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By email only to: AIPolicy@ofgem.gov.uk

20 March 2026

Dear Jonathan,

AI technical sandbox consultation

Thank you for the opportunity to respond to this consultation, dated 26 January 2026. This letter should be treated as a consolidated response on behalf of our three distribution licence holding companies: Eastern Power Networks plc, London Power Networks plc, and South Eastern Power Networks plc. We are Great Britain's largest electricity Distribution Network Operator (DNO), dedicated to delivering a safe, secure and sustainable electricity supply to 8.5 million homes and businesses.

UK Power Networks supports Ofgem's proposal to establish an AI Technical Sandbox and considers that the proposed eligibility criteria and partnership model provide a strong foundation for its development.

In our response, we encourage Ofgem to consider how the sandbox could further support collaboration between lead participants, particularly for use cases with whole-system implications. We also recommend placing greater emphasis on data access feasibility and consumer outcome metrics, aligned with Ofgem's Ethical AI Guidance, and establishing a clear pathway for scaling successful use cases through mechanisms such as the Energy Regulation Sandbox or Future Regulation Sandbox.

Our full response to the consultation is provided in the appendix to this letter. UK Power Networks would welcome the opportunity to participate in the proposed Steering Group and contribute to the governance and learning objectives of the Sandbox.

If you have any questions, please do not hesitate to contact me.

Yours sincerely,

James Hope

Head of Regulation & Regulatory Finance
UK Power Networks



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Appendix

1. Do you agree with the proposed eligibility criteria for lead Participants (licensees, market participants, and operators of essential services) and the encouragement of partnerships with technology providers, academia, and other innovators? Please explain your reasoning.

UK Power Networks agrees with the proposed eligibility criteria that limit lead participation in the AI Technical Sandbox to licensees, market participants, and operators of essential services, with partnerships encouraged with technology providers, academia, and other innovators. This approach ensures appropriate regulatory accountability, access to representative operational data, and the ability to translate learning into meaningful system and consumer value.

We welcome the partnership model and would encourage Ofgem to extend the model to include collaboration between eligible lead participants (licensees, market participants, and operators of essential services) where this would strengthen delivery. Some use cases, particularly those with whole-system implications, are likely to benefit from coordinated in-sector collaboration rather than being led by a single organisation. In such cases, there would be value in Ofgem playing a facilitative role, including convening or inviting relevant participants where appropriate.

Finally, we welcome the proposal for the pilot sandbox to be free to participate and would encourage that it remains free to participate should it be implemented into business as usual. This helps lower barriers to entry, supports equitable access, and reduces the risk of the sandbox conferring unintended commercial advantage.

2. 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?

UK Power Networks considers that the proposed use case selection criteria are broadly appropriate and provide a strong foundation for a fair and transparent selection process. We welcome the emphasis on commercial neutrality, innovation, sector impact, regulatory uncertainty, and testability, which together provide a strong basis for identifying use cases capable of delivering meaningful learning for the wider sector.

We suggest a small number of enhancements to strengthen the criteria further:

- **Data realism and permissions:** We recommend adding an explicit data access feasibility checkpoint. Where a proposed use case depends on datasets that the lead participant does not directly control (for example, disaggregated smart meter data), the process should include a mechanism for identifying data contributors or inviting data partnerships – potentially by Ofgem. This would help ensure that high-value use cases are not excluded or delayed due to unresolved data access or permissions issues.
- **Consumer outcome metrics:** We suggest requiring both ex ante and ex post metrics to assess consumer outcomes, aligned with Ofgem's Ethical AI Guidance. This could include impacts on bills, reliability, equity and fairness, explainability, and consumer recourse, helping to ensure that sandbox activity remains clearly focused on consumer benefit as well as technical feasibility.
- **Path to scale:** We would welcome the inclusion of a criterion that considers the downstream route for successful use cases. Where sandbox results demonstrate consumer or system benefits but indicate the need for regulatory flexibility or rule changes, there should be a clear pathway to the Energy Regulation Sandbox or Future Regulation Sandbox to support progression beyond the pilot.

Taken together, these enhancements would help ensure that selected use cases are deliverable, consumer-focused, and capable of informing future regulatory decisions and real-world deployment.

3. Is the proposed approach for the AI Technical Sandbox clearly distinct and complementary to other initiatives such as Ofgem's AI Reg Lab, Energy Regulation Sandbox, Future Regulation Sandbox, UKRI-funded and SIF/NIA initiatives, NESO, FCA regulatory sandbox experience, and DSIT AI Growth Lab? Are there other relevant initiatives or examples of best practice that Ofgem should consider, and if so, which ones?

UK Power Networks considers that the proposed AI Technical Sandbox is clearly distinct from, yet complementary to, existing initiatives, including Ofgem's AI Regulatory Laboratory (AI Reg Lab), Energy Regulation Sandbox, and Future Regulation Sandbox. We consider the delineation between technical testing (AI Technical Sandbox), ethics and regulatory interpretation (AI Reg Lab), live regulatory flexibilities (Energy Regulation Sandbox), and rulebook trials (Future Regulation Sandbox) to be appropriate and well articulated.

To strengthen this alignment in practice, we recommend the introduction of more clearly defined gateways between the AI Technical Sandbox and these other mechanisms. Where sandbox testing demonstrates clear consumer or system benefit but identifies a need for regulatory flexibility or rule changes, there should be an explicit pathway into the Energy Regulation Sandbox or Future Regulation Sandbox to support progression beyond technical validation.

We also see value in clearer linkages to innovation funding and delivery routes, including Ofgem's Strategic Innovation Fund (SIF) and Network Innovation Allowance (NIA). Establishing a clearer route from sandbox learning into these initiatives would help support scaling, reduce duplication, and maximise the impact of successful use cases.

4. Does the proposed governance structure (steering group, working groups, open forums) provide sufficient oversight, transparency, and opportunities for stakeholder engagement? Are there other mechanisms or safeguards that should be included to ensure effective governance and knowledge sharing?

UK Power Networks considers the proposed governance structure, comprising a Steering Group supported by working groups and open forums, to be appropriate and proportionate. This model should provide effective oversight while enabling broad stakeholder engagement and sector-wide learning.

To strengthen its effectiveness, we suggest the use of a transparent scoring rubric for use case selection, alongside the publication of regular high-level learning notes (for example, on a quarterly basis). This would help promote transparency and sector benefit without compromising intellectual property or confidentiality.

We also support the inclusion of clear ethics and safety checkpoints, incorporating independent reviewers where appropriate and consistent reporting templates. These should cover areas such as fairness, explainability, robustness, security, and consumer outcomes, helping to ensure a consistent and credible approach across use cases.

UK Power Networks would be willing to participate in the Steering Group and contribute to the governance and learning objectives of the pilot.

5. 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?

UK Power Networks considers the proposed timelines and next steps for developing and launching the pilot to be clear and broadly appropriate. However, there are several areas where additional detail would be helpful to enable participants to prepare effectively and assess delivery implications. These are set out below:

- **Technology architecture and delivery model:** Further clarity would be welcome on how the underlying technology stack will be determined and governed, including whether participants will have input to ensure alignment with existing sector systems and interoperability requirements. We would also welcome clarity on how Ofgem will ensure interoperability and vendor neutrality, for example through the use of defined interface standards or Application Programming Interfaces, and how technology choices will avoid unintentionally favouring specific vendors.
- **Sandbox structure and operating model:** It would be helpful to understand whether the pilot will operate a single shared sandbox environment or multiple dedicated environments per use case, and how confidentiality, performance, and risk will be managed. Clarification on whether collaboration across use cases will be possible, who will lead technical scoping and configuration, and how Ofgem will manage demand if applications exceed available capacity would also support planning. These are key decisions which we believe the Steering Group should help determine. We would welcome a place on the Steering Group to help drive decision making from an informed perspective.
- **Data access, permissions, and security:** Further detail would be beneficial on responsibilities for sourcing, preparing, validating, and maintaining datasets, as well as whether data will be provisioned on a per-use-case basis or through a shared data layer where appropriate. We would also welcome clarity on how data owned by other energy sector participants, such as disaggregated or high-resolution data, could be made available within the sandbox, subject to appropriate privacy and security safeguards.
- **Transparency, collaboration, and sector learning:** We would welcome clarity on the level of visibility participants will have into other sandbox projects during the pilot, and whether Ofgem will facilitate interim learning outputs such as technical forums, learning notes, or showcases. Further guidance on the extent to which code, tooling, datasets, and evaluation artefacts can be reused across use cases would also support sector-wide learning and efficiency.
- **Pathway to live deployment and wider regulation:** Finally, clearer guidance on how outputs will transition into the Energy Regulation Sandbox or Future Regulation Sandbox would be helpful, including the evidence thresholds required for progression and any direction on how successful sandbox outcomes could be operationalised at system or sector scale.

6. 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?

UK Power Networks considers that Ofgem's Ethical AI use in the energy sector guidance adequately addresses the key ethical considerations relevant to the AI Technical Sandbox, including fairness, transparency, accountability, and consumer trust.

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

Please see our answer to Question 5, which outlines several areas where additional clarity and support would assist participants throughout the pilot and beyond.

8. Do you have any other comments, suggestions, or concerns regarding the proposed pilot, the consultation process, or the expected outcomes? Please provide evidence, examples, or reasoning to support your responses wherever possible.

UK Power Networks strongly supports Ofgem's focus on directing the AI Technical Sandbox towards material system challenges with clear potential to deliver consumer and system value. To maximise impact, we encourage continued emphasis on use cases with well-defined pathways to scale, ensuring that learning from the sandbox can be translated efficiently into wider operational deployment, regulatory development, or subsequent innovation mechanisms.