

20 March 2026

Dear Colleagues,

Scottish and Southern Electricity Network's (SSEN) response to Ofgem's Artificial Intelligence (AI) technical sandbox consultation.

This response is being submitted on behalf of Scottish Hydro Electrical Power Distribution plc (SHEPD), Southern Electric Power Distribution plc (SEPD), and Scottish Hydro Electric Transmission¹ plc ('SSEN Transmission'), being together Scottish and Southern Electricity Networks (SSEN), part of the SSE Group.

We welcome the opportunity to respond to Ofgem's AI technical sandbox consultation. In line with SSE Group's past response to Ofgem's Call for Input on an AI technical sandbox, we are pleased Ofgem is considering ways to support the use of AI in the energy sector and develop its innovation support services. Please find a summary of our response below alongside specific responses to questions in Appendix 1.

We support the use and development of AI across the energy sector; however, we have concerns surrounding both the security of our data and the reliability of outputs produced by AI tools. Data best practice should be applied to any data used in the sandbox and protected in accordance with security, privacy and resilience standards. This includes a need for the data owner to identify and mitigate privacy, security, legal, commercial and public interest sensitivities.

Furthermore, we have concerns over the use and sharing of our stakeholders' data, particularly where this could introduce additional complexity and safeguards required to comply with GDPR. There may also be sensitivities around the sharing of personal data with private organisations, particularly where that data could subsequently be shared with the regulator. Maintaining public and stakeholder confidence in how data is shared and used is critical, so licensees must carefully manage their association with initiatives involving data sharing.

We continue to believe that an Ofgem-led AI sandbox should be driven by a robust needs assessment that builds on Ofgem's monitoring of AI developments in industry. While we recognise that a sandbox may have value for broader, industry-wide AI initiatives, it may not be relevant for our current internal use cases. AI tools are already being successfully developed in-house using existing regulatory frameworks and innovation funds, which may limit the immediate opportunities to make use of a dedicated AI sandbox. However, should the sandbox go ahead and continue beyond a pilot phase, we would require

¹ Following a minority stake sale which completed in November 2022, SSEN Transmission is now owned 75% by SSE plc and 25% by Ontario Teachers' Pension Plan Board. SSEN Transmission encompasses the licenced entity Scottish Hydro Electric Transmission Plc which holds a licence under Section 6 of the Electricity Act 1989 authorising it to participate in the transmission of electricity within its licence area which covers the north of Scotland. We own the electricity transmission system (132kV and above) in the north of Scotland and have a duty under Section 9(2) of the Electricity Act to develop and maintain an efficient, coordinated and economical system of electricity transmission and to facilitate competition in the supply and generation of electricity.

clarity on costs and additional resourcing demands that come with participation, as well as assurance that any costs can be fully recovered.

Given the current uncertainties around data security, ethics and cost, we believe that the existing regulatory framework provides sufficient support for in-house AI development. However, we remain supportive of the responsible development of AI across the sector, and therefore our position may evolve as future proposals emerge that demonstrate clear additional value beyond existing regulatory and innovation frameworks.

Yours sincerely,
Florence Fulcher
Regulation Analyst

Appendix 1 – Response to consultation questions

Q2. Are the proposed use case selection criteria (including commercial neutrality, innovation, sector impact, regulatory uncertainty, testability, governance, and data access) appropriate and sufficient to ensure a fair and transparent process? Are there other criteria, safeguards, or considerations we should include?

In our experience, asset-related use cases, where we own the data, may be more straightforward for us than those involving external stakeholders or the public, making it important that selection criteria consider data sensitivity and the level of stakeholder involvement. Similarly, extra attention and detail would need to be worked through in relation to cybersecurity and GDPR responsibilities, such as who is responsible for keeping data secure, what standards must be applied, and who coordinates the cybersecurity response in the event of a breach.

To ensure full transparency with data subjects, we need a clear understanding of how any personal data entered into the sandbox will be processed. This will involve considering the data protection relationship between the parties, and subsequently the need for any Data Protection Impact Assessment and AI Assessment.

Q6. Does the consultation and proposed pilot sufficiently address ethical considerations (fairness, transparency, responsible use, consumer trust) in line with Ofgem's AI Guidance? Are there further steps we should take to embed ethics and safety in the sandbox?

We have concerns surrounding the reliability and downstream use of outputs generated through AI tools. Where AI outputs may inform decisions on critical national infrastructure, there may be a need for third-party validation or accreditation of AI outputs to ensure they are robust and can be relied upon by decision-makers. This is particularly relevant where outputs may be shared beyond the original data owner or used for regulatory or operational purposes. Therefore, there would be value in Ofgem clearly setting out the process for approving and monitoring use cases, for example, through a defined ethical assessment framework or a process for addressing concerns related to unethical use cases. This approach would help ensure consistency and confidence in the ethical governance of the sandbox.