

WHAT STAKEHOLDERS EXPECT FROM DNOs IN ED3

MAY 2025



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1: ABOUT THE RESEARCH



FORWARD

Ofgem have set out their ED3 Framework Decision, which is essentially the firing gun for the RIIO-ED3 price control. Those responsible for developing the Business Plans have now been given the regulator's direction of travel.

For those of us concerned with stakeholder and consumer research, the framework decision includes some important considerations. There is a commitment to continue ED2's 'enhanced stakeholder engagement', with the requirement to appoint ISGs. DNOs should be responsible for conducting stakeholder research within their region, with the potential for complementary engagement on specific topics at the national level by Ofgem.

There was also an explicit desire to drive consistency, improve the reliability of outcomes and enable easier comparisons between network companies on their research programmes in ED3 – on which we now await further guidance on Ofgem's expectations for research methodologies and reporting.

In the meantime, to maintain momentum, many of the DNOs are preparing their stakeholder engagement strategies. As stakeholder engagement specialists, we felt what was lacking was insight from the stakeholders that they will be engaging with. We set out to understand what stakeholders felt the DNOs should learn from the RIIO-ED2 stakeholder engagement process and what their expectations are for RIIO-ED3.

We hope this gives the network companies some food for thought as they develop the stakeholder and consumer research strategies for RIIO-ED3.

METHODOLOGY



- We sourced 45 stakeholders representing a range of stakeholder types and received **23 responses**.
- Stakeholder types spanned the private, public, and third sectors.
- Respondents were emailed and asked to complete an online survey.
- Feedback was anonymised to encourage candour and honest feedback.
- Responses have been quoted directly with only spelling or grammatical errors changed.

WHAT ABOUT GDPR?

Personally Identifiable Information (PII) was collected through the survey to record responses. Once the survey was completed, response data was downloaded and PII was removed. Stakeholders were given a 'code' based on their stakeholder type with responses analysed on that basis.

SCOPE



- We chose to conduct a detailed poll of informed stakeholders due to the complexity of the topic.
- This gives us detailed, expert stakeholder views on the RIIO business planning process.
- The results are not representative of all stakeholders and do not necessarily reflect all stakeholder views.
- The results give an indication of trends and some initial recommendations.

WHAT ABOUT BIAS?

There may be an element of self-selection bias as participation was voluntary. We have mitigated against desirability bias by anonymising responses. Other biases may still exist, including in favour of their commercial and business interests.

OUR CREDENTIALS

EQ Communications is a consultancy dedicated to helping utilities engage with their stakeholders. We support clients to make engagement meaningful, using an approach that is grounded in emotional intelligence (EQ) to build understand and enable constructive dialogue.

- We have worked with all but one of Britain's DNOs – representing 11 of the 14 licence areas.
- Since 2020, we've held **185** engagement events for utility companies, including hybrid workshops, webinars and expert panels.

We are therefore uniquely positioned to undertake this research and to relay it back to the DNOs and the regulator to ensure that stakeholders' views are considered in the strategic planning stages.

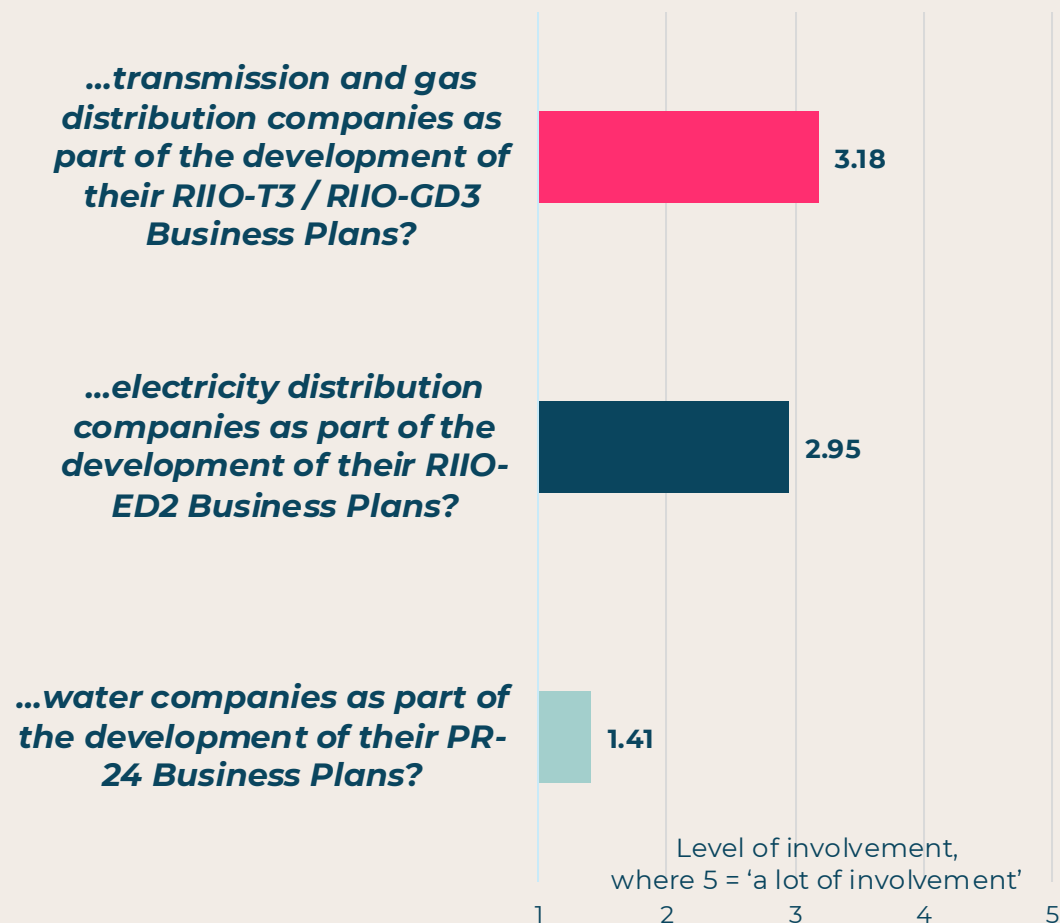


2: STAKEHOLDER SAMPLE



Stakeholders' profile and experience

Q: How would you describe your level of involvement with...



We received responses from: Academics, charities, energy consultants, local and regional government, Low Carbon Technology (LCT) installers, major users, renewables developers, trade bodies, and utilities in the electricity and gas sectors.

They had a range of engagement experience. Most had been consulted to inform the development of previous business plans. This had taken the form of attending **workshops and webinars, stakeholder panels, bilateral meetings** and **consultation responses**, as well as playing active roles in **customer panels** or other formal groups,

3: ENGAGEMENT DURING RIIO-ED2

What did the DNOs do well and what could they have done better?



Q: What did the **DNOs** do **well** when engaging with stakeholders in RIIO-ED2?



Respondents felt they did these **five things well**:

They used a range of **accessible** and **varied** formats

Online and in-person workshops or webinars were cited.

They engaged a **broad range of** stakeholders

Examples included stakeholder panels.

They kept them **updated**

Information giving was seen as beneficial alongside direct engagement.

They were **consistent**

This helped them build ongoing relationships.

They were **open** and **responsive to** questions

They had a 'desire to learn' from stakeholders.

Q: What did the **DNOs** do **well** when engaging with stakeholders in RIIO-ED2?



“Informative well-run sessions online and in person to look at key priorities and meet partners.”
Charity / third-sector

“Much better visibility overall, than for ED1. More sharing of ideas and concepts. More receptive to ideas and concepts.”
Trade body

“They had bilateral conversations with consumer advocacy organisations and listened.”
Charity / third-sector

“Engaged early in the process, bringing stakeholders on the journey from a relatively blank piece of paper through to the final business plan.”
Energy consultant

“It did feel like there really was a desire to learn from stakeholders. There were multiple opportunities to engage. It felt a step change improvement from RIIO-ED1.”
Charity / third-sector

“Early planning, broad engagement, triangulation of views, rechecking where there was a misalignment, demonstration of the golden thread.”
Energy consultant

Q: What could the **DNOs** have **done better** when engaging with stakeholders in RIIO-ED2?



Respondents felt they should have:

Been more proactive and consistent in their communication

Avoided irregular, clearly last-minute updates.

Bought stakeholders in at the “blank-sheet” stage

Co-created plans from the start instead of engaging after the direction was set.

Prioritised depth over breadth of dialogue

Delivered higher quality engagement with an emphasis on depth rather than volume.

Closed the feedback loop

Placed more emphasis on showing how stakeholder feedback shaped plans.

Tailored engagement better to the needs of specific groups

Delivered more targeted engagement that was better balanced to groups' perspectives.

Q: What could the **DNOs** have **done better** when engaging with stakeholders in RIIO-ED2?



“Some, though not all, distribution companies came with proposals already thought through, rather than starting with a blank sheet of paper. Some kept me better engaged as to the progress that was being made. With others it felt like there was radio silence for ages and then a sudden desire to meet.”

Charity / third-sector

“Perhaps by producing regular newsletters as others have introduced.”

Trade body

“Avoid placing over-importance on the numbers of stakeholders engaged, it's about quality not quantity.”

Energy consultant

“Fed back what they have taken from those stakeholder engagements and embedded into or made proactive changes to RIIO-ED2.”

Local / regional government

“It was not clear that the stakeholder representation was balanced across the sectors. There was a clearly good representation from civil society and the Third Sector. Not so clear that the business sector was adequately represented [...] probably inevitable since [they] have a return on investment [...]”

Energy consultant

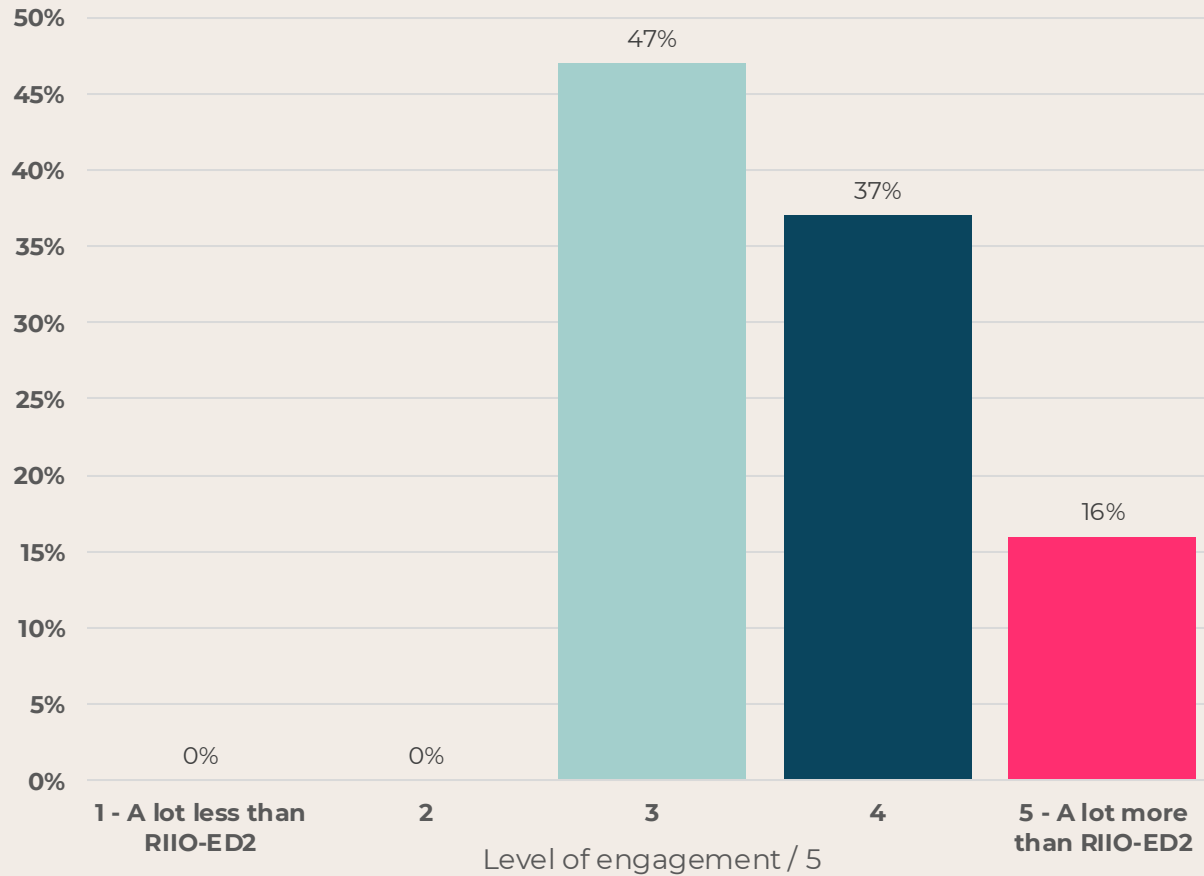
4: ENGAGEMENT IN RIIO-ED3

Improving engagement, accessibility, techniques, and 'one piece of advice'





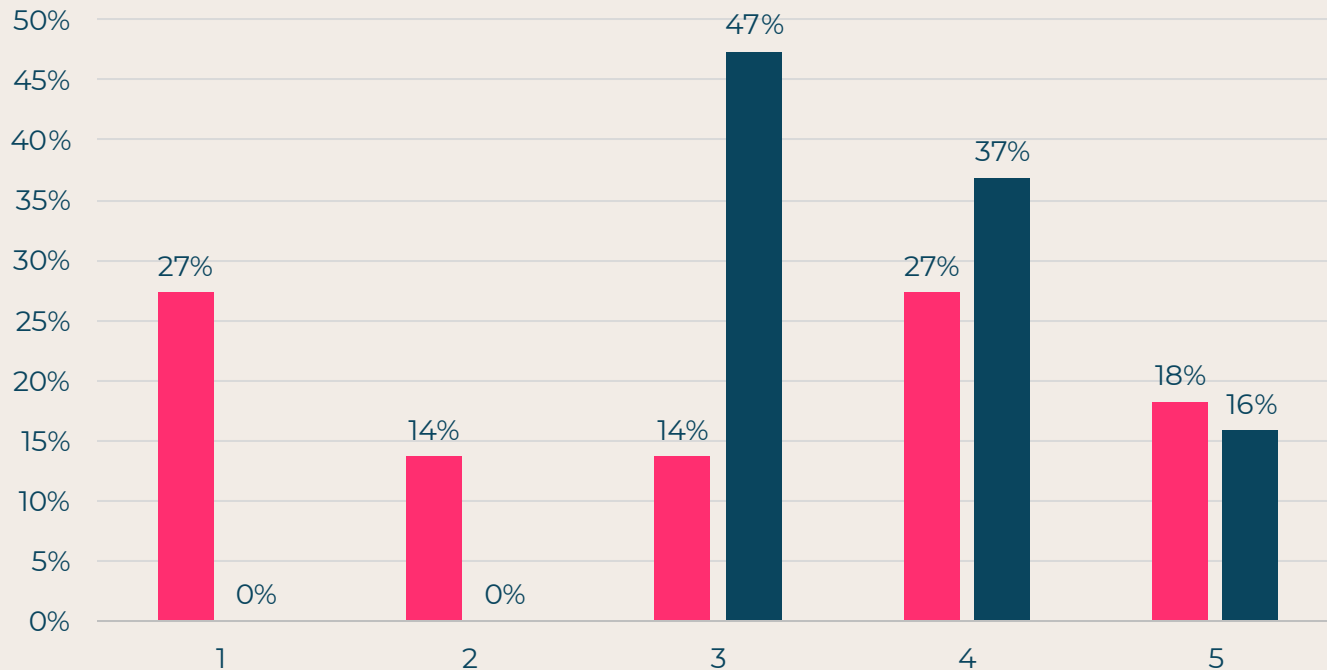
Q: What level of stakeholder engagement do you think would be appropriate for **RIIO-ED3**?



All respondents either want the **same**, or **greater** levels of engagement in ED3.

Weighted average: **3.68** / 5

Level of involvement in **RIIO-ED2** vs.
preferred level of engagement during **RIIO-ED3**



Weighted average

- How would you describe your level of involvement with electricity distribution companies as part of the development of their RIIO-ED2 Business Plans? **2.95 / 5**
- What level of stakeholder engagement do you think would be appropriate for RIIO-ED3? **3.68 / 5**

When comparing respondents' level of involvement in **ED2** to their preferences ahead of **ED3**, it's **clear that greater engagement is desired.**



Q: *What level of stakeholder engagement do you think would be appropriate for **RIIO-ED3**? - And why?*

When asked ‘why’ stakeholders want the same / more engagement, stakeholders said they want:

- **Broader** engagement to build consensus and solve issues
- Effective and **meaningful** engagement

But also

- **‘Targeted’** and **more focused** dialogue, particularly with those who may feel financially excluded from the energy transition.
- To not increase the volume of engagement for its own sake.

“...broad engagement across specific stakeholder groups and consumer segments, [...] analysed and triangulated will be important in producing robust stakeholder-evidenced RIIO-ED3 business plans.” *Utility*

"More engagement is needed to build consensus and understanding of what is needed."
Charity / third-sector

"We need more engagement on how to solve issues to rapidly decarbonise[...]."
Local / regional govt

"I think the level should be similar to what I've observed as good practice for T3 which has been more tailored and focused than ED2."
Energy consultant

"It's great to engage, but there is a risk of fatigue... I'd stick with a similar level of engagement and ensure that all engagement is effective and meaningful."
Charity / third-sector



Q: What could DNOs do to **improve their engagement** with stakeholders in RIIO-ED3?



Pivot to decision-oriented engagement

Using trade-offs to encourage the need to make choices.

Coordinate across DNOs and other utility sectors

Use forums to join-up views and spare stakeholders duplicate meetings.

Involve stakeholders earlier

...even before plans are drafted.

Use AI tools only when time is of the essence

Such as when analysing, triangulating and identifying gaps in engagement

Expand reach with flexible, accessible formats

Blend different methodologies to capture diverse, hard-to-reach voices.

Keep engagement transparent and candid

Have more honest conversations about constraints and how stakeholder input shaped decisions.

Q: What could DNOs do to **improve their engagement** with stakeholders in RIIO-ED3?



“Offer more ways to engage if can't make the meeting in person or virtually. Phone surveys, more regional events. Give more time for discussions though appreciate need to balance informing with breakout sessions..”
Local / regional government

“Consider joint engagement to avoid some stakeholders feeling fatigued by having similar sessions on the same theme (especially relevant for stakeholder with a national presence).”
Charity / third-sector

“Start talking to local authorities right at the outset before drafting a plan. Get in line with the work we carried out in the RESP project and how we could do things radically differently in a joined up integrated way.”
Local / regional government

“Ask stakeholders how they want to be engaged and in what ways. Investment in AI tools to support speedy analysis and triangulation will help in identifying gaps in insight and specific stakeholder groups, so those gaps can be filled in a timely way.”
Utility

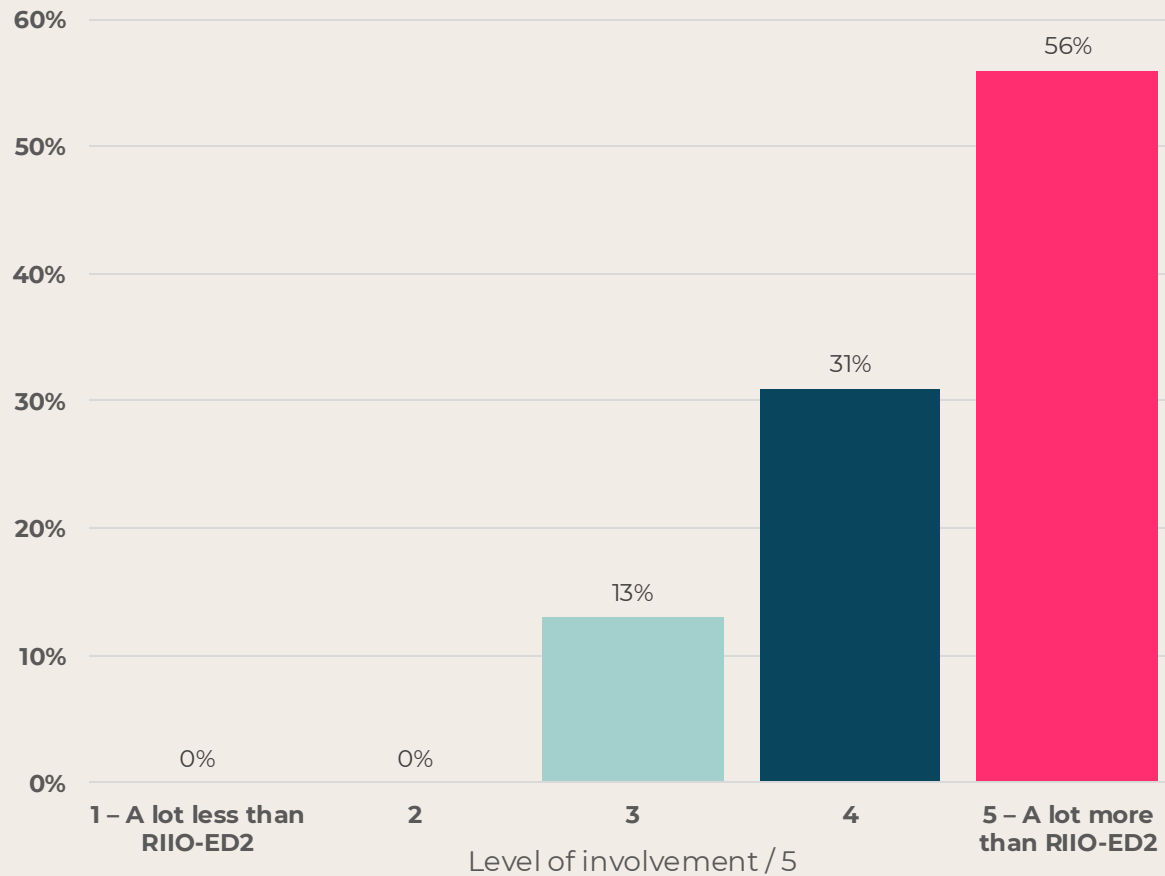
“[Be] more decision-orientated.”
Energy consultant

“More coordination between all the networks.”
Charity / third-sector

“More joined up thinking between each other, utilise the ENA more.”
Energy consultant



Q. What level of **place-based (regionally-focused)** engagement do you think will be appropriate for the development of the RIIO-ED3 Business Plan?



Weighted average: **4.44** / 5

Most respondents (**87%**) want more place-based engagement, and over half (**56%**) ‘a lot’ more.

And why?

Respondents:

- Suggested aligning with new regional bodies like RESPs and NESO.
- Argued that the transition to Net Zero must be responsive to local considerations.
- Suggested that this might reduce the risk of ‘engagement fatigue’.



Q. Do you have any views on how to make business plan engagement as **accessible as possible** to ensure it represents the diverse needs and perspectives of stakeholders and consumers?

Suggestions	Count
Hybrid workshops	4
Online workshops or webinars	2
Extra formats such as one-to-one phone calls and surveys	2
Use clear, jargon-free, short summaries	2
Create a formal stakeholder mapping / taxonomy	2
Actively broaden invite lists – “all walks of life”	2
Employ AI tools to map issues and produce easy-to-read digests	2

Other suggestions (only raised once):
Keep a live online platform where feedback can be added continuously
Publish recordings / webinars so people can engage on-demand
Tailor the approach for each stakeholder group; focus on quality not quantity
Distinguish customer vs. stakeholder engagement and involve the right organisational level
Use participatory workshop methods (e.g., Planning for Real / Future Search)

Q. Are there any new or emerging **stakeholder categories** that you think DNOs will need to include or place **more emphasis on** in their engagement for RIIO-ED3?



Suggestions	Examples provided	Count
Community & local-advocacy groups	<i>Community energy initiatives, climate-action groups, neighbourhood transition advocates</i>	4
Energy-efficiency & retrofit providers		3
Industrial & commercial customers		3
Flexibility service providers & aggregators		2
Technical solution providers	<i>LV-voltage regulation companies, OEMs/appliance manufacturers</i>	2
Marginalised & disadvantaged communities	<i>Procedural justice advocates</i>	2

Other suggestions (only raised once):

Digital-infrastructure & data-centre operators (plus fibre/5G network providers)

Heat-network providers

EV-charging-infrastructure developers/operators

Property & housing-sector actors (developers, housing associations, land-use planners)

Local authorities & devolved / unitary administrations

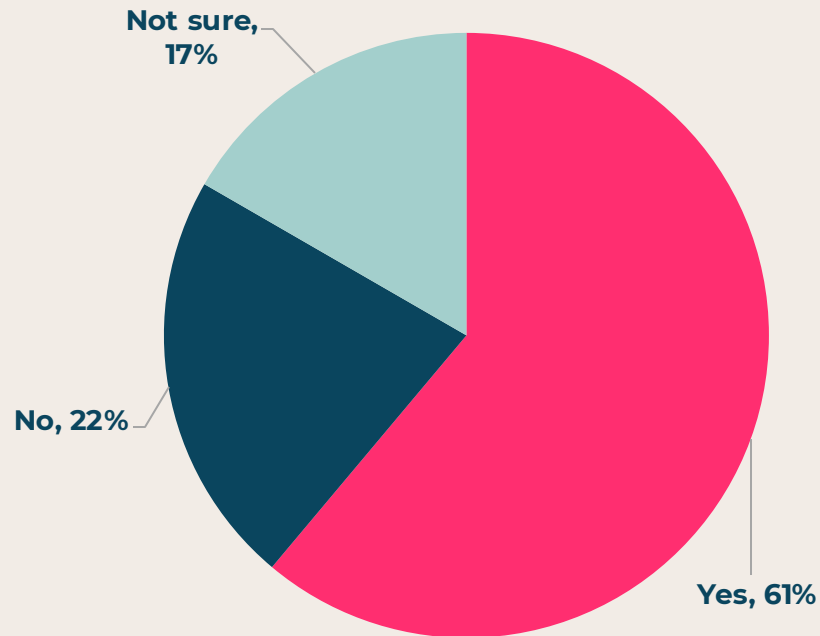
Other network operators (other DNOs, NESO)

Future consumers (next-generation customers)

Infrastructure-project stakeholders & cost-oversight bodies

Local residents affected by visual impact of new assets

Q. Are you aware of the **Independent Stakeholder Groups** (ISGs) (formerly CEGs)?



Q. If so, what are your expectations of their role in RIIO-ED3?



- To act as '**critical friends**'.
- **Provide confidence** that there is rigour in the development of Business Plans.
- To have clearly defined **roles** and **remits**.
- To not become a way for Ofgem to '**outsource scrutiny** of stakeholder engagement'.
- To not be **elitist**.
- To **connect** to '**peoples' everyday challenges**'.

Q. If so, what are **your expectations** of Independent Stakeholder Groups (ISGs) role in RIIO-ED3?



"I thought these had stopped meeting. ED3 does need independent oversight, but what's the role for RESP governance regionally. Are there overlaps?"
Charity / third-sector

"Challenge and scrutinise the ED3 process for stakeholders, giving them confidence there has been rigour in the development of the ED3 submitted BP." *Energy consultant*

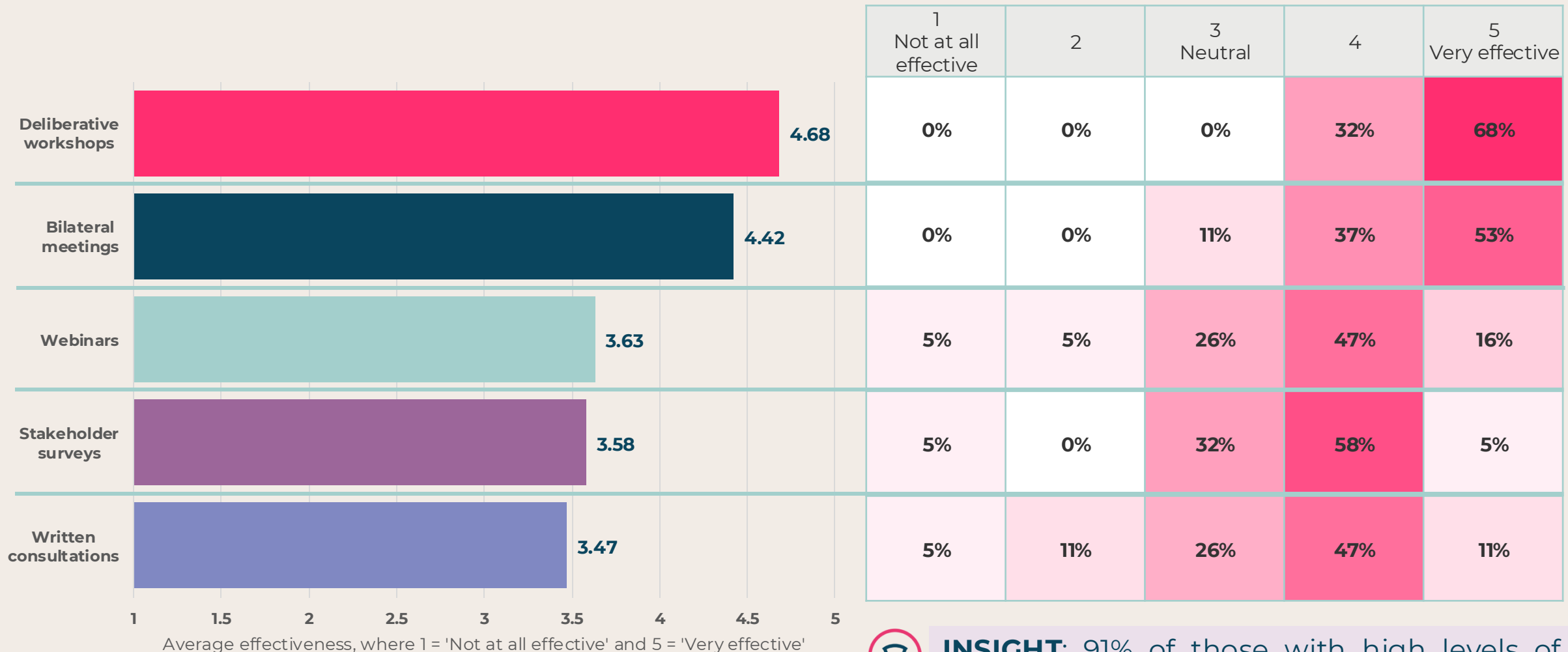
"It was a positive development for Ofgem to mandate [ISGs] for T3 and give guidance on their remit, which gave the groups more power to challenge the companies. However, Ofgem effectively outsourced scrutiny of stakeholder engagement to the groups and the depth of operation and scrutiny of stakeholder engagement has been mixed due to lack of detailed guidance. More guidance is needed on the expected depth of scrutiny of the company's stakeholder engagement and expectations / criteria for the ISG Chair statement."
Energy consultant

"I expect a slightly less involved role for ED3, but still important. The focus should be to test and challenge the process the network expects to follow, and the high level outcomes from engagement, but not necessarily viewing or challenging every piece of feedback collected."
Energy consultant

"Not high, in practice members have too little contact with peoples' everyday challenges. In the past elitism has ruled!"
Academic



Q. How effective do you find the **following techniques** for understanding stakeholder views on topics relating to electricity distribution?



INSIGHT: 91% of those with high levels of ED2 involvement feel deliberative workshops are 'very effective'

Q. Are there any **other engagement methods** or **techniques** you would like to see DNOs use in RIIO-ED3?



Interactive, 'two way' webinars

Panels (Stakeholder panels, citizen panels for future customers)

Use of digital tools (Miro, Mentimeter)

AI-powered engagement

Collaborative engagement to reduce fatigue and cost

Social media with trusted, authentic voices

Working groups on specific topics

Innovative facilitation methods (Future Search, Planning for Real, Polarity Management)

One-to-one interviews and phone surveys

Face-to-face or Teams-style meetings

Q. RIIO-ED2 focused on 'enhanced stakeholder engagement'. What do you think the **focus** of **ED3's** stakeholder engagement should be?



Embed engagement into decision-making

Ongoing and targeted interactions rather than general consultations.

Think whole-system

Sync with Regional Energy Strategic Plans and other networks.

Show the impact

Demonstrate how stakeholder input tangibly shapes business plans and decision-making.

Quality beats quantity

Consider which strategies will produce consistent, high-quality engagement.

Tailor by stakeholder segment

Target different groups based on the specific insight or contribution required.



Q. RIIO-ED2 focused on 'enhanced stakeholder engagement'. What do you think the **focus** of **ED3's** stakeholder engagement should be?

"Enhanced stakeholder engagement should be embedded in the companies to support not only business planning but day to day decision making and communications/messaging."
Utility

"Effective engagement. Know which stakeholder groups can deliver what type of challenge or insights and make sure you get that. Rather than broad based methods that just go for 'numbers of stakeholders engaged'.
Charity / third-sector

"Stakeholder engagement that thinks – and acts – outside the box."
Energy consultant

"Consumer insight – deliberative qualitative and quantitative – should be increased for RIIO-ED3."
Utility

"Demonstrating input into decision making."
Energy consultant

"Whole systems - integrating with RESP."
Charity / third-sector

Q. What **one piece of advice** would you give DNOs looking to engage with stakeholders as they start to develop their RIIO-ED3 Business Plans?



Start early & remain decision-focused

Don't just inform – involve.

Communicate with purpose and clarity

Explain 'why' you are engaging before you begin.

Keep sessions short and focused

Meetings should be short and focused to accommodate limited capacity.

Demonstrate the impact

Clearly show how stakeholder input has been acted upon and what tangible outcomes it has generated.

Be transparent

Build trust and be honest about constraints and limitations

Involve the right people

Quality engagement, not just volume

Q. What **one piece of advice** would you give DNOs looking to engage with stakeholders as they start to develop their RIIO-ED3 Business Plans?



"Make communications short and effective. Be clear about the purpose of the meeting. Capacity is tight for all so shorter sessions are often better attended."

Charity / third-sector

"Start early and frame engagement around specific decisions rather than general information provision."

Energy consultant

"Ensure maximum honesty and trustworthiness at all times — and avoid being seen as remote, idealistic and elitist like the plague. Use of plain English in short meaningful sentences."

Academic

"Use a good stakeholder engagement organisation... and ensure electricity distribution companies feedback what has been done/taken on from those stakeholder engagements."

Local / regional government

"Engagement should lead to an outcome that both sides can point to."

Charity / third-sector

THANK YOU

EQ Communications is a consultancy specialising in stakeholder and community engagement on behalf of clients in the energy, utilities, development and infrastructure sectors.

We solve the problem of poor engagement by working to make engagement meaningful. Our approach is grounded in emotional intelligence, designing strategies that build understanding on complex or high-stake issues.

This means we can collect robust stakeholder feedback whilst simultaneously helping our clients foster genuine relationships with the people that matter to their business.

If you'd like to discuss this report in detail, or talk through your upcoming engagement plans, get in touch.



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