



Department for Energy Security & Net Zero

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Chair of the Energy Security and Net Zero Committee
House of Commons
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7 July 2025

Dear Bill,

Government Response to the National Infrastructure Commission's (NIC) Study 'Electricity Distribution Networks'

I am writing to inform you that today I have published the Government Response to the National Infrastructure Commission's (NIC) Study 'Electricity Distribution Networks: Creating Capacity for the Future'.¹

The distribution network will play an important role in delivering the government's growth and clean energy superpower missions. It will enable the delivery of clean, home-grown and secure power to homes and ensure businesses can set up and expand with timely connections.

The NIC study makes 14 recommendations to Government, Ofgem and the National Energy System Operator (NESO) on the themes of flexibility, price controls, strategic planning, supply chain and skills, connections and maintaining the reliability of the network. The government agrees with the NIC's recommendations, and our response sets out the next steps for implementation – building on existing work.

The electricity distribution network

The lower voltage distribution network connects the high voltage electricity transmission network to homes and businesses. Smaller sources of generation and flexibility, such as renewables and batteries, also connect to the distribution network. The owners and operators of each part of the distribution network, the Distribution Network Operators (DNOs), are regulated by Ofgem.

Capacity constraints have been felt more acutely at the transmission network level and my department is leading the work to deliver the necessary network build for clean power by 2030. Without action we will see similar constraints on the distribution network as electricity demand increases, driven by the decarbonisation of heat, transport and industry. Demand for electricity is set to double by 2050, and the distribution network is

¹ On 1 April 2025, the NIC merged with the Infrastructure and Projects Authority (IPA) to form a new organisation, the National Infrastructure and Service Transformation Authority (NISTA), a unit within HM Treasury.

key to driving decarbonisation and economic growth. In this context, the NIC study is a valuable tool to support current and future work and to aid focus on challenges specific to the distribution network.

Overview

The study was announced by government in the Autumn Statement 2023; HM Treasury commissioned the NIC to provide recommendations on the policy decisions required to make the electricity distribution network suitable for net zero. The NIC published the study 'Electricity distribution networks: Creating capacity for the Future' on 21 February 2025.

My department has engaged with Ofgem, NESO, HMT, DBT, DFT, DFE, DEFRA, MHCLG and No.10 to develop the government response to the study.

The government response

The overall message from the study is the need for a 'step change' to an anticipatory approach to investment. This should be based on defining need through strategic plans, a conscious management of uncertainty and a regulatory framework that can deliver forward looking priorities. The government response agrees with all 14 of the recommendations, with some non-substantive caveats on implementation processes.

The recommendations will also benefit the government's growth agenda. The distribution network must act as an enabler to increase investment in large demand projects such as data centres and the electrification of the economy as businesses adapt to green technologies. Implementing these recommendations and preparing the network for net zero will ensure the network is ready to respond to increased demand.

Responsibility for implementing the recommendations is split between Government, Ofgem, NESO and Distribution Network Operators (DNOs). Delivery partners have been consulted throughout the drafting to ensure alignment of thought. We have also engaged with DNOs and they are supportive of the anticipatory investment the study calls for.

A distribution network that can meet future demand is critical for both Clean Power 2030 and accelerating to net zero by 2050. This response sets out a range of actions being taken to deliver that network.

Best wishes,

A handwritten signature in black ink, appearing to read 'Michael Shanks', followed by a period. The signature is fluid and cursive.

Minister Shanks MP
Minister for Energy for Energy Security and Net Zero