Decision

AI technical sandbox consultation outcome

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Executive summary

Purpose and scope

Ofgem consulted on the proposed design of an artificial intelligence (AI) technical sandbox to support the safe and responsible adoption of AI within the energy sector.

The AI technical sandbox is a structured pilot through which selected participants test defined AI use cases in a controlled testing environment that is separate from live operational systems and does not affect real consumers or energy services, using agreed data and evaluation criteria to generate evidence on system behaviour, risks and regulatory implications.

The sandbox does not constitute regulatory approval or endorsement of any solution. Participation does not imply that a use case is compliant with regulatory requirements or suitable for deployment, and any outcomes from testing are intended to inform, rather than determine, future regulatory or operational decisions.

For the purposes of this pilot, 'technical testing' refers to the structured evaluation of AI systems in a bounded environment using representative data and defined scenarios. This includes assessing AI system behaviour, outputs, performance and explainability under controlled conditions, alongside testing elements of data pipelines and evaluating integration approaches and operational processes in a simulated or representative context.

The objective of the AI technical sandbox pilot is to support responsible innovation in the energy sector while protecting consumers, maintaining system resilience and generating practical evidence to inform future regulatory guidance and policy.

For the purposes of this pilot, 'technical testing' refers to the structured evaluation of AI systems in a bounded environment using representative data and defined scenarios.

This includes assessing AI system behaviour, outputs, performance and explainability under controlled conditions, alongside testing elements of data pipelines and evaluating integration approaches and operational processes in a simulated or representative context.

Summary of consultation feedback

Consultation responses demonstrated strong support for the creation of an AI technical sandbox, with stakeholders recognising the value of a structured, regulator-led mechanism to test AI use cases under controlled conditions.

Respondents emphasised the importance of generating structured and meaningful evidence, including the need to assess AI systems within end-to-end workflows as far as feasible within a controlled environment, rather than focusing solely on model performance. Stakeholders broadly supported the proposed objectives, eligibility model, use case selection approach and governance framework.

Feedback focused primarily on implementation detail, including the need for clear participation guidance, strong data governance and assurance, a risk-based and proportionate approach to governance and safeguards, with more rigorous requirements for AI use cases affecting critical national infrastructure or system-critical operations, clarity on timelines and expectations, and the importance of embedding ethical and responsible AI considerations throughout the pilot.

Ofgem's decision

Having considered the consultation responses and Ofgem's statutory duties, Ofgem has decided to proceed with establishing the AI technical sandbox as a 12-month pilot.

The pilot refers to the overall programme window within which Ofgem may run one or more time-limited sandbox testing rounds, rather than a continuously open testing environment. This approach is intended to provide flexibility, enable learning between phases, and manage cost and risk appropriately.

The pilot is expected to commence in late Autumn 2026, once participation guidance has been published and governance arrangements are in place. Following this, the initial testing rounds will be undertaken as part of the pilot, reflecting a phased and structured approach to delivery.

During the pilot, Ofgem will monitor progress and reflect on learning from sandbox activity as part of its wider AI and innovation work.

Any decisions on future development, expansion or longer-term arrangements will be subject to further consideration and appropriate governance. Ofgem intends to publish a summary of lessons learned following the conclusion of the pilot, expected by the end of 2027, to support transparency and contribute to wider cross-sector learning.

1. Introduction

1.1 This document sets out the context for Ofgem's decision following the AI technical sandbox consultation. It explains how the consultation fits within Ofgem's wider approach to AI and innovation, outlines related publications, and describes the stages of the decision-making process from consultation to outcome.

Context and related publications

1.2 The AI technical sandbox is intended to complement, rather than replace, existing Ofgem initiatives within the broader innovation and regulatory landscape. These include the AI regulatory laboratory (AI Reg Lab), the Energy Regulation Sandbox, and the proposed Future Regulation Sandbox.

1.3 Ofgem has continued to operationalise the AI Reg Lab as a practical mechanism for licensees and their innovation partners to test real or hypothetical AI use cases against Ofgem's AI guidance and the wider regulatory framework. Ofgem has also committed to publishing AI Reg Lab high-level findings to support transparency and shared learning.

1.4 Recent government announcements further reinforce the relevance of the AI Technical Sandbox and the wider direction of travel for AI regulation in the UK. In particular, the 2026 King's Speech set out plans to legislate for the creation of the AI Growth Lab, a cross-economy regulatory sandbox intended to enable AI products and services to be tested in real-world environments under controlled regulatory conditions.

1.5 This reflects a broader policy shift towards enabling innovation through structured experimentation and evidence-based regulatory reform. The AI Growth Lab is expected to allow targeted, time-limited modifications to existing regulatory requirements, with learnings from sandbox activity informing potential future changes to regulatory frameworks.

1.6 Ofgem will continue to monitor developments relating to the AI Growth Lab and wider government sandboxing initiatives. The AI technical sandbox is designed to operate in a complementary manner, providing sector-specific technical testing and evidence generation within the energy context, while contributing to broader cross-economy learning on AI deployment and regulation.

1.7 These developments sit alongside continued cross-government and cross-regulator interest in the use of sandboxes and structured testing to enable responsible innovation, reflecting the wider policy direction towards evidence-based approaches to AI governance.

1.8 To support clarity for stakeholders, *Table 1: Overview of Ofgem AI and innovation regulatory tools* below summarises the key features of Ofgem's main AI and innovation regulatory tools and how they are intended to be used.

Initiative	Purpose	Environment type	Primary focus	When to engage
AI technical sandbox	Test and evaluate AI use cases in a safe testing environment without affecting real consumers or energy services	Testing environment separate from live systems	Technical testing and evidence	When developing AI and needing structured testing
AI Reg Lab	Explore regulatory and ethical questions relating to AI	Analytical, exploratory	Regulatory understanding and responsible AI outcomes	When seeking clarity on regulatory or ethical issues
Energy Regulation Sandbox	Enable live trials with regulatory flexibility	Live, in-market	Real-world testing and innovation	When testing solutions requiring rule flexibility
Future Regulation Sandbox	Test potential rulebook changes before formal adoption	Pre-regulatory	Policy and rule development	When informing future regulatory frameworks

Table 1 Overview of Ofgem AI and innovation regulatory tools

1.9 The consultation builds on Ofgem's earlier call for input on the AI technical sandbox, which sought initial views on the need for a technical sandbox, potential value, eligibility, governance and alignment with other initiatives. Feedback from the call for input and wider engagement informed the development of the proposed 12-month pilot set out in the consultation.

1.10 Together, these publications and engagement activities reflect Ofgem's approach to supporting innovation through structured testing, evidence-gathering and proportionate oversight, while ensuring that AI deployment in the energy sector remains safe, ethical and in the interests of consumers.

Phase	Indicative timing	Description
Publication of decision	June 2026	Publication of consultation outcome and next steps
Participation guidance	Autumn 2026	Publication of participation guidance and application materials
Pilot launch	Targeting late Autumn 2026 (subject to readiness of participation guidance, governance arrangements and delivery capability)	Pilot commencement and mobilisation of the AI technical sandbox, including establishment of governance, delivery capability and readiness for participation and testing activity.
Testing rounds	Within 12-month pilot	One or more structured testing phases, subject to readiness and learning
Review and learning	Ongoing during pilot	Monitoring, evaluation and reflection to inform future decisions
Publish pilot learnings	End of 2027	Lessons learned following pilot

Table 2 Indicative timeline for AI technical sandbox pilot

Decision-making stages

1.11 The decision-making process for the AI technical sandbox pilot followed four stages:

Stage 1 Consultation open: 26 January 2026

Stage 2 Consultation close: 20 March 2026

Stage 3 Responses reviewed: March to May 2026

Stage 4 Consultation outcome (decision): 03 June 2026

1.12 During the consultation period, Ofgem received 32 responses from a broad range of stakeholders across the energy sector, including licensees, market participants, operators of essential services, technology providers, system bodies, academic institutions and representative organisations.

1.13 Responses were assessed on their merits and considered alongside Ofgem's statutory duties, existing regulatory framework and wider strategic objectives, including Ofgem's evolving approach following the Ofgem Review to strengthen protections for energy consumers and enhance the focus on outcomes, as reflected in Ofgem's published AI guidance.

1.14 These considerations include recent updates reflected in Ofgem's published AI guidance, updated on 13 May 2026, which further clarifies expectations in areas such as explainability, transparency, and the management of AI-related risks, alongside broader expectations on responsible AI outcomes, governance and proportionality.

1.15 This document represents the outcome of that process and sets out Ofgem's decision on the establishment and design of the AI technical sandbox pilot.

2. Consultation outcome and Ofgem's response

2.1 This section summarises the feedback received in response to the consultation on the proposed AI technical sandbox pilot and explains Ofgem's decision in response to that feedback.

2.2 The AI technical sandbox is a structured, pilot through which selected participants test defined AI use cases in a controlled testing environment that is separate from live operational systems and does not affect real consumers or energy services. Testing is carried out using agreed data and evaluation criteria to generate evidence on system behaviour, risks and regulatory implications.

2.3 The sandbox does not constitute regulatory approval or endorsement of any solution. Participation does not imply that a use case is compliant with regulatory requirements or suitable for deployment, and any outcomes from testing are intended to inform, rather than determine, future regulatory or operational decisions.

2.4 Ofgem received 32 responses, listed in Appendix 1, from a broad range of stakeholders across the energy sector, including licensees, market participants, operators of essential services, technology providers, system bodies, academic institutions and representative organisations. Detailed responses to individual consultation questions are provided in Appendix 2.

2.5 Respondents expressed strong support for the creation of an AI technical sandbox and recognised its potential value in enabling responsible innovation, improving regulatory understanding of AI, and supporting consumer and system outcomes.

2.6 While views differed on specific aspects of design and delivery, feedback focused primarily on implementation detail rather than the overall case for the sandbox.

2.7 Respondents expressed strong support for the creation of an AI technical sandbox and recognised its potential value in enabling responsible innovation, improving regulatory understanding of AI, and supporting consumer and system outcomes.

2.8 While views differed on specific aspects of design and delivery, feedback focused primarily on implementation detail rather than the overall objective or case for the sandbox.

Response themes

2.9 Respondents provided detailed input on the design and delivery of the sandbox. Key themes emerging from consultation responses are summarised in *Table 3 Response themes* below.

Theme	Detail
Strong support for a controlled, evidence-led sandbox	Respondents consistently supported the creation of a controlled environment to test AI use cases in a safety-critical and highly regulated sector. The importance of generating robust, decision-grade evidence was emphasised, including the need to evaluate systems in realistic conditions rather than through demonstration-only activity.
Focus on real-world testing and system-level behaviour	There was strong emphasis on assessing AI systems within end-to-end operational workflows, including their interaction with existing processes, data flows and operational constraints. Respondents highlighted the importance of understanding system behaviour in real-world environments and ensuring visibility of decision pathways and outcomes
Data access and synthetic data as critical enabler	Data availability was consistently identified as a key constraint to effective testing. Respondents emphasised the importance of enabling the use of representative or synthetic datasets to support safe and timely experimentation, reduce data-sharing barriers and allow testing of edge cases and rare scenarios.
Flexible, proportionate delivery and infrastructure	Respondents highlighted the need for a flexible and proportionate delivery model, including access to appropriate testing environments where required. There was also emphasis on avoiding dependency on specific providers and ensuring interoperability to support participation across the sector.
Governance, assurance and risk management	Respondents supported the proposed governance structure but emphasised the need for strong technical expertise, clear accountability and proportionate assurance arrangements. There was particular focus on risk management, including system autonomy, potential impacts of failure and data sensitivity, alongside the need for operational safeguards and incident response processes.
Auditability, transparency	The importance of auditability and traceability of system behaviour was consistently highlighted, alongside support for approaches to

Theme	Detail
and continuous assurance	continuous assurance, including ongoing monitoring, testing and validation throughout the AI lifecycle.
Clear pathways to implementation	Respondents emphasised the need for clear pathways from sandbox testing to real-world deployment, including alignment with licences, industry codes and market arrangements. The importance of effective routing between the sandbox and other initiatives was also highlighted.
Phased delivery, learning and practical feasibility	There was strong support for a phased, cohort-based approach to delivery, allowing Ofgem to test the sandbox model, incorporate learning and refine the approach before scaling activity. Respondents also highlighted the importance of structured learning, reusable outputs and a focus on consumer outcomes, ethics and trust.

Table 3 Response themes

2.10 Overall, consultation responses demonstrate broad support for the AI technical sandbox and a consistent emphasis on the importance of rigorous, real-world testing supported by robust governance, practical delivery mechanisms and clear pathways to implementation. These insights have informed Ofgem's decision to proceed with a pilot that is proportionate, evidence-led and designed to evolve based on learning

2.11 In reaching its decisions, Ofgem has considered consultation responses alongside its statutory duties, existing regulatory framework and wider innovation objectives, including expectations set out in Ofgem's published AI guidance.

2.12 Ofgem has decided to proceed with establishing the AI technical sandbox as a pilot programme, broadly as proposed in the consultation. Rather than making fundamental changes to the pilot design, Ofgem will address stakeholder feedback through targeted refinements to participation guidance, assurance expectations, application materials and delivery and mobilisation arrangements.

3. Proposed Approach

3.1 The sandbox operates as a controlled testing environment and does not provide a mechanism for regulatory approval or endorsement.

Purpose and scope

3.2 The AI technical sandbox supports structured testing and validation of AI use cases in a controlled environment, generating structured and practical evidence to inform regulatory development and support safe deployment within the energy sector.

3.3 To support this, while detailed design will be set out in participation guidance, the pilot will include one or more structured testing rounds, comprising application and selection, onboarding and mobilisation, testing in a controlled sandbox environment, evaluation against agreed success criteria, and the sharing of high-level learning. This phased approach is intended to ensure that testing is structured, proportionate and capable of generating meaningful evidence within the scope of the pilot.

Delivery model

3.4 The sandbox will be delivered using a phased and proportionate approach. Initial delivery will focus on a limited number of high-value use cases, grouped into cohorts and supported through structured testing phases to enable focused collaboration, iterative development and early learning. The pilot is designed to support learning and adaptation.

Infrastructure and testing environment

3.5 Ofgem intends to adopt a flexible, provider-enabled approach to sandbox infrastructure, enabling access to appropriate technical environments without requiring significant upfront investment. Infrastructure and tooling will be proportionately scaled based on the needs of individual use cases, and may include access to provisioned or supported environments where appropriate

Data approach

3.6 The sandbox will support the use of representative, anonymised and synthetic datasets to enable safe and timely testing, reduce data-sharing barriers and support evaluation across a range of scenarios. Where appropriate, participants may use operational data subject to governance, security and legal requirements, including data minimisation, access controls and lifecycle management.

Governance and assurance

3.7 The sandbox will be supported by governance arrangements designed to provide robust oversight while enabling effective delivery. A risk-based approach to

assurance will be applied, including explicit assessment of AI risk profiles, validation under controlled conditions, monitoring during testing, and clear incident response and escalation processes. Auditability and traceability of system behaviour will be emphasised.

Use case selection and prioritisation

3.8 Use case selection will focus on proposals that provide meaningful sector value and are suitable for testing within a controlled environment. Proposals will be assessed against criteria including sector relevance, regulatory uncertainty, testability, data readiness and potential consumer benefit, with consideration of transferability and scalability.

Outputs and learning

3.9 A key objective is to generate structured, evidence-based outputs that support sector-wide learning. Participants will produce documentation of use case design, testing methodologies and outcomes, including evidence of behaviour, performance and associated risks and controls. Ofgem will publish aggregated and non-confidential learning.

Pathways to implementation

3.10 From the outset, use cases will consider how outcomes may translate into implementation, including changes to licences, industry codes, market services or regulatory frameworks. Ofgem will support alignment and routing between the AI technical sandbox and other relevant initiatives to provide a pathway from evidence generation to regulatory or operational change.

Pilot delivery milestones

3.11 Further indicative milestones include targeting: (i) publication of participation guidance in Autumn 2026, (ii) opening of applications in late Autumn 2026; and (iii) initial testing rounds commencing from early 2027.

3.12 While detailed design will be set out in participation guidance, the pilot is expected to include one or more structured testing rounds comprising application and selection, onboarding and mobilisation, testing in a controlled sandbox environment, evaluation against agreed success criteria, and the sharing of high-level learning. This phased approach is intended to ensure that testing is structured, proportionate and capable of generating meaningful evidence within the scope of the pilot.

Next steps

3.13 Ofgem will publish participation guidance and application materials ahead of opening applications. Governance arrangements will be confirmed prior to pilot

launch, alongside delivery processes covering onboarding, mobilisation, testing phases, evaluation and learning dissemination.

Send us your feedback

We believe that consultation is at the heart of good policy development. We are keen to receive your comments about this decision. We would also like to get your answers to these questions:

- Do you have any comments about the quality of this document?
- Do you have any comments about its tone and content?
- Was it easy to read and understand? Or could it have been better written?
- Are its conclusions balanced?
- Did it make reasoned recommendations?
- Do you have any further comments?

Please send your feedback to stakeholders@ofgem.gov.uk.

Appendix 1. Consultation respondents

A1.1 The following organisations provided responses to the AI technical sandbox consultation and have consented to their response being published.

A1.2 Responses are listed in alphabetical order.

- Arqua Pty
- bigspark
- CurrentWorks
- DNV Services UK Limited
- Energy Networks Association (ENA)
- Energy UK
- Kaluza
- Lantrix Limited
- National Grid
- Northern Gas Networks (NGN)
- Octopus Energy
- POWWR
- Retail Energy Code (RECCO)
- Rhizome Data
- Sagittal AI
- Scotia Gas Networks (SGN)
- SP Electricity North West Ltd (ENWL)
- SSEN Transmission
- Startup Coalition
- UK Power Network
- University of Strathclyde
- Wales & West Utilities (WWU)
- WeBuild-AI

Appendix 2. Consultation questions and responses

Q1. Eligibility and participation

What we asked

Are the proposed eligibility criteria for lead participants appropriate, and should partnerships with technology providers, academia and other innovators be encouraged?

What stakeholders told us

Respondents generally supported the proposed eligibility approach, emphasising the importance of regulatory accountability, enforceability, access to operational data, and sector-wide learning. Respondents noted that limiting lead participation to regulated or regulated-adjacent energy-sector entities helped manage risks associated with AI and ensured appropriate oversight.

A number of respondents argued that eligibility should be broadened to allow technology providers or startups to act as lead participants. These respondents highlighted potential barriers to innovation and the importance of enabling early-stage or specialist AI developers to participate meaningfully. Ofgem notes this feedback and recognises the potential value of alternative or complementary engagement approaches to support participation from a broader range of innovators, which will be considered as part of its wider AI and innovation work.

Respondents also emphasised the importance of clear governance and accountability arrangements between lead participants and partners, including clarity on roles, data responsibilities and assurance expectations.

Ofgem's response and decision

Ofgem has decided to retain the proposed eligibility model for the pilot. Lead applicants will be licensees, market participants, and operators of essential services, with partnerships encouraged with technology providers, academia, and other innovators.

Ofgem recognises the importance of technology partners in developing and testing AI systems. For the purposes of this pilot, a "technology partner" refers to an organisation providing technical expertise, tools, platforms or services to support the design, development, testing or evaluation of AI systems within a sandbox use case, operating under the sponsorship and accountability of a lead participant. Ofgem will facilitate participation by technology partners through clearer articulation of partnership models, including roles and responsibilities, expectations on collaboration with lead participants, and guidance on how

non-lead partners can contribute meaningfully to use cases while operating under the accountability framework of the sandbox.

For this initial pilot, Ofgem considers that requiring a regulated or regulated-adjacent lead participant provides an appropriate and proportionate basis for accountability, governance and assurance. This reflects a phased approach in which Ofgem will prioritise robust oversight for the initial pilot, while keeping participation arrangements under review in light of evidence gathered through delivery.

This approach balances innovation with regulatory assurance, consumer protection, access to operational datasets and effective governance. To address feedback raised by respondents, Ofgem will provide clearer guidance on partnership models, roles and responsibilities, and how non-lead partners can participate meaningfully in sandbox projects.

Q2. Use-case selection criteria

What we asked

Are the proposed use case selection criteria appropriate and sufficient, and are there other criteria or safeguards we should include?

What stakeholders told us

Respondents broadly supported the proposed selection criteria, including commercial neutrality, innovation, sector impact, regulatory uncertainty, testability, and governance.

Respondents emphasised the importance of strong assurance, including data readiness, cybersecurity, evaluation metrics, reproducibility, and clear success criteria.

Stakeholders highlighted that testability and data arrangements are critical to credible evaluation and asked for greater clarity on how these considerations would be applied in practice, including the role of representative or synthetic data where appropriate.

Ofgem's response and decision

Ofgem has decided to retain the proposed selection criteria for the AI technical sandbox pilot.

For the purposes of this pilot, use case selection will take into account whether proposals are capable of meaningful testing in a bounded, controlled testing environment, including the ability to articulate evaluation approaches and success boundaries, alongside proportionate and appropriate approaches to data. This may include the use of representative or synthetic data where appropriate, particularly for safety-critical or sensitive use cases.

These considerations do not represent additional selection criteria, nor do they mandate specific technical methods or data sources. Rather, they reflect how Ofgem will exercise judgement when applying the existing criteria to ensure selected use cases are deliverable, safe and capable of generating useful learning within the scope of the pilot.

This approach maintains consistency with the consultation while ensuring that projects selected for the pilot are practical, proportionate, and capable of delivering meaningful learning.

Further detail on evidence expectations, data considerations and evaluation approaches will be set out in participation guidance and application documentation ahead of opening applications.

Q3. Alignment with other initiatives

What we asked

Is the proposed approach for the AI technical sandbox clearly distinct from and complementary to other relevant initiatives, and are there other initiatives or examples of best practice that Ofgem should consider?

What stakeholders told us

Respondents generally welcomed Ofgem's intention to align the AI technical sandbox with other initiatives and asked for clarity on how different mechanisms relate and how outputs might be routed.

Stakeholders emphasised the need to avoid duplication and confusion, particularly for smaller organisations, and to ensure participation does not imply endorsement or guaranteed progression.

Ofgem's response and decision

Ofgem agrees that clear positioning of the AI technical sandbox within the wider landscape of regulatory and innovation activity is essential.

The AI technical sandbox pilot is intended to complement, rather than duplicate, existing initiatives by focusing on technical testing and evaluation of AI use cases in a bounded, controlled testing environment context.

In doing so, the sandbox provides a structured mechanism for industry and Ofgem to develop practical evidence on the benefits, risks and regulatory implications of AI use in the energy sector, helping to reduce regulatory uncertainty and inform future regulatory approaches while protecting consumers, market integrity and energy system security.

Participation in the AI technical sandbox does not imply regulatory approval or endorsement and does not create a guaranteed pathway into other initiatives. Where proposals are better suited to alternative mechanisms, Ofgem may signpost participants accordingly, while maintaining clear boundaries to avoid duplication or confusion.

Q4. Engagement and governance

What we asked

Does the proposed governance structure provide sufficient oversight, transparency and stakeholder engagement, and are there additional mechanisms or safeguards that should be included?

What stakeholders told us

There was broad support for the proposed governance arrangements, including the establishment of a representative Steering Group, regular reporting, and the publication of learning. Respondents emphasised the importance of clear roles, conflict-of-interest management and transparency in decision-making.

Respondents also highlighted the importance of incorporating appropriate technical expertise within governance structures to support effective oversight of AI systems.

Ofgem's response and decision

Ofgem has decided to proceed with the proposed governance and engagement approach for the AI technical sandbox pilot.

Roles, responsibilities and escalation routes will be set out in participation guidance and supporting documentation. Governance will be applied in a risk-based and proportionate manner, calibrated to the nature, scale and complexity of individual use cases, rather than applied uniformly across the pilot.

Subject to appropriate confidentiality and intellectual property protections, Ofgem will seek to share learning at a sector level to support transparency and inform regulatory understanding.

Q5. Timelines and next steps

What we asked

Are the proposed next steps for developing and launching the pilot clear, and is there anything further we should consider as we refine the timeline?

What stakeholders told us

Respondents broadly considered the proposed timeline appropriate, while requesting greater clarity on mobilisation, onboarding and application processes.

Respondents also requested greater clarity on application processes, including entry requirements, selection timelines and expectations for participation.

Respondents emphasised the importance of balancing pace with robust governance, safeguards and clarity before testing begins.

Ofgem's response and decision

Ofgem will proceed with establishing the AI technical sandbox as a 12-month pilot, with an initial launch targeted for late Autumn 2026, subject to readiness of participation guidance, governance arrangements and delivery capability.

The AI technical sandbox will operate as a 12-month pilot programme window rather than a continuously open testing environment. Within this period, Ofgem expects to open the sandbox to applications and to run one or more time-limited testing rounds, subject to readiness, capacity and learning from earlier activity. This approach is intended to provide flexibility, manage cost and risk, and enable reflection between testing phases.

During the pilot, Ofgem will monitor progress and gather learning from sandbox activity. Ofgem will reflect on learning from the pilot as part of its wider AI and innovation work, including consideration of potential future development of the sandbox.

Further detail on mobilisation, onboarding, milestones and reporting will be set out in participation guidance and supporting documentation ahead of opening applications.

Any decisions on future development, expansion or longer-term arrangements will be subject to separate consideration and appropriate governance.

Q6. Ethics and responsible AI

What we asked

Does the proposed pilot sufficiently address ethical considerations in line with Ofgem's AI guidance, and are there further steps needed to embed ethics and safety?

What stakeholders told us

Respondents broadly supported the consultation's emphasis on ethics and responsible AI and welcomed alignment with Ofgem's existing AI guidance.

Stakeholders highlighted the importance of embedding ethical considerations throughout the lifecycle of sandbox trials, with assurance proportionate to risk. Respondents emphasised the need for practical, operational assurance covering data protection, bias, explainability, security and consumer impacts, particularly where AI is applied in safety-critical or system-critical contexts.

Stakeholders also highlighted the importance of embedding ethical considerations within governance arrangements to ensure ongoing oversight and accountability throughout sandbox activity.

Ofgem's response and decision

Ofgem agrees that ethical considerations are central to the design and operation of the AI technical sandbox pilot.

The sandbox aligns with Ofgem's existing work on ethical AI, including the AI Reg Lab and published guidance on ethical AI use in the energy sector.

Ethical considerations will be integrated into use-case selection, governance and evaluation arrangements. Participants will be expected to demonstrate how ethical risks have been identified and considered, with the depth of ethical assurance proportionate to the nature, scale and risk profile of each use case.

To support this, Ofgem will apply proportionate pre- and post-test review points, aligned to the risk profile of each use case, to assess ethical and safety considerations including fairness, transparency, data protection, security and consumer outcomes.

The pilot will support learning on the practical application of ethical AI outcomes in energy-sector contexts, while avoiding unnecessary additional prescription beyond existing legal and regulatory obligations.

Q7. Stakeholder support

What we asked

Do you have suggestions for how Ofgem can best support stakeholders throughout the pilot and beyond?

What stakeholders told us

Respondents emphasised the importance of Ofgem providing clear guidance, transparent processes and ongoing engagement throughout the pilot.

Stakeholders emphasised the value of practical clarity and accessible engagement, including regular updates on progress, opportunities for technical and regulatory dialogue, and mechanisms to share learning across the sector. Stakeholders also emphasised the importance of guidance being clear, accessible and practical to support effective participation.

Respondents suggested mechanisms such as working groups or open forums to supplement formal governance structures, while cautioning that Ofgem should not take on a technical or commercial advisory role.

Ofgem's response and decision

Ofgem agrees that effective and proportionate stakeholder support is important for delivering the pilot successfully.

Support will be provided through clarity, engagement and transparency, including participation guidance and supporting information ahead of opening applications.

During the pilot, Ofgem will maintain structured engagement with participants and the wider sector consistent with the governance arrangements, which may include working groups and open engagement forums where appropriate, while remaining within Ofgem's role as a regulator and not acting as a technical or commercial adviser.

Ofgem will provide updates on progress and, subject to appropriate confidentiality and intellectual property protections, intends to share high-level learning at a sector level to support wider understanding and dialogue on responsible AI use in the energy sector.

Ofgem will continue to refine its approach to stakeholder support over time, informed by learning from the pilot and ongoing engagement with participants and the wider sector, while remaining consistent with its role as a regulator.

Q8. General feedback

What we asked

Do you have any other comments, suggestions, or concerns regarding the proposed pilot, the consultation process, or the expected outcomes?

What stakeholders told us

Respondents reiterated requests for greater clarity on application processes, proportionality of requirements, particularly for smaller organisations, and the importance of maintaining commercial neutrality.

Respondents also highlighted the importance of coordination across related initiatives. Respondents also signalled ongoing interest in engaging with the pilot as it develops.

Ofgem's response and decision

Ofgem welcomes the breadth of feedback received and the strong level of engagement from across the sector.

General feedback reinforces Ofgem's decision to proceed with a pilot programme that enables learning while maintaining appropriate safeguards and regulatory control. As set out in earlier sections, Ofgem has addressed stakeholder feedback through refinements to participation guidance, assurance expectations and delivery detail.

Where suggestions relate to future expansion or longer-term arrangements, Ofgem notes that the sandbox is deliberately framed as a time-limited pilot and that any future decisions will be subject to separate consideration and appropriate governance.