

## Consultation - Regional Energy Strategic Plan policy framework Draft Impact Assessment

*Ofgem*

### UK100 Submission

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#### Introduction

This submission is from UK100 which is a network of 117 local authorities and their leaders who have pledged to lead a rapid transition to Net Zero in their communities ahead of the Government's legal target.

We welcome the impact assessment of the Regional Energy Strategic Plan (RESP). While it effectively captures the primary costs and benefits, we believe it should include a broader range of associated costs and benefits to provide a more comprehensive analysis. While some of these will remain qualitative at this stage and should be explored in greater detail, a few others would benefit from quantification to strengthen the assessment.

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#### Recommendations

In our submission we answer the following questions asked by Ofgem:

**Q1. Do you agree that we have, to a reasonable extent, identified and understood the potential impacts of the introduction of the RESP?**

**Q2. Do you agree that we have, to a reasonable extent, captured and understood the potential impacts of the introduction of the RESP on different stakeholders, including persons engaged in the generation, transmission, distribution or supply of electricity, as well as consumers?**

The impact assessment identifies key stakeholders impacted by RESP, including NESO, DNOs, GDNs, local authorities, and consumers. The benefits for these groups, particularly in terms of improved investment coordination and reduced uncertainty, are well articulated. However, more detailed stakeholder impact assessments, especially regarding the administrative and financial burdens on local authorities and network operators, would be beneficial. The potential

challenges for smaller local authorities, particularly those with limited resources to engage with RESP processes, should be further explored.

Local authorities currently have no statutory duties on energy, and their involvement in energy system planning remains fragmented, particularly in England. Some **challenges** include -

- Many local authorities lack the technical expertise, resources, and capacity to provide high-quality data or meaningfully engage in RESP processes.
- There is no standardised approach to local energy planning to inform the RESP process.
- Without dedicated funding, councils may struggle to participate, leading to an uneven playing field across regions.
- The RESP footprints by their nature are regional, which will require local authorities and their leaders to represent multiple authorities, especially on the Board structures, this is to be welcomed, but they are currently not resourced/structured to do this.
- RESP could introduce additional reporting and compliance burdens without clear financial and technical support.

This can lead to inconsistencies in engagement depending on resources, ambition, and local governance structures. However, a structured role in RESP planning would provide greater certainty and alignment with other local strategies, such as spatial planning and economic development.

In Wales, Local Area Energy Plans (LAEPs) are being developed with central support, however there is no national framework in England to guide local and regional energy planning. LAEPs could provide the detailed assessment of local needs and become the standardised framework for integrating into the RESP process. Thus, a national framework for LAEPs can ensure a place-based approach, aligning local ambitions with regional and national energy planning.

The RESP could address this gap by integrating LAEPs into its framework and ensuring that local authorities have a strategic role in energy planning, supported by non-competitive funding to support this work and LAEP development.

#### **Q4. Do you agree that we have, to a reasonable extent, identified and understood all the potential costs of implementing the RESP?**

While the costs associated for the RESP team have been carefully laid out, we believe there are important gaps that need addressing and the ones stated below can be costed out at this stage as well.

- **Local capacity building:** The capacity and expertise at a local level is dependent on the size and tier of the local authority. While a larger local authority might have more experience, dedicated resources and expertise to engage with this process, a small authority may not be able to deliver at

the same level. All local authorities and other stakeholders might need resources, tools and guidelines to be able to input the most detailed information possible so the RESP can benefit their region. Allocating funds for this would improve the quality of their data contributions and reduce reliance on assumptions. This investment would ensure that local authorities can deliver accurate and reliable data for energy planning, which is critical to the success of the RESP.

- **Energy planning and Local Area Energy Plans (LAEPs):** There would be a significant variation in terms of the data available and level of detail with local authorities. Some might only have a local plan with energy not adequately covered while others might have a LAEP. LAEPs would provide that level playing field as well as valuable, data-driven insights for local energy systems that can feed into regional plans.

Currently, there is no standardised approach for integrating Local Area Energy Plans (LAEPs) into the RESP process. LAEPs are used successfully in Wales to develop localised decarbonisation pathways, and similar frameworks should be established in England. There is a clear need for allocated funding to support the development of LAEPs across local authorities in England, enabling councils to play a more strategic role in energy planning. By incorporating LAEPs into the RESP process, more accurate and localised data could be used to inform decisions, leading to more effective and tailored energy solutions.

- **Data consistency and whole-system approach:** The quality of RESP outputs is directly dependent on the quality and consistency of the data inputs. To achieve a comprehensive whole-system perspective, it is essential to allocate resources for careful planning, stakeholder collaboration, and data consistency. This funding will ensure that no critical variables are overlooked and that the process is inclusive and reflective of local needs and contexts. However, additional consideration of potential hidden costs, such as administrative burdens on local authorities and other stakeholders, would enhance the assessment.
- **Cost Implications for local authorities:** The full extent of the costs associated with RESP participation, such as political leadership capacity, staffing, data management, and technical support, may not be fully accounted for. Local authorities will require dedicated resources to meet the technical, administrative, and compliance demands of the RESP process. However, the current framework lacks a clear breakdown of these cost implications, particularly for smaller councils with limited budgets and capacity. A more transparent and detailed cost structure is needed to ensure that local authorities are adequately prepared and resourced to participate effectively. Allocating funding for the necessary staffing, data

management tools, and technical expertise will be critical to enabling their involvement and ensuring the quality of their contributions.

**Q5. Have we, as accurately as possible, identified and understood all the potential benefits of implementing the RESP?**

The Impact Assessment presents a strong case for RESP's benefits, particularly in enhancing investment efficiency, coordination, and cost savings in network planning. The break-even analysis and Benefit-Cost Ratio (BCR) calculations highlight significant long-term advantages. However, there is scope to further elaborate on qualitative benefits, such as improved decision-making transparency, greater stakeholder confidence, and opportunities for regional economic development.

While consumer benefits are outlined, the advantages for local authorities, communities, and businesses could be made clearer. RESP has the potential to support local economies by identifying investment opportunities, driving skills development, and creating new jobs in the energy sector. Strengthening the articulation of these co-benefits—alongside efforts to quantify them where possible—would aid in future monitoring and build confidence among stakeholders.

Although it is understandable that some benefits and costs cannot be quantified at this stage and that directly attributing impacts to RESP is challenging, the impact assessment could better outline how different stakeholder groups—particularly local authorities—will be affected. Where feasible, attempts should be made to quantify co-benefits, such as job creation, economic growth, or emissions reductions, to strengthen the case for RESP's broader impact. Additionally, clearer articulation of how RESP will support councils in meeting local economic and social goals alongside decarbonisation targets would be valuable.

Ensuring that benefits are distributed equitably across different regions and stakeholder groups remains a key challenge. A greater emphasis on qualitative benefits—such as resilience, equity, and long-term economic growth—alongside quantifiable metrics where possible, would further reinforce RESP's value.

**Q6. Are there any unintended consequences of implementing RESP that we have not identified?**

- RESP may benefit different regions unequally, as areas with stronger institutional capacity and more established devolution structures will be better equipped to engage, potentially widening disparities.
- Ongoing monitoring is essential to ensure RESP delivers efficiencies without introducing additional bureaucratic burdens.

- Local authorities have no statutory duties on energy, and their involvement in energy system planning is inconsistent, particularly in England. The absence of standardised local energy plans means that RESP may be developed without a clear, consistent local evidence base. Integrating Local Area Energy Plans (LAEPs) into planning policy could help address this gap.
- The quality of RESP outputs depends on the quality of data inputs. A collaborative and ambitious approach to data collection is needed to ensure a whole-system perspective and avoid overlooking critical variables.
- Variability in local authority resources, expertise, and existing energy plans and LAEPs could limit their ability to provide accurate data on future demand and supply, affecting RESP's effectiveness. Ensuring that essential data points are not excluded due to collection challenges will be crucial.

We would be grateful if, in addition to considering UK100's response to the consultation, you would also explore opportunities for further engagement. Please get in touch if you would like to know more or explore our response in more detail. We would also be happy to convene a discussion with our member local authorities, to discuss the themes within our response further.