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DNO Low Carbon Technology - Energy Efficiency role in ED3

Possible DNO roles as part of ED3 to support the adoption of low carbon technologies and energy efficiency measures.

This document is a joint response from The Installation Assurance Authority (The IAA) and Renbee Limited to the latest Ofgem consultation on the possible roles of Distribution Network Operators (DNO) as part of the Electricity Distribution price control (ED3).

The IAA are responding in their capacity as a Certification Body for installers of Low Carbon Technologies (LCT) or Energy Efficiency (EE) measures, and Renbee Limited are responding in their capacity as a solution provider to installers that helps them accelerate project delivery including applications to DNOs for LCTs. Both parties acknowledge the importance of DNOs in supporting the delivery of LCTs which are critical to reaching Net Zero in the UK whilst enabling energy independence for the UK. Given the scale of work required to retrofit the existing housing stock in the UK, there is support exploring potential routes that could accelerate delivery, provided they are shown to be cost-effective, complementary to existing schemes, and capable of protecting consumers and preserving healthy competitive markets. Given that the consultation is part consultation, part a call for input, the response provided in this document follows direct responses to the questions set out in the consultation request without further context. If any further information or clarification is required, please reach out to tej.patel@renbee.co.uk

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 support the intention for Distribution Network Operators (DNOs) to take a more active role in coordinating a cost-effective energy transition recognising their system-wide visibility of network constraints, costs, and future demand. This position could enable more holistic decision-making across demand reduction measures, distributed generation such as Solar PV, and flexibility solutions including Battery Storage, alongside increasing demand from low carbon technologies (LCTs) such as Heat Pumps and Electric Vehicle charge points.

There is potential for DNOs to improve efficiency and affordability by facilitating more proactive, area-based planning, rather than relying on reactive, connection-led reinforcement. However, this would depend on clear mechanisms to quantify, capture and ultimately pass through any system-wide cost savings to consumers standardised across the DNOs for consistency. Enhanced access to, and aggregation of, datasets across landlords, local authorities and owner-occupiers could support identification of least-cost pathways and enable more strategic deployment of LCTs. This could also improve understanding of whole-system costs and investment trade-offs, including the role of flexibility in deferring network upgrades. That said, the practicalities of data governance, interoperability, and appropriate use would require further clarification to ensure consumer protection and data integrity is maintained.

Careful consideration is required to ensure small and medium-sized enterprises and sole traders are not unfairly penalised as they will not necessarily have the resources to assess and act on the data and yet are critical to the energy transition. DNOs may also have a role in supporting lower-income households, particularly where coordinated interventions can reduce overall system costs. However, this should be carefully aligned with existing policy frameworks and delivery bodies to avoid duplication and ensure targeted support is delivered effectively.

Q2. Do you agree with the overall rationale and scope of 'Enhanced Co-ordination'?
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 overall rationale for Enhanced Co-ordination is supported in principle, subject to further clarity on scope, delivery expectations, consumer safeguards, and consistency of implementation across network areas. Access to broader datasets, including those relating to energy efficiency, low carbon heating, and building fabric could, in principle strengthen network planning and support more integrated decision-making. Though, the value of this approach will depend on the quality, completeness, and standardisation of such data, as well as clear governance around access, use and accountability.

A key risk is the potential for inconsistent delivery across DNOs, which could undermine stakeholder confidence, weaken consumer trust and, lead to uneven outcomes across different regions. Evidence from current LCT connection processes suggests that there is already variation in DNO performance and approach (see renbee.co.uk/blog/ed3-response). It would therefore be important for Ofgem to establish clear expectations/standards and proportionate incentives, alongside appropriate accountability mechanisms, to ensure minimum service levels are maintained.

Consumer protection should be a central consideration in any Enhanced Co-ordination model. In particular, there should be clarity over roles and responsibilities, transparency on how households are identified or engaged, and safeguards to ensure consumers are not exposed to poor-quality advice. This should include reducing confusion over routes to support, or inconsistent treatment depending on location. Enhanced Co-ordination should complement, rather than complicate, the consumer journey, and should operate alongside existing consumer protection, quality assurance, and redress arrangements.

Consideration should also be given to how outputs from Enhanced Co-ordination are communicated and acted upon by stakeholders, so that information is accessible, actionable, and does not create unintended barriers to participation. Effective engagement and alignment with other public bodies, including the Department for Energy Security and Net Zero (DESNZ), will also be important to ensure recommendations translate into delivery and remain consistent with wider policy frameworks. Any proposed changes should be designed in a way that supports fair access for the full delivery market. SMEs and sole traders make up an important part of the low carbon technology and energy efficiency supply chain and should be appropriately represented in the design of any new arrangements. This will be important both to avoid unintentionally favouring Principle Contractors and to ensure that

future models remain practical, scalable and, reflective of how delivery occurs in local markets.

Enhanced Community Collaboration Plans could provide a useful framework to support local engagement and delivery, particularly where aligned with local authority-led strategies. For these plans to be effective, both leading and lagging indicators may be required. For example, monitoring could include the existence, coverage, and frequency of collaboration activity, alongside measurable outcomes such as stakeholder participation, improvements in local planning quality, consumer engagement outcomes and, where appropriate, deployment of energy efficiency measures and LCTs linked to those initiatives. Further development would be needed to ensure metrics are proportionate and do not create undue administrative burden.

Access to collaboration plans should extend beyond local authorities to include relevant delivery partners, community organisations, trusted intermediaries, SMEs and sole traders, where appropriate. This could help ensure that plans are informed by practical delivery experience and translate into tangible outcomes, rather than becoming an additional reporting requirement. It may also be helpful for Ofgem to consider periodic reviews of these plans against common criteria, including stakeholder participation, consistency of approach, consumer protections, and evidence of local value added. A key success factor will be whether these models simplify delivery pathways nationally and produce clearly measurable outcomes, such as reduced connection times, increased installation rates, and improved consumer experience.

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 collate and publish additional non-network datasets, if so, which datasets would be most beneficial?

Current data published by DNOs, including through Statements of Opportunities and Outlooks (SOO), provides value to local authorities and certain stakeholders. However, there may be benefits in broadening access and enabling structured feedback from a wider range of delivery partners. Increased transparency and opportunities for stakeholder input could improve the relevance and usability of published data, particularly in supporting large-scale deployment of energy efficiency measures and LCTs.

Strengthening the System Visualisation Interface and expanding access to non-network datasets could provide additional value, particularly where it supports more informed planning and delivery. The prioritisation of datasets should be guided by demonstrable use cases, and consideration should be given to data quality, standardisation and accessibility. It will also be important to ensure appropriate safeguards are in place to avoid unintended behaviours, such as system designs being optimised primarily to accommodate local network constraints, rather than to deliver the best overall outcomes and return on investment for consumers.

Further clarity would be helpful on which datasets would deliver the greatest benefit relative to the cost and complexity of provision.

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?
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?

The proposals to strengthen engagement with local authorities are supported, but there is also value in extending this approach to a broader range of stakeholders, including delivery partners, community organisations, and consumer support groups. To be effective, data sharing must be accompanied by appropriate guidance and support to ensure stakeholders can interpret and act on the information provided. Without this, there is a risk that decisions are driven by short-term network constraints rather than longer-term system optimisation. For example, where local constraints such as cut-out ratings or substation capacity are identified, there may be cases where interim solutions or revised demand modelling could enable delivery to proceed without immediate reinforcement. Ensuring such nuances are understood will be important to avoid suboptimal investment decisions.

Independent Distribution Network Operators (iDNOs) should be subject to broadly equivalent expectations as DNOs in relation to LCT readiness, application processes and customer support. There may also be opportunities for iDNOs to contribute to flexibility solutions and local optimisation, provided appropriate regulatory frameworks are in place to ensure consumer benefits are realised.

Further consideration is required regarding the interaction between Enhanced Co-ordination and emerging frameworks such as NESO’s Regional Energy Strategic Plans (RESP) and the proposed Warm Homes Plan. Given that these frameworks are still developing, there is a degree of uncertainty regarding roles, responsibilities, and interfaces. Enhanced Co-ordination could offer a mechanism for aligning local network planning with broader system and policy objectives, but this will depend on clear governance arrangements and effective coordination between organisations.

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?

An expanded DNO role could offer value in supporting the rollout of low carbon technologies (LCTs) and energy efficiency measures, particularly where it enables more coordinated system planning, reduces avoidable network reinforcement and supports more efficient sequencing of investment. However, this is an area where further evidence is required, and any such role would need to be carefully designed to complement, existing delivery models. Key considerations would include clarity on design authority, quality assurance arrangements, consumer engagement responsibilities, and how trade-offs between network efficiency, cost and decarbonisation objectives are managed. These factors will be critical to ensuring positive consumer outcomes, maintaining trust, and avoiding unintended consequences. In particular, there should be clear safeguards to ensure transparency for consumers, consistent standards of advice and installation, and alignment with existing consumer protection and redress frameworks.

Consideration should also be given to how any expanded role interacts with the existing delivery market. The current landscape includes a diverse mix of providers, including SMEs, sole traders and local installers, who play a critical role in delivering LCTs and energy efficiency measures at scale. Analysis of Boiler Upgrade Scheme (BUS) grant data shows 30% of all delivery is concentrated among a relatively small number of larger providers, 0.4% of all installer businesses, in part reflecting procurement structures, access to capital, and operational scale. Any future model should therefore be designed to avoid reinforcing existing barriers to entry and instead support fair and proportionate access for smaller providers. This will be important for maintaining competition, supporting local economic activity, and ensuring sufficient delivery capacity over time. In this context, it may be beneficial to explore whether more coordinated approaches, potentially involving DNOs in a facilitative or enabling role, could help improve visibility of upcoming demand, reduce administrative complexity, and support a broader range of delivery partners to participate effectively. However, more direct delivery roles for DNOs would warrant careful consideration and should be tested through appropriately designed pilots, with clear evaluation criteria including consumer outcomes, market impacts, value for money and scalability. With respect to lower-income households, there may be opportunities to better align network planning with areas of higher need, particularly where network constraints and fuel poverty considerations overlap. This would need to be carefully coordinated with existing policy frameworks and delivery bodies to avoid duplication, ensure consistent eligibility criteria, and maintain a clear and accessible consumer journey. Overall, while an expanded DNO role could offer potential benefits in certain contexts, further evidence,

piloting and clear regulatory safeguards would be required before any broader implementation is considered. This could support capacity building and improve delivery resilience, subject to appropriate quality assurance frameworks.

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?

Considering these proposals through both network and wider system benefits is appropriate. The Enhanced Co-ordination model could be viewed as a complementary approach to existing delivery mechanisms, rather than a replacement. The example provided demonstrates that early engagement between delivery partners and DNOs can reduce delays and improve outcomes. However, such collaboration is not yet consistent across the market. There may be value in exploring how more proactive and standardised engagement can be facilitated under ED3. There is also potential for more holistic cost-benefit assessments, including the role of flexibility and higher-capacity installations in reducing long-term system costs. However, this would require robust evidence and appropriate incentives to ensure benefits are realised and shared. In addition, consideration could be given to expanding performance metrics to include LCT readiness, approval times, and process transparency. Improved data sharing between DNOs, certification bodies and scheme administrators could support better oversight and help identify poor practice, subject to appropriate data protection safeguards.

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? 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 place to perform these functions? On the potential funding approaches and implications: want are your views on the feasibility, or risks from these approaches; do you have evidence from other sources that is relevant to these considerations? On responsibility for installations: what are the risks and opportunities if DNO's were responsible for installations? What are the options for partnerships and how could different responsibilities offer better outcomes? On ownership and control of assets: how can necessary level of network or system benefits be achieved without DNO control and ownership? Does this pose other risks and challenges, and how might these be overcome?

The archetypes presented provide a useful starting point for exploring different delivery models. Further evidence would be beneficial to assess the relative costs, benefits and risks of each approach. Heat Pumps and other low carbon heating technologies are expected to play a central role in achieving Net Zero. DNOs could potentially support more coordinated deployment at scale, alongside testing of flexibility solutions and complementary technologies. However, the system benefits of such approaches remain an area for further evidence development. DNOs may be well placed to support identification of suitable properties using network and asset data, but consumer engagement is likely to require a multi-channel approach involving local authorities, community organisations and delivery partners.

A single model may not be effective across all contexts. Funding approaches and delivery responsibilities remain relatively untested in this context and would benefit from piloting. Workforce capacity and capability are also key considerations, particularly given the transition from traditional trades into LCT installation. If DNOs were to take on a more direct role in delivery, procurement models would need to be carefully designed to avoid unintended market distortion and to support participation from SMEs. Partnerships with certification bodies and organisations providing digital delivery infrastructure could support scalability and quality assurance. Ownership and control of assets raises complex considerations, including potential conflicts of interest between network optimisation and individual consumer outcomes. These issues would require careful regulatory oversight and mitigation. An alternative approach could involve DNOs acting primarily as coordinators and facilitators, rather than direct delivery agents, working with local authorities and delivery

partners to enable area-based programmes. This may offer a more proportionate and scalable model, subject to further evaluation.

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?

Piloting these approaches is strongly supported, given the current level of uncertainty and the need to build an evidence base. Pilots should aim to test a range of delivery models across different archetypes, while maintaining a clear focus on scalability, consumer outcomes and system benefits. Consideration should also be given to how pilot design supports longer-term market development, including installer capacity and supply chain growth. It will be important to ensure that pilot frameworks do not inadvertently favour delivery models that are less scalable or that limit participation from smaller providers.

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

The role of iDNOs within these proposals warrants further detailed consideration, potentially as part of a subsequent phase of the consultation. Their differing structures and regulatory arrangements may present both opportunities and challenges in aligning with Enhanced Co-ordination or Expanded Delivery objectives.