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By email : DNOLCTPolicy@ofgem.gov.uk

2 April 2026

Dear Jack,

DNOs' future role in supporting the rollout of low carbon technologies

Thank you for the opportunity to respond to the above-mentioned consultation. This letter represents both SP Energy Networks (SPEN) and SP Electricity North West (SP ENW)'s response to this consultation. SPEN represents the distribution licensees of SP Distribution plc (SPD) and SP Manweb plc (SPM) and we own and operate the electricity distribution networks in the Central Belt and South of Scotland (SPD), and Merseyside and North Wales (SPM). SP Electricity North West (SP ENW) own and operate the electricity distribution network in the North West of England. As owners of distribution network assets, we are subject to the RIIO price control framework and must ensure that we develop an economic, efficient, and coordinated onshore electricity system.

"Enhanced Co-ordination" role

We are supportive of DNOs playing a role in co-ordinating and planning, to support local and regional decarbonisation plans in ED3. SPEN is already delivering value and expertise to stakeholders in this area, through the "Strategic Optimisation and Optioneering" team, we introduced in ED2, with SP ENW delivering similar functions through its DSO team.

Through this existing way of working with local authorities and regional government bodies, we agree DNOs have the capabilities and expertise, and should play an expanded role in this space, to support the targeted deployment of LCTs in area-based plans. The "Enhanced Co-ordination" role proposed is an enhancement of our current activities to support specific bodies engaged in LCT deployment, to consider network activities and the potential opportunities they can offer. Through existing activity, delivered via our vulnerability partnership networks, we agree that DNOs are also well placed to identify and support vulnerable and lower-income households in their transition to low-carbon technologies (LCTs). These established networks enable DNOs to guide customers within our licence areas towards appropriate LCTs and energy efficiency measures, while also supporting them in identifying suitable funding routes.

In the near term, integration of this "Enhanced Co-ordination" role will depend on ensuring that DNO-led area-based LCT co-ordination is fully informed by the same demand and generation forecasts that underpin the NESO's Regional Energy System Plans (RESP). As ED3 Business Plan forecasts will already be underpinned by NESO's transitional RESP (tRESP), any subsequent re-prioritisation of volumes driven by area-based LCT deployment will require a clear and efficient adjustment mechanism. Without such a mechanism, there is a risk of divergence between RESP outputs and the additional activity generated through "Enhanced Co-ordination".

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Given that we are already delivering these activities, under the existing SpC 9.13, Smart Optimisation Output (SOO), we see no need for a further tightening of this licence condition to support an “Enhanced Co-ordination” role. Instead, the supporting Guidance document could be updated accordingly. However, there are elements of the policy design for an “Enhanced Co-ordination” role that do need to be addressed, as detailed in Q2 below.

Securing of network and system benefits

We support Ofgem’s intention to assess these proposals using a combined network benefit and wider system benefit approach. In our view, this is essential to ensuring that interventions are targeted where they provide the greatest value for customers, particularly where benefits extend beyond traditional network boundaries.

From a local network perspective, the area-based deployment of LCTs (particularly solar PV and battery storage) have the potential to defer or reduce reinforcement requirements by flattening demand peaks and improving load diversity. However, these benefits are only likely to be realised where installed technologies are operated in a way that supports the network; if operated sub-optimally (for example, charging batteries during peak winter demand period) there is a risk they could increase rather than alleviate local constraints.

Evidence from SPEN’s proactive unlooping programme in RIIO-ED2 demonstrates that a structured, area-based approach can deliver operational efficiencies, reduce customer disruption, and support more cost-effective long-term network planning. Similar efficiencies could be achieved through targeted LCT deployment where network headroom or local constraints are well understood.

From a wider system perspective, clustering domestic solar and storage can support system stability, reduce reliance on peaking generation, and reduce wholesale market volatility. It can also help deliver the distribution-level energy system flexibility needed to support the national decarbonisation trajectory and has the potential to reduce customer energy costs from wholesale energy actions. However, to realise these system-wide benefits, clear rules will be needed on ownership, control, data visibility and participation in flexibility markets, ensuring that DNO involvement does not inadvertently impede market access (and that these assets actively support the network).

“Expanded Role”

At this stage, SPEN and SP ENW are committed to continuing to work with Ofgem and DNOs to consider the extent of an “Expanded Role” for DNOs in future. Given the existing tools we have developed and the experience we have, we are confident that DNOs can play a valuable role in this area, albeit that these need to be piloted, given that DNOs to date, tend not to get involved in activities ‘behind the meter’. We are not ruling out any of the archetype models at this stage, although we would welcome the proposed summer consultation focused on the “Expanded Role”, to better understand the scope and remit of each archetype in greater detail.

ED3 Piloting

As mentioned above, we are strongly of the view that actual pilots are required to determine the challenges and opportunities associated with each archetype and to determine the most effective role DNOs can play in the roll-out of LCTs, alongside the wide range of other players already active in this space.

In executing these pilots, we would expect some customers to be unsure as to where responsibilities sit between DNOs, suppliers, and installers. Clear communication and jointly branded delivery approaches will be needed to minimise this. The customer journey must be a clear focus and learning point from any DNO-led pilot.

As part of the ED3 Business Plan Incentive (BPI) programme, SPEN and SP ENW have proposed to Ofgem our willingness to host an area-based pilot to test DNOs playing a leading role in the coordination, design and roll-out of LCTs, whilst testing the extent of the network and system benefits which can be secured. In order to ensure that valuable learnings are secured, we are keen to focus our pilot on the DNO having a full delivery and operational role, in the roll-out of the LCTs, particularly as this is a new area for DNOs which needs to be robustly tested, to provide evidence for further policy-making in this area.

Updated and timely ED3 BP Guidance

Should Ofgem decide to introduce a new “Enhanced Co-ordination” role for DNOs in ED3, as suggested in this consultation, details and requirements for this new activity will need to be included in ED3 Business Plan Guidance and the Sector Specific Methodology Decision (SSMD). We note that the latest ED3 Business Plan Guidance, published 23rd March, includes a heading for this activity but doesn’t include any details as to what Ofgem expects ED3 Business Plans to include. Such detail must be included in the next iteration of Business Plan Guidance, to provide DNOs with sufficient time to ensure that all required responsibilities, details and costs are included within ED3 Business Plans, to meet Ofgem’s requirements.

If you have any questions in relation to this response, please do not hesitate to get in touch.

Yours sincerely



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SP Energy Networks



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SPEN and SP ENW response to Ofgem's consultation on DNOs' 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 are supportive of DNOs playing a role in co-ordinating and planning, to support local and regional decarbonisation plans in ED3. SPEN is already delivering value and expertise to stakeholders in this area, through the “Strategic Optimisation and Optioneering” team, we introduced in ED2, with SP ENW delivering similar functions through its DSO team.

Through this existing work of working with local authorities and regional government bodies, we agree DNOs have the capabilities and expertise, and should play an expanded role in this space, to support the targeted deployment of LCTs in area-based plans. The “Enhanced Co-ordination” role proposed is an enhancement of our current activities to support specific bodies engaged in LCT deployment, to consider network activities and the potential opportunities they can offer.

Through existing activity, delivered via our vulnerability partnership networks, we agree that DNOs are well placed to identify and support vulnerable and lower-income households in their transition to low-carbon technologies. These established networks enable DNOs to guide customers within our licence areas towards appropriate LCTs and energy efficiency measures, while also supporting them in identifying suitable funding routes. This includes signposting customers to funding models and support available through Government schemes and local authority programmes, helping to reduce financial barriers to participation.

Enhanced Co-ordination

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

We agree in principle with the overall rationale and scope of the proposed “Enhanced Co-ordination” role. As explained in previous Ofgem Working Group meetings, we already deliver many of the activities proposed through our mapping of key local authorities, regional bodies, transport organisations, growth zones and industrial clusters. Given that we are already reporting these activities, under the existing SpC 9.13, Smart Optimisation Output (SOO), we see no need for a further tightening of this licence condition to support an “Enhanced Co-ordination” role. Instead, the supporting Guidance document could be updated accordingly.

As Ofgem is indicating a “minded-to” position to introduce an “Enhanced Co-ordination” role for DNOs in ED3, this will require careful consideration as to how this is shaped for ED3. We would recommend that the following issues are considered, as plans for a new “Enhanced Co-ordination” role are developed:

- We will have developed our ED3 forecasts, with anticipated volumes supported through the NESO's tRESP process. Any increase in volumes or re-prioritisation, coming from area based LCT co-ordination, will need an easy and prompt process to update and support any additional costs and volumes to be incorporated within ED3 Business Plans.
- The increased roll-out and clustering of LCTs needs to be considered alongside existing interactions with other Ofgem developing positions, such as voltage management for ED3.

- With any large-scale targeted rollout of LCTs, DNOs will need access to greater levels of smart meter data. How this can be facilitated needs to be considered and agreed as this policy is developed.
- Depending on the final scope of the “Enhanced Co-ordination” role, it may be that DNOs are required to access and utilise non-DNO data, held by third parties. This could involve a cost to the DNO for hosting and providing this information, which would need to be taken into account as DNO allowances for this new role are calculated.
- We are not supportive of introducing a new licence proposal, as part of SpC 9.13, for DNOs to enter into Scheduling and Co-ordination Agreements with local and regional stakeholders. These can often involve multiple different parties, including third-party agencies, and can be difficult and risky for DNOs to manage, given that delivery of these Agreements are often outside of DNOs’ control and reliant on timely engagement and commitment from other parties.
- It needs to be recognised that successful delivery of an “Enhanced Co-ordination” role is also reliant on the third parties, be that local or regional authorities having sufficient resources and expertise in this area. Our experience is that resource and expertise in these areas can vary widely across these organisations, given budgetary and planning constraints and the extent of decarbonisation as a policy priority. The full benefits of an “Enhanced Co-ordination” role can only be realised where local and regional authorities are structured and adequately funded to support this co-ordination work.
- With large-scale and clustered LCT deployments, network reinforcements or interventions will still be required. There therefore needs to be a careful distinction between reducing customers energy bills through generation and self-consumption and the consumer bill component required to support the network enablement – which could increase as a result. Pilots will be able to test and determine the extent of the delivery of network and system benefits to be realised.

Should Ofgem decide to introduce a new “Enhanced Co-ordination” role for DNOs in ED3, as suggested in this consultation, details and requirements for this new activity need to be included in ED3 Business Plan Guidance and SSMD. We note that the latest ED3 Business Plan Guidance, published 23rd March, includes a heading for this activity but doesn’t include any details as to what Ofgem expects ED3 Business Plans to include. Such detail must be included in the next iteration of Business Plan Guidance, to provide DNOs with sufficient time to ensure that all required responsibilities, details and costs are included within ED3 Business Plans, to meet Ofgem’s requirements.

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?

The Collaboration Plans are useful documents in transparently highlighting the work which DNOs already do in this area. A review of Collaboration Plans shows that DNOs are already involved in supporting many collaborative activities, in addition to the requirements as part of the RESP.

In terms of the monitoring of these Plans, we agree with Ofgem that Independent Stakeholder Groups (ISGs) are uniquely well positioned to monitor our stakeholder engagement as part of the Community Collaboration Plan process. SPEN and SP ENW have recently established a Distribution-focused ISG with members drawn from across our licence areas who understand both our stakeholders and the distinct needs of each community we serve.

As the only DNO operating across Scotland, England and Wales, it is essential that scrutiny comes from a group with deep, practical knowledge of our networks, regional contexts, and stakeholder landscapes. Our ISG is therefore particularly well-placed to:

- Assess the quality and inclusivity of our engagement, ensuring local voices and vulnerable groups are properly reflected.
- Challenge our assumptions and priorities, drawing on members' insight into regional network issues.
- Provide independent assurance that our engagement activities are effective, proportionate and aligned with stakeholder needs.
- Monitor how stakeholder feedback shapes our plans, helping ensure transparency and continuous improvement.

We consider this informed, regionally grounded ISG to be the most credible and capable body to review and monitor our engagement activities going forward.

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

DNOs publish a wide range of data from their networks to inform our stakeholders on our plans, the configuration of our network and wide-ranging information on the capacity available on their networks. DNOs work on a stakeholder led approach, as well as fulfilling licence obligations such as long-term development statement and SOO – collectively this data amounts to a valuable set of data from which stakeholders can answer their questions, and feedback from stakeholders confirms this. Our approach to sharing data includes the sharing of raw and aggregated data, as well as through intuitive dashboards designed to make our data easier to interpret through appropriate maps and charts (all interactive).

Notwithstanding, there is still work across DNOs required to standardise and make the data across the energy system interoperable for a consistent experience across networks. With that, SPEN welcomes the initiatives brought forward by DESNZ and Ofgem (such as the Energy digitalisation framework) to introduce data domain coordinators in this space. Whilst also SPEN highlights the work done through the ENA's Data and Digital Steering Group (DDSG) where work on standardisation is a priority for 2026.

Finally, as SPEN have previously highlighted, the legislation and regulatory framework need to support network operators in publishing data, particularly where there is ambiguity over personal and commercial information and if it can be published.

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?

DNOs set out information on the number of fuel-poor households supported, alongside data on households assisted in progressing towards the adoption of LCTs. For SPEN, this includes the provision of guided support, advice and tailored plans, with delivery often supported through established partnership arrangements to enable households that are able to do so, to progress with the recommended actions.

Related to the publishing of non-network data, whilst it may be of additional value to incorporate data into DNO offerings, DNOs are limited in their access to information from other organisations and would welcome policy and regulatory changes to accommodate further data sharing.

Notwithstanding, the cost of managing and publishing additional data needs to be considered and the cost benefit must also be positive to the consumer.

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?

We already provide local authorities, regional bodies and other groups with direct technical support and tools to support the development of their own plans. We are continuing to see growing demand from local authorities and regional stakeholders for access to our tools and technical expertise. With ambitious Government decarbonisation plans, such as the Warm Homes Plan, we anticipate demand for these tools and our technical expertise continuing to grow throughout ED3. We are strongly of the view that continuing to support these groups with our technical expertise will be important for ED3, alongside the tools we provide, such as the Local Authority Network Insight Tool (LANIT). DNOs must be resourced accordingly to be able to support this co-ordination work, particularly as demand can peak following national and local grant funding announcements or in line with annual local authority budgeting timelines.

We would not encourage presenting network build options to these stakeholders for comment and/or feedback. It is the remit of the DNO, as the local network operator, to determine appropriate technical solutions to meet complex engineering and safety needs, accommodating the network demands of our customers and local/regional stakeholders. However, the DNO having greater visibility of Local Authority plans, across their network areas, should be encouraged to ensure these plans are sufficiently reflected in both network forecasts and the RESP forecasts.

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?

We consider that iDNOs are better placed to answer this question.

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?

We recognise that Ofgem's proposals for an "Enhanced Co-ordination" role must align effectively with the evolving NESO Regional Energy System Planning (RESP) processes. RESP is expected to become the central mechanism through which whole-system regional plans are developed, and it is essential that any new DNO responsibilities complement, rather than duplicate or conflict with, this emerging framework.

In the near term, integration will depend on ensuring that DNO-led area-based LCT co-ordination is fully informed by the same demand and generation forecasts that underpin RESP. As DNO ED3 Business Plan forecasts will already be underpinned by NESO's transitional RESP (tRESP), any subsequent re-prioritisation of volumes driven by area-based LCT deployment will require a clear and efficient adjustment mechanism. Without such a mechanism, there is a risk of divergence between RESP outputs and the additional activity generated through "Enhanced Co-ordination".

In the longer term, a well-defined interface between the DNO visibility of local delivery partners and RESP's whole-system modelling would allow both organisations to bring complementary strengths. DNOs' close engagement with local authorities, installers, and community-based schemes provides the "bottom-up" intelligence on real-world deliverability, while RESP offers a consistent "top-down" whole-system planning framework. Properly aligned, these two

perspectives could help create transparent (spatial) regional plans, improve anticipatory investment signals, and ensure that network plans reflect actual LCT deployment and behaviour.

Roles and processes will need to be carefully delineated. For example,

- **Data:** RESP's coordination role may require datasets that local authorities and housing organisations do not yet have the capacity to provide, and DNOs may be asked to fill this gap.
- **Forecasting and prioritisation:** RESP will define regional system needs, but DNOs may identify clusters of LCT opportunity that require a faster response than RESP's iterative planning framework allows.
- **Timing misalignment:** RESP cycles may not always coincide with local funding rounds, grant announcements or local LCT demand uptake, potentially complicating the co-ordination role.

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 believe that DNOs in an "Expanded Role" can offer further insight on areas that could be targeted to deliver value and support the roll-out of LCTs, by investing in our current tools to target areas of the network where wider network and system benefits could be achieved, with a focus on low-income households. We have multiple tools which we use to identify particular households and we are continually looking for innovative ways to identify customer needs and find ways of incorporating additional data sets, as appropriate.

Furthermore, in ED2, we have displayed industry leadership, driving forward with an innovative area-based approach to the proactive unlooping of properties to facilitate the future uptake of LCTs. This work is providing strong evidence to show that a programmatic, area-based, approach does deliver operational efficiencies and cost benefits, whilst limited disruption to impacted households and businesses. To design and scope this work, we undertook targeted and detailed modelling to identify areas with high EVs and/or heat pump uptake. Aligning our network plans, we can identify areas of the network with headroom and/or local constraints where the large-scale roll-out of LCTs could deliver local network and potentially wider system benefits. Using similar tools and models, we are confident that the same approach could be taken to identify clusters of low-income households who could benefit from the uptake of LCTs.

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?

We support Ofgem's intention to assess these proposals using a combined network benefit and wider system benefit approach.

In our view, this is essential to ensuring that interventions are targeted where they provide the greatest value for customers, particularly where benefits extend beyond traditional network boundaries.

From a local network perspective, area-based deployment of LCTs (particularly solar PV and battery storage) have the potential to defer or reduce reinforcement requirements by flattening

demand peaks, alleviating voltage issues, and improving load diversity. However, these benefits are only likely to be realised where installed technologies are operated in a way that supports the network; if operated sub-optimally (for example, charging batteries during peak winter demand period) there is a risk they could increase rather than alleviate local constraints.

Evidence from SPEN's proactive unlooping programme in RIIO-ED2 demonstrates that a structured, area-based approach can deliver operational efficiencies, reduce customer disruption, and support more cost-effective long-term network planning. Similar efficiencies could be achieved through targeted LCT deployment where network headroom or local constraints are well understood.

From a wider system perspective, clustering domestic solar and storage can support system stability, reduce reliance on peaking generation, and reduce wholesale market volatility. It can also help deliver the distribution-level flexibility needed to support the national decarbonisation trajectory. However, to realise these system-wide benefits, clear rules will be needed on ownership, control, data visibility and participation in flexibility markets, ensuring that DNO involvement does not inadvertently impede market access (and that these assets actively support the network).

More generally, in determining local network and wider system benefits, there will be a trade off between wholesale energy impact and locational network need. In the development of this policy, it would be good to understand Ofgem's Cost Benefit Analysis (CBA) in this particular area.

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:

Our position is not to rule out any of the archetype models at this stage, however we are strongly of the view that pilots are required to determine the challenges and opportunities associated with each archetype and to determine the most effective role DNOs can play in the roll-out of LCTs, alongside the other players already active in this space. For this reason, SPEN and SP ENW have proposed to Ofgem our willingness to host an area-based trial which will test DNOs leading on the coordination, design and roll-out of LCTs, whilst measuring the extent of the network and system benefits, which can be secured.

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 agree with Ofgem that focusing on the installation of solar PV and battery storage technologies is most likely to deliver the required network and system benefits, and that this should be the focus area for DNOs under this particular policy. However, careful consideration is needed to determine the way in which these assets are to be owned, co-ordinated and operated to deliver the required network and system benefits, whilst allowing customers to realise the wider benefits that these technologies can offer, through the accessing of flexibility services. This will be an important area for the ED3 Pilots to explore and test.

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?

We have multiple tools which we use to identify particular households, and we are continually looking for innovative ways to identify customer needs and find ways of incorporating additional

data sets, as appropriate. Such tools enhance our ability to identify premises that may benefit from LCT advice or targeted energy efficiency support, alongside the development of tailored plans to support customer decision-making. However, there are opportunities to further collaborate with local authorities and housing associations to accelerate the delivery of energy efficiency measures and the uptake of low-carbon technologies.

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?

We recognise that different funding approaches could, in principle, help accelerate the rollout of LCTs and energy efficiency measures. Our position is not to rule out any model as a matter of principle, but rather to highlight the conditions under which each could be feasible, proportionate, and in consumers' long-term interests. Across all archetypes, the key requirement is the appropriate calibration of risk and reward, ensuring affordability, financeability, market neutrality, and clarity of role.

The feasibility of any funding approach depends on ensuring:

- Risk sits with the party best able to manage it—particularly around installation quality, consumer credit exposure, and technology performance.
- Financeability of essential ED3 network investment remains protected, avoiding undue pressure on credit metrics or working capital requirements.
- Cost allocation is fair and transparent, with any cross-consumer socialisation justified by demonstrable system or network benefits.
- Market neutrality is preserved, so competitive installer & supplier markets are not distorted by regulated network intervention.

Funding models that require DNO capital contributions or cost recovery through the RAV can be feasible, only if these conditions are met, and if exposure to consumer side risks is carefully bounded.

Different archetypes present differing levels of risk:

- Approaches involving limited DNO involvement (such as enabling works or coordination) generally present lower funding and credit risk and align well with existing regulatory arrangements.
- Hybrid funding models can be feasible if DNO contributions reflect the network benefit and if governance arrangements clearly separate consumer-facing activities from regulated functions.
- DNO funded or financed models introduce higher exposure to consumer credit risk, installation liabilities, and long-term RAV growth. These models are viable only with strong risk sharing mechanisms, clear boundaries, and carefully designed risk protections.

Across all models, there is a need to avoid creating regressive cross subsidies, particularly where non-participating consumers—often lower-income households—could bear costs associated with consumer specific installations.

Past experience from several major policy interventions provides relevant evidence for assessing funding feasibility and risk placement:

- Supplier of Last Resort (SoLR) and Debt Relief Support Scheme (DRSS) highlighted the importance of ensuring networks are not exposed to retail side financial risks—such as supplier failure, bad debt, or credit default—where DNOs have no ability to manage the underlying risk drivers.
- Smart Meter roll out programme explicitly chose to avoid DNO ownership or funding of smart meters due to concerns about market distortion, consumer facing liabilities, and the

need to maintain neutrality between competing suppliers and installers. This precedent demonstrates that widespread consumer side asset ownership poses risks incompatible with traditional network regulation.

- EV Charging Policy also prohibited DNO's from owning or operating EV chargepoints, chiefly to prevent competitive distortion and ensure that regulated entities did not crowd out private investment. Similar considerations apply to LCT installations such as solar panels, batteries, or heat pumps.

Across all these precedents, a consistent message emerges: where funding models imply meaningful DNO exposure to non-network risks, careful design and risk mitigation (or compensation) are required.

While each funding approach has potential advantages, their viability depends on how effectively the following are addressed:

- Risk-reward proportionality, particularly in relation to consumer credit risk, technology performance, asset failure and warranty risk, echoing the DRSS debate, where DNOs argued they must not become “insurers of last resort”.
- Safeguards for financeability, especially given the significant investment required during ED3.
- Alignment with established regulatory precedent, demonstrating that past examples—SoLR, DRSS, smart meters, EV charging—should inform but not limit future design.
- Protection of competitive markets, ensuring that any DNO role complements rather than displaces suppliers, installers, or government delivery bodies.

Given the varying degrees of risk, complexity and transformational potential across the archetypes, we strongly support Ofgem's proposal to undertake targeted ED3 pilots. Pilots should be designed to compare delivery models, test risk-sharing mechanisms, assess consumer engagement approaches, generate robust evidence of system and network benefits, and evaluate interactions with partners such as local authorities, suppliers, installers and the Warm Homes Agency. Pilots will provide essential insight to inform future decisions on whether, and under what safeguards, any “Expanded Role” should be adopted at scale.

Therefore, we remain open-minded about all three archetypes. Each offers potential benefits, provided risks are proportionately managed and the core regulatory principles of financeability, neutrality, fairness and clarity of role are upheld. Achieving the right risk-reward balance, supported by evidence from well-designed pilots, is crucial to ensuring that any future “Expanded Role” delivers meaningful benefits for consumers while safeguarding the efficient, affordable and reliable operation of the distribution network.

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?

Giving DNOs responsibility for the installation of where LCTs are deployed creates a major opportunity for DNOs to deliver a fully coordinated, fit-for-purpose connection. The opportunities include:

- DNOs can ensure that all components of the customer's service—service cable, cut-out, meter position, and upstream LV network capacity—are aligned and “future-proofed” for the transition to a Net Zero economy. This encourages a proactive area-based approach to local network upgrades, reducing the risk of partial or “piecemeal” upgrades, avoiding situations where LCTs are installed in households, but later require rework of the core service connection.

- A coordinated, area-based, approach avoids multiple site visits from different parties. DNOs can complete the service upgrade, relocate the metering point where needed, and ensure the connection is compliant and forward compatible during a single, planned intervention. With the installer (or DNO) then able to install the relevant LCTs, in a subsequent visit. This approach significantly improves the customer experience and reduces barriers to LCT uptake, especially for vulnerable or hard-to-reach customers.
- A co-ordinated area-based approach also allows for the assessment and delivery of any necessary upstream reinforcement of LV mains cables or substations to ensure capacity for the connected LCTs. This avoids inefficient sequencing where installation firms discover network constraints only after equipment has been fitted.
- By being directly involved in co-ordination activities, DNOs gain better visibility of where, when, and at what scale LCTs are being deployed. This strengthens data quality, reduces forecasting uncertainty, and supports more strategic planning and investment.

However, an “Enhanced Role” in installations does also present additional risks, which would need to be considered and mitigated, if introduced. The risks would include:

- If DNOs take on too broad a role in the installation market, it could risk crowding out competition. This can be mitigated through this policy by ensuring clear separation of monopoly functions and well-defined partnership or delivery models.
- Some customers may be unclear where responsibilities sit between DNOs, suppliers, and installers. Clear communication and jointly branded delivery approaches would be needed to minimise this.

In order to mitigate these risks, there are a range of partnership models which could maintain market competition while maximising the benefits of DNO coordination. Options include:

- DNO-led installation partnerships: where the DNO acts as the orchestrator, coordinating accredited installers and delivering the service upgrade and any network interventions.
- Co-delivery models with suppliers and installers: where the DNO handles the network-facing elements (service upgrade, meter point relocation, LV reinforcement) and third-party installers retain responsibility for the LCT device installation itself.
- Regional framework agreements: where accredited installation firms or consortia work under a DNO-approved framework to ensure consistent standards, communication protocols, and customer experience across the region.

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 agree that it is possible to realise both network and wider system benefits from the large-scale deployment of LCTs (such as solar PV and battery storage) without DNO ownership or control of those assets.

As described above, there are significant potential benefits in giving DNOs responsibility for the installation - this supports coordinated, area-based, future proofed designs. However, this doesn't mean that ownership and control of the assets need to be adopted by DNOs to achieve the intended system and network benefits.

Achieving these benefits at scale requires the right technical, commercial and governance arrangements, with clear roles for DNOs and market participants. Network and system benefits can be secured through mechanisms that provide DNOs with sufficient visibility, interoperability and predictability, while keeping ownership within the competitive market. These include:

- **Clear technical standards and connection requirements:** Ensuring installed assets meet smart, interoperable standards (e.g., export limiting, remote curtailment capability, voltage-sensitive controls). These will support DNOs in managing network constraints without requiring direct ownership.
- **Participation in flexibility services:** Where domestic LCTs participate in local flexibility markets, DNOs can seek congestion relief, voltage support or demand reduction through procured services rather than direct control.
- **Data access arrangements:** Network benefits can be delivered if DNOs have timely access to asset operational data (e.g. generation output, state-of-charge information, or predicted availability) enabling improved operational planning and forecasting.

An “Enhanced Co-ordination” role does increase risks in the following areas:

- **Reduced certainty over asset behaviour:** LCT owners and aggregators may optimise for market value rather than network benefit, leading to misalignment between DNO needs and asset operation during peak conditions. This is not a unique challenge to areas with “Enhanced Co-ordination”, but areas with significant LCT uptake/clustering may be expected to be of greater impact. DNOs and suppliers will need to work closely together to ensure that market led tariffs are structured in a manner that doesn’t lead to unintended network consequences.
- **Fragmented data visibility:** Where ownership is spread across different commercial entities, DNOs might struggle to obtain consistent visibility of LCT performance, limiting their ability to plan reinforcements or manage constraints. Access to granular smart meter data, in a secure, standardised and privacy-compliant way, would enhance DNOs’ ability to understand household-level load patterns and the operational behaviour of solar PV and battery systems.

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?

We consider that the proposed ED3 pilots are very important to determine the challenges and opportunities with each archetype, in order to determine the most effective role which DNOs can play in the roll-out of LCTs.

As part of the ED3 Business Plan Incentive (BPI) process, SPEN and SP ENW have proposed to Ofgem our willingness to host an area-based pilot to test DNOs playing a leading role in the coordination, design and roll-out of LCTs, whilst testing the extent of the network and system benefits which can be secured. In order to ensure that valuable learnings are secured, we are keen to focus our pilot on the DNO having a full delivery and operational role, in the roll-out of the LCTs, particularly as this is a new area for DNOs which needs to be robustly tested, to provide evidence for further policy-making in this area.

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

We consider that iDNOs are better placed to answer this question.