

### **Answers to questions: - Call for Input Local Energy Governance**

- 1) Are the three energy system functions we outline (energy system planning, market facilitation of flexible resources and real time operation of local energy networks) the ones we should be focusing on to address the energy system changes we outline?

Yes these three areas are critical to meeting Net Zero targets. How these affect local stakeholders and consumers is key to build a better framework. Essex County Council has had dealings with UKPN where they took account of the organisation's current climate plan around targets for renewable energy generation across a variety of sectors. This was used to inform UKPN's future energy scenarios and settling on the resultant pathway for decarbonisation. However, further collaboration has not taken place and thus for more solid concrete local energy planning there should be more stakeholder engagement and knowledge transfer.

- 2) Do you agree with the criteria we have set out for assessing the effectiveness of institutional and governance arrangements?

The criteria are robust and have sound logic, however some further information on how these categories will be assessed would be beneficial before we can comment more fully.

- 3) Do you agree with our assessment of how far the current institutional arrangements are, or are not, well suited to deliver the three key energy system functions?

Yes, we agree with the assessment that current existing arrangements have been ineffective when driving to a net zero energy infrastructure. Often these three key areas are at odds against one another and thus for DNOs decarbonising the system can become secondary to maintaining the current network stability. For example, managing curtailment and grid capacity are often barriers to investment in local areas as it affects the financial feasibility. If a system is curtailed by 20% this is a huge loss to generation and potential revenue. There should be more interconnectivity with local stakeholders and internally within DNOs to communicate opportunities for grid connection and allowing more effective planning, so these costs can be minimised. Or perhaps a timeline produced considering all the various factors which will allow a window of opportunity for planners to take advantage and encourage investment.

- 4) Overall, what do you consider the biggest blocker to the realisation of effective energy system planning and operation at sub-national level?

A particular blocker is the lack of an effective joint data management strategy. There is a wealth of useful data being produced on areas of renewable energy potential and often these are overlayed with other various constraints such as land use/availability/wildlife protections however, the picture is often incomplete and lacks an overlay of the grid constraints and data on network upgrade implications/ costs. Significant effort can be spent on analysing the potential for renewable generation and often with incomplete, imperfect information, some of which can critically undermine investment opportunities. Furthermore, sub national networks are still liable to transmission level upgrades for example, with the Bramford and Twinstead reinforcement, a DNO managed powerline is being removed to accommodate new upgrading of the transmission network. How this affects current local renewable energy generation and commissioning new systems has not been communicated. One could assume this would have a negative effect, atleast in the short term unless further reinforcement or investment is made in those areas. Better

communication around this is necessary to prevent local stakeholders investing time and resource in such areas and could be pointed to other opportunities.

- 5) Do you agree with the opportunities of change we outline and the potential benefits they may create?

Yes, there is huge scope for change, bringing all actors closer together or under one banner would ensure less work is being done in silos. This is particularly important in Essex given its two-tier structure and the challenge of working across County and District authorities. However, where there are local stakeholders such as authorities that have a democratic mandate, how the new organisations interact with them is critical. Having dedicated points of contact is imperative and considering local plans within energy planning is very important for the new frameworks. It is also critically important to recognise the capacity and lack thereof within some actors in local government to realise the opportunities for close working and effective information exchange.

- 6) Are there additional opportunities for change and benefits that we have not set out?

None noted

- 7) We set out a number of risks associated with change. Do you agree with these risks and the potential costs they create? Are there additional risks of change and costs that have not been set out?

How will these additional costs be managed (if the priority is to ensure decarbonisation at the lowest cost to the consumer?). There may be value in conducting an analysis of the cost of “do nothing” as a counterfactual. We also note cybersecurity risks and question how will they be managed with the splitting out of roles.

- 8) For each model, we have set out the key assumptions which need to be true for the model to offer the right solution. Which of these assumptions do you agree with?

Agree with the assumptions. For the internal separation model who will oversee signing off on the resolution of conflicts of interest?

- 9) Out of the framework models we have developed which, if any, offer the most advantages compared to the status quo? If you believe there is another, better model please propose it.

Regional System Planner and Operator: - This model seems to combine the best of the current status quo but updates it to meet the needs and requirements for more effective management across those 3 areas of local energy interest. Additionally, the inclusion of local government within the model to ensure that local plans and democratic interests are aligned with the technical side of meeting net zero targets, is a good start. However, there are lots of stakeholders within local authorities who take part in the energy system, it needs to include all of them and interactions across the system need to be two-way. Furthermore, Local authorities have significant resourcing and financial constraints which risk effective engagement with any of the framework models and many will struggle to provide the resource needed for this new model.

10) What do you consider to be the biggest implementation challenges we should focus on mitigating?

Everyone adapting to their new roles and ensuring smooth onboarding of local stakeholders within the new system. Knowledge and skill transfer is vital to plug any gaps and to meet current decarbonisation targets.

11) Taking into account the varying degrees of separation of DSO roles from DNOs under framework model 1, do you consider there are additional measures we should consider implementing, in particular in the short term (e.g. changes in accountability etc)?

External audit of conflicts of interest to ensure that consumers feel reassured that there is sufficient transparency in the processes.

12) Are there other key changes taking place in the energy sector which we have not identified and should take account of?

Cybersecurity is very important with an increasing digital system and having more actors involved in local energy governance under the models proposed increases the risk of security exposure. It is important that energy assets and infrastructure are protected. Additionally, the volatility of energy markets and the cost-of-living crisis is very real for consumers. There must be transparent understanding for all stakeholders with how the networks will operate under these new proposals and how it will benefit everyone.