

# Social DSO Fund: Strategy & Governance Framework

## 1. Introduction and Purpose

This Strategy and Governance Framework set out how the Social DSO Fund is structured, managed and delivered throughout the ED2 period. Its purpose is to provide clear information on the objectives of the fund, the types of projects it supports, who is eligible to apply, and how applications will be assessed and approved. By outlining the full process from application through to decision-making and monitoring the document aims to support potential applicants, ensure transparency, and provide assurance that the fund is administered fairly, consistently and in line with our [Social DSO Strategy](#).

Any further questions and/or comments should be directed to [SocialDSO@enwl.co.uk](mailto:SocialDSO@enwl.co.uk)

## 2. Purpose of the Social DSO Fund

The Social DSO Fund exists to accelerate a fair, inclusive and socially responsible energy transition by supporting community and public sector organisations to deliver projects that create social, environmental and economic benefits for the North West. It is a key enabler of our Social DSO Strategy and helps ensure that the shift to clean energy benefits everyone, leaving no one behind.

Through collaboration and co-investment, the fund will empower communities to take meaningful action across a diverse range of initiatives, including but not limited to:

- Projects that strengthen local resilience and accelerate decarbonisation
- Activities that increase participation in the energy transition, particularly among groups at risk of exclusion
- Investments that deliver measurable social value alongside network benefits
- Innovative solutions that optimise system efficiency and affordability
- Community-owned flexibility assets and services where relevant to local network needs

## 3. Strategic Objectives

The UK's energy system is undergoing a profound transformation, moving from a traditional, centralised model to a decentralised, smarter and more flexible network. This transition is essential to achieving net zero, but it also brings challenges, ensuring that the benefits are shared fairly and that no one is left behind.

SP Electricity North West's Social DSO Strategy sets out a vision to lead this transition in a way that is fair, inclusive and socially responsible. We call this *DSO for Good*, which means going beyond technical solutions to deliver wider societal benefits, strengthen community resilience and promote equity across the region.

As a key enabler of this vision, the Social DSO Fund provides targeted support for projects that help communities and public sector organisations participate in the energy transition, deliver measurable social and environmental value, and unlock innovation that benefits both people and the network.

To deliver on this purpose, the Social DSO Fund objectives are aligned with our Social DSO objectives:

<b>Social DSO strategy goals</b>
<b>Goal 1:</b> Timely investment to enhance network capability.
<b>Goal 2:</b> Make investment decisions that maximise social benefits.
<b>Goal 3:</b> Promote broader sharing of net zero benefits by supporting clean energy investments, sustainability and climate projects in at-risk communities.
<b>Goal 4:</b> Increase participation in the energy transition, extending beyond the usual groups.
<b>Goal 5:</b> Work collaboratively to increase system efficiency.

#### 4. Eligibility criteria

To ensure the Social DSO Fund delivers maximum impact and aligns with our strategic objectives, all applications to the fund must meet the following criteria:

- The applicant must be registered on Companies House/Charities commission as a legally constituted community or public sector organisation (see Appendix 1 for eligible structures)
- The project activity must be located within the SP ENW DSO licence boundary
- The project must produce demonstrable social and/or environmental benefits
- The applicant must be able to provide 50% match funding.
- At the point of application, applicants must have secured all additional funding/finance required for the project.
- The proposed project includes eligible activities (Appendix 2: Eligible/Ineligible activity).

#### 5. Conditions of the grant

- Funding limit: Up to £25k (including VAT) per project.
- Match funding: 50% match funding is required for all projects
- Contractual agreement: Applicants must enter a formal contract with SP ENW prior to project start.
- Data and learning: Applicants must be willing to share project data, resources, and insights with SP ENW for system planning and flexibility purposes.

- **Asset availability:** If the project is located within an SP ENW identified Constraint Management Zone - any Low Carbon Technology (LCT) assets associated with the grant application must be available for DSO dispatch under a minimum 3-year contract term.
- **Flexibility commitment:** Where relevant (see asset availability above), applicants agree to enter a flexibility services contract post-deployment.
- **Lifecycle plan:** On successful award, applicants will provide a plan for ongoing maintenance and eventual decommissioning of the funded Low Carbon Technology asset.
- **The Social DSO Fund is regarded as outside the scope of VAT.** Grants are therefore awarded at 0% VAT. Applicants are responsible for seeking their own independent tax advice if required.

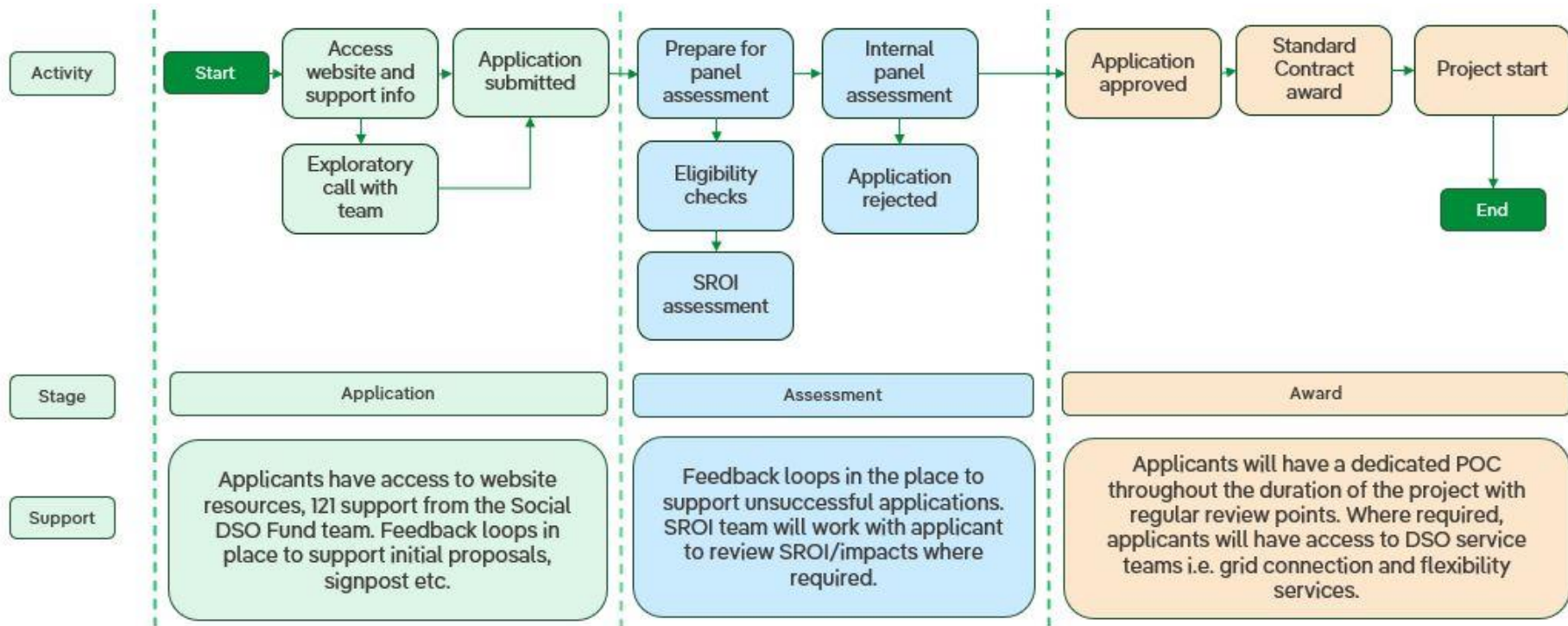
## **6. Governance principles:**

Our governance principles ensure the Social DSO Fund is managed with fairness, transparency, and accountability, reinforcing trust and delivering outcomes that align with our Social DSO strategy goals.

1. **Fair access:** Maintain a transparent and fair route to application.
2. **Outcome-based support:** Where relevant, demonstrate a clear pathway to flexibility participation.
3. **Due diligence:** The assessment process should include eligibility, technical, and financial checks. An internal assessment panel will approve applications for funding. All decisions will be shared with the SP ENW DSO Stakeholder panel.
4. **Contractual accountability:** Contract agreements to be in place prior to project start.
5. **Monitoring and evaluation:** Ongoing reporting of social impact, asset utilisation, and flexibility delivery.
6. **Transparency in decision-making:** Clear assessment criteria with successful projects published on the website.
7. **Inclusivity and equity:** Proactive outreach to underrepresented communities and public sector bodies.
8. **Conflict of interest management:** Robust processes to identify and manage conflicts clearly and effectively.
9. **Continuous improvement:** Annual reviews of the Social DSO fund including its impact and governance framework to ensure relevance.
10. **Data privacy and compliance:** Adherence to GDPR and other relevant data protection regulations.
11. **Risk management:** Monitoring and mitigation of financial, technical, and delivery risks throughout the project lifecycle.



### 7. Customer Journey: Receiving, assessing and awarding Social DSO fund:



## 8. Key Performance Indicators

For consistency and impact, the Social DSO Fund will adopt the same KPIs as the broader Social DSO Strategy:

Social DSO Fund measure	Definition (unit)
Measure 1: Financial benefits to customers	£ value of cost savings or benefits delivered through funded projects (£)
Measure 2: Benefits to wider society	£ social value delivered through the funded projects (jobs, health, resilience) (£)
Measure 3: Flexible connections enabled	MW flexibility capacity or number of assets registered for dispatch (MW/number)
Measures: 4: Social Impact Fund projects	Number and £ value of funded projects under Social DSO Fund (Number/£)
Measure 5: Engagement of individuals at risk of being left behind.	<p>% of beneficiaries from at-risk groups (%)</p> <p>At risk community groups:</p> <ul style="list-style-type: none"> <li>Above average power cuts</li> <li>Ethnic minorities</li> <li>Low confidence (with digital technologies)</li> <li>Low disposable income</li> <li>No internet</li> <li>No off-road parking</li> <li>Renters</li> <li>Rural</li> <li>Single person households</li> <li>SMEs</li> <li>Vulnerable (Extra care register)</li> </ul>

## 9. Assessment

Assessment is a two-stage process:

**Phase 1 – Eligibility Check:** SP ENW review each application against the gateway criteria set out in Section 3. Applications that do not meet these requirements will be notified and will not progress to Phase 2.

**Phase 2 – Panel Assessment:** A minimum of three representatives (2 x SP ENW and 1 x external stakeholder) will conduct a panel assessment for each the applications. Each panel member will receive an assessment pack containing:

- Confirmation of Phase 1 eligibility checks

- Application form
- Assessment scoring template and scoring guide.

Using this information, panel members score applications against defined criteria using a 0–3–5 scale. Scores are weighted to reflect importance, totalling 100 points, with up to 3 bonus points for CMZ/flexibility participation (maximum 103 points). A scoring rubric, scoring sheet and guidance will be provided to ensure consistency.

<b>Criterion</b>	<b>Weighting</b>	<b>Score range</b>
Strategic alignment and relevance to Social DSO strategy	20	0-5
Engagement of at-risk individuals	20	0-5
Deliverability and risk	20	0-5
Availability of match funding	20	0-5
NPV / SROI score	20	0-5
Total	100	
Bonus points – Either / Or:		
CMZ + willing to participate in flexibility market.	(+3)	Yes/No
Grand total	103	

## 10. Amount and frequency of funding

The Social DSO Fund will operate throughout the duration of the ED2 period, with a maximum total allocation of £500,000. Funding will typically be distributed through scheduled funding rounds, with an anticipated 2–3 rounds per year, subject to the availability of funds and organisational priorities. The website will be updated regularly to reflect the funding rounds.

## 11. Appendix 1: Eligible organisations

- community benefit society,
- co-operative,
- registered charity,
- charitable incorporated organisation (CIO),, s
- community interest company (CIC),
- company limited by guarantee,
- unincorporated community group,
- parish/town council, school,
- housing association,
- social enterprise,
- or other legally constituted not-for-profit organisation.

## 12. Appendix 2: Eligible activities

Your project can include activities that involve one or more of the following:

- Supply and installation of low-carbon technologies and energy-efficient products (e.g., solar PV, heat pumps, EV chargers, batteries, insulation, smart devices).
- Provision of energy advice and support to vulnerable or marginalised groups.
- Projects that help underserved or rural communities access low-carbon solutions.
- Development of community-owned energy or flexibility assets (e.g., shared battery storage).
- Innovative or trial-based local energy projects (e.g., testing new technologies, smart microgrids, local energy trading).
- Community-led climate or resilience projects using low-carbon technology.

The Social DSO Fund will not cover the following:

- Grid connection costs, including any fees or works required to connect equipment or assets to the electricity network.
- Staff salaries, core staffing costs, or general operational costs of running your organisation.
- Feasibility studies, research projects, scoping exercises, or desktop-only studies that do not lead directly to delivery.
- Routine repairs, maintenance, or replacement of existing equipment not linked to low-carbon or flexibility outcomes.
- Commercial projects that primarily benefit a private business rather than the community.
- Projects located outside the DSO licence area.
- Activities that duplicate existing statutory responsibilities (e.g., works that should be funded through other public budgets).
- Any activities that do not deliver social, environmental, or community benefit aligned with the Social DSO Fund objective.

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