

**County Hall
New Road
Oxford
OX1 1ND**

10 May 2023

Dear Sir/Madam,

Consultation: Future of local energy institutions and governance

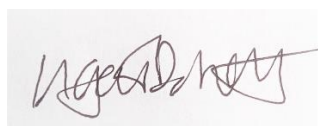
Thank you for the opportunity to comment on the consultation.

Oxfordshire County Council welcomes recognition of the potential role of local authorities in future energy system governance. We also welcome the real opportunity presented by the Consultation to embed 'place' firmly into energy system planning and fully endorse the need for place-based considerations to be at the heart of an effective and coordinated transition to a net zero energy system.

Overall, the proposals offer a positive model for coordinated whole system energy planning. The need for local authority involvement in energy system planning was highlighted in our previous response to Ofgem's Call for Input in May 2022 via the Project LEO (Local Energy Oxfordshire) consortium and emphasised again in the Project's Final Report¹. We would however reiterate concerns set out then that, without a clear mandate, many local authorities may lack the capacity and knowledge needed to meaningfully input to future energy planning through the new structures. Until such a mandate is in place, local authorities (along with all participants in the proposed system governance) must be made fully aware of the role they will play, the expertise and understanding of the energy system which will be needed to support effective system planning for place-based decarbonisation and how this can be achieved within the finite (and often limited) resources available.

Our responses to relevant consultation questions are appended to this letter.

Yours faithfully



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Appendix 1: Response to Ofgem consultation on Future of Local Energy Institutions and Governance

¹ [LEO-Final-Report-Web lr-1.pdf \(project-leo.co.uk\)](#)

Q1. Do you agree with our proposal to introduce Regional System Planners as described, who would be accountable for regional energy system planning activities? If not, why not

We agree with the proposed Regional System Planner (RSP) model, that it should be accountable and regulated, and strongly agree that it needs to coordinate whole energy system planning to ensure investment is made when and where it is needed.

Critical planning assumptions

The consultation states that 'RSPs will be responsible for developing and owning the critical planning assumptions, using inputs from local actors (eg DNOs, GDNs, LAs) and exogenous sources to develop key assumptions that inform system need eg EV uptake numbers and expected contribution to peak demand'.

Ensuring appropriate and consistent inputs to support development of regional planning assumptions will require local authorities to be familiar with and understand the future energy scenarios on which many system planning decisions are likely to be made. From experience, this familiarity and understanding is not universally embedded across authorities. The RSP will need to ensure that details of planning assumptions - and the consequences of these - are made clear to all participants at all levels.

We also question whether local authorities will necessarily be in agreement with future energy scenarios which may be used at regional scale, and therefore how differences across the identified region will be resolved, for example in ambition on the pace and scale of local decarbonisation compared with regional Future Energy Scenarios. How will the RSP manage this to arrive at a common regional view, or to accommodate place-based differences?

Coordination and facilitation

Recognising that engagement with a wide range of local stakeholders, not least our local communities, will be key to developing and delivering a fair and just energy system transition at pace and with solutions appropriate to place, we would like to understand how the RSP will facilitate and manage this role and whether it will be adequately resourced to fulfil it?

We note that local authorities are identified in the Consultation as having the 'democratic mandate' to represent local community views. We are fortunate in Oxfordshire to have engaged communities who wish to participate and be actively involved in planning and facilitating a local transition to net zero; Project LEO showed how collaborative, Local Area Energy Planning is key to achieving this. However, as highlighted previously, without a clear mandate to undertake energy planning activities (and a consistent approach to follow), not all local authorities will have the capacity or capabilities to fulfil this role, and few will be resourced to enable the scale of engagement needed to ensure community views are adequately canvassed to secure agreement on appropriate place-based energy planning. Will the RSP be resourced to support this?

Setting aside the resourcing question however, we strongly agree that Local Authorities should be a key player in regional future energy system planning, giving a voice to local

views. They should be appropriately represented, embedded in the governance structure and involved in decision making processes from an early stage of plan development.

Coherence across local and national net zero ambitions

We welcome the role that the RSP can play in developing a regional plan which aligns with national and local net zero ambitions but would like to understand how any differences across the scales can be accommodated and resolved effectively.

We also note the reference to ‘sub-plans made by local actors’. How will the RSP fill this gap if few ‘sub plans’ are in place across the region?

Finally, we note that the proposal states ‘*existing and other actors must remain responsible for planning activities aligned to their existing competencies*’ and that this references local/regional government continuing to be responsible for local spatial planning activities and local area energy planning activities.

We fully support the alignment with local spatial planning activities, but as previously noted, local area energy planning activities are not universally carried out by local authorities, with interactions often primarily limited to input to DFES or, with more detailed energy plans being developed by authorities supported by innovation funding. Outwith these innovation projects, local authorities are unlikely to be adequately resourced or able to bring in the specialisms needed to undertake local area energy planning activities without a clear mandate to do so. Without local energy plans in place, it is hard to understand how a regional system plan can suitably reflect or deliver energy system transformation that can support local decarbonisation requirements.

The consultation clearly states that it does not prescribe an approach to energy planning, and that this is an area for consideration by local government. How will Ofgem and Government work together to ensure the appropriate building blocks, resources and expertise are available to meet the stated ambition to ‘*develop and own a regional whole system strategic plan that is coherent with national and local net zero ambitions*’?

Data and information

The spatial mapping developments undertaken in Project LEO highlighted the importance and benefits of consistent, shared data being available to parties undertaking energy planning activities at a variety of scales. How will the RSP facilitate this, and will a system (adequately resourced) be made openly available in an appropriate geographical scalable format to ‘local actors’?

Q2. What are your views on the detailed design choice considerations described?

We agree that a RSP function should be independent for the reason of accountability, that the new role should be answerable under regulation and for reasons of national coordination sit within a national body. If the Transmission System Operator and RSP functions are both to sit within the FSO, how will these functions interact to address and resolve issues arising where local areas face connection and capacity problems that are caused by constraint on the Transmission Network? If this was to lead to potential conflict on investment and delivery of required system upgrades, how would this be resolved?

Q3. Do you have views on the appropriate regional boundaries for the RSPs?

We feel strongly that regional boundaries should align with those of local government, ensuring that the democratic voice (and local planning responsibilities) which local authorities can bring to energy system governance is appropriately reflected.

The broader DNO areas may provide a useful regional scale (recognising the DNO role to support local authorities to develop local area energy plans) however, consideration would need to be given to the realigning DNO boundaries in those LA areas whether there are currently multiple DNOs (for example, three DNOs cover the Oxfordshire county area).

Q4. Do you agree that the FSO has the characteristics to deliver the RSPs role? If not, what alternative entities would be suitable?

no response

Proposed reforms: market facilitation of flexible resources

Q5. Do you agree with our proposal for a single, neutral expert entity to take on a central market facilitation role? If not, why not?

Based on our experience in Project LEO we agree that a single neutral facilitator will be critical to enable the flexibility services required to balance supply and demand and to ensure consistency between local markets.

The markets should be designed and operated to support a diversity of participants. For example, a neutral market facilitator role was trialled in Project LEO which sought to simplify as far as possible processes needed to enter, deliver and settle participation in flexibility services and offers valuable insights into development of this role. In addition, LEO highlighted the need for third parties, aggregators in the broadest sense, to enable non-specialist flex providers to participate in flexibility services.

Q6. Do you agree with the allocation of roles and responsibilities set out in Table 2? If not, why not?

We would wish to see that market rules setting and change mechanisms kept separate function from market operation to ensure that there is no conflict of interest.

Q7. Are there other activities that are not listed in Table 2 that should be allocated to the market facilitator or other actors?

Table 2 makes no reference to a regulatory function. Does that remain with Ofgem?

Q8. What are your views on our options for allocating the market facilitator role?

Accepting that the creation of a completely new body would take significant time and risk duplication of functions currently embedded elsewhere, we would support the option for the role to be assigned to the Future System Operator, with full accountability and appropriate regulation and oversight.

We also expect intermediaries, 'aggregators' in the broadest sense, will have a part to play and will need to be regulated effectively.

Q9. Are there other options for allocating the market facilitator role you think we should consider? If so, what advantages do they offer relative the options presented?

No response

Q10. Do you agree that DNOs should retain responsibility for real time operations? If not, why not?

Agree.