

Deadline: 2nd April

Octopus Energy is the largest supplier of electricity in GB, as well as a leading flexibility provider, installer of low-carbon technologies (LCTs), and an investor in renewable energy projects. Building on our proven track record, Octopus has recently expanded into the C&I space to deliver novel energy solutions for energy-intensive users, including data centres.

Octopus Response to [DNOs future role in supporting the rollout of low-carbon technologies](#)

RIIO-ED3 represents a pivotal moment for Britain's ability to deliver an effective, low-cost energy transition. It must ensure that networks are not a blocker to the adoption and integration of LCTs as efficiently as possible. This means a key role of the networks must be focused on how much load-related expenditure and reinforcement can be avoided if DNOs optimise their existing networks to dynamically manage and flatten the load of connecting LCTs, whilst enabling connections at pace. By exploring an expanded role, this consultation risks acting as a distraction to the core responsibilities DNOs should be focusing on delivering and improving.

We disagree with the proposals to expand the remit of DNOs into customer-facing roles, such as delivering installations. We strongly oppose DNOs being responsible for installations, either directly or through partnerships, which would act as a distraction to the core responsibilities DNOs should be focusing on delivering and improving. The role of a DNO should be to provide enabling information for the market to innovate and deliver solutions, provide swift connections and optimise the inherent flexibility in LCT connections

At a time of already unprecedented change and scale in delivering the core challenges of ED3 set out above, the role of a DNO should not be expanded to carry out direct installations or into customer-facing roles, which would also distort the market and undermine competition. We support that DNOs should enable and pay for services and new models that provide grid benefits, similarly to how DSO flexibility services are evaluated and funded currently. In principle, the cost of an LCT could also be funded through a surcharge to the network charge, but this would have to be on a customer-by-customer basis, attached to a particular MPAN, and it is not clear whether DNOs are able to create specific MPAN charging for this type of cost recovery. Furthermore, multiple routes to accessing finance already exist, including through providers such as Octopus and concessionary finance available through the Warm Homes Plans for certain customers. Customer adoption is prevented mainly by the high cost of electricity, which Ofgem can help to address by ensuring the ED3 price control is cost-efficient as set out above. Importantly, we do not agree with DNOs funding LCT or EE upgrades to homes where costs are socialised, adding further costs onto customer bills. Network costs are already rising considerably, and electricity in the UK

remains one of the most expensive in the Western sphere. This regressive approach to funding LCT upgrades will further exacerbate the issue.

Instead, DNOs must significantly improve their already critical role in enabling and accelerating connections, data provision, and using tools like dynamic overlay tariffs that unlock immediate capacity for new connections, improve utilisation of the existing infrastructure, and reduce overall capex spend to deliver maximum value for the customer. In particular, DNOs must significantly improve their existing responsibilities in enabling connections, where bad performance acts as a key blocker to the energy transition. There are significant and wide-ranging improvements across DNOs that must happen to accelerate LCTs deployment cost-effectively, with existing processes and DNO performance varying considerably. For instance, the process to install a V2G charger highlights one example of the barriers to connections LCTs face, where there are 3 separate DNO processes to complete. First, the connect and notify process is used to install the V2G chargers unidirectionally, so the car can be delivered to the customer quickly, and so they can already charge it at home. Then, we have to "add" the bidirectional element to it by applying for export permission through the G99 process. UKPN has auto-approval for up to 5kW, but with other DNOs, it can take up to 12 weeks, after which the DNO can deny export permission. It then takes another few weeks to get an export mpan, which we need to register for export. This is only one example of how DNOs must significantly improve their performance across their existing LCT and connection responsibilities. Furthermore, it shows that waiting until the start of ED3 to trial these opportunities is too late; the pilots to unlock these capabilities must happen now, during the remainder of ED2.

Finally, to truly unlock the ability to develop area-based solutions, stakeholders such as **householders and developers should be allowed to connect two (or multiple) residences directly with a cable outside the DSO's purview during ED3**. This is already permitted in the EU (by Directive (EU) 2019/944, which governs the concept of "Direct Lines") and is driving competition, lowering costs, and leading to new, innovative solutions. We discuss this further below and offer the following responses to the questions.

Response to Questions

Overarching rationale

Q1. Should DNOs play a role in coordinating 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?

How can DNOs help make the transition more efficient and affordable for everyone?

ED3 must ensure that networks are not a blocker to the adoption and integration of LCTs as efficiently as possible. A core focus must be on how network planning and operation can

help make the transition more efficient and affordable for everyone. Key to this is how much load-related expenditure and reinforcement can be avoided if DNOs optimise their existing networks to dynamically manage and flatten the load of connecting LCTs. Distribution network charges make up around 10-15% of a customer's bills, with network costs forecast to rise by 2030 and beyond. The RAV of a DNO is predominantly made up of grid infrastructure investment costs, and contributes to the majority of the costs and profits a DNO is able to recover. The most effective way to make the transition more efficient and affordable is by reducing the amount of load-related grid reinforcement added to the RAV, by optimising the existing infrastructure. To do this, DNOs must improve and enhance their use of tools like dynamic overlay tariffs that unlock immediate capacity for new connections, improve utilisation of the existing infrastructure, and reduce overall capex spend to deliver maximum value for the customer. Furthermore, adding more costs onto the RAV (such as through the financing of LCTs) should be avoided. Adding further non-commodity costs onto bills is a regressive way to fund LCTs and contributes to slowing down electrification by increasing electricity prices. The UK already has one of the highest electricity costs in Europe, and Ofgem has a key role in keeping costs down for customers and regulating the strong incentive for DNOs to add to their RAV.

Should DNOs play a role in coordinating and supporting a cost-effective energy transition through improved planning and supporting/directing targeted delivery?

We agree that area-based approaches to delivering LCTs may deliver benefits such as reduced network reinforcements and efficiencies in cost and labour, and by enabling homes to be ready for LCTs through DNO activities such as unlooping. However, we disagree that this opportunity means that the DNOs are best placed to directly deliver these solutions. The role of a DNO in the energy transition is that of an enabler. This includes data provision and directly enabling the uptake of LCTs through providing quick connections, home-readiness works such as unlooping (either before or after the installation). The DNO's role also includes providing market signals of network conditions through flexibility markets and dynamic overlay tariffs, which in turn provide commercial opportunities to LCTs in return for providing load flattening or other grid services. These enabling roles can significantly contribute to the opening up of market-driven, area-based approaches. We highlight some of the area-based approaches DNOs could better enable in Q2 below.

Do DNOs have a role in supporting low-income households?

Ensuring low-income households are not left behind and are able to benefit from the rollout of LCTs is critical. However, we do not agree with DNOs funding LCT or EE upgrades to homes where costs are socialised, adding further costs onto customer bills. Any additional cost put through the DNOs is added onto customer bills regressively, which will disproportionately impact low-income households. As such, we do not consider that financially supporting low-income households in a way that drives up customer bills is the optimal way for low-income households to access and benefit from the energy transition. Furthermore, multiple routes to accessing finance exist, including through the Warm Homes Plans. The high cost of electricity is a key barrier to LCT adoption, which Ofgem can help to

address by ensuring the ED3 price control is cost-efficient. Importantly, we do not agree with DNOs funding LCT or EE upgrades to homes where costs are socialised, adding further costs onto customer bills. DNOs have a key role to play in enabling quick, efficient connections and optimising their networks through flex. These must be the core focus of ED3 and DNO responsibilities, which this consultations proposals risks distracting from.

Enhanced Coordination

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

Yes, we mostly agree with the rationale that, as part of their network planning process, DNOs could help to ensure that local or national government LCT and EE delivery aligns with network investment and vice versa, with both coordinated to maximise wider system benefits. This would build on existing progress and licence conditions introduced in ED2 and further encourage DNOs to optimise planning and delivery by sharing data, helping stakeholders identify and prioritise suitable areas, and considering other options, programmes or innovative solutions when developing and delivering network investment plans. There remains a huge amount of uncertainty on domestic take-up of LCTs, so whilst planning and coordination with stakeholders such as local authorities remains important, DNOs must be able to use consumer flex from LCTs to act as a buffer and a quick way of creating headroom. As highlighted above, the scope of DNO coordination must also focus on how much load-related expenditure and reinforcement can be avoided if DNOs optimise their existing networks to dynamically manage and flatten the load of connecting LCTs.

Consequently, we support the scope of building upon existing licence obligations, but see the enhanced coordination scope for DNOs to improve on as wider than this and spanning to network operations and market signals such as Dynamic Overlay Tariffs. Four key areas that the DNOs must improve to enhance their coordination role include:

1) Data provision: We agree that the data portals established during ED2 will act as the foundation for improving the DNO's ability to enable the energy transition. Whilst significant progress has been made, there is much more that could be improved (as outlined in our answer to Q3).

2) Enabling new local or “area-based” flex solutions: whilst significant progress has been made with DSO flexibility markets, the structure of these does not support investment in new flexible assets to solve localised grid issues. In seeking to reduce overall network costs, whilst enabling LCT connections at pace, DNOs should facilitate alternative solutions to load-related grid reinforcement requirements to be put forward. DNOs should forecast and publish their anticipated grid reinforcement requirements and the associated costs, and then enable the market to put forward alternative solutions and commercial models under that cap. These solutions should be assessed to the end of the network assets' lifespan, when they would need to be replaced regardless of load-related changes.

3) Introducing Dynamic Overlay Tariffs: in ED3, Ofgem must encourage DNOs to incentivise demand flexibility through a dynamic overlay to DUoS charges. This would nudge flexible demand to behave in a grid-friendly way (e.g., helping to resolve local network constraints). It could be implemented outside any significant code review (and therefore quickly) and - unlike DUoS charges - be seen by aggregators and suppliers alike. In parallel, we could develop a better evidence base around the impact of such tariffs on customers, particularly on the non-smart fraction of their consumption. This interim approach would enable DSOs, aggregators and suppliers to develop the capabilities and innovation that would help make this a success. We have already trialled DUoS overlays with some DNOs, and these exist as full tariff offerings in countries like Switzerland and Norway. They are a good interim solution while longer-term charging arrangements are considered.

4) Adopting a proactive approach: DNOs hold critical technical data and insight and can provide advice to stakeholders that can support and expedite workarounds to blockers to connections or help the development of new innovative solutions and models. Some DNOs already act proactively and provide support to stakeholders in these areas, but best practices must be adopted across all DNOs. For instance:

- **Connections:** DNOs must support and drive innovative connections. If a connection is facing a delay, DNOs hold important technical information about what the trigger is, such as grid reinforcements. By providing clarity around causes of the delay and network conditions, and by seeking to work collaboratively and proactively with stakeholders, wait times for connections can be reduced by using alternative solutions, such as flexible solutions or technical workarounds, such as temporary load-limiting devices or export limitations. DNOs should be empowered to optimise connected projects within capacity constraints; currently, the DNO connection queue is determined by the NESO methodology, despite DNOs having superior information and capability to manage the local networks
- **New models:** DNOs should also proactively support and enable solutions for new models or innovations put forward by the market. For instance, new models such as data centres funding LCT installations (such as batteries) across a community. This fleet of local assets, managed by an aggregator, would free up the capacity needed for the data centre to connect years earlier, which would accelerate economic growth without socialisation of costs onto customer bills. DNOs hold critical network information that they must use to help proactively and collaboratively steer new models.
- **Upgrade works:** third-party works, such as fuse upgrades, should be enabled by the DNOs, as already trialled with UKPN and NGED.

5) Connections: DNOs must significantly improve their existing responsibilities in enabling connections, where bad performance acts as a key blocker to the energy transition. There are significant and wide-ranging improvements across DNOs that must happen to accelerate LCTs deployment cost-effectively, with existing processes and DNO performance varying considerably. For instance, the process to install a V2G charger highlights one example of

the barriers to connections LCTs face, where there are 3 separate DNO processes to complete. First, the connect and notify process is used to install the V2G chargers unidirectionally, so the car can be delivered to the customer quickly, and so they can already charge it at home. Then, we have to "add" the bidirectional element to it by applying for export permission through the G99 process. UKPN has auto-approval for up to 5kW, but with other DNOs, it can take up to 12 weeks, after which the DNO can deny export permission. It then takes another few weeks to get an export mpan, which we need to register for export. This is only one example of how DNOs must significantly improve their performance across their existing LCT and connection responsibilities. Additional improvements were highlighted in our E2E connections response and should be carried forward, including:

- Implementing minimum standards and timeframes for connections, approvals and works. Introducing an accelerating connections incentive in ED3 DSO incentive.
- DNO performance and activity must be published and scrutinised. DNOs and Ofgem should establish connections leaderboards, such as here <https://octopus.energy/blog/dno-leaderboard/>.
- Raising G98 threshold to 5kW.
- DNOs should be required to publish their auto-approval criteria openly so that installers can design systems that they know will be approved instantly. This could be done in a way that is comparable across all DNOs to drive better standardisation
- Use of "workarounds" to enable LCT installations ahead of reinforcements or networks, including load limiting devices, installing 3-phase on looped properties to allow works to be done retrospectively,
- Allowing third-party works for fuse upgrades
- Standardising policies on fuses and limits
- Approach to costs for applications, works and upgrades

In addition to this, householders and developers should be allowed to connect two (or multiple) residences directly with a cable outside the DSO's purview during ED3. This is already permitted in the EU (by Directive (EU) 2019/944, which governs the concept of "Direct Lines") and is driving competition, lowering costs, and leading to new, innovative solutions. A "direct line" refers to an electricity line linking an isolated generation site with a customer, or an electricity line linking a producer and an electricity supply undertaking to directly supply their own premises, subsidiaries, and customers.

Q3. 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 that DNOs should continue to improve their ability to identify and engage with their community of collaborators. DNOs should act as enablers to those bringing forward new ideas, area-based approaches, or innovative solutions. Their role involves enhanced data provision, providing connections at pace support, technical advice, and support for new innovative ways of tackling issues. As highlighted in Q2, already some DNOs excel at this

and are proactive, supportive and adaptable and welcome discussions on new ideas, but this behaviour and approach is not consistent across DNOs. Strengthening community collaboration plans and the underlying licence obligations and reporting underneath it would support this. As such, the proposed amendments to the collaboration plans should encourage and measure DNO's response to stakeholders approaching them with innovative models that impact network planning, as well as proactive outreach to their identified community (as outlined in the consultation)

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

We agree that the data portals established during ED2 will act as the foundation for improving the DNO's ability to enable the energy transition. Whilst significant progress has been made, this is not consistent across DNOs and there is much more that could be improved:

- Network topology and CIM data: DNOs must publish standardised, machine-readable CIM data to enable network topology, services, and tooling to be developed by the market. For instance, the [following partnership of NGED and Squid](#) that uses NGED's CIM data/published technical network model to provide a visual, interactive interface and [CIM explorer](#), which is considered best practice
- Asset visibility and demand visibility: DNOs should work with non-network data sets to improve their own forecasting, planning and operations. For instance, demand and asset data and behaviour could be provided by stakeholders such as suppliers and aggregators who have flexible response data and demand profiles from a variety of customer profiles
- Network planning and operations: headroom, constraints, curtailment capacity and connections info: DNOs must provide real-time visibility and forecasts of local headroom, constraints and curtailment. This should include heat maps of capacity, when and where reinforcements are due to begin and finish, flexibility market and dynamic overlay signals.
- Home-readiness: looped service and phase mapping: DNOs should publish data across their areas for looped properties and phases, enabling installers to understand if customers will likely experience delays. This must provide clarity on the data quality and assumptions DNOs are using to drive looped property proactive efforts, which must not come at the expense of reactive responses.
- Existing LCT connections performance: the existing role that DNOs have in approving and carrying out works for LCTs applied for remains obscured, with limited data published by the DNOs or the ENA's Connect Direct platform. DNOs must publish this information on a connections webpage to provide installers with information about potential lead times their customers will face in waiting for an approval, connection date or required works, and Ofgem must consolidate it into a reputational leaderboard to hold their performance to account.

Q5. 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?

We agree there are benefits to improving the quality, accuracy and interoperability of DNO data, as well as including additional non-network stakeholder-identified datasets. Consequently, we support requiring DNOs to engage stakeholders on what non-DNO-held data should be included. Non-network data that could benefit DNOs include demand data held by suppliers (including LCT response to flex) and earlier triggers of customer interest in LCTs (instead of waiting for the point of application).

We also support requiring additional useful data to be published in accessible, interoperable formats and that DNOs report on data accuracy, openness and feedback loops, which are essential to improving data portals and closing the gap between best performers and those lagging behind.

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?

To enable LCT delivery at pace and cost-effectively, we agree that DNOs should provide proactive and collaborative support to their stakeholders, including local authorities. This support could include advice or tools and software tailored to Local Authorities or wider stakeholders, such as installers who may also benefit. See above Q2 response.

Q7. 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?

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?

- DNOs' network planning and operations would benefit from coordinating with non-network data sets such as supplier demand profiles and LCT response.
- Dynamic overlay to DUoS charges would nudge flexible demand to behave in a grid-friendly way (e.g., helping to resolve local network constraints), reducing overall capex requirements and improving utilisation of existing infrastructure. These signals could also be used to inform network planning and timing of reinforcements.

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?

We support DNOs identifying areas where an efficient combination of solar, storage and energy efficiency measures could provide network and system benefits. However, we do not support a DNO role in delivering these solutions. The role of a DNO should be to provide enabling information for the market to innovate and deliver solutions, provide swift connections and optimise the inherent flexibility in LCT connections. The proposals risk DNOs being distracted from prioritising and delivering the responsibilities only they can do to encourage LCT adoption.

As outlined above in Q2 “Enabling new 'area-based' flex solutions”, this could take the shape of DNOs forecasting and publishing their anticipated grid reinforcement requirements and the associated costs, and then enabling the market to put forward alternative solutions and commercial models under that cap. These solutions should be assessed to the end of the network assets' lifespan, when they would need to be replaced regardless of load-related changes. We therefore support that DNOs should enable and pay for services and new models that provide grid benefits, similarly to how DSO flexibility services are evaluated and funded currently.

In principle, the cost of an LCT could also be funded through a surcharge to the network charge, but this would have to be on a customer-by-customer basis attached to a particular MPAN. However, it is not clear whether DNOs are able to create specific MPAN charging for this type of cost recovery. Furthermore, multiple routes to accessing finance already exist, including through providers such as Octopus and concessionary finance available through the Warm Homes Plans for certain customers. Customer adoption is prevented mainly by the high cost of electricity, which Ofgem can help to address by ensuring the ED3 price control is cost-efficient as set out above.

Importantly, we do not agree with DNOs funding LCT or EE upgrades to homes where costs are socialised, adding further costs onto customer bills. Network costs are already rising considerably, and electricity in the UK remains one of the most expensive in the Western sphere. This regressive approach to funding LCT upgrades will further exacerbate the issue.

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 network, system, consumer or efficiency benefits of such an approach?

DNOs must focus on how much load-related expenditure and reinforcement can be avoided by optimising their existing networks to dynamically manage and flattening the load of connecting LCTs, which should include the use of dynamic overlay tariffs.

Equally, a bottom-up assessment of the value LCT-driven solutions can provide network and system benefits would be useful. For example, with the model of DNOs enabling new 'area-based' flex solutions, which would see DNOs forecasting and publishing their anticipated grid reinforcement requirements and the associated costs, and then enabling the market to put forward alternative solutions and commercial models under that cap. Here, the benefits of what approach is taken forward should include the additional system benefits provided, such as having a fleet of batteries able to provide additional voltage services, transmission level constraint management or knocking gas off as the marginal price setter.

Q11. 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?*

We do not agree that DNOs should be taking on expanded responsibilities for owning, funding, or installing LCTs. However, many types of LCTs and customers can contribute to grid resilience and provide benefits in the form of flexibility, such as our Equinox project with NGED, which demonstrated heat pump flexibility, which was highlighted in the consultation. DNOs should act as enablers to LCTs and send signals, such as Dynamic Overlay Tariffs, which nudge LCTs to behave in grid-friendly ways.

- *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?*

No. DNOs should act as the enablers and collaborate with a wide set of stakeholders who are best placed to identify suitable properties and engage consumers. DNOs hold important information about home readiness for LCTs and grid reinforcement planning; however, wider than this should act as an enabling coordinator across parties better placed to lead on those responsibilities.

- *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?*

As above, the role of a DNO should be to provide enabling information for the market to innovate and deliver solutions. As outlined above in Q2 "Enabling new 'area-based' flex solutions", this could take the shape of DNOs forecasting and publishing their anticipated grid reinforcement requirements and the associated costs, and then enabling the market to

put forward alternative solutions and commercial models under that cap. These solutions should be assessed to the end of the network assets' lifespan, when they would need to be replaced regardless of load-related changes.

DNOs could provide funding for models and solutions that provide grid benefits by using grid reinforcement costs as a counterfactual, similarly to how DSO flexibility services are currently funded in ED2. However, wider than this, we do not agree with DNOs funding LCT or EE upgrades to homes, especially (but not only) if this cost is recovered on a socialised basis across network charges on all customer bills. Network costs are already rising considerably, and electricity in the UK remains the most expensive in the Western sphere. This regressive approach to funding LCT upgrades will further exacerbate the issue.

- *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?*

We strongly oppose DNOs being responsible for installations, either directly or through partnerships, which would act as a distraction to the core responsibilities DNOs should be focusing on delivering and improving. The role of a DNO should be to provide enabling information for the market to innovate and deliver solutions, provide swift connections and optimise the inherent flexibility in LCT connections

- *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?*

We strongly oppose any ownership and control of LCTs by DNOs. The benefits of LCTs responding in a coordinated manner to support network planning and operations can be achieved without DNO control and ownership. Introducing dynamic overlay tariffs and systemically using flexibility markets over ED3 is critical to this.

We do not agree with the archetypes of widening participation and focused intervention, which would see DNO responsibilities expanding to identify, specify and manage installation and financing of LCTs.

Laying the Groundwork archetype: this outlines that DNOs would deliver a more streamlined upgrade route for consumers, likely utilising an area-based approach. This would include providing a significant programme of local enabling works (ie proactive unlooping; fuse upgrades) alongside other actors who fund and deliver measures.

Proactive unlooping efforts mustn't replace or supersede efforts to get requesting customers connected quickly. The priority must be to improve timings for reactive unloopings for customers who actually want LCTs then and there. This must be done by setting minimum

standards and deadlines for unlooping properties (i.e. max timeframe with penalties that DNOs have to complete unloopings by), standardising experience and removing any costs to the customer. DNOs should also use workaround solutions to get connections approved ahead of the works completed: for instance, UKPN are now using solutions for looped properties, so they can still install the LCT early and complete the unlooping later/never, such as by using 3-phase.

To unloop properties proactively, DNOs should provide data on where areas with a high proportion of looped properties are, and work alongside industry to identify where there's a high likelihood of LCT uptake over ED3, if/where workarounds aren't suitable/long timelines for looped properties are likely. This must be done in a data-driven, transparent manner where DNOs can be held accountable. Ofgem must ensure that reactive unlooping connection requests are improved in their timings, and that DNOs are data-driven in their targeting and not adding unnecessary costs onto consumers. Importantly, the main question of how much load-related expenditure and reinforcement can be avoided if DNOs optimise their existing networks to dynamically manage and flatten the load of connecting LCTs must remain central alongside DNOs' ability to connect LCTs at pace.

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 options across archetypes, or whether the scope should be narrowed in advance? What should be the main focus of any pilots?

There are significant and wide-ranging improvements across DNOs that must happen to accelerate LCTs deployment in a cost-effective manner. However, waiting until the start of ED3 to trial these opportunities is too late; the pilots to unlock these capabilities must happen now, during the remainder of ED2. Some of the areas of focus should include:

- **Dynamic overlay tariffs:** all DNOs should trial the implementation of Dynamic Overlay Tariffs in anticipation of LCT uptake in their areas.
- **Localised flex offerings:** DNOs should work with stakeholders on models that could encourage investment in LCTs to mitigate grid reinforcement needs
- **LCT data centre opportunities:** DNOs should work with stakeholders on accelerating connections for data centres that offer community LCT programmes to manage capacity concerns.
- **Performance reporting:** publishing connections data through dashboards and a league board. DNOs must also report on how long they are taking to complete approvals, connections and required works

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