act correctly with regard to notifications, particularly if they perceive that the connections processes are not a hinderance to their business and are designed to create a smoother consumer journey. Making the connections request processes transparent, easy to use, with clear SLAs would improve confidence that DNOs will promptly reach appropriate decisions – and will therefore increase installer engagement and encourage the use of systems such as ENA Connect Direct. Binding SLAs should be considered, for example to require connection approvals within 5 working days, and proactive unlooping initiated within 30 days of a heat pump notification. We welcome the decision not to tighten obligations on installers at this time.

Question 7. How could iDNOs support the proposals in this portion of the consultation? How could either private wire connected properties or license-exempt networks feature in these proposals?

HPA UK recognises that iDNOs occupy a strategically important position, particularly in new-build housing estates where there is an opportunity to design heat pump-ready infrastructure from the outset. We would welcome Ofgem's engagement with iDNOs to ensure that their standards, connection processes and grid-readiness obligations align with and supersede

those of DNOs, so that households connected to an independent network are not disadvantaged. HPA UK would be pleased to facilitate introductions between Ofgem, iDNOs and our installer and manufacturer members to explore this further.

Question 8. 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?

HPA UK suggest that consideration is given to requiring DNOs to work with and support Local Authorities in developing their Regional Energy Strategic Plans (RESPs) to help identify areas where there is sufficient grid capacity to prioritise the electrification of homes. This could be undertaken in parallel with efforts to upgrade those priority areas identified for future phases.

We agree with the suggestion in the consultation that the scope of the work of the RESP Strategic Boards and the WHAs activities should be kept under review to prevent duplication of activity and co-ordination between these actors.

Section: An Expanded Role

Question 9. 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?

HPA UK Members have different views on the proposals for Expanded Roles.

Some members strongly welcome an Expanded Role for DNOs and consider this is a pivotal opportunity to accelerate heat pump deployment at the scale and pace needed to achieve the UK's net zero commitments. If executed well, some members consider that an Expanded Role will lower system-wide electricity costs, unlock network headroom, and make it significantly easier for households to make the switch to clean, efficient heating.

However, some members strongly oppose any Expanded Role for DNOs. One concern is that DNOs lack the experience and expertise necessary in the roll out of LCT's. Traditionally, they do not have a consumer facing role, and the proposed models would be a significant change of DNO remit, which is likely to result in DNOs outsourcing any delivery requirements – thereby potentially increasing delivery costs. An example of this happened under the Community Energy Savings Scheme (CESP), which closed in 2012. CESP obligated generators (who were non-consumer facing) to deliver energy efficiency measures, The post-scheme evaluation by the Department of Energy and Climate Change (DECC) stated that *"The independent generators' approach has been to outsource their obligation by either contracting or trading it out. Their experience of CESP has not been positive and they believe their inclusion in the programme was inappropriate: their lack of in-house expertise*

on energy efficiency programmes and their lack of interface with household consumers were major challenges.”²

Another concern is the lack of delivery scale in the short term. As Ofgem acknowledge, any role for DNOs would be slow and incremental, beginning with pilots from 2028. It is important that other delivery routes remain open to ensure that low-income households continue to be supported with retrofit at scale. The consequences in the short term would be missing fuel poverty targets, energy security, decarbonisation goals, as well impacting the development of a robust supply chain. It is also important that organisations leading the LCTs installation can offer a joined-up, simple and efficient electrification journey, e.g. identifying low-income households, consumer engagement, and carrying out the installation. Consumer after-care might include explaining how smart meters and time of use tariffs can be used in a way that maximises energy bill savings, whilst reducing strain on the grid and helping to manage network capacity.

Expanding the role of DNOs in the deployment of heat pump measures should be carefully evaluated in terms of value for both the system and participating households. We would suggest any activities should be designed to supplement, rather than displace, the existing installer-led supply chain.

HPA UK would suggest that consideration is given to whether Expanded Role for DNOs could involve financing, adopting or taking ownership of utility style networked heat. This could be particularly interesting since DNOs have a long experience of owning, financing and managing complex assets. This type of activity might be more aligned to their current business models than offering in-home products. Within these considerations, the possible unintended consequences of DNOs being the default controller of LCT assets should also be explored, e.g. recognising that other parties are able to offer optimisation.

We note that examples are described where battery and solar suppliers are offering new propositions and forming partnerships with DNOs. However, we would caution that those technologies are generally non-intrusive and have a low impact on overall user comfort. A heating system replacement might require radiators and pipework to be reconfigured and a space to be found for a domestic hot water cylinder. Any errors in the heating system design or installation quality will have an immediate impact on consumer comfort. If DNOs were to consider offering a heat pump installation service, it would need to be in compliance with MCS standards.

In an Expanded Role, where an area-based approach would see households in identified areas supported to potentially install heat pumps in homes, the DNO would likely need to form strong partnerships with well experienced heat pump design and installation companies for this to be successful.

We recognise that the DNOs could have a useful role in identifying possible target locations where installing measures would deliver network or system benefits, taking into account

² <https://assets.publishing.service.gov.uk/media/5a798ca3e5274a684690a620/3342-evaluation-of-the-community-energy-saving-programm.pdf>

factors such as tenure type, quality of the housing stock, suitability for particular measures, and household income as well as grid capacity.

HPA UK welcomes activities which would help low-income households to participate in the energy transition and ensure these households are not left behind, are able to adopt efficient heat pumps as quickly as other households. However, we are keen that steps are taken to ensure that low-income households are protected from poor design and installation practices that might otherwise mean their heat pump system is more costly to run than a traditional gas boiler. Whilst there may be merit in a possible future Expanded Role for DNOs prioritising low-income households, this should be navigated carefully to mitigate and limit possible risks.

Question 10. What are your views on us considering these proposals using a network benefit and wider system benefits approach? Do you have relevant information on the likely network, system, consumer or efficiency benefits of such an approach?

No comment.

Question 11. Do you have any views on the archetypes presented and their implications? Do you have any other approaches we should consider? Do you have any evidence on key components notably:

- **On the technologies and measures that should be supported: Do you have evidence on the relative costs and benefits of different technologies? How could heat pumps and other low-carbon heating technologies be included whilst still offering wider system benefits?**
- **On the identification of suitable properties and consumer engagement: Would DNOs be well placed to proactively identify suitable properties and/or engage with consumers, or are there other actors better placed to perform these functions?**
- **On the potential funding approaches and implications: what are your views on the feasibility, or risks from these approaches; do you have evidence from other sources that is relevant to these considerations?**
- **On responsibility for installations: what are the risks and opportunities if DNO's were responsible for installations? What are the options for partnerships and how could different responsibilities offer better outcomes?**
- **On ownership and control of assets: how can necessary level of network or system benefits be achieved without DNO control and ownership? Does this pose other risks and challenges, and how might these be overcome?**

HPA UK are supportive of requiring DNOs to undertake a significant programme of local enabling works (i.e. proactive unlooping; fuse upgrades). We note the intent is for DNOs to offer direct household advice linked to such enabling works, potentially directing them to trusted installers. We would consider that engaging with and expanding the installer network

is vital for the successful roll out of heat pumps. We would suggest that when electrical works are carried out on a property, this provides an opportunity for the DNO to update the supply making the property “Heat pump ready” and this should be recorded at the meter. HPA UK calls on Ofgem to require DNOs to adopt a presumption of approval for heat pump connections, whilst also requiring network upgrades to be proactively delivered in tandem. Consumers should not experience any delays when replacing their heating system due to grid capacity constraints and delays in seeking connection permission.

With regards to the suggestion of DNO-led procurement of heat pumps on behalf of installers similar to some local authority schemes, we suggest that further research and discussions are undertaken with the installer base to ensure that there are no unintended negative consequences of such an approach. It is important that installers, both large and small, are consulted in the development of such DNO obligations, and we would be happy to offer to set-up discussion forums with our HPA UK Installer Members.

Lessons learned from other innovation projects deployed at scale should be transferred into the design of any new DNO obligations, to ensure that they will deliver on the combined objectives of increased participation from a wider set of households, significant network or system benefits, and not cause unnecessary disruption in the supply chain. Careful consideration should be given to ensure that any new DNOs obligations do not result any increases in consumer costs and energy bills.

Regarding technologies in scope. We note that the suggestion is to first include in scope a combination of solar PV, battery storage, and smart meters. We would suggest that Heat pumps and heat networks have the possibility of offering wider system benefits, and increased flexibility, especially when combined with solar PV and batteries. Heat pumps on their own are able to deliver bill savings, for example when replacing direct electric heating or oil heating. Further bill savings for householder are possible when heat pumps are paired with other LCT (such as solar PV), therefore increasing overall network capacity.

However, given the complexities of design and installation, along with the level of household disruption during installation, we would suggest undertaking more extensive innovation projects at scale to determine the risks and mitigation measures before including heat pumps in the scope of possible DNO measures.

Regarding Consumer engagement. When considering a new heating systems, most consumers will first speak to their trusted local heating engineer, friends and neighbours. We would estimate that many householders are unaware of their local DNOs and would therefore not readily recognise them as a possible or trusted heat pump supplier. Under an Expanded Role, if the intent is to require DNOs to reach out to target households with heat pumps, we would suggest that further research is undertaken to understand the likely consumer response if they were to be approach by DNOs. We would also suggest carefully considering how DNOs might to work together with Small Medium Size Enterprises (SME) MCS certified installers in a way that would support local businesses and deliver wider economic benefits for the community.

Regarding installation. We note that in response to the previous Framework Consultation, several stakeholders have already said they do not support DNOs directly installing measures

in homes using in-house teams. We would agree with the view that that heat pump installation activities sit outside DNOs' core competencies. We recognise that the more likely model is one in which DNOs are responsible for enabling the grid in a set area has the capacity to support the installation of measures, while the physical installation is undertaken by third-party installers – and we would agree that this would be a more suitable way to draw on existing supply chain processes. We fully agree with the statement that ensuring good consumer outcomes is key. DNOs have a long experience of owning, financing and managing complex assets and could potentially adopt or take ownership of utility style networked heat, which is more closely aligned to their current business activities.

Question 12. Do you have views on whether pilots of these approaches would be valuable? And, if so, whether the pilots should potentially include a range of options across archetypes, or whether the scope should be narrowed in advance? What should be the main focus of any pilots?

HPA UK agree that any approaches which might be included in the Expanded Role should be fully tested through wide scale pilot studies before confirming the requirements on DNOs. Pilot studies could consider testing activities such as (i) area-based unlooping and low voltage upgrades, (ii) avoiding grid reinforcement, (iii) sequencing of energy efficiency and heating upgrade measures, (iii) targeting of fuel-poverty areas, and (iv) consumer outcomes.

The Early Proposals received from 2 DNOs which were requested as part of the development of ED3, must be fully and independently evaluated to ensure that the role of the Installer is fully recognised and that the needs of consumers are achieved. We feel that it is important that Expanded Role activities should avoid creating unintended consequences, e.g. displacing the SME heat pump installer network.

We would strongly encourage that pilot studies are undertaken to ensure that the benefits of an area-based approach for proactive unlooping and fuse upgrades; installer participation and consumer engagement; and area-based gas disconnections can be readily achieved and will support the large scale roll out of heat pumps.

We would suggest that the scope of Expanded Roles is designed to minimise the timescales for approving grid connection requests.

Question 13. How could iDNOs support the proposals in this portion of the consultation?

No comment.