

Community Energy England response to Ofgem 's consultation on [DNOs Future Role in Supporting Low Carbon Technologies and Energy Efficiency in ED3](#)

Introduction to Community Energy England

1. This is a response by Community Energy England (CEE), which represents more than 340 community energy and associated organisations across England involved in the delivery of community-based energy projects that range from the generation of renewable electricity and heat, to the energy efficiency retrofit of buildings, to helping households combat fuel poverty.
2. Our vision is of a thriving community energy sector integrated into and truly powering a fair, zero-carbon energy system.
3. Community energy refers to the delivery of community-led renewable energy, energy demand reduction and energy supply projects, whether wholly owned and/or controlled by communities or through partnership with commercial or public sector partners.

Key to recommendation labels

[Endorses Ofgem proposal] = CEE supports an existing Ofgem proposal.

[New CEE recommendation] = CEE is calling for something beyond Ofgem's current proposals.

1. Executive Summary

Community Energy England (CEE) welcomes this consultation as a critical opportunity to shape how Distribution Network Operators (DNOs) and Distribution System Operators (DSOs) support the rollout of low carbon technologies (LCTs) and energy efficiency in homes across Great Britain during the ED3 price control period.

We write as the national membership body for the community energy sector in England. Our membership of 340+ organisations (614 organisations across the whole UK) provides an irreplaceable layer of trusted, place-based delivery that no DNO, DSO or commercial actor can replicate. The 2025 State of the Sector report confirms that our members are

already active in retrofit, energy advice, LCT facilitation, flexibility services and shared ownership, at real scale, in real communities.

Our central argument in this response is that the question for ED3 is not simply what additional activities DNOs might undertake. It is whether DNOs and DSOs will create the right conditions for community energy organisations, local authorities and other trusted local actors to succeed in delivering LCT rollout at the pace and scale required. Creating those conditions requires investment in network infrastructure, data visibility and operational practices. It also requires a fundamentally different approach to community engagement, one in which DNOs and DSOs treat community energy organisations as strategic partners in delivery rather than as peripheral stakeholders to be consulted.

The scale of the task is unprecedented. The Warm Homes Plan commits nearly 15 billion pounds to home energy upgrade, the largest such investment in British history. The October 2025 National Audit Office report on ECO4 has demonstrated with clarity that investment at scale does not guarantee results. Without trusted local engagement, quality assurance and integrated local supply chains, even the most generously funded programmes can and do fail. Community energy organisations are a central part of the answer to that challenge.

We draw in this response on the 2025 Community Energy State of the Sector report, <https://communityenergyengland.org/wp-content/uploads/2025/10/Community-Energy-State-of-the-Sector-2025-report.pdf>, the findings of a March 2026 workshop on Smart Local Energy Systems convened by practitioners, policymakers and community energy representatives, and the evidence base developed by the EnergyREV and Prospering from the Energy Revolution programmes.

Community Energy England: State of the Sector 2025 -- Key Figures

614 community energy organisations across the UK | 411MW of community-owned renewable electricity capacity | 575GWh generated, equivalent to powering 213,000 homes | 151 organisations working on energy efficiency and retrofit | 77 organisations providing energy advice | 15 organisations providing grid flexibility services | 61,370 individuals engaged through energy efficiency initiatives | 24.5 million pounds reinvested into local communities (up 138%) | 68.5 million pounds sector turnover (up 58%)

2. The Warm Homes Plan and the Lessons of ECO4

The government's Warm Homes Plan represents an extraordinary commitment to tackling fuel poverty and decarbonising homes. At nearly 15 billion pounds it is the largest home energy investment programme in British history, with ambitions to lift one million households out of fuel poverty by 2030 and support improvements in up to five million homes.

The October 2025 National Audit Office report on ECO4 and the Great British Insulation Scheme set out in detail what happens when large-scale programmes are delivered without adequate local oversight, quality assurance and community engagement. Under ECO4, the NAO found that up to 23,000 homes had external wall insulation installed to a poor standard. Installers were found to have been able to game audit processes by holding certification with multiple bodies. The report cited poor government oversight, an overly complex consumer protection framework, and insufficient integration between delivery, monitoring and accountability.

The Parliamentary Energy Security and Net Zero Committee's report on retrofitting homes for net zero reinforced this picture. The increasing complexity of ECO contributed to a striking rise in non-compliance and retrofit failures. Per-home delivery costs under ECO4 averaged 26,000 pounds, compared with 3,500 pounds under ECO3. And despite that expenditure, the programme failed to consistently reach the fuel-poor and vulnerable households it was designed to serve.

The central lesson from ECO4

Capital investment without trusted local engagement, quality assurance and locally embedded supply chains does not deliver outcomes. The Warm Homes Plan must not repeat the pattern of ECO4. Community energy organisations, with their place-based trust, deep local knowledge and existing household relationships, represent a proven mechanism for closing this gap. DNOs and DSOs must be configured in ED3 to work actively with these organisations, not in parallel to them.

The State of the Sector 2025 demonstrates that CEE members are already operating at scale in exactly the areas where ECO4 fell short. One hundred and twenty-five community energy organisations are delivering retrofit services. Seventy-seven are providing energy advice and guidance. Community energy organisations engaged 61,370 individuals through energy efficiency initiatives in 2024. These organisations bring something that national contractor-led programmes typically lack: accountability to a specific community, and the trust that comes with it.

3. Community Readiness: The Missing Condition for Effective LCT Rollout

A concept that deserves considerably more attention in the ED3 framework is community readiness. Technical network capacity is a necessary condition for LCT rollout, but it is not sufficient. Communities also need to be ready: residents need to understand the options available to them, trust the organisations delivering them, have access to appropriate advice, and have realistic pathways to ownership and participation. Without this, even fully unlooped, adequately reinforced networks will not generate the LCT adoption rates that the Clean Power 2030 ambition requires.

Community readiness has several interlocking dimensions. It includes the presence of a trusted local intermediary with the relationships and knowledge to guide households through the LCT journey. It includes access to locally relevant, accurately communicated advice about what technologies are suitable, what financial support is available, and what the process of adoption involves. It includes existing community infrastructure, such as a community energy organisation, housing association or local authority energy team, that can aggregate demand, support procurement and manage ongoing relationships. And it includes some level of shared ownership or benefit, which dramatically increases public buy-in and long-term engagement.

CEE, Community Energy Scotland (CES) and Community Energy Wales (CEW) collectively represent the network of organisations best placed to build and sustain community readiness across the UK. We propose that DNOs and DSOs should be required to work with CEE, CES and CEW as their strategic partners for developing community readiness in their licence areas. This would involve a structured programme of engagement, co-ordinated through the national membership bodies, that identifies and supports community energy organisations and local authorities in each area so that DNO investment in network capacity lands in communities that are genuinely ready to use it.

What community readiness means for DNO and DSO practice

DNOs and DSOs should not simply invest in network infrastructure and wait for LCT demand to follow. They should actively co-invest in building community readiness alongside network readiness. This means funding and partnering with community energy organisations, local authorities and trusted advice providers to ensure that communities have the knowledge, relationships and organisational capacity to participate in the energy transition. The result will be faster, more cost-effective and more equitable LCT rollout than any technology-first approach can deliver.

3.1 A proposed national coordination mechanism

CEE proposes that Ofgem require each DNO to establish a formal Community Readiness Partnership with CEE (for England), working alongside CES and CEW where appropriate for Scottish and Welsh licence areas. The purpose of this partnership would be to co-ordinate community energy organisations and local authorities across the DNO's licence area so that LCT rollout programmes are supported by deep place knowledge rather than generic engagement.

This partnership should be structured as follows. The DNO would provide dedicated funding to CEE (and to CES and CEW for relevant areas) to employ regional coordinators who can map community energy capacity, identify gaps in coverage, support new and emerging community energy organisations in areas with low community energy presence, and create a structured referral mechanism linking DNO network investment with community-led delivery.

In practice, this means that when a DNO identifies an area for proactive unlooping, off-gas-grid reinforcement or smart network investment, the Community Readiness Partnership would simultaneously be working to ensure that community energy organisations and local authorities in that area are prepared to support household engagement, energy advice and LCT facilitation at the point at which network capacity becomes available. The network investment and the community engagement investment would be sequenced and co-ordinated, rather than proceeding independently.

- **[New CEE recommendation]** Each DNO should be required to establish a Community Readiness Partnership with CEE (and CES and CEW as appropriate) as a licence condition of any expanded LCT support role in ED3.
- **[New CEE recommendation]** DNO business plans should include a funded community readiness programme for each licence area, with CEE, CES and CEW as co-designers of the programme's scope and delivery model.
- **[New CEE recommendation]** Ofgem should develop a community readiness output metric for ED3, measuring the extent to which DNO investment areas are supported by active community energy capacity and local authority engagement.
- **[New CEE recommendation]** Any DNO-led LCT programme that does not demonstrate evidence of community readiness in its target areas should be required to remediate this before proceeding to household-facing delivery.

4. Place-Based Action: Conditions for Community-Led LCT Delivery

The transition to a decarbonised energy system requires more than hardware. It requires behaviour change, local trust, sustained engagement and the ability to reach the households that market signals alone will never serve. CEE members have demonstrated all of these capabilities. The question for this consultation is what DNOs and DSOs must do, in terms of network investment, data visibility and operational practices, to enable community energy organisations to deliver at scale.

4.1 The advice and engagement wrapper

A persistent failure of national LCT programmes has been treating technology installation as the entire solution, while undervaluing the advice and engagement that makes technology adoption lasting and effective. A heat pump installed in a home whose occupants do not understand how to use it, or whose property has not been assessed for fabric-first measures, will underperform and generate dissatisfaction. This does not just waste investment; it actively undermines public trust in the energy transition.

CEE members excel at providing this advice and engagement function. They run trusted local referral networks. They hold community events and one-to-one advice sessions. They

know which households are in fuel poverty, which are on legacy tariffs, and which have already tried and been refused support from national programmes. This is knowledge that no DNO, energy supplier or national scheme administrator can replicate from a distance.

The State of the Sector 2025 shows that 77 community energy organisations are actively providing advice and guidance on the energy system and reducing energy use. Community energy organisations engaged 61,370 individuals and organisations through energy efficiency initiatives in 2024. These are not passive recipients of information. They are people making real decisions about their homes, supported by trusted local advisors whose accountability is to their community, not to a delivery target.

- **[New CEE recommendation]** DNOs and DSOs should fund and enable community energy organisations to provide the advice and engagement function that technology-alone programmes cannot deliver. This means:
- **[New CEE recommendation]** DNO innovation funding accessible to community organisations and requirements that any DNO-led LCT programme includes a funded community engagement component.
- **[New CEE recommendation]** DSOs should share network-level data with community energy organisations to enable locally informed advice to households about the best timing and sequencing of LCT adoption.

4.2 Case study: Ambition Lawrence Weston and place-based community energy

Ambition Community Energy CIC in Lawrence Weston, Bristol, illustrates what community-led energy can achieve in one of the most deprived communities in England. Lawrence Weston sits within the highest 10 percent of deprivation levels nationally, with high rates of fuel poverty and limited green infrastructure.

Beginning with Bristol Energy Cooperative's 4.2MW solar farm in 2016, which provided over 150,000 pounds in community benefit funds, the community developed a track record and appetite for local energy ownership. This led to Ambition Community Energy CIC, a resident-led social enterprise that built England's largest onshore wind turbine at 4.2MW, generating enough electricity for around 3,000 homes and returning 100,000 pounds a year to the local community to address deprivation and fuel poverty.

The project did not stop at generation. Ambition Community Energy developed the UK's first domestic housing microgrid with battery storage at the Water Lilies development in Lawrence Weston, integrating solar PV, battery storage and heat pumps for local residents. Bristol City Leap's 25 million pound Warm Homes Retrofit programme is now targeting up to 1,000 properties in Henbury, Brentry, Avonmouth and Lawrence Weston with insulation, solar panels and heat pumps. Ambition Community Energy's local trust and relationships form part of the engagement infrastructure for that programme.

This is the model that ED3 should be designed to replicate and scale. It demonstrates that community energy can be the anchor institution for a just transition in deprived areas, combining generation ownership, local investment, energy advice, shared infrastructure and LCT deployment.

4.3 Shared ownership, community batteries and local wealth

The proposals in this section are new CEE recommendations. Ofgem has not yet proposed a role for DNOs in co-funding community battery or microgrid assets.

The State of the Sector 2025 reports that 25 community energy organisations are currently involved in shared ownership generation projects and 70 are planning them. The sector has demonstrated a consistent commitment to ensuring that the financial returns of the energy transition stay within communities rather than flowing to distant investors.

CEE invites Ofgem to consider whether DNOs should be permitted or encouraged to invest in communal battery storage assets designed from the outset to be transferable into community ownership, or structured as shared ownership vehicles from the start. The potential benefits are significant: deferred or avoided network reinforcement costs; new revenue streams for communities through flexibility services; shared ownership of a productive asset generating income for local reinvestment; and a physical anchor for ongoing community energy advice and LCT engagement programmes.

This model is proven at small scale in the Water Lilies microgrid in Lawrence Weston and the Bridport Cohousing community solar and battery microgrid in Dorset, which is the largest project of its kind in the UK. It deserves consideration at the regulatory level in ED3.

- **[New CEE recommendation]** DNOs should be permitted to invest in or co-fund community-owned battery storage and microgrid infrastructure as part of their ED3 business plans, subject to appropriate market safeguards.
- **[New CEE recommendation]** Any such assets should be designed with a pathway to community ownership or shared ownership, with DNO investment structured as a time-limited enabling contribution rather than a permanent monopoly asset.
- **[New CEE recommendation]** Community battery storage should qualify for DNO flexibility procurement, with community energy organisations formally recognised as flexibility providers.

5. Smart Local Energy Systems: From Fragmentation to Coordinated Delivery

A March 2026 workshop convened by practitioners, policymakers, system operators, technologists and community energy representatives to examine the barriers to delivering Smart Local Energy Systems (SLES) at scale reached a clear and consistent conclusion: the barriers to SLES are not primarily technological. They are architectural, institutional and governance-related.

The technologies required to deliver local coordination, local flexibility and distributed energy participation already exist. Many of the relevant standards exist. The use cases are understood. What is missing is the institutional and architectural framework required to

integrate these elements into an operational system at the low-voltage network level. This is precisely the gap that ED3 has an opportunity to begin closing.

5.1 Core system failures relevant to the ED3 consultation

The workshop identified five interlocking system failures that are directly relevant to how Ofgem should configure DNO and DSO obligations in ED3.

Network visibility stops too high in the system

Operational visibility of network conditions currently stops too high in the electricity system hierarchy. While visibility exists at higher voltage levels, it is much weaker at feeder level and below, where many of the most significant impacts of LCT deployment will be felt. This matters because local optimisation depends on local visibility. If network operators, coordinators and community energy actors do not have sufficient visibility of assets, constraints and network states at low-voltage level, then local flexibility cannot be dispatched reliably, local congestion cannot be managed efficiently, and distributed energy resources cannot be valued appropriately. The workshop confirmed that this is not primarily a technology gap: the technology to gather and process such information exists. The deeper issue is that current governance and regulatory structures do not yet provide a consistent framework for obtaining, sharing and using that visibility in an operationally trusted way.

There is a missing coordination layer at low voltage

The workshop identified the absence of a clear coordination layer at low-voltage level as one of the most important missing pieces in the current energy system architecture. The transition from DNO to DSO remains incomplete, responsibilities differ across contexts, and no single entity currently holds both the mandate and the means to coordinate activity at this layer in a standardised and trusted manner. This creates both operational and institutional risks. Operationally, different actors may act on partial information or in ways that conflict with one another. Institutionally, no one can be clearly held accountable for coherent local coordination at scale. The workshop explicitly noted that community energy organisations and other local actors often struggle to connect their assets and activities into larger system processes precisely because this coordination layer is absent.

Data is abundant but fragmented and insufficiently operationalised

A large amount of relevant data already exists across the system: smart meter data, network data, device data, operational data and market data. The challenge is not the absence of data in principle but its fragmentation in practice. Data is held across many different silos, collected for different purposes, governed under different rules, and made available in forms or at timescales that limit its operational usefulness. The workshop concluded that without a shared data architecture, the energy system cannot properly learn, coordinate or optimise. **Data infrastructure should therefore be understood as foundational system infrastructure, not as a secondary or optional add-on.** This finding has direct implications for what DNOs and DSOs should be required to deliver in ED3.

National price signals cannot solve local constraint problems

The workshop found that national price signals are not capable, on their own, of managing local network conditions effectively. National wholesale and retail price structures operate at a level of aggregation that is too coarse to resolve the local coordination problems associated with LCT electrification at feeder level and below. In some cases, such signals can worsen the problems they are expected to solve: if many consumers respond to the same time-of-use signal simultaneously, this may create synchronised demand spikes which may even put elements of the LV system at risk. The workshop therefore concluded that **local flexibility signals and coordination mechanisms are required alongside, not instead of, national price structures. This reinforces the case for DNOs and DSOs to invest in local coordination mechanisms as core system infrastructure in ED3.**

Substantial value in distributed energy resources remains unrealised

The UK now has a growing stock of distributed energy resources, including electric vehicles, domestic batteries, rooftop solar, heat pumps and flexible demand including many assets owned and controlled by community energy organisations. In principle, these assets could deliver substantial value to households, communities, networks and the wider system. In practice, much of this value remains unrealised. Small actors face barriers to participation. Market access remains complex. Data is fragmented. Coordination tools are incomplete. Community energy organisations and other local actors often struggle to connect their assets and activities into larger system processes. The workshop concluded that **the challenge is not one of resource scarcity but of institutional and architectural underdevelopment.**

5.2 NESO, the Data Sharing Infrastructure and the missing middle

The SLES workshop's first recommendation called for a central independent digital delivery body for energy with the mandate to define and govern a shared digital architecture, establish interoperability and data standards, enable real-time coordination at low-voltage level, and embed fairness and public value into system design from the outset. CEE believes that, in significant respects, NESO is already being asked to fulfil this role, and we welcome that direction of travel. However, we consider it important for this consultation response to be clear about what NESO's current work does and does not address, so that ED3 obligations can be designed to complement rather than duplicate or defer to those programmes.

NESO has been formally mandated by Ofgem and government to develop and coordinate the Data Sharing Infrastructure (DSI), which was initially referred to as the digital spine. The DSI is a publicly owned, foundational digital infrastructure for secure and trusted data exchange across the energy sector. It is designed to be inclusive and accessible to organisations of all sizes and technical capabilities, including community energy organisations and small aggregators. NESO has also published a Sector Digitalisation Plan, and the jointly published Energy Digitalisation Framework from DESNZ and Ofgem, released in March 2026, establishes a phased governance structure with NESO as

coordinator for the core energy system data domain, Elexon for metering and behind-the-meter assets, and RECCo for the consumer domain.

This is a genuinely significant institutional step and CEE supports it. The DSI, when operational, could provide the shared data infrastructure that allows different actors, including community energy organisations, to access and exchange network data within a common, trusted framework. The architectural reference framework that NESO is due to deliver by August 2026, followed by Ofgem consultation, represents an important opportunity to establish the common standards and interoperability requirements the sector needs.

However, CEE's assessment is that the DSI and the wider Energy Digitalisation Framework address the question of how data can be shared once it exists in a shareable form. They do not, in their current scope and on their current timelines, address the prior question of whether the right data is being collected and made available at low-voltage level in the first place. This is the missing middle that the SLES workshop identified, and it is the gap that ED3 must fill.

To put it plainly: NESO is building the shared highway for data exchange across the energy system. ED3 must ensure that DNOs build the on-ramps at the low-voltage level. Without those on-ramps, the DSI will connect large network operators and market participants effectively, but community energy organisations, local authorities and small aggregators will remain standing at the side of the road, unable to access the network data or the flexibility markets they need to deliver on LCT rollout.

The sequencing point is also critical. The DSI's minimum viable product is not expected to be operational until 2027 at the earliest. DESNZ has committed to consulting on the enduring form of the digitalisation coordination function only by the end of 2026. ED3 starts in April 2028. The architectural and data investments that DNOs make in their ED3 business plans, which they are developing now, will determine whether the DSI can deliver value at local level from the moment it goes live. If DNOs do not invest in low-voltage monitoring, data collection and accessible publication as part of their ED3 obligations, the DSI will have nothing to share at that level when community energy organisations and small aggregators attempt to connect to it.

The relationship between the DSI and ED3 obligations

NESO's Data Sharing Infrastructure is necessary but not sufficient to address the missing middle in local energy system architecture. The DSI provides the secure pipe for data exchange. ED3 must ensure that DNOs invest in the low-voltage monitoring, data collection and accessible publication that gives the pipe something to carry. CEE calls on Ofgem to require DNOs to commit explicitly in their ED3 business plans to publishing low-voltage network data in DSI-compatible formats and standards, so that when the DSI's minimum viable product is operational, community energy organisations and small aggregators can access and use that data from the outset.

5.3 The architectural and governance implications for ED3

The SLES workshop recommended three complementary actions to move from fragmentation to system delivery:

- **[New CEE recommendation]** establishing an independent central digital delivery function for energy (which NESO and the Energy Digitalisation Framework now substantially address at the sector level) which takes account of community energy needs;
- **[New CEE recommendation]** creating a coordinated Super Sandbox to align existing innovation activity in defined geographies; and
- **[New CEE recommendation]** adopting a shared architectural framework such as the Smart Grid Architecture Model to provide a common language for system design across actors and layers.

The Super Sandbox recommendation is particularly relevant to this consultation. The workshop was explicit that the sector does not need more isolated pilots. It needs a mechanism for system integration and learning across projects. CEE supports the principle that ED3 innovation funding should be directed toward integrated, place-based programmes that test how local energy systems operate as a whole, involving DNOs, DSOs, community energy organisations, local authorities and flexibility aggregators within defined geographies, rather than funding further isolated technology trials.

The workshop also identified a critical sequencing principle: effective operation of distributed energy systems depends on establishing local visibility, coordination and control before relying on market signals to drive behaviour. Attempting to use price signals alone to resolve local constraints, in the absence of these foundational layers, risks creating instability rather than efficiency. This means that **DNO investment in network monitoring, data infrastructure and low-voltage coordination must come first, not as a follow-on once markets have matured.**

Key finding from the SLES workshop (March 2026)

The barriers to smart local energy systems are not primarily technological. They are architectural and institutional. The sector has substantial capability and an emerging national framework in the form of the DSI and the Energy Digitalisation Framework. **What remains missing is the low-voltage layer: the monitoring, data collection and local coordination infrastructure that DNOs must invest in through ED3.** Without this investment, the national digital architecture will not be able to deliver value at the community and household level where it is most needed.

5.4 Fairness must be designed into the system

The SLES workshop consistently emphasised that **fairness cannot be treated as an afterthought or a policy add-on once technical design is complete. It must be built into the architecture of the system from the outset.** Different consumers have different capacities to participate in flexible or digitally enabled energy systems. Some will own

flexible assets; others will not. Some communities will have stronger organisational capacity than others. If these differences are ignored, the system may systematically reward those already best placed to respond while excluding or penalising others.

The Energy Digitalisation Framework itself acknowledges the need for the coordination function to ensure that fairness, accessibility and public value are embedded in system design. CEE strongly endorses this principle and argues that it has a direct bearing on how ED3 obligations should be framed. A system that invests in low-voltage data infrastructure but makes that data accessible only to large commercial actors has failed the fairness test. ED3 output metrics should explicitly require DNOs to demonstrate that their data and visibility investments are accessible to community energy organisations, small aggregators and local authorities, not just to the large commercial participants who are already well placed to participate.

The community readiness framework proposed in Section 3 of this response is, at its core, a mechanism for embedding fairness into the system architecture of ED3 before deployment begins rather than attempting to retrofit equity considerations after the fact.

6. Network Investment and Data: Creating the Right Conditions

6.1 Network data, system visibility and alignment with the DSI

As argued in Section 5, NESO's Data Sharing Infrastructure represents the right foundational approach to data exchange across the energy system. But the DSI can only deliver value at the local level if DNOs first invest in collecting and publishing the right data at low-voltage level. ED3 must therefore place explicit obligations on DNOs to build the low-voltage data infrastructure that will connect to the DSI when it becomes operational, rather than leaving this as a discretionary or post-hoc activity.

The SLES workshop described the appropriate design principle as a data pyramid: visibility, coordination and control should operate first at the lowest viable level, at the street, feeder or substation, with only the necessary information passed upward through the system. This approach reduces latency, enables local optimisation before national signals propagate through the network, and makes network data genuinely useful to the local actors who most need it. The Energy Digitalisation Framework confirms the same principle: real-time, high-quality, interoperable and accessible data is vital for the digital tools and systems the transition requires. DNOs must be required to embed this principle in their ED3 business plans, treating low-voltage data infrastructure not as a back-office IT investment but as a core network output.

This is also a question of timing. NESO's architectural reference framework will not be consulted on until late 2026 at the earliest, and the enduring digitalisation coordination function will not be in place until the end of ED3's early years at the earliest. DNO business

plans are being developed now. If Ofgem does not use ED3 to establish data obligations at low-voltage level, there will be nothing accessible through the DSI for community energy organisations and small aggregators when the MVP goes live in 2027. The window to align ED3 obligations with the DSI programme is narrow and should not be missed.

- **[New CEE recommendation]** DNOs should be required to commit in their ED3 business plans to publishing low-voltage network data, including network headroom, constraint locations, planned reinforcement timelines and connection queue positions, in DSI-compatible formats and standards, so that when the DSI MVP is operational, this data can flow through the shared infrastructure to all authorised participants.
- **[New CEE recommendation]** DSOs should publish forward-looking flexibility need maps at sub-regional level, updated at least annually, in formats accessible to community energy organisations and non-specialist local organisations.
- **[New CEE recommendation]** DNOs should develop and fund a dedicated community energy data liaison function to provide interpreted network data and planning support to community energy organisations that may not have the technical capacity to use raw DSI data directly.
- **[New CEE recommendation]** Data publishing and DSI compatibility obligations should be embedded in DNO licence conditions and measured through ED3 output metrics, with Ofgem oversight of both compliance and accessibility for smaller actors.

6.2 Proactive network investment: unlooping, reinforcement and connections

The NIC Electricity Distribution Networks Review established that proactive unlooping is a critical enabler of domestic LCT adoption. Around 7 million properties in Great Britain remain on looped connections that can prevent or delay the installation of heat pumps and EV chargers. In many of the deprived and rural communities that CEE members serve, looped connections are disproportionately common.

- **[Endorses Ofgem proposal]** CEE strongly supports Ofgem's expectation that DNOs take a programmatic approach to proactive unlooping in ED3. We urge Ofgem to ensure this is delivered at scale and pace, and that programme design prioritises areas of fuel poverty and off-gas-grid penetration. Community energy organisations should be consulted and involved in programme design at a local level, given their knowledge of household needs and local geography.
- More broadly, DNO investment in network capacity, smart monitoring and active network management at the low-voltage level is essential to create the conditions in which community-scale LCT projects, including communal heat networks, shared solar and battery systems, and EV charging hubs, can be developed without encountering costly and unpredictable connection barriers.

6.3 Local supply chains and local benefit

One of the strongest lessons from ECO4 is that national contractor-led delivery models tend to underinvest in local supply chain development and produce lower-quality outcomes

than locally embedded models. The NAO found that installers were able to game audit processes partly because there was no local accountability. Community energy organisations, by contrast, use local, accredited tradespeople whom the community knows, with reputational accountability that national contractors simply do not have.

[New CEE recommendation] DNOs should be required to demonstrate how their ED3 investment programmes support local supply chain development, including through partnership with community energy organisations and local training providers. DNO innovation funding in ED3 should include a dedicated stream for community energy organisations to develop place-based LCT delivery models, energy advice services and shared ownership infrastructure.

7. Responses to Consultation Questions

7.1 The appropriate role for DNOs in LCT support

Consultation Question 1: *What role or roles, if any, should DNOs play in supporting the rollout of LCTs and energy efficiency measures in homes? What criteria should Ofgem use to determine whether a DNO role is appropriate?*

CEE supports a tiered model distinguishing core mandatory enablement from a piloted expanded facilitation role.

In the bullets below: items marked [Endorses Ofgem proposal] align with the ED3 Framework Decision and end-to-end review. Items marked [New CEE recommendation] go beyond Ofgem's current proposals.

Tier 1: Core enablement (mandatory in ED3)

- **[Endorses Ofgem proposal]** Proactive unlooping at scale, prioritising deprived, rural and off-gas-grid communities, aligned with community readiness programmes
- **[Endorses Ofgem proposal]** Granular, accessible publication of network constraint, headroom and connection data in formats useful to non-specialist local organisations
- **[Endorses Ofgem proposal]** Streamlined, digitalised and multi-technology domestic connection processes
- **[New CEE recommendation]** Investment in low-voltage monitoring, network flexibility and smart management to create the technical conditions for community-scale LCT projects
- **[New CEE recommendation]** Funding for Community Readiness Partnerships with CEE, CES and CEW

Tier 2: Expanded facilitation (to be piloted in ED3)

- **[New CEE recommendation]** Funded partnerships with community energy organisations, local authorities and housing associations as delivery partners for LCT support programmes
- **[New CEE recommendation]** Investment in or co-funding of community-scale battery storage and microgrid infrastructure, with shared ownership pathways
- **[New CEE recommendation]** Community-accessible flexibility markets with proportionate procurement requirements and forward-looking need mapping
- **[New CEE recommendation]** Support for community energy data portals and local energy planning processes

CEE cautions firmly against DNOs taking on direct delivery, installation or retail roles for LCTs. The risk of market distortion and conflicts of interest is substantial. The DNO's role is to create the right conditions and enable trusted local intermediaries, not to substitute for the community organisations and social enterprises that are best placed to deliver.

The criteria Ofgem should apply when assessing whether a DNO role is appropriate include:

- whether the DNO has a unique advantage over other actors by virtue of its network data or position;
- whether the activity is unlikely to be delivered without DNO involvement;
- whether appropriate market safeguards and community ownership pathways are in place; and
- whether the activity will demonstrably reach underserved communities and geographies.

7.2 Community and local energy as delivery partners

Consultation Question 2: *What role should third parties play alongside DNOs in supporting LCT rollout, and how should this be structured?*

Community energy organisations are uniquely positioned as trusted, place-based intermediaries. The State of the Sector 2025 shows that CEE members have 455 active partnerships with local government, other community organisations, businesses, housing associations and DNOs. This network is a major asset that DNO LCT programmes should be designed to harness and strengthen, not to replicate from scratch.

The SLES workshop noted that community energy organisations and local actors often struggle to connect their assets and activities into larger system processes because the institutional and architectural frameworks for doing so are absent or immature. ED3 is the appropriate mechanism to address this.

CEE recommends that Ofgem require DNOs to:

- **[New CEE recommendation]** Establish formal Community Readiness Partnerships with CEE, CES and CEW, funded through their ED3 business plans, with dedicated

regional coordinators to support community energy capacity across each licence area

- **[New CEE recommendation]** Ringfence a proportion of any ED3 LCT support funding for delivery through or in partnership with community energy organisations, local authorities and housing associations
- **[New CEE recommendation]** Establish accessible grant and seed funding mechanisms for community energy organisations developing LCT facilitation, aggregation or shared ownership projects
- **[New CEE recommendation]** Include community energy organisation representatives on DNO Independent Stakeholder Groups and on advisory groups developing LCT support programmes

7.3 Equity, fuel poverty and rural communities

Consultation Question 3: *How should DNOs target LCT support to ensure equitable outcomes, particularly for fuel-poor, rural and off-gas-grid households?*

The State of the Sector 2025 reports that 151 community energy organisations are working on energy efficiency and fuel poverty alleviation. CEE members are disproportionately active in the communities that face the greatest structural barriers to LCT adoption: rural areas, off-gas-grid communities and areas of high deprivation.

The ECO4 failure demonstrated what happens when national delivery models are not grounded in local knowledge and trust. The community readiness framework proposed in Section 3 is specifically designed to address this: by requiring DNOs to invest in community readiness alongside network readiness, and by ensuring that CEE, CES and CEW are co-ordinating the community energy organisations and local authorities that will be the trusted delivery partners in the areas of greatest need.

- **[New CEE recommendation]** DNO LCT output metrics should be weighted towards deprived, rural and off-gas-grid communities, with annual geographic equity reporting published and reviewed by Ofgem
- **[Endorses Ofgem proposal]** Proactive unlooping and off-gas-grid reinforcement programmes must be designed with input from community energy organisations and local authorities that have on-the-ground knowledge of where need is greatest
- **[Endorses Ofgem proposal]** DNOs should develop accessible, affordable connection pathways for LCTs in rural areas, including load-limiting and innovative connection arrangements as near-term alternatives to full reinforcement where appropriate
- **[New CEE recommendation]** The community readiness metric proposed in Section 3 should be a mandatory ED3 output, with consequences for DNOs that proceed with LCT programmes in areas where community readiness has not been adequately developed

7.4 Flexibility market access for community energy

Consultation Question 4: *How should DNOs and DSOs facilitate the participation of community energy organisations and other distributed resource aggregators in flexibility markets?*

The State of the Sector 2025 reports that 15 community energy organisations are currently providing flexibility services to the electricity grid. This figure should be substantially higher. The SLES workshop found that small actors face significant barriers to participation in flexibility markets, including complex market access, fragmented data, incomplete coordination tools, and unresolved interoperability issues. Current DNO flexibility procurement is structurally inaccessible to community-scale actors, with minimum volume requirements, contract terms and technical specifications designed for large commercial players.

The potential for community energy organisations to aggregate domestic flexibility, through smart EV charging, heat pump demand response and community battery storage, is considerable. Removing structural barriers to their participation would both increase the supply of flexibility services and ensure that the financial benefits of flexibility are retained within communities.

- **[New CEE recommendation]** A mandatory community and small aggregator procurement pathway within DNO flexibility markets, with proportionate technical requirements, lower minimum volumes and simplified contract documentation
- **[New CEE recommendation]** Minimum flexibility contract duration of three years for community energy providers to enable investment planning
- **[New CEE recommendation]** Forward-looking flexibility need mapping published at local level by DSOs, updated at least annually, so that community energy organisations can develop projects in areas of genuine network need
- **[New CEE recommendation]** Funded technical support for community energy organisations entering flexibility markets for the first time, through ED3 innovation funding streams accessible to non-specialist organisations

7.5 Network systems, data and the conditions for SLES

Consultation Question 5: *What investments in network systems, data and operational practices should DNOs make to support place-based LCT rollout and Smart Local Energy Systems?*

The SLES workshop identified a set of foundational investments that DNOs and DSOs must make to enable coordinated local energy systems. These are not aspirational extras. They are the preconditions for community energy organisations to succeed on retrofit, LCT facilitation, flexibility and shared ownership. Without them, the Warm Homes Plan and the

Clean Power 2030 ambition will be harder and more expensive to deliver, and the communities that most need help will be least likely to benefit.

The workshop's central finding, that the barriers to SLES are architectural and institutional rather than technological, has a direct implication: Ofgem must use the ED3 price control to mandate institutional and architectural change, not simply to fund more technology deployment. The following investments should be required:

- **[Endorses Ofgem proposal]** Deployment of low-voltage network monitoring across DNO licence areas, with data published in accessible formats for local authorities and community energy organisations
- **[Endorses Ofgem proposal]** Development and maintenance of a publicly accessible capacity map showing network headroom, constraint locations and planned investment timelines at postcode level, in formats accessible to non-specialist organisations
- **[New CEE recommendation]** Active management of community energy connection applications through dedicated liaison teams with genuine authority to approve innovative connection arrangements
- **[Endorses Ofgem proposal]** Investment in digital infrastructure to support real-time visibility of network conditions, enabling community energy organisations to optimise the dispatch of local generation, storage and demand response assets
- **[New CEE recommendation]** Explicit commitment in ED3 business plans to publishing low-voltage network data in formats compatible with NESO's Data Sharing Infrastructure, so that when the DSI minimum viable product goes live in 2027 community energy organisations and small aggregators can access local network data through the shared infrastructure from the outset
- **[Endorses Ofgem proposal]** Adoption of shared data standards and interoperability frameworks aligned with the Energy Digitalisation Framework's architectural reference framework, which NESO is due to publish by August 2026
- **[New CEE recommendation]** Participation in any coordinated Super Sandbox or system integration environment established to test coordinated low-voltage operation across multiple actors and use cases, with community energy organisations and local authorities as named participants

8. Summary of CEE Recommendations

| Theme | CEE Recommendation |
|---------------------|---|
| Community readiness | [New CEE recommendation] Require DNOs and DSOs to fund Community Readiness Partnerships with CEE, CES and CEW, with dedicated regional coordinators to develop community |

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| | energy capacity across each licence area before and alongside network investment. |
| National coordination | [New CEE recommendation] Require DNOs to work with CEE, CES and CEW as strategic co-ordinators of community energy organisations and local authorities, ensuring that DNO investment programmes are supported by deep place knowledge. |
| Advice and engagement | [New CEE recommendation] Fund community energy organisations to provide the advice and engagement function that makes LCT adoption lasting and effective, including energy advice, referral services and behaviour change support in fuel-poor communities. |
| Community batteries | [New CEE recommendation] Enable DNOs to co-fund community-scale battery storage and microgrid infrastructure, with shared ownership pathways and flexibility market access for community energy providers. |
| Network data | [Endorses Ofgem proposal] Mandate publication of granular, accessible postcode-level network data and DSO flexibility need maps, updated annually, in formats usable by non-specialist local organisations. |
| System architecture and DSI | [New CEE recommendation] Require DNOs to publish low-voltage network data in DSI-compatible formats as an ED3 licence condition, ensuring the national data sharing infrastructure can deliver local value when operational. Invest in low-voltage monitoring, data collection and local coordination as foundational infrastructure, not as optional enhancements. |
| Proactive enablement | [Endorses Ofgem proposal] Fund proactive unlooping, streamlined connections and low-voltage monitoring as mandatory core outputs, prioritising deprived, rural and off-gas-grid communities. |
| Equity metrics | [New CEE recommendation] Weight ED3 LCT output metrics towards equitable outcomes. Require annual geographic equity reporting. Establish a community readiness output metric with Ofgem oversight. |
| Flexibility access | [New CEE recommendation] Mandate a community and small aggregator pathway in DNO and DSO flexibility procurement, with proportionate terms, three-year contracts and local need mapping. |

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| Local supply chains | [Endorses Ofgem proposal] Require DNOs to demonstrate how ED3 investment programmes support local supply chain development, local employment and community wealth creation. |
| Market safeguards | [Endorses Ofgem proposal] Restrict the DNO expanded role to facilitation and enablement. Prohibit direct delivery, installation or retail functions to prevent market distortion. |

9. Contact and Further Evidence

Community Energy England is happy to provide further evidence, case studies or oral testimony to support Ofgem's decision-making process. We would welcome the opportunity to discuss this response and our members' priorities directly with the DNOLCTPolicy team before the consultation comes to its final determinations.

We can facilitate direct engagement between Ofgem staff and CEE members who are working actively on retrofit, LCT facilitation, flexibility services and shared ownership in communities across England. We can also facilitate introductions to Community Energy Scotland and Community Energy Wales to ensure that cross-national perspectives are represented in Ofgem's evidence base.

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Community Energy England

Community Energy England (CEE) was established in 2014 to provide a voice and network for the community energy sector, primarily in England. Membership totals more than 340 organisations. Many of the member organisations are community energy groups, but membership extends across a wide range of organisations that work with and support the community energy sector.

www.communityenergyengland.org