



Social DSO

Delivering Benefits in ED2

July 2026

Purpose and vision

This document presents how our Distribution System Operator (DSO) activities in ED2 deliver value across financial, system, social and environmental outcomes, and how these benefits are distributed across customers and stakeholders. Our [full DSO performance report can be found on our website](#).

A DSO actively manages local electricity networks to enable flexibility, decarbonisation and customer participation as a driver of the clean energy transition. A 'social DSO' is an umbrella term under which our DSO functions operate, embedding social value, inclusivity, and fairness into decision-making and delivery. At SP Electricity North West (SP ENW), **social DSO is now fully embedded within ED2** operations, ensuring the journey to more resilient, cleaner energy systems delivers tangible and equitable benefits for our customers across the North West.

Through smarter network management, flexibility services and data-driven decision-making, we are **reducing reinforcement costs, accelerating connections, and lowering bills**, whilst ensuring benefits extend beyond connecting customers to the wider system and society.

The energy transition presents both opportunities and risks to network operators and their customers as, **without deliberate intervention**, the financial and social benefits stemming from network investments and development **may not be shared evenly**. The aim of our social DSO is to ensure social value is considered alongside financial, network and carbon outcomes in planning, investment and operational processes. We now use an **enhanced cost-benefit analysis model** aligned with Ofgem's RIIO-ED2 guidance, [HM Treasury's Green](#) and [Magenta Book](#) appraisal literature, and cross-DSO benefit standardisation (collaboratively developed with the [Energy Networks Association](#)) to inform investment and operational decisions. Notably, we co-developed a bespoke **social cost-benefit analysis (SCBA) tool** which is founded on and retains all functionalities of the core Ofgem CBA with added modules that allow **wider societal impacts**, such as system-wide customer bill-savings and reductions in harmful air pollutants, to be measured alongside traditionally captured benefits.

This approach is actively assured through our [DSO Stakeholder Panel](#), ensuring priorities reflect regional needs and stakeholder insight, and that social outcomes are embedded into business-as-usual DSO delivery.

A word from our Head of DSO, Paul Auckland: *"Being able to demonstrate the tangible outcomes that our newly developed social cost-benefit analysis tool delivers, enables us to continue to build and maintain the confidence in the work we are doing as a DSO. It also further demonstrates to the communities we serve across the North West that we are putting them at the heart of all we do with the focus on not just the immediate action, but the wider societal benefits we are bringing."*



Unlocking social value: Our new SCBA tool allows us to measure wider social benefits that augment our core reinforcement, acceleration, and network optimisation benefit categories, such as air quality improvements and short-run system-wide energy bill savings. For example, an **additional £16.9m of wider benefits** out to 2040 were identified from our **accelerating connections through flexibility** initiative.

This year, we have updated and strengthened our DSO benefits methodology, ensuring that consumer value is measured, governed and evidenced in a consistent, transparent and socially informed way.

[Our new benefits methodology is on our website.](#)

Social value embedded into decision-making: Our SCBA tool is now in active use across all DSO activities. This marks a shift from measuring social value separately to embedding it within business-as-usual DSO investment and operational decision-making. We have published a [summary report of our SCBA project here](#).

Alignment with industry standardisation: In 2025/26, we led collaborative work through the ENA to standardise benefit calculation approaches across all DSOs. This resulted in a consistent valuation of benefits linked to accelerated connections, reinforcement deferral and outage optimisation; clear definitions of realised, unlocked, and ambition benefits; and improved comparability and assurance across DSO reporting. These standardised approaches are now incorporated into SP ENW's benefits modelling. Full detail can be found in the [ENA DSO Benefits Methodology final output](#).

Fully-integrated Theory of Change: All DSO activities are now assessed using a 'Theory of Change' framework, linking DSO actions, outcomes and social impacts, quantified benefits, and beneficiary groups. This provides a clear line of sight between day-to-day DSO delivery and the consumer outcomes it enables.

What this is delivering for consumers and society

Following feedback from our stakeholders, we have restructured how we categorise and present our DSO benefits to specifically show who is benefitting and when. Our benefits are now categorised as either standardised or non-standardised DSO activities, aligned with ENA standardised benefits methodology. The values are then stated as either realised, where the benefit has accrued to the network or stakeholder group; unlocked, which refers to high-certainty future benefits; or ambition, where the activities undertaken are expected to result in benefit accrual in future years but lacking the certainty of unlocked benefits.

The restructuring of our benefits ensures reporting consistency across DSOs, clearly evidences the value delivered by each DSO activity, and improves transparency regarding which customer groups receive those benefits.

To show progress, we have quantified realised DSO benefits for the first three years alongside forecasted unlocked and ambition benefits for the remainder of ED2, and out to 2040. All figures are expressed in net present value (NPV). As it stands, we are outperforming initial forecasts – **£114.1m of benefits have been realised to date**, increasing year-on-year. We are forecasting **ED2 benefits of £380m** (of which, £290m are from standardised benefit categories – 76% of all reported benefits) against our **DSO transition plan of £249m**, with the opportunity to enable **£3.1bn of financial benefits by 2040** (which includes £2.3bn of standardised benefit types – 75% of reported benefits).

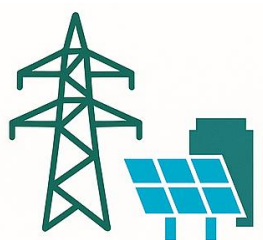
	Realised				Unlocked	Ambition	Totals		Total
	Year 1	Year 2	Year 3	ED2-to-date	ED2 Forecast	ED2 Forecast	ED2 Total	ED2 Plan	2040
Standardised Activities across DSOs									
Deferring reinforcement	-	0.8	2.1	2.9	-	10.0	12.9	30.5	241.9
Accelerating connections	6.9	25.0	42.5	74.4	34.4	167.5	276.4	182.1	2,044.9
Outage management and optimisation	-	-	-	-	0.7	-	0.7	-	21.6
Sub-total (standardised)	6.9	25.8	44.6	77.3	35.2	177.5	290.0	212.6	2,308.4
Non-Standardised DSO Activities									
Improved monitoring	(0.3)	0.0	1.8	1.6	-	9.2	10.7	11.9	58.7
LAEP support	0.3	1.0	1.7	3.0	6.8	-	9.8	-	44.2
Coordinated network development	8.6	9.0	9.4	26.9	20.0	-	47.0	24.2	499.7
Smart Street rollout	(0.2)	0.5	5.0	5.2	17.7	-	22.9	-	159.2
Social DSO fund	-	-	(0.0)	(0.0)	0.1	-	0.1	-	0.3
Sub-total (non-standardised)	8.5	10.5	17.8	36.8	44.5	9.2	90.4	36.1	761.8
Total benefit	15.3	36.4	62.4	114.1	79.7	186.7	380.4	248.7	3,070.3

Delivering a just and fair energy transition

As a social DSO, we continue to work towards ambitious targets and encourage projects to target areas where the greatest impact can be delivered, such as installing Smart Street devices on transformers that feed more fuel-poor communities; and LAEP+, a digital tool that helps local authorities (LAs) to minimise energy planning costs through coordinated reinforcement and identifying 'least-regret' pathways. Smart Street rollout and our LAEP+ tool have already delivered **£5.2m** and **£3.0m** of realised benefits, with **£17.7m** and **£6.8m** of further **unlocked benefits** forecast by the end of ED2.

It is important to show who is benefitting from our DSO activities as this provides insight into the expected scale of impact in ED2. Our social DSO strategy is *forecasted to deliver significant value across ED2 – £9.1m* of benefits to our local authorities through coordinated planning and education; **£115.8m** to the whole system through reduced reliance on gas electricity generation; and **£4.8m** from our social DSO fund and reduced harmful air pollutants, lessening strain on the NHS.

Beneficiary	Benefit	Year 1	Year 2	Year 3	ED2 YtD	Forecast
Direct customers	Avoided or deferred reinforcement costs from using flexibility, reducing consumer contributions to distribution costs, and reduction in energy consumption	13.5	21.4	34.8	69.7	158.3
Local authorities	Reduced resource costs from decarbonisation planning tools and support	0.3	0.9	1.6	2.8	9.1
DERs	Avoided or deferred reinforcement costs from using flexible connections, reducing costs to connecting customers	0.3	0.8	2.5	3.6	69.4
Whole system	Reduced wholesale electricity costs from improved network access for renewable DERs, allowing low carbon generation to connect sooner	0.7	11.1	19.2	31.0	115.8
Environment	Value of reduced carbon emissions from improved network access for renewable DERs	0.4	1.6	3.6	5.6	23.0
Social DSO	Direct financial savings to at-risk customers through Social Impact Fund, including LCT uptake, energy use optimisation and reduction in air pollutants	0.1	0.4	0.8	1.3	4.8



**Electricity
system**



**Benefit
categories**



Beneficiary

From the network to our customers

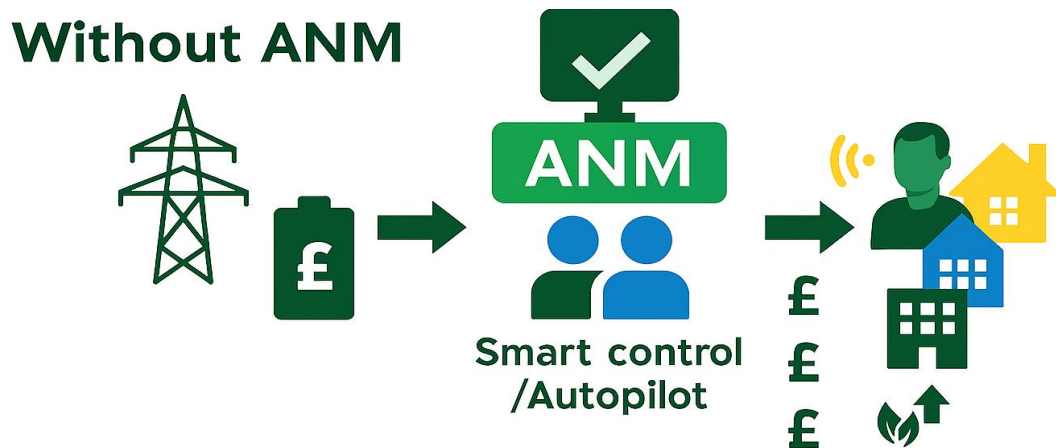
Our DSO activities generate financial, system, social and environmental benefits across the electricity system, which flow through to specific customer groups, communities and the environment. This reflects the application of our social cost-benefit analysis approach – to ensure that value delivered through ED2 activities is transparently linked to the beneficiaries that ultimately receive it. These outcomes are explored further in the following case studies, which provide practical examples of how benefits are generated and distributed across customers and communities.

Commercial flexibility contracts case study

An increase in commercial flexibility contracts in 2025/26 resulted in £1.7m of revenue for demand-side connections and £5.5m for generation connections to be accelerated by three years; bringing our year-to-date position to £18.5m, with a forecast ED2 close of £28.7m of accelerated revenue benefits for connecting customers.

ANM battery connection case study

In late November 2025, a large battery connected to our network. Without smart controls, its demand risked overloading a critical part of the network, and restoring power following damage could be slow, expensive, and funded by bill payers; the customer's import capacity would also have been highly restricted. Instead, the battery was connected using ANM, resulting in significantly reduced curtailment. The counterfactual – i.e., what would have happened in the absence of ANM – was £1.5m of direct customer cost and £3.2m of DUoS funded reinforcement (DUoS refers to 'distribution use of system charges – costs that are spread across all customer bills): with ANM, these costs were largely avoided or deferred, resulting in significant cost-savings for our customers.



Tracking our performance

We track the delivery of our objectives and effectiveness of our social DSO strategy through a suite of key performance indicators (KPIs). Our KPIs are overseen by our DSO stakeholder panel and provide a transparent, repeatable and robust way to monitor progress. Ongoing performance is tracked against quarterly targets, and course correction is taken to ensure we work towards the full-year targets. These KPIs span both operational and social impact measures and form a core part of our governance framework. [Published KPI scorecards for 2025/26 can be found on our website.](#) Our above-benchmark performance in year 3 is primarily attributed to a greater than expected delivery of accelerated connections through commercial flexibility and our ANM system.

Reach out. Engage. Collaborate with us.

Our social DSO approach is focused on delivering inclusive and equitable outcomes for all customers and communities. We recognise that achieving this vision requires ongoing dialogue, transparency, and collaboration.

We welcome feedback, challenge, and perspectives. Your insights will help us refine our approach, address emerging needs, and ensure no one is left behind in the transition to a smarter, more sustainable energy system. Please get in touch to share your views and help shape the future of the Social DSO.

To find out more, take a look at [our Social DSO strategy](#), or get in touch with us via dso@enwl.co.uk.