

## UK100 submissions to Ofgem RIIO-ED2 call for evidence on the business plans of the UK's six Distribution Network Operators (DNOs)

These submissions are from UK100. We are a network of highly ambitious local government leaders, who are doing everything within their power to get their communities to Net Zero as soon as possible, and by 2045 at the latest. It is the only network for UK local leaders focused solely on climate, clean energy and clean air policy.

## The Electricity NorthWest (ENW) ED2 Business Plan

#### Section 9 – Giving customers and stakeholders a stronger voice

We welcome the recognition of the importance of the role and Net Zero ambition of local authorities by ENW, including that they have managed to engage all the authorities and the combined authority in the development of their plan; helping to support a greater alignment between our respective plans for the maintenance and development of the infrastructures that support our communities.

We note that joint work between ENW and the ten local authorities of the Greater Manchester City Region will mean that those areas will have LAEPs during ED1, informing the work required for LAEPs across the whole EWN area during ED2. We also appreciate that the ongoing and deepening of ENW's relationship with local authorities across its area is considered business as usual, rather than proposed as a Consumer Value Proposition (CVP) as in the case of other DNOs

# Making a success of strategic partnership working between DNOs and local government

Working with local authorities in the ENW area and across the whole of the UK through the UK100 local authority network, we are conscious that the challenge, and many opportunities, of Net Zero will be best met with local partnership.

Local - because many of the solutions will depend on the lie of the land, the state of the physical environment and opportunities to connect local resources to meet local demands; as also highlighted by the <u>Committee on Climate Change</u>, and the <u>National Audit Office</u>. Partnership - because no one organisation or group has oversight of all the potential of an area, nor all the levers that will give us the best opportunity to successfully, and fairly, meet Net Zero before 2050. Given the importance of renewable energy and particularly renewable

electricity, to the transition to Net Zero, these 2023/28 plans and subsequent delivery of them are fundamental building blocks.

In addition, the direction of travel to a decarbonised energy system is inherently decentralised, given the geographical spread of renewable energy and the ability of almost every place and physical surface to host a renewable energy device, be that a house or office for solar PV, or a piece of land for a wind or solar farm – unlike the limited and locational supply of fossil fuels. This in turn makes it essential that energy systems are planned with due regard to their location.

Planning with due regard to location reinforces the strategic role that local government will play in the evolution of the energy system, both in the analysis and integration that should arise from each LAEP, and in the ongoing oversight of the development of the system in the work of the DSO. LAEPs will need to work across administrative borders and be developed in such a way that they are capable of interacting between local authority and DNO boundaries. They need to be developed at a scale that is practicable and it must be ensured that they are linked and designed to work together.

UK100 would also highlight that meeting Net Zero as a nation means many sectors, communities and organisations will need to have met their Net Zero well before 2049, and be facilitating, sharing and comparing different solutions so that we can collectively be more effective in decarbonising. UK100's <u>Powershift</u> report lays out in detail what different tiers of local government can have power, control and influence over, which is a useful consideration in this space. We know that local authorities vary in know-how, expertise and enthusiasm, but these gaps can be closed with constructive and supportive engagement from DNOs, that recognises the value they bring in terms of knowledge of their communities and the place-based solutions that will be most effective in the short and long term.

Based on the <u>recent work</u> of UK100 in examining DNO draft plans and DNO engagement with local authorities in developing them, we would expect ENW to seek to enhance its plans, taking into account the best examples of joint strategic work between DNOs and local authorities, for example:

- Moving to an explicit alignment between these plans for the network and those development plans and frameworks held and overseen by relevant local authorities.
- Developing a strategic forum for ENW to work with us and our fellow local authorities of the ENW area, bringing democratic accountability and insight to the delivery of a decarbonised energy system.
- Such a strategic forum to include shared engagement in, and oversight of the development of LAEPs across the ENW area.
  - o LAEPs across the whole ENW area will also help ensure the most appropriate strategic solutions are deployed, e.g. heat networks.
  - o These LAEPs should inform the ENW DFES.
  - o Helping ensure business plans for ED3 are fully informed by local challenges, opportunity and ambition.
- Such a strategic forum could become part of the governance of the DSO, as that develops during the ED2 period.
- The forum could also support the development of skills and capabilities across the ENW local authority group; all of which in turn will improve the operational relationships, e.g. on connections and domestic LCT roll-out.

We would note that such a strategic forum is above and beyond the operational engagement that is implied by the deployment of staff to engage with local authorities; successful decarbonisation needs operational engagement AND strategic alignment.

Such a strategic forum should also apply the lessons of any review into the impact of Storm Arwen carried out with the affected DNOs.

Beyond the specifics of this business plan and those of the other DNOs, Ofgem should ensure that there is a robust framework for LAEPs, that the importance of the role of local authorities is recognised and not least that local authorities have a formal role in the emerging structures of the DSO, to ensure the necessary and essential location specific intelligence is always part of how the DSO works to develop the energy system over time. This should in turn lead to mechanisms through which local authorities can inform any future decisions on reopeners that may occur during the ED2 price control period.

#### The Northern Powergrid (NPg) ED2 Business Plan

We welcome the recognition of the importance of the role and Net Zero ambition of local authorities (such as ourselves) by NPg; including the importance of Climate Emergency declarations (Consumer Voice & Decarbonisation sections).

We also note direct briefings to three quarters of the local authorities in the NPg area; and commitments in the business plan regarding further engagement (a forum, annual meetings etc) as well as highlighting the need to convene and coordinate on the development of LAEPs to come.

Working with local authorities in the NPg area and across the whole of the UK through the UK100 local authority network, we are conscious that the challenge, and many opportunities, of Net Zero will be best met with local partnership.

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In addition, the direction of travel to a decarbonised energy system is inherently decentralised, given the geographical spread of renewable energy and the ability of almost every place and physical surface to host a renewable energy device, be that a house or office for solar PV, or a piece of land for a wind or solar farm – unlike the limited and locational supply of fossil fuels. This in turn makes it essential that energy systems are planned with due regard to their location.

Planning with due regard to location reinforces the strategic role that local government will play in the evolution of the energy system, both in the analysis and integration that should arise from each LAEP, and in the ongoing oversight of the development of the system in the work of the DSO. LAEPs will need to work across administrative borders and be developed in such a way that they are capable of interacting between local authority and DNO boundaries. They need to be developed at a scale that is practicable and it must be ensured that they are linked and designed to work together.

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Based on the <u>recent work</u> of UK100 in examining DNO draft plans and DNO engagement with local authorities in developing them, we would expect NPg to seek to enhance its plans, taking into account the best examples of joint strategic work between DNOs and local authorities, for example:

- Moving to an explicit alignment between these plans for the network and those development plans and frameworks held and overseen by relevant local authorities.
- Developing a strategic forum for NPg to work with us and our fellow local authorities of the NPg area, bringing democratic accountability and insight to the delivery of a decarbonised energy system.
- Such a strategic forum to include shared engagement in, and oversight of the development of LAEPs across the NPg area.
  - o LAEPs across the whole NPg area will also help ensure the most appropriate strategic solutions are deployed, e.g. heat networks.
  - o These LAEPs should inform the NPg DFES.
  - o Helping ensure business plans for ED3 are fully informed by local challenges, opportunity and ambition.
- Such a strategic forum could become part of the governance of the DSO, as that develops during the ED2 period.
- The forum could also support the development of skills and capabilities across the NPg local authority group; all of which in turn will improve the operational relationships, e.g. on connections and domestic LCT roll-out.

We would note that such a strategic forum is above and beyond the operational engagement that is implied by the deployment of staff to engage with local authorities; successful decarbonisation needs operational engagement AND strategic alignment - both of which should be Business As Usual, not dependent on Consumer Value Propositions.

Such a strategic forum should also apply the lessons of any review into the impact of Storm Arwen carried out with the affected DNOs.

Beyond the specifics of this business plan and those of the other DNOs, Ofgem should ensure that there is a robust framework for LAEPs, that the importance of the role of local authorities is recognised and not least that local authorities have a formal role in the emerging structures of the DSO to ensure that the necessary and essential location specific intelligence is always part of how the DSO works to develop the energy system over time. This should in turn lead to mechanisms through which local authorities can inform any future decisions on reopeners that may occur during the ED2 price control period.

### The Scottish Power Energy Networks (SPEN) ED2 Business Plan

#### **RIIO-ED2 Strategy and Commitments**

We welcome the acknowledgement of the ambition that many of the SPEN area local and combined authorities have set in seeking to address the need to reach Net Zero. We look forward to full local authority engagement from SPEN (it is not clear whether all have been engaged thus far).

Local authorities have long held a strategic role in place making for their communities, so welcome the intention of SPEN *to act as a Strategic DNO* (pg.62) as part of developing the network of the future.

However, it is unclear how SPEN proposes to be strategic where there appear to be parallel plans to support the identification of the optimal locations for EV charge-points, and separate activity to work with local authorities on LAEPs (or LHEES in Scotland) through a specialist team; and not all of this activity is business as usual (EV work subject to a Consumer Value Proposition (CVP)).

UK100 would welcome a strategic approach that we contribute to, reflecting the work of other DNOs with their local authorities – an approach to that is set out below for a strategic forum (for SPEN's this should require a forum that reflects the distinct geographies of each licence area).

It is important to understand where the '*Strategic Optimizers*' sit in the SPEN management team, as well as the relationship between LAEPs and EV charge-point deployment. We would be concerned to find that taking EV charge-points in isolation from wider system requirements, for example for heat decarbonisation, would be sub-optimal. We would welcome further detail on how the SPEN approach would sit with a growing roll out of LAEPs across the SPEN area. This parallel approach does not appear to be as distinctly separate in the plans of other DNOs.

We note the proposed Net Zero Fund. We would be concerned if accessing such a resource were to be solely on a competitive basis, which would risk repeating the problems local authorities and others face with a variety of government initiatives that require bidding. These include resources spent on developing bids, some of which will be unsuccessful... as well as the risks of non-strategic solutions. We would suggest our proposed strategic forum be part of the decision making process on how such a fund is deployed, should it be created.

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Net Zero before 2050. Given the importance of renewable energy, and particularly renewable electricity, to the transition to Net Zero, these 2023/28 plans and subsequent delivery of them are fundamental building blocks.

In addition, the direction of travel to a decarbonised energy system is inherently decentralised, given the geographical spread of renewable energy and the ability of almost every place and physical surface to host a renewable energy device, be that a house or office for solar PV, or a piece of land for a wind or solar farm – unlike the limited and locational supply of fossil fuels. This in turn makes it essential that energy systems are planned with due regard to their location.

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Based on the <u>recent work</u> of UK100 in examining DNO draft plans and DNO engagement with local authorities in developing them, we would expect SPEN to seek to enhance its plans, taking into account the best examples of joint strategic work between DNOs and local authorities, for example:

- Moving to an explicit alignment between these plans for the network and those development plans and frameworks held and overseen by relevant local authorities.
- Developing a strategic forum for SPEN to work with us and our fellow local authorities of the SPEN area, bringing democratic accountability and insight to the delivery of a decarbonised energy system.
- Such a strategic forum to include shared engagement in, and oversight of the development of LAEPs across the SPEN area.
  - o LAEPs across the whole SPEN area will also help ensure the most appropriate strategic solutions are deployed, e.g. heat networks.
  - o These LAEPs should inform the SPEN DFES.
  - o Helping ensure business plans for ED3 are fully informed by local challenges, opportunity and ambition.
- Such a strategic forum could become part of the governance of the DSO, as that develops during the ED2 period.
- The forum could also support the development of skills and capabilities across the SPEN local authority group; all of which in turn will improve the operational relationships, e.g. on connections and domestic LCT roll-out.

We would note that such a strategic forum is above and beyond the operational engagement that is implied by the deployment of Strategic Optimizers to engage with local authorities;

successful decarbonisation needs operational engagement AND strategic alignment - both of which should be Business As Usual, not dependent on CVPs.

Such a strategic forum should also apply the lessons of any review into the impact of Storm Arwen carried out with the affected DNOs.

Beyond the specifics of this business plan and those of the other DNOs, Ofgem should ensure that there is a robust framework for LAEPs, that the importance of the role of local authorities is recognised and not least that local authorities have a formal role in the emerging structures of the DSO, to ensure the necessary and essential location specific intelligence is always part of how the DSO works to develop the energy system over time. This should in turn lead to mechanisms through which local authorities can inform any future decisions on reopeners that may occur during the ED2 price control period.

#### The Scottish and Southern Energy Networks (SSEN) ED2 Business Plan

We appreciate SSEN's acknowledgement that their role 'as an energy network must be to enable local tailored solutions ...', we absolutely agree. We welcome SSEN's engagement of almost of the local authorities in its two licence areas, and their intention to provide dedicated support to develop LAEPs '**for'** local authorities and key groups (4.3 Accelerated Progress to Net Zero).

We would reinforce the often implied suggestion that the creation of LAEPs should be an exercise in co-creation with local authorities and key groups. This shared approach is recognised by other DNOs in their ED2 plans, and as SSEN highlights co-creation in their case study work, we hope this will be realised more strategically in ED2. We do note that SSEN highlight how they have engaged with local authorities in the development of their Local Network Plan approach (Chapter.9 DFES approach).

We welcome the proposed Information, Advisory and Whole Systems Liaison Service to support the ambitions of local government across both licence areas, and that it seeks to optimise the electricity network. We know that member local authorities and others will welcome more information on how it will work, and some of our observations about the strategic relationship, and related governance, between local government and SSEN will support the success of such a service, set in a whole system approach.

We note, and agree, that LA capacity varies and is often limited in the context of the task ahead, requiring successful co-creation between local government and DNOs. That should also include a degree of challenge, for example where *stakeholders express concern about the capacity of network cables in large scale EV uptake*, we would hope that the DNO would look to option a range of possible solutions that go beyond the way the issue is flagged by stakeholders (who will have less understanding of how a DNO could address it beyond simply adding 'cable capacity').

It makes sense that work to promote energy efficiency is focused on working with local authorities, reinforcing the need for a strategic engagement between SSEN and local authorities across its separate licence areas.

We recognise SSEN's view that their approach to local authority engagement, development of LAEPs and emerging shared strategies as a whole system is beyond business as usual,

and in the context of ED2 business plan guidance is presented as Consumer Value Proposition (CVP). We are concerned that different degrees of ambition from DNOs in supporting and securing local government engagement and LAEP development risks leaving many areas of the UK behind the curve on the energy system transition. We would call on Ofgem to level up DNO plans to the levels of ambition shown here by SSEN, and elsewhere by UKPN, to ensure ED2 makes good progress on integrated energy planning. This CVP would allow local authorities in both SSEN licence areas to make ambitious progress on planning and delivery, subject to appropriate governance arrangements, explored further below.

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Based on the <u>recent work</u> of UK100 in examining DNO draft plans and DNO engagement with local authorities in developing them, we would expect SSEN to seek to enhance its

plans, taking into account the best examples of joint strategic work between DNOs and local authorities, for example:

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We would note that such a strategic forum is above and beyond the operational engagement that is implied by the deployment of engagement officers to engage with local authorities; successful decarbonisation needs operational engagement AND strategic alignment - both of which should be Business As Usual, not dependent on CVPs.

Such a strategic forum should also apply the lessons of any review into the impact of Storm Arwen carried out with the affected DNOs.

Beyond the specifics of this business plan and those of the other DNOs, Ofgem should ensure that there is a robust framework for LAEPs, that the importance of the role of local authorities is recognised and not least that local authorities have a formal role in the emerging structures of the DSO to ensure the necessary and essential location specific intelligence is always part of how the DSO works to develop the energy system over time. This should in turn lead to mechanisms through which local authorities can inform any future decisions on reopeners that may occur during the ED2 price control period.

#### The UK Power Networks (UKPN) ED2 Business Plan

We appreciate UKPN's assertion in the executive summary that '*We must support local authorities to help communities make the change* ...' to decarbonise, and that engagement will be framed by a localised picture of network reliability.

We also welcome the work that UKPN has done in working with local government, particularly Essex County Council, to explore how best to progress local energy planning, which we expect will play a part in wider UK work to create a framework for local planning of energy.

We note that this engagement, and the learning from it, has informed the decision to establish a dedicated local energy planning team of some 20 employees, within the DSO to work with planning authorities across the UKPN area (with three quarters involved in the

DFES). We note that 15 local authorities have already endorsed UKPN's approach<sup>1</sup>; while six are working on a framework to unlock local investment (in energy?).

Comprehensive engagement with all local authorities can support the gathering of and learning from local intelligence, as suggested. We understand the rationale for a tiered approach, i.e. looking at plans & readiness with all authorities, with deep dives for some 40 to 50, and a third tier of ten or so encompassing bespoke strategic investments. It will be important to relate this approach and UKPN's energy planning framework to the wider UK work on LAEPs, and to make clear to all 127 local authorities the basis and criteria for tier two or tier three engagement.

We understand the need to support continued development of the public EV network and welcome UKPN's work with Cambridge, Cambridgeshire, Norfolk & Redbridge councils on equitable location, we assume that they will be suitably deployed to optimise network capability rather than just add demand to the system.

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<sup>&</sup>lt;sup>1</sup> <u>https://d12szrpzyf0uik.cloudfront.net/app/uploads/2021/12/Appendix-27-Letter-of-Endorsement.pdf</u>

but these gaps can be closed with constructive and supportive engagement from DNOs, that recognises the value they bring in terms of knowledge of their communities and the place-based solutions that will be most effective in the short and long term.

Based on the <u>recent work</u> of UK100 in examining DNO draft plans and DNO engagement with local authorities in developing them, we would expect UKPN to seek to enhance its plans, taking into account the best examples of joint strategic work between DNOs and local authorities, for example:

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  - o These LAEPs should inform the UKPN DFES.
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We would note that such a strategic forum is above and beyond the operational engagement that is implied by the deployment of engagement officers to engage with local authorities; successful decarbonisation needs operational engagement AND strategic alignment - both of which should be Business As Usual, not dependent on CVPs.

Such a strategic forum should also apply the lessons of any review into the impact of Storm Arwen carried out with the affected DNOs.

Beyond the specifics of this business plan and those of the other DNOs, Ofgem should ensure that there is a robust framework for LAEPs, that the importance of the role of local authorities is recognised and not least that local authorities have a formal role in the emerging structures of the DSO, to ensure the necessary and essential locational specific intelligence is always part of how the DSO works to develop the energy system over time. This should in turn lead to mechanisms through which local authorities can inform any future decisions on reopeners that may occur during the ED2 price control period.

## The Western Power Distribution (WPD) ED2 Business Plan

We welcome the commitment by WPD to its own Net Zero in operations, as well as its recognition of, and commitment to work in support of, the Net Zero ambitions held by local authorities.

We hope WPD will help local authorities across all four licence areas progress robust and integrated Local Area Energy Plans (LAEPs). We see them as key building blocks in an emerging strategic relationship between local government and WPD. We would welcome greater detail on the nature and scope of the proposed energy surgeries, particularly with 90 proposed per annum for an area including 130 local authorities.

As a part of fulfilling our respective Net Zero ambitions, the function and status of the proposed engagement engineers have the potential to play a key role in driving forward WPD delivery; we hope they will have an influential position within WPD's management, and be solution focused in their engagement with us and our fellow authorities. Their role should recognise the strategic nature of the LAEPs and the long-term relationships that need to be built; we therefore have some concern that the '*Proactive partnering with every local authority*' is presented as a Consumer Value Proposition (CVP) rather than as business as usual.

More specifically we note the observation (7.41) regarding street-works and what may trigger a reopener. We would appreciate further information from Ofgem on how a local authority, or group of authorities, would inform the need for a reopener, be that with WPD or directly to Ofgem.

Additionally, we also note that a 2028 local Net Zero target is referenced in the document - we would welcome clarity on the local authority that is being referred to in this context.

# Making a success of strategic partnership working between DNOs and local government

Working with local authorities in the WPD area and across the whole of the UK through the UK100 local authority network, we are conscious that the challenge, and many opportunities, of Net Zero will be best met with local partnership.

Local - because many of the solutions will depend on the lie of the land, the state of the physical environment and opportunities to connect local resources to meet local demands; as also highlighted by the <u>Committee on Climate Change</u> and the <u>National Audit Office</u>. Partnership - because no one organisation or group has oversight of all the potential of an area, nor all the levers that will give us the best opportunity to successfully, and fairly, meet Net Zero before 2050. Given the importance of renewable energy and particularly renewable electricity, to the transition to Net Zero, these 2023/28 plans and subsequent delivery of them are fundamental building blocks.

In addition, the direction of travel to a decarbonised energy system is inherently decentralised, given the geographical spread of renewable energy and the ability of almost every place and physical surface to host a renewable energy device, be that a house or office for solar PV, or a piece of land for a wind or solar farm – unlike the limited and locational supply of fossil fuels. This in turn makes it essential that energy systems are planned with due regard to their location.

Planning with due regard to location reinforces the strategic role that local government will play in the evolution of the energy system, both in the analysis and integration that should arise from each LAEP, and in the ongoing oversight of the development of the system in the work of the DSO. LAEPs will need to work across administrative borders and be developed in such a way that they are capable of interacting between local authority and DNO boundaries, they need to be developed at a scale that is practicable and it must be ensured that they are linked and designed to work together.

UK100 would also highlight that meeting Net Zero as a nation means many sectors, communities and organisations will need to have met Net Zero well before 2049, and be facilitating, sharing and comparing different solutions so that we can collectively be more effective in decarbonising. UK100's <u>Powershift</u> report lays out in detail what different tiers of local government can have power, control and influence over, which is a useful consideration in this space. We know that local authorities vary in know-how, expertise and enthusiasm, but these gaps can be closed with constructive and supportive engagement from DNOs, that recognises the value they bring in terms of knowledge of their communities, and the place-based solutions that will be most effective in the short and long term.

Based on the <u>recent work</u> of UK100 in examining DNO draft plans and DNO engagement with local authorities in developing them, we would expect WPD to seek to enhance its plans, taking into account the best examples of joint strategic work between DNOs and local authorities, for example:

- Moving to an explicit alignment between these plans for the network and those development plans and frameworks held and overseen by relevant local authorities.
- Developing a strategic forum for WPD to work with us and our fellow local authorities of the WPD area, bringing democratic accountability and insight to the delivery of a decarbonised energy system.
- Such a strategic forum to include shared engagement in, and oversight of the development of LAEPs across the WPD area.
  - o LAEPs across the whole WPD area will also help ensure the most appropriate strategic solutions are deployed, e.g. heat networks.
  - o These LAEPs should inform the WPD DFES.
  - o Helping ensure business plans for ED3 are fully informed by local challenges, opportunity and ambition.
- Such a strategic forum could become part of the governance of the DSO, as that develops during the ED2 period.
- The forum could also support the development of skills and capabilities across the WPD local authority group; all of which in turn will improve the operational relationships, e.g. on connections and domestic LCT roll-out.

We would note that such a strategic forum is above and beyond the operational engagement that is implied by the deployment of engagement officers; successful decarbonisation needs, operational engagement AND strategic alignment both of which should be Business As Usual, not dependent on CVPs.

Such a strategic forum should also apply the lessons of any review into the impact of Storm Arwen carried out with the affected DNOs.

Beyond the specifics of this business plan and those of the other DNOs, Ofgem should ensure that there is a robust framework for LAEPs, that the importance of the role of local authorities is recognised and not least that local authorities have a formal role in the emerging structures of the DSO, to ensure the necessary and essential location specific intelligence is always part of how the DSO works to develop the energy system over time. This should in turn lead to mechanisms through which local authorities can inform any future decisions on reopeners that may occur during the ED2 price control period.