

Low Carbon Hub Response to the Ofgem Consultation on: DNO's future role in supporting the rollout of low carbon technologies.

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 welcome the distinction made in your para. 1.10 between 'community' and 'local' with reference to the Local Power Plan. We think this distinction should be usefully maintained for this work, ie 'local' refers to local authorities and 'community' refers to non-governmental organisations and businesses set up to serve their communities through the activities they undertake as set out in governance documents as required by the Charity Commission, the CIC Regulator or the FCA for Community Benefit Societies.

We broadly agree with your analysis in paras 2.1 to 2.10 though would want to stress how important it will be for DNOs to work with both local and community partners in delivering a coordinated, place-based approach to the rollout of energy efficiency and low carbon technologies. DNOs are not best-placed to undertake the detailed, long-term engagement with communities that builds the relationships and trust required to ensure successful place-based programmes, particularly in areas of deprivation or low income.

The word 'stakeholder' in para 2.10 is often used but not clearly defined. We would prefer an approach that detailed how to do well-informed mapping of local and community actors with whom DNOs would be expected to partner actively. Coordinated, place-based action is not about consultation with stakeholders but sustained, trusted activity undertaken over the long term with trusted local and community partners.

We do agree with your proposition in para 2.11 that DNOs could be leaders because they are long-term, stable partners that can be funded through ED3 requirements. We would, however, propose that ED3 funding should be spent equally on enabling local and community actors to partner with DNOs over the long-term to ensure the levels of engagement required for successful rollout and consistent follow-up with households and businesses in each place.

We agree with your views in para 2.15 that any new role for DNOs should complement the NESO role in RESPs and the role of the future Warm Homes Agency. Our view is, however, that neither of these actors or processes will be operate at a small enough scale to support the DNO role or to add much to the detailed work needed from local and community actors.

Enhanced coordination

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

In general: we very much welcome the longer-term approach to investment enabled by the ED3 framework.

Para 3.1: we have given our views above about the use of the word 'stakeholder' and our preference for 'partner', whether local (as we have defined above) or community (again as we have defined above).

Para 3.1: we would like to see SMEs included as well as households. They are a key part of place-based, community-level energy use because they can have a significant impact on particular patterns and peaks of electricity usage. Pubs are a good example of this.

Para 3.5: we have given our views above about the need for clear definitions of both the local and community actors to be involved, and that community actors should be identified through careful and transparent mapping processes.

Para 3.6: Independent Stakeholder Groups are distant and unknown entities for most people in most communities. We agree that their role could be usefully enhanced to focus more in the future on monitoring DNO engagement and data sharing. We would suggest that a clearer name for the groups to reflect this focus would be useful. A clearer specification for those sitting on those groups would also be very useful, so that those expert in place-based engagement and use of data would sit on them.

Para 3.7: We have respectfully to point out that Regional ESPs are not local but regional. They therefore cannot fulfil the role required for place-based action at the local or community level. Local Area Energy Plans and Community Action Plans at the hyper-local level are not mandated yet but could be required as part of an enhanced DNO role and so funded through ED3.

Q3. What are your views 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 should they be monitored?

Paras 3.9-3.12. We very much support the drive for DNOs to provide high-quality, accessible and easily usable data that can be used actively and independently by those coordinating community activity, so that proposals can be developed that are already in line with DNO plans. We think this aspect of the work is under-valued in this consultation document; the DNO does not always or only have to be the lead actor. We would propose that the Collaboration Plan be as much about how local and community actors are enabled to take a lead as about setting out the DNO role to work with 'stakeholders' in a uni-directional, undynamic way. We think this is the way really to drive action down to the hyper-local level. We recognise that community and local actors' capability will vary significantly from place to place: allowing for, and enabling, a model in which local and community actors can play a dynamic, influencing role will also build the capability of the DNOs with respect to meaningful engagement and so enhance their leadership role. This should be particularly true in places with less local/community capability or capacity.

Para 3.15. We **disagree strongly** with an approach that adds the word 'Community' to the Collaboration Plan concept unless that approach will really be rooted in the community, working with organisations and businesses whose stated objective is work in the community at the hyper-local level. We don't think the word 'community' is usefully used as a shorthand for a wider form of collaboration focused mainly on local actors that are assumed to be local authorities, valuable although these actors are. The paragraph sets out a very formal, surface and non-dynamic approach to actual action in real places. We would prefer an approach that sets out very clearly how DNOs are to make their data and investment plans transparently accessible in a way that can be used by local and community actors to make proposals to DNOs for place-based action, rather than waiting to be 'consulted' as 'stakeholders'.

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

Q5. What are your views on strengthening the System Visualisation Interface requirement and would it be valuable for DNOs to collaborate and publish additional non-network datasets, if so, which datasets would be most valuable?

We have taken these two questions together because, in our view, they are inseparable parts of a workable system that can be of use to local and community actors. Our aim would be for actors to be able to use the whole system independently in order to be able to grow into a role where they can actively and dynamically propose projects to DNOs that can stand a good chance of acceptance and success.

We want to start by saying that major positive strides on these questions have been made through ED2, the potential impact of which should not be underestimated. There is a lot of room for improvement, as all involved would agree. But it is difficult for us to give a detailed answer to the questions, much though we would like to do so, because it would need to be informed by the outcomes of the SIF project we are about to start as a partner in the SSEN-led 'Pathways to 2050'.

What we would suggest is that the focus is on **outcomes** rather than specific **inputs**. For example, we are particularly concerned that **data-sharing rules** are very simply and clearly set out according to a common standard across all DNOs so that the presumption is for data to be available and usable by those who meet pre-qualification criteria (which could also be the criteria by which local and community actors could be identified for wider collaboration). Another example is requiring DNOs to collaborate together to achieve, by the end of the ED period, **a common approach that is the same right across the UK**, so that local and community actors can share information about how best to use the data and visualisation interface irrespective of where they are in the country.

We would also suggest that DNOs are required to take a **continuous improvement** approach that is based on comprehensive and detailed information gathered from users frequently.

We make use of a number of (particularly SSEN's) Open Data tools to enable our Community Action Plan and implementation support projects. We are developing an affordable methodology for creating Community Action Plans (typically at Primary Substation level) using the LAEP+ platform developed by AITL and used by SSEN, UKPN and NGED. At the moment, the licences are procured by the DNOs in order to give Local Authorities access. Our access relies

on our relationship with Local Authorities, and through involvement in innovation projects with the DNOs. This is a highly valuable system, which needs further development, and losing access to it would negatively impact our ability to deliver evidence-based community action plans that are both meaningful to communities and joined up with local area energy planning and hence also the RESPs.

Q6. What are your views on the Working with Local Authorities proposals we have set out above? What, if any, would be the key elements of this? Are you aware of particular entities that could benefit from such advice?

We would prefer that this were framed more clearly as support to the development of Local Area Energy Plans in terms of working with Local Authorities. We have seen this sort of approach starting to develop in the production of the Oxfordshire Local Area Energy Plans (that also has District level plans nested within it) and would be very keen to see it develop.

We would like to see proposals added for working with community actors on Community Action Plans at the hyper-local level. We have produced one of these for the Eynsham Primary Sub-Station Area in West Oxfordshire and have started preparing another for the Cowley Local PSA on the east side of Oxford City. We would be very happy to share insights gained so far from this work.

Q7. How could iDNOs support the proposals in this portion of the consultation? How could either private-wire connected projects or licence-exempt networks feature in these proposals?

iDNOs could support the proposals by being required to provide data and visualisation of their own networks to the same standards as the main DNOs. It would be very useful to be able to see exactly where iDNOs operate and who they are.

Private-wire projects, by definition, should not have any impact on the distribution networks, so we don't see any reason for specific concerns about them in this context.

We are unsure what is meant by a 'licence-exempt network'. Our understanding is that the licence exemptions work by matching rather than by providing a route for actual electrons to travel. We are not in favour of the continued existence of exempt supply, except in very limited and specific circumstances, and so we would not be in favour of assuming it would have significant impact on the areas covered by this consultation. We think that a properly defined 'local supply' offer where suppliers are selling the actual commodity (rather than moving the non-commodity costs onto the rest of the customer base) could be a very useful part of organising and encouraging place-based energy efficiency and LCT rollout.

Q8. We are keen to understand how these Enhanced Coordination 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?

Our general view is that Energy Efficiency and LCT rollout in homes and businesses will mainly affect the Low Voltage networks, so below the level expected to be addressed by the RESP. Our expectation is that these activities should complement the RESP by giving it information it

wouldn't normally have, as well as insights into the potential repeatable and scalable models for action on the low-voltage networks that it would want to take account of in the future.

Expanded role

Q9. Do you think if DNOs adopted the type of Expanded Role set out this would add value and support the rollout of EE and LCTs? 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?

Paras 4.5-4.7. We agree that an enhanced role for DNOs should supplement what is offered in the market by enabling coordinated, place-based approaches. We think, however, that there may be a role for DNO funding in addressing problems of fuel-poverty and low-income within place-based, coordinated approaches to rollout. In taking such an enhanced role, however, DNOs would need to be required to work closely and carefully with local and community actors given likely issues of trust and capacity that need time, effort and local knowledge to address safely.

We would also add a potential role for DNOs in helping SMEs, particularly at the smaller end of the scale to participate in place-based action. We run a very successful programme called Energy Solutions Oxfordshire that has evaluated data going back to 2017 that shows the effectiveness of targeting them. We would be very happy to share this experience.

Para 4.9. For the reasons stated above, we agree strongly that further investigation of the DNO role in coordinating activity for fuel-poor households or those in private rented-sector properties is important to do. Our view, which we know is shared by the SSEN Head of DSO, is that there needs to be a clear, practical vision for action that is developed from the point of view of the householder, so that actionable plans can be put in place that will properly include people in the transition and deliver benefits to them. In many cases, this will be about:

- enabling people to afford to use more electricity;
- expanding the range of technologies installed, particularly in terms of heat, to meet the specific requirements of those living in flats, to deal with the issue of landlord/tenant split incentive etc.
- making funding available for careful pre- and post-installation support and care;
- identifying 'pockets' of poverty within a place-based community action plan that otherwise remain unidentified because LSOA and MSOA data does not capture them.

Q10. What are your views on us considering these proposals using a network benefit and wider system benefits approach? Do you have relevant information on the likely system, network, consumer or efficiency benefits of such an approach?

We are very much in favour of including the wider system benefits. The delivery of clean energy is a social good, and so wider system benefits that accrue must be valued. We did a lot of work on this in Project LEO that is all available on the website for the project, or we can supply it directly.

Q11. Do you have any views on the archetypes presented and their implications? Do you have any other approaches we should consider?

Our view is that all of the models described could have a place depending on local network issues and the capacities, needs and views of each community. The Focused Intervention approach is the one most likely to enable a really significant attempt to bring everyone along in the transition whilst addressing issues of engrained fuel poverty. We would advocate for a potential ‘mixed economy’ approach where all models were developed and available for deployment, the costs of the Focused Intervention model therefore focused on making real progress on tackling fuel poverty.

We would also like to see the development of a model where SMEs could be helped with the cost of measures through local ‘insetting schemes’.

Do you have any evidence on key components? notably:

On the technologies and measures that should be supported.

Here, we would repeat our comment that this question needs some particular attention with respect to those in fuel poverty, who don’t live in houses, and who do live in the private rented sector – or indeed those struggling with a combination of all three of these. The technologies may be different, the before- and after-care needed will certainly be different, and the landlord/tenant split incentive needs to be solved. There needs to be a clear vision for how we help everyone in these circumstances to be able to contribute flex to the system whilst also deriving clear health, lifestyle and economic benefits. It may be that appliances are as important as the normal smart kit that would be packaged for an ‘able to pay’ household.

On the identification of suitable properties and consumer engagement.

Our strong view is that this is not an ‘either/or’. With well-developed and supported data and visualisation, as discussed above, along with clearly described funding models, any actor should be able to make proposals to which the DNO can respond positively. As partnerships develop around those tools, the DNO will also have better knowledge of local and community actors that can be invited into help develop a place-based proposition.

On the potential funding approaches and implications.

As mentioned above, we do have information to share about engaging SMEs and helping them to fund measures. We are very happy to share that with the Ofgem team. Our strong view is that a place-based approach will not work effectively if SMEs in the community are not properly included in any plan for action.

On responsibility for installations.

Our view is that DNOs should probably not get involved in installing measures but work with local partnerships to pull in local supply chain and partner with the market to pull in funded models.

On ownership and control of assets.

This is true as things stand. Our view is that the issue is better address by good communications and careful engagement before and after a place-based scheme is delivered. We can imagine a situation, though, where a DNO has funded measures for an area that has a large concentration of struggling households where consent from those households may be sought to control assets installed free of charge. We think that would need to go with a clear explanation of benefits to the householder before installation, and clear demonstration of those benefits post-installation. As we have said above, such households may need lighting and appliances updated or upgraded as well as part of the package if they are to experience benefits directly.

Q12. 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?

We think a well-designed programme of coordinated pilots of these approaches could be invaluable. We would not, at this stage, narrow either the range or the scope. We would see ED3 as setting a firm foundation for very successful action right across the country through the following ED periods. We would prefer a programme to be managed through an independent organisation with time taken at the start to describe the benefits and outcomes of the programme well so that DNO inputs and activities with their partners would be put into the context of a strong programme intended to challenge delivery teams constructively and therefore maximise collective learning through a clearly developed, collaborative plan for repetition and scaling. We think this approach is justified because the outcome needs to be national action implemented by DNOs with local and community partners through approaches to the specificities of place that are held in common.

A particular issue we would like to highlight with the way pilots are currently governed through DNOs, is that both DNOs and Ofgem tend to be incredibly risk averse about solutions that do design using the kind of community and local involvement we've described, because it is harder to see how they will be "commercialised" ie scaled. There are two solutions to this that we can see: one is to focus on ensuring that projects create the right kind of business and operational model templates that can support ease of repetition and replication; the second is that this approach anyway builds capability within the DNOs to do better even in the situations where community and local actors (currently) have less capability.

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

We have no experience or views to offer in response to this question.