
Regional Energy Strategic Plan (RESP)
Impact Assessment Consultation
Final Response
10 MARCH 2025

Context

On behalf of our mission Empowering Energy Demand, the ADE welcomes the opportunity to respond to Ofgem's Regional Energy Strategic Plan Impact Assessment Consultation.

Our mission is to embrace the value of a decarbonised, demand-led energy system, creating a future where households, businesses and industry are properly rewarded. The current electricity system is creaking under the demands of a rapidly changing system. We must harness the millions of EVs, heat pumps and the immense industrial demand we have right now to lower bills and keep our electricity system operable. Instead, we're fighting against them. Even more than that, industrial energy is decarbonising with long-term consequences for our energy system - creating new infrastructure and unlocking even greater sources of flexibility. The Government, Ofgem, the CCC and others all recognise that households, businesses and industry should play an active role in a decarbonised electricity system. Now is the time to make this a reality.

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

Within the consultation, it is unclear how consumer-led flexibility will be looked at as a counterfactual alongside and against network reinforcement and the role Ofgem see it playing in a "strategically planned, centrally coordinated, and integrated system". We agree that with increased electrification and the associated demand on the network, proactive investment will be needed to not exacerbate an already large connections queue and to maintain network stability. However, it seems in the consultation that there is a lack of focus on the role that consumer-led flexibility needs to play alongside network investment, as a solution to mitigate over-build and facilitate a more efficient use of energy and existing distributed energy resources (DERs). Flexibility can not only be used for managing constraints on the distribution network and reducing the need for network investment, but for supporting resilience on the networks that will be needed with its increasingly intermittent nature. Despite being in their nascency, DSO flexibility markets should become a valuable source of income for consumers with flexible assets in the correct location to respond to signals on the distribution network. It is difficult to decipher how Ofgem intends to measure the value of this flexibility and should look at updating the Common Evaluation Methodology (CEM) tool to true value of consumer-led flexibility in the RESP is being reflected.

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?

In general, yes. However, the ADE would have liked to have seen more attention paid to the traditional industrial sector (distribution connected demand) and the potential benefits they could reap under the RESPs.

Q3. Has anything in this draft IA changed your views/response to our July 2024 RESP policy framework consultation? If so, please explain what part of your response/view has changed and the reasons why. Please provide as much detail as possible.

Not particularly. As stated in our July 2024 response, the ADE still has concerns regarding delegating most of the execution decisions to NESO, and while that is not inherently negative, the boundaries around what is/is not NESO's responsibility (and what is/is not the local authorities' responsibility) can and should be clearer in the final RESP decision.

NESO should aim for a comprehensive view of what is required at local level. We support this as set out in [our report on the NESO transition](#) and as evidenced by NESO's own assessment of its work as ESO, the ESO has been poor at delivering on its strategic commitment to demand-side response. This has been caused by more than simply discrete difficulties but a broader culture. Given this, we're concerned about newer functions that are so strategically important and will have an important influence on Government policy, replicating that same culture.

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

In addition to potential increased costs for local government to engage with the RESP process, equally industry may face those same administrative costs from engaging with RESPs, and this should be acknowledged as well.

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

Generally, yes.

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

FOR MORE INFORMATION, PLEASE CONTACT:

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