ED3 DNO ROLE IN LOW CARBON TECHNOLOGY AND ENERGY EFFICIENCY ROLLOUT

ED3-S08

Contents

1. Executive Summary 2
2. How stakeholders have informed our proposals 3
   2.1 Innovation projects 4
3. Delivering on our outputs 5
   3.1 Community collaboration 5
   3.2 Data sharing and visualisation 6
   3.3 Piloting expanded roles for DNOs in ED3 7
4. Costs 8
   4.1 DNO role in LCT – New Re-opener 8

1. EXECUTIVE SUMMARY

SSEN Distribution will align low carbon technology (LCT) and energy efficiency (EE) rollout with local authority plans and low voltage (LV) network upgrades across both licence areas. Our research found that 57% of customers were unaware of funding support and 58% were unaware of heat pump installation requirements. Targeted coordination, clear advice and better use of our network data will address these barriers, including calibrated non-digital support for vulnerable customers who may otherwise be excluded from LCT and EE benefits. We are uniquely placed to play a leadership role in enabling a fair, efficient and coordinated transition as we understand local network constraints and therefore where investment can unlock the greatest value and we can build on established relationships with local authorities and delivery partners.

Delivery and investment.
Building on ED2 engagement teams and digital platforms, we are proposing to add four full-time equivalent posts for ED3 to deliver enhanced data and local authority pilots. Costs for these roles sit across the DSO, Connections, Vulnerability and Data & Digitalisation programmes, and do not constitute a separate funding request.

Output / investment component	Funding route and supporting evidence
Four additional FTE; community LCT/EE support team in each licence area by end-2028.	Detail in (ED3-S10) DSO Strategy; BPDT C9 – Core CAI; (DSO_A) Strategic Planning and Enhanced Customer Support.
Enhance LENZA (400+ existing users), Centralised Network View, Data Portal and smaller-connections self-service.	(DATA-01 and AI-01) Data Ecosystem; (DIGI-01-01) Evolution of Customer Facing Applications
Pilot development with at least five local authorities in 2028/29; test home solar, batteries and delivery/funding partnerships.	Proposed proactive unlooping “Use it or Lose it” funding for “virtual unlooping”. (ED3-S20) Regulatory Framework Annex supports a separate expanded-role re-opener.
Community Benefit Fund: £750,000 annually, up from £500,000 (+50%), for areas affected by planned works, including LV investment.	Shareholder-funded; detail in (ED3-S06) Vulnerability Strategy.

Customer outcomes and accountability.
Capacity and upgrade information will help local authorities and installers reduce delays, rework and disruption. Advice will help customers adopt and use LCTs to manage bills; pilots will test flexibility and reinforcement deferral. Additional shareholder funding for our Community Benefit Fund provides £250,000 annually to community-led projects in areas affected by LV investment works. We will publish an annual Community Collaboration Plan and review information annually using stakeholder feedback.

Regulatory position.
Our ambition extends beyond an enhanced coordination role. This ambition was set out as part of our Business Plan Incentive Early Proposal to Ofgem where we put forward our proposals to run a series of pilots aimed at accelerating

the rollout of LCTs. Through pilots in RIIO-ED2, we are already testing how DNOs can play a stronger role in enabling LCT and EE adoption, building the evidence base for future responsibilities and helping shape a more proactive place-based approach. In ED3 we are developing a wider programme of pilots to test alternative delivery routes and funding options, the first phase of these will test taking a partnership approach with local authorities to enable the installation of batteries and solar in customer homes. Given the strength of the work already underway and the evidence that will be created through our pilot programme, there is a clear case for Ofgem to revisit its decision not to progress our early proposal, ensuring that we have equivalent access to potential reward opportunities under the BPI as other DNOs.

This annex should be read in conjunction with other ED3 strategies as detailed in Table 1.1.

Table 1.1 References to other ED3 strategies

ED3 strategy	Detail
(ED3-S10) DSO Strategy	How LV flexibility derived from LCTs can help manage local networks and support national needs. How we will enable data exchange to facilitate rollout of LCTs and EE.
(ED3-S06) Vulnerability Strategy	How we can support LCTs and EE measures for vulnerable customers.
(ED3-S13) Data & Digitalisation Annex	How smart technologies can help customers manage demand via LCTs and smart devices.
(ED3-S16) Connections Strategy	How we will facilitate faster connection of LCTs.
(ED3-S09) Innovation Strategy	How innovation is accelerating the rollout of LCTs and EE.

2. HOW STAKEHOLDERS HAVE INFORMED OUR PROPOSALS

We developed our LCT enhanced co-ordinator proposals through a structured, evidence-based approach with stakeholders, using a range of formats, including online engagement events, in-person engagement events, roundtables and bilateral meetings. This has included engagement at the consumer level through our Fair Future Panel. A summary of the stakeholders engaged, and key insights gathered can be found in Table 2.1.

Table 2.1 Summary of stakeholder feedback and how this has informed our strategy

Policy area	Stakeholder Feedback	How it has shaped our strategy
Inclusive approach to LCT enablement	Affordability, awareness and accessibility remain key barriers to LCT adoption, with calls for greater support and trusted advice. Our LCT Tracker found that 57% of customers were unaware of available funding support and 58% were unaware of heat pump installation requirements, reinforcing the need for a more inclusive approach to LCT enablement.	We will provide place-based coordination, targeted advice and signposting through a dedicated community support team, working with local authorities, communities and delivery partners to help customers overcome barriers to LCT adoption. Support will focus on areas where affordability, awareness and accessibility

	Scottish stakeholders, at our March 2026 ED3 workshop emphasised the need to consider resilience and support for remote communities. Our Independent Stakeholder Group (ISG) highlighted the importance of recognising the co-benefits of LCT and EE and also the relevance of devolved policy on our proposals.	barriers are greatest, helping ensure a fair and inclusive transition to net zero.
Providing data and information in a way that customers need	There is strong demand for greater network visibility, real-time capacity data and transparent digital tools, with 100% of housing developers supporting SSEN's digitalisation direction. Digital exclusion, particularly among older, lower-income and rural communities, remains a key barrier, highlighting the need for accessible services and non-digital engagement channels. Engagement through our Fuel Poverty and LCT Think Tank and Future of Installers Think Tank noted the need for targeted support for vulnerable customers and improved data sharing.	We will improve access to LCT information through enhanced digital platforms, including our LENZA (LAEP+), the Centralised Network View (CNV), the SSEN Distribution Data Portal and through our Connections initiatives. Combined with targeted technical support and accessible, more traditional, communication channels, these tools will provide clearer visibility of network capacity, constraints and LCT opportunities, helping customers and stakeholders make more informed decisions.
Working with stakeholders to understand DNO roles in LCT enablement	There is strong support for targeted LCT and EE deployment to reduce costs and defer reinforcement. Customers also backed EV infrastructure, vehicle-to-grid technologies and the use of geospatial tools to target investment where it delivers the greatest network value, alongside tailored support to improve affordability and accelerate uptake. Local authorities recognised the need for greater co-ordination in our Local Authority Advisory Board (LAAB) meeting in September 2026 also noting the need for consideration of LAEPs and local plans.	We will work with local authorities, communities, installers and delivery partners through our approach to community collaboration and a programme of expanded-role pilots to test how DNOs can support targeted LCT and EE deployment. This will help build the evidence base for future DNO roles, improve coordination of LCT rollout and identify opportunities to reduce network costs and defer reinforcement.

2.1 INNOVATION PROJECTS

Our innovation portfolio, including RESOP[1], Consumer Behaviour Throughout the Energy Transition[2], VFES[3] and VERIFY[4] have improved our understanding of LCT adoption, customer needs and barriers to participation, helping ensure a fair and inclusive transition. In addition, the LCT Connections Readiness Indicator[5] and ConnectDirect Collaboration[6] projects are improving customer readiness, streamlining connections and reducing delays to LCT deployment. Additionally, the Equal LCT [7]project also explored how improving home energy efficiency could reduce heat-driven peak demand in constrained network areas by enabling smaller heat pumps.

[1] Regional Energy System Optimisation Planning (RESOP) | ENA Innovation Portal
[2] Understanding Consumer Behaviours for a Just Energy Transition | FEN Innovation Portal
[3] Groundbreaking work puts vulnerable customers at heart of SSEN future energy strategy - SSEN
[4] VERIFY | SSEN Innovation
[5] NIA SSEN 0077 LCT Connections Readiness Indicator | SSEN Innovation
[6] ENA Connect Direct
[7] Equal LCT | SSEN Innovation

3. DELIVERING ON OUR OUTPUTS

Our LCT ED3 outputs have been developed in response to stakeholder feedback. These will drive significant consumer benefit as listed in Table 3.1 below. This work will also set the foundations for our ambition to be a critical partner in LCT adoption across both our licence areas.

Table 3.1 The consumer benefits of our outputs

Output	How we will measure it	Consumer benefit
By end of 2028 we will have established a community LCT & EE support team in each of our licence areas to provide support for our customers and communities. We will continue to use our LAAB to inform and test our approaches.	We will gather stakeholder feedback through online and targeted surveys associated with our pilots and activities as well as through the LAAB. This will help us understand the effectiveness of our support and changes we can make to improve our support.	Facilitates an inclusive approach to engagement ensuring that we can provide support for digitally excluded customers and other vulnerable sectors.
From the start of ED3 we will be providing customers and stakeholders with greater data and information to support LCT rollout. This will be both digitised through our platforms (see Table 3.3) and website, as well as paper-based guidance.	We will monitor data access and survey stakeholders on new data items. All information provided will be reviewed annually using stakeholder feedback to ensure it meets the needs of all our customers.	Provides customers with a greater understanding of how best to use LCTs such that they can optimise their use to manage their energy bills.
We will continue to test the role of DNOs in LCT enablement working with partners through a series of pilots. In 2028/29 we will work with a minimum of five local authorities across our licence areas on pilot development.	We will understand the optimum role for DNOs in LCT enablement. Pilot outcomes will be used to inform enduring roles and responsibilities.	We will have developed an efficient and optimum role with third parties that can support greater adoption of LCTs. This will lead to improved ability for consumers to manage energy bills and greater numbers of flexible resources to provide services for system needs.
We will increase our annual shareholder funding for the Community Benefit Fund by 50%, from £500k to £750k per year for areas affected by planned investment works including our LV programme.	We will review the assessment criteria for the fund annually, drawing on learning from previous funding rounds, recipient feedback and stakeholder input.	This will provide £250k per year of support to community-led projects in areas affected by LV investment works.

From the start of ED3, we will be fulfilling an enhanced coordinator role in the rollout of LCT and EE across our licence areas. This will build on existing tools, projects and activities we are already undertaking in RIIO-ED2. The activities set out below will enable us to meet the stakeholder feedback received and the outputs described in Table 3.1 above, translating this into clear opportunities for consumer benefit.

3.1 COMMUNITY COLLABORATION

Our approach to community collaboration will build on the strong foundations we have built in RIIO-ED2, where we introduced a team of engagement specialists to support local authorities to better understand the energy sector and develop energy plans. We are now going further and have recently established our LAAB to provide insights and

feedback into our approach to low voltage network upgrades and LCT adoption. We see value in this group and intend to continue its role in ED3.

We will enhance our RIIO-ED2 initiatives with targeted place-based support where it is most likely to add value: areas with planned LV upgrades, significant forecast LCT uptake, high vulnerability or fuel poverty indicators, community energy interest, rural or island challenges, or where local authorities identify specific coordination needs. This will be supported by information and data in a range of formats, both digital and paper-based.

We list our key stakeholder groups in Table 3.2 providing further context on why they matter and how we will engage with each group. Our place-based approach to community collaboration will enable us to reflect the requirements of our diverse communities and meet the needs of more vulnerable sectors.

We will summarise our community collaboration annually in our Community Collaboration Plan which will provide stakeholders with an overview of the collaborative activities we are undertaking to deliver our enhanced LCT enablement role in ED3. It will set out: our key stakeholders and why they matter; our approach to engagement; our key targets and deliverables; our performance against agreed outputs; how collaboration is shaping our approach to planning and delivery; our support for third party projects; and relevant Scheduling and Coordination Agreements.

Table 3.2 How we will engage with stakeholders in community collaboration

Stakeholder group	Why they matter	How we will engage
Local authorities and regional bodies	They shape LAEPs and LHEES, housing, transport, retrofit and local economic plans	Strategic planning sessions, LENZA support, data-sharing workshops and coordination on work programmes.
Community groups, community energy housing associations and charities	They understand local barriers, can reach digitally excluded customers and can develop community-led projects	Place-based sessions, community LCT and EE support routes, non-digital material and partner referrals.
Installers, suppliers, aggregators and flexibility providers	They influence the customer journey, LCT deployment and flexible use of capacity.	Targeted forums, data product testing, customer journey coordination and links to Connections and DSO engagements.
Other utilities, NESO and energy-system partners	Coordinated infrastructure planning can reduce disruption and improve whole-system outcomes	Industry groups, bilateral coordination, data-sharing standards and joint planning discussions.
End Consumers	Our enhanced role needs to remove barriers to consumer LCT adoption and support a fair energy transition.	Consumer research, stakeholder panels, community engagement, targeted awareness campaigns and the Consumer Data Portal.

3.2 DATA SHARING AND VISUALISATION

Data sharing and visualisation are central to our enhanced coordination role in ED3. We have already built a suite of relevant tools, projects and activities relating to data sharing and visualisation in RIIO-ED2 which will lead directly into our ED3 LCT and EE coordinator role. Building on these foundations, we will enhance our existing digital tools where needed introducing new capabilities and data sets to support local planning and enable informed LCT adoption, detailed in Table 3.3. We will continue to take a presumed open approach to data sets. We will ensure interoperability with other digital tools is being considered wherever possible and will share learnings with other DNOs to ensure we collectively standardise and adopt best practices. This will build on existing initiatives such as the standardisation of DFES data inputs for local authorities that we have been carrying out with NGED and UKPN.

Table 3.3 Proposed enhancements for greater data sharing & visualisation (refer to relevant IDPs in Table 4.1)

Platform / capability	Current RIIO-ED2 position	Enhancements for ED3	Stakeholder benefit and consumer value
LENZA (LAEP+)	Over 400 users supported by our engagement team. This provides support for local authorities with LAEP and LHEES development using network, socio-demographic and place-based datasets	Additional layers and functionality to share LV upgrade programmes, LCT rollout plans and wider place-based information. Extension of datasets relating to vulnerability (including EPC, fuel poverty, deprivation, heat network and social housing. Make tool available to a wider range of stakeholders.	Helps local authorities plan more effectively, enabling better-coordinated local decarbonisation. This will help consumers access LCTs sooner and reduce the risk of avoidable disruption.
Centralised Network View (CNV)	Provides visibility of network assets and constraints	Extend coverage to LV networks and provide visibility of future network plans and expected constraints	Clearer understanding of where capacity exists and when upgrades are planned. This will help reduce delays and unnecessary costs for consumers adopting LCTs.
SSEN Distribution Data Portal	Provides access to increasingly digitised network planning information	Expand available datasets and improve accessibility of information through a presumed open approach to inform decarbonisation plans.	Easier access to network information for stakeholders and third parties. This will support more efficient project development and improve the pace of local energy delivery.
LCT connections	Connections self-serve model for smaller connections	Dedicated smaller connections information on the process, network readiness, building on our self-serve tool for automated optioneering and costs, and optimisation opportunities.	This supports customers make more informed decisions, reduces uncertainty in the adoption journey and helps consumers avoid unnecessary delays or costs.
Technical support	Technical support provided to stakeholders and communities when they need it	Structured support offer, recording requests and reporting on support provided.	Stakeholders better able to use network information to support decarbonisation plans. This reduces avoidable rework and supports more efficient delivery for consumers and communities.

3.3 PILOTING EXPANDED ROLES FOR DNOS IN ED3

In Ofgem's ED3 Sector Specific Methodology Decision[8], Ofgem indicated that it would be valuable to develop a set of pilots testing aspects of an expanded role as part of ED3. This is an area of leadership for us, and we have already commenced pilots in RIIO-ED2, linking closely with third parties to facilitate LCTs in areas of need on our LV networks. We are also in the process of developing a further set of pilots, which will seek to test novel delivery and funding arrangements, ensuring we reflect differences in government policy[9] across our licence areas. These pilots will be

[8] ED3 Sector Specific Methodology Decision
[9] Heat policy is a devolved policy area in Scotland, see the Scotland Act 1998

developed and delivered into the ED3 period and will test delivery and funding models using partnership with Local Authorities to accelerate LCT roll out. The next phase of pilots will establish how we can partner with local authorities to enable the installation of batteries and solar in customer homes. We intend to work with at least five local authorities on pilots across our licence areas in 2028/29. Where these costs extend into ED3, we are considering funding options including, but potentially not limited to, the use of Ofgem's proposed 'Use it or Lose it' (UIOLI) funding for proactive service unlooping in ED3, on the basis that these works will represent 'virtual unlooping', avoiding the need for physical unlooping. The findings and learnings from these pilots will inform the policy debate that is ongoing with regards to the role that DNOs should play in this space.

4. COSTS

Costs associated with this strategy form part of our other ED3 strategies, as shown in Table 4.1 below.

Table 4.1 Costs associated with the enhanced role

Activity	Detail	Cost	BPDT / IDP	Additional to RIIO-ED2?
Community liaison and LCT partner capability	Four FTE as part of the Local Energy Support Team.	Captured in (DSO-S10) DSO Strategy	(DSO_A) Strategic Planning and Enhanced Customer Support C9 – Core CAI	Yes
Community Benefit Fund	Increase in shareholder funding	Captured in (ED3-S06) Vulnerability Strategy	N/A	Yes
CNV, Data Portal and Connections data	Digital enhancements to enable the data changes required.	Captured in (DSO-S10) DSO Strategy and (ED3-S13) Data & Digitalisation Annex	(DATA-01 and AI-01) Data Ecosystem (DIGI-01-01) Evolution of Customer Facing Applications	Yes

4.1 DNO ROLE IN LCT – NEW RE-OPENER

The costs included in this annex relate primarily to the enhanced coordinator role only, noting that we also propose that the proactive unlooping UIOLI allowances are used for our pilot costs in ED3. There remains significant policy uncertainty with regards to the extent of any expanded role that DNOs may be required to carry out in the rollout of LCT and EE in ED3, with a further Ofgem consultation and pilots expected. The options under consideration as set out in Ofgem's consultation earlier this year vary significantly in terms of the potential for an expanded role for DNOs in delivery (including the potential for DNOs to be directly responsible for installing LCTs)[10]. This means that the potential costs in this area are highly uncertain until a policy decision is made. On that basis, we are proposing a new 'DNO Role in LCT Re-opener' in ED3 to allow funding for this should the need arise. We propose that this re-opener is common across all DNOs. Further detail is provided in (ED3-S20) Regulatory Framework Annex.

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