



Ein cyf/Our ref: MA/JJ/1792/23

Jonathan Brearley
Chief Executive Officer
Ofgem
10 South Colonnade
Canary Wharf
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E14 4PU

22 June 2023

Dear Jonathan,

I am writing in response to the current consultation on the Future System Operator supply and demand modelling. In our response to the Ofgem consultation on Local Energy Institutions and Governance we made the point that the market-based approach to the energy system is not delivering decarbonisation at the scale or pace necessary for the climate emergency and has not been delivering sufficient benefit in Wales.

We welcome the further work that Ofgem is undertaking to explore how the Future Energy Scenarios modelling could be revised to support the Future Systems Operator develop the Centralised Strategic Network Plan. If the UK is to meet its Net Zero target by 2050 then during the next decade we need to put in place the structure to support our ambition. In Wales we have believed for some time that a planned approach is necessary in order and we welcome this shift in thinking.

Work in this area needs to take account of Ofgem's proposals around the Regional System Planner (RSP) and carefully consider the best way to integrate modelling at national, regional and local levels. This would help support the principle for integrated network planning, well informed by regional factors, as indicated in Ofgem's RSP proposals and, importantly, create a standardised approach across Great Britain.

In Wales, we have supported each region to develop Regional Energy Strategies (RES). These identify the scale of change needed to reach a low carbon energy system and establish regional priorities for energy. Further detail on local need is provided through our Local Area Energy Planning (LAEP), which will identify the changes needed to the local energy system, to decarbonise heat and local transport, support strategic network planning and realise opportunities for local renewable energy production.

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

At a national level, our Future Energy Grids for Wales project has worked with Ofgem and the network operators to understand what energy networks Wales needs to support a net zero energy system and best serve the communities and places they support. The report will provide a number of recommendations, which inform support the Welsh Government and networks' future decision making about the gas and electricity networks in Wales.

We will use these local, regional and national insights to develop a National Energy Plan for Wales in 2024. This will provide a blueprint to how we will support coherent action at the local and the national levels. It will also provide a clear steer for what gas and electricity network operators need to deliver to support these plans.

The benefits of our approach are that, while we agree that there is a need for network decisions to be made on a whole system basis, looking across networks of different types, we are generating the evidence basis of such decisions as they are informed by locally developed and evidence-based plans.

We agree that the FES should provide GB-wide pathways and that the FSO should look to go further, with pathways for each region. We consider the principles we have used in Wales, in taking forward planning at a range of levels and granularities, within a robust country-wide framework using shared data sets and common assumptions, could be helpful in considering the future approach to FES. We would urge the ESO and in future the FSO to draw from the above local and regional modelling for its Wales pathways and use this work as an exemplar for regional pathways across GB.

We note the consultation's concern over too granular an evidence base. However, our experience leads us to believe that our LAEP combined with our RES provides the right level of detail to generate the meaningful pathways that properly illustrate the challenges and, most importantly, support and promote delivery at pace. Access to the data used in FES, to inform more local modelling and to support delivery, is correctly identified as a central factor in achieving net zero and we strongly support these proposals.

I look forward to continued collaboration in relation to your proposals to achieve the energy system we need for to deliver on our Net Zero targets and on Wales' Wellbeing goals for a more prosperous low carbon future.

Yours sincerely,



Julie James AS/MS

Y Gweinidog Newid Hinsawdd
Minister for Climate Change