

## **RSPB's Response to the FSO Regulatory Consultation**

*Question 1. Do you have any views on our proposed financial regulatory framework for the FSO?*

We are in agreement that the FSO should be an operationally independent organisation, which is publicly owned. We agree that the FSO should be not-for-profit to protect its impartiality and to protect an emphasis on long-term planning rather than short-term profit. We agree that there should be robust reputational incentives. We have no view on whether there should not be organisation-level financial incentives – there are both benefits and potential risks to that approach.

*Question 3. “What role should industry stakeholders and external parties have in holding the FSO to account, and what platforms are needed to achieve this?”*

**Public assessment:** On ‘emerging thinking of FSO performance regulation design’, we consider it may be appropriate for additional public assessment on how it considers and manages the environmental impacts of energy planning, given the critical role that the FSO will have in locational planning of energy generation and infrastructure, and in the designs of energy infrastructure used. Given the scale of energy infrastructure that will be built in coming years and the potential impact of this on the environment, we recommend that additional assessment takes place, on an annual basis. This could be carried out by the Office for Environmental Protection. We suggest that some initial or periodic consultation should be undertaken on proposals for how that public assessment should be carried out.

**Consultation with environmental stakeholders:** We also would like to see further detail on how the FSO intends to engage and consult with environmental stakeholders. Environmental stakeholders such as the Government agency Natural England, the RSPB and the National Trust will have an increased stake in the FSO’s activities than they do at present in the ESO form, due to the FSO’s critical role in strategic and spatial planning for energy. We recommend that the FSO sets up a mandatory forum for environmental stakeholders to help shape business plans and feedback on FSO’s performance.

**The section ‘stakeholder and external scrutiny’:** In the light of our comments above, it is clear from this section that Ofgem has not yet considered the wider impacts of the FSO’s new responsibilities. The FSO’s activities will have a greater level of impact on UK nature, compared to the ESO’s, due to its new function as a strategic and spatial energy planner. Whilst we welcome this step towards a spatial and strategic planning approach for energy overall, it is critical that the UK’s legally binding nature recovery targets are at the forefront of this new approach alongside net zero. A healthy natural environment is critical to our economy and to building climate resilience. We therefore reiterate our recommendation that the FSO sets up a mandatory forum for environmental stakeholders to feedback on the FSO’s business plans and performance. This will also help to ensure that engagement with environmental stakeholders is constructive throughout each Strategic & Spatial Plan and Centralised Strategic Network Plan process.