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Ofgem  
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**Date:** 17 May 2023

**GLA response to Ofgem consultations: Future of local energy institutions and governance;  
and The Future of Distributed Flexibility**

Dear Jonathan,

I am writing to respond to the above two closely-related consultations on behalf of the Mayor of London. We look forward to expanding on our thinking in future dialogue.

These consultations are timely and welcome, particularly given the Mayor's 2030 net-zero target for London and the importance of transforming our energy system, notably through the electrification of heat and transport, and the expansion of heat networks, for achieving this target. Ofgem are of course central to the electricity networks and will have an increasingly key role in regulating heat networks. The recent problems in West London, where we welcome the constructive role taken by Ofgem, illustrate the need for better coordination between spatial planning and energy network planning. In this particular case, the problem was highlighted by housing developers approaching London Boroughs, who then approached GLA, rather than being identified by national institutions. And the need for coherent planning across energy systems, traditional place-based local authority planning, and transport planning is likely to increase with the challenge of decarbonising energy.

We are not in a position to comment on the technical detail of the consultations and would instead like to make some more strategic points. Indeed, we would encourage Ofgem and other energy system actors to continue contacting Local Authorities to engage us on our terms as authorities with deep local knowledge of the needs of our areas as the centralised energy system transforms to one that is more local and locally planned.

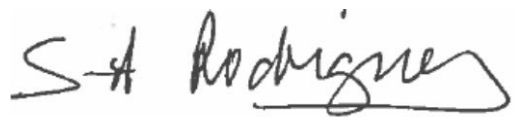
We agree with Ofgem's analysis that to get the best out of our energy system, local and national arrangements for network planning need to work together to optimise the system. However, we would encourage Ofgem to adopt a more holistic approach to energy as a whole, rather than the present focus on electricity. Within the electricity networks, we welcome the recognition that distributed flexibility needs to be incentivised to play a greater role in meeting net zero targets at least cost, to the benefit of consumers. Indeed, as we have previously discussed, we see London's potential for distributed flexibility as a national asset, though national policy changes are needed to incentivise its effective use. We would also encourage Ofgem to use evidence beyond the National Grid ESO Future Energy

Scenarios, which tend to underestimate the potential quantity and value of distributed flexibility.

We also agree in principle with the proposal for new Regional System Planners. However, we do not think the case has been made that the national/central FSO would be best placed to do this. We would question how this would respect the democratic mandate of local/regional institutions who will also be best placed to integrate energy planning, spatial and transport planning. We are also concerned that the work being put into Local Area Energy Planning (LAEP), which has been driven by Government and Ofgem, and which GLA are leading in London, may be duplicated and its benefits perhaps delayed by introducing separate regional planning. We would also urge clearer thinking on how LAEPs and heat zoning could work together coherently, rather than be developed in separate silos, as risks being the case. Clearly, whichever institutions take on these new and expanded roles will need to be adequately resourced.

Finally, we look forward to continuing to work constructively with you and your officials in taking this agenda forward.

Yours sincerely,

A handwritten signature in black ink, reading "S-A Rodrigues". The signature is fluid and cursive, with a large loop at the end of the last name.

**Shirley Rodrigues**

Deputy Mayor for Environment & Energy