

**LCRCA Response to Call for Evidence (CFE) on the Electricity Distribution Business Plans for RIIO-2**

Response to be issued to [riioed2@ofgem.gov.uk](mailto:riioed2@ofgem.gov.uk) by 7 Feb 2022

This response is related to Scottish Power Energy Networks (SPEN) and particular to the SPEN MANWEB area for Liverpool City Region as contained in the SPEN business plan found at [https://www.spenergynetworks.co.uk/pages/our\\_riio\\_ed2\\_business\\_plan.aspx](https://www.spenergynetworks.co.uk/pages/our_riio_ed2_business_plan.aspx)

07 February 2022

**FAO Steve McMahon**

**Deputy Director, Electricity Distribution, Network Price Control**

**OFGEM**

**LCRCA Response to Call for Evidence (CFE) on the Electricity Distribution Business Plans for RIIO-2**

Dear Steve

Please find our response to the CFE related to SP Energy Networks RIIO-ED2 Business Plan.

Liverpool City Region Combined Authority (LCRCA) is the Combined Authority that covers six Local Authorities (Halton, Knowsley, Liverpool, Sefton, St Helens and Wirral) and dominates the SPEN MANWEB distribution area. As an urban port city region, we have over 1.5 million residents and understand that the improvement of the electrical network for capacity, load and flexibility is essential to our prosperity and attainment of our decarbonisation goals.

In January 2022, LCRCA published our Pathway to Net Zero document, building on our position of being the first Combined Authority in UK to declare a climate emergency, back in 2019.

Our ambition in attaining Net Zero by 2040 or sooner is wholly reliant on SPEN providing an electricity network to support our decarbonisation journey through a programme of electrification. In headline terms, LCRCA are set to halve total energy use by 2040, eradicating leakage of energy and inefficiencies related to fossil fuels and focusing our efforts on electrification of heat and transport.

We have been grateful for significant engagement with Scottish Power Energy Networks (SPEN) for the last two years through Distribution Future Energy Scenarios (DFES), Stakeholder workshops and LCRCA specific topic area meetings as LCRCA have consulted on Net Zero, created and published our Net Zero pathway vision document. We have included comments in this response on specific areas that we feel are essential to support the Net Zero journey.

In summary, we see the SPEN RIIO-ED2 business plan to be a critical contribution to our regional ambition to deliver decarbonisation and increased electrification. We support the need for investment identified and may even suggest that more is required to meet our own development plans and Net Zero goals.

Yours sincerely

Mark Knowles

Lead Officer – Energy and Climate Change

**Liverpool City Region Combined Authority**

## Attachment

### LCRCA comments on specific areas that we feel are essential to support the Net Zero journey.

We would like to offer the following introduction and comments on the SPEN RIIO-ED2 Business Plan,

#### LCRCA Net Zero 2040 ambition and Net Zero Pathway Document

LCRCA have published their Pathway to Net Zero document, building on our position of being the first Combined Authority in UK to declare a climate emergency, back in 2019.

Our ambition in attaining Net Zero by 2040 or sooner is **wholly reliant on SPEN** providing an electricity network to support our decarbonisation journey through a programme of electrification. In headline terms, LCRCA are set to halve total energy use by 2040, eradicating leakage of energy and inefficiencies related to fossil fuels and focusing our efforts on electrification of heat and transport, consistent with UK national policy.

Our Net Zero Pathway document has been published and can be accessed here:



LCR-PathwaytoNetZero-Appendix (1).pdf

There are extensive development plans across each the Liverpool City Region including huge developments across Liverpool Waters and Wirral Waters that will create over 30,000 new residential and an array of public and private buildings.

We already have two new rail stations in development and have significant urban development and regeneration across ten of our town centres creating new exciting places for our communities. These are part of our regional and spatial planning which includes the potential for over 300 brownfield sites to be brought into development over the next decade.

We were delighted in 2021 to work with SPEN to secure OFGEM Green Recovery funding for over £11m of additional spend across 7 projects including projects in each of the six Local Authority areas. These projects are proceeding and give encouragement that our relationships will continue to grow and align to our needs.

In summary, we have a complex development portfolio and when combined with our Net Zero ambition leads to us needing significant investment in the RIIO-ED2 period by SPEN. We need SPEN to deliver on time to current plans but also to have a level of flexibility to change and adapt plans as our own plans change.

In reviewing the SPEN business plan and associated documents then we offer the following comments.

### **Strategic Delivery and Engineering and Delivering Net Zero**

Increasing capacity, overall load and intelligence (data and monitoring) is an essential enabler to the LCRCAs Net Zero ambition for 2040 or sooner. We have reviewed the SPEN Distribution Future of Energy (DFES) and are keen that the work is accelerated to align to our LCRCAs Net Zero commitment rather than the national 2050 backstop date.

#### **Electrification of Heat**

LCRCAs have identified over 500,000 houses (from over 700,000 in the Combined Authority region) where interventions will be necessary to achieve at least EPC band C rating through a mix of physical measures and switching of heating systems.

We are mobilising a significant housing retrofit programme and have already secured initial investment as part of central funding to deploy a combination of insulation, solar and heat pump technology. Our programme is reliant on the distribution network keeping pace with our interventions.

#### **Electrification of Transport**

LCRCAs have an ambition to eradicate fossil fuel transport to attain its Net Zero ambition and to encourage both active travel and modal shift as part of personal mileage reduction challenge as we look to reduce energy consumption and make better use of our extensive public transport network.

We also recognise that the growth of Electric Vehicles (EVs) is inevitable and that we are already seeing growth in private and fleet EVs above our initial expectation. We need investment to ensure that our network can support the uptake of EVs and are increasingly aware that our current network is old, especially in our many urban centres, which are where the most change in capacity is expected.

We have already committed to Hydrogen buses as part of our 1,400 regional fleet and see the need for distribution network to enable future dispersed Zero Emission Refuelling Hubs (ZERCS) that will have a mix of electrical vehicles and green hydrogen, through local electrolysis.

#### **LP Loop Services**

LCRCAs have substantial areas where improvements in LV network are required to provide enhancement for reliability and security of supply for our residents in the Liverpool City region and to provide the headroom for connection of heat pumps and EVs throughout our six Local Authority areas.

Our team have participated in an overview of the plan and a separate deep data dive to explore specific proposals related to LV upgrades and the ability to ensure residents are not restrained by lack of capacity in the LV network, or are exposed to safety risk through overloaded circuits and cables.

#### **Energy Net Zero Model**

We are encouraged by the emerging availability of the Net Zero Model, which we were aware was part of ENA innovation workstreams and is now becoming available to view and interrogate. The Model allows us to understand the electrical network to individual household level, and to look at specific focus areas within post code and Local Authority area. We are fortunate that our regional distribution network, and the Grid Supply Points (GSPs) align well with our Local Authority boundaries at 80-90% consistency and hence can be used individually with each of our six Local Authorities as they embark on their own specific journey.

We do however need to extend the level of effort in this activity and, in particular, to align the considerations that public authority interventions may be targeted at fuel poor / poor efficiency band housing which is contrary to any credit-based assessment of early adopter of new technology. LCRCA are keen to engage much further in the exploration of data and make sure public intervention plans and consumer-led actions are both considered in the network enhancement priorities. This will be essential from 2023 onwards.

### **Enhanced Engagement and Support to Combined Authority and Local Authorities from SPEN**

LCRCA and the Local Authorities have great capability across policy and delivery areas associated with our core remit of public services and interventions. We desperately need more technical support from regulated supply companies to allow our vision of development, intervention and Net Zero to be aligned.

Our ambition for a greener, cleaner city with inclusive growth, where no-one gets left behind, is important and creates an opportunity for enhancement and the provision of dedicated PSEN resource, working full time with LCRCA to align and pace the network enhancements and strategic delivery. Our own channels of funding emerge annually and randomly meaning regular engagement and information sharing is essential to prevent out of phase activity.

We discussed with SPEN the need for Strategic Optimiser resource we believe this is essential to create a credible plan for delivery of work in the right priority.

We hope this summary assists you in concluding agreement with the SPEN ED2 submission and we are willing to participate in future discussions if required.