

North East Combined Authority response to Ofgem RESP Policy Framework Consultation

8th October 2024

North East Combined Authority (NECA) response to Ofgem RESP Policy Framework Consultation

NECA Key Messages

1. Our preferred geography should for the RESP (Regional Energy Strategic Plan) is the NECA boundaries, covering our constitution local authorities of Northumberland County Council, Newcastle City Council, North Tyneside Council, South Tyneside Council, Durham County Council, Gateshead Council and Sunderland City Council.
2. The RESP should be aligned to commitments for net zero and energy outlined in the North East Deeper Devolution Deal commitments from March 2024, mainly around the commitment by NECA to establish the North East Strategic Energy Board (NESEB).
3. If there is no option for the RESP to follow the NECA boundaries, we welcome the approach for the RESP following Option 1 in the consultation, covering the North East (NECA boundaries), Tees Valley, Yorkshire and the Humber. This approach is important as it closely aligned to existing DNO and National Grid transmission boundaries, thereby enabling long-term transfer of clean energy across this area and nationally, and directly aligned to the geography for strategically planning infrastructure investment.
4. However, if RESP Option 1 and RESP Strategic Board on that corresponding geography is adopted, this needs to be accompanied by a strong representation by NECA on the RESP Strategic Board, and a strong representation by Ofgem, NESO and National Grid on the North East Strategic Energy Board (NESEB), which NECA is committed to establish.

Q1. What are your views on the principles (in paragraph 2.8) to guide NESO's approach to developing the RESP methodology? Please provide your reasoning.

Be place-based – ensure a place-based approach is integrated into energy system planning.

NECA supports the need to be place-based in developing the RESP methodology. The North East comprises both urban and a large rural geography, with three rivers, urban centres of inclusive economic growth, alongside a large coastline, all with different implications for energy system planning.

NECA, alongside other Combined Authorities, has a key role in planning the regional energy system to unlock economic growth in key sectors, as outlined in the [North East Deeper Devolution Deal](#). To enable this, the NECA is designing and will form the NESEB to:

- Guide energy policy in the region.
- Liaise and coordinate between stakeholders including the National Grid, Ofgem, network infrastructure providers, large energy consumers and generators.
- Review regional grid connectivity, understand future grid capacity, accessibility and the joint-investments that will be needed to underpin inclusive growth within the region's relevant industries and sites.

Each RESP geography is unique with distinctive place-based assets, including large energy generators and locations with large energy demand. Therefore, all RESPs must be highly sensitive towards integrating with the geography and place they are responsible for shaping, and delivering appropriate strategic network investment. NECA, and other Combined Authorities, are strongly positioned to be a key regional anchor institution for the NESO to engage with and deliver RESPs in partnership with.

Be whole system – adopt a whole system perspective (i.e. gas and electricity, but also heat, transport and industry).

A principle centred upon taking a whole system perspective to developing the RESP methodology is critical to energy system planning, and NECA supports this. However, this whole system approach should also address the following:

- Housing (upon brownfield land and new build housing)
- Land Use (urban and rural)
- Ports and Airports (including alternative sustainable fuels such as methanol, ammonia and hydrogen production)
- Heating and cooling systems in domestic, commercial and industrial settings

Be vision-led – provide a clear long-term objective for energy system development that reflects a region's characteristics and sets agreed priorities for the region while ensuring alignment with national priorities.

NECA recognises that being vision-led is important for undertaking long-term planning of any regional energy system and should be in alignment with UK government, industry and network priorities.

However, RESPs must be considerate and respectful of energy, net zero, socio-economic and environmental priorities set by Combined Authorities, which are in geographies below the scale of the proposed RESP geography (Option 1).

NECA will shape these priorities through establishing the NESEB and reflect the unique characteristics and assets in the North East. Therefore, the RESP methodology must be account for visions, priorities and characteristics of the North East and of other Combined Authorities geographies and priorities.

Be proactive – enable proactive development of the energy system and investment in network infrastructure to ensure it enables net zero, while remaining agile and taking an adaptive approach to account for uncertainty

NECA supports this principle, as proactive development of the regional energy system and long-term investment into infrastructure ahead of demand to ensure a transition to net zero, deliver regional economic growth through unblocking energy system constraints, and provide regional and national energy security.

NECA supports the need to be agile and taking an adaptive approach to address a regional energy system which is constantly evolving through fluctuating demand and generation on transmission and distribution networks.

Being agile and adaptive is critical for planning the live regional energy system in the North East, with the region comprising major transmission and distribution infrastructure including:

- The North Sea Link interconnector landing site near Blyth, connecting to renewable power from Norway
- Planned transmission routes (Eastern Green Link 1) and offshore wind landing sites (Morven Offshore Wind Farm)
- New largescale industrial and commercial developments
- Distribution grid reinforcement projects

Q2. Do you agree that the RESP should include a long-term regional vision, alongside a series of short-term and long-term directive net zero pathways? Please provide your reasoning.

NECA supports the rationale for the RESP to include a long-term regional vision. However, it is critical that the long-term vision is nuanced in design to account for the diverse priorities, characteristics and assets of the North East, and of other Combined Authority geographies across the North East, Yorkshire and the Humber. The RESP long-term regional vision must be developed in close collaboration with NECA and through the NESEB, when appropriate.

Developing a series of short-term and long-term directive net zero pathways is important for informing the long-term regional vision for the RESP. However, the directive net zero pathways must be sensitive to the differing ambitions, pathways and net zero targets of local authorities in the North East. NECA has not yet set a net zero target or short or long term net zero pathway, therefore the directive net zero pathways must also be flexible to any regional target set in the future. NECA has a strong ambition to support the development of the RESP by providing routes to accessing appropriate data, however NESO and the RESP must account for varying levels of data quality and quantity across the

North East and from other local government organisations across the North East, Yorkshire and the Humber.

Net Zero Targets

The long-term version must be sensitive into carbon reduction and net zero targets within the RESP geography, including those set by Combined Authorities, local authorities and partners. NECA does not yet have a carbon reduction or net zero target. North East local authorities and wider regional partners have set targets shaping their low carbon investment priorities. Therefore, the RESP long-term version, and short-term and long-term pathways must be sensitive to current and future targets across its geography and avoid prioritising visions and pathways from particular areas over others within its geography.

Q3. Do you agree there should be an annual data refresh with a full RESP update every three years? Please provide your reasoning.

Refreshing RESP data annually and delivering a full RESP update is critical to ensure the RESP remains relevant and can directly inform transmission and distribution network investment across the North East. Without providing these updates, RESPs will become outdated and will not directly align with the Centralised Strategic Network Plan (CSNP) and Strategic Spatial Energy Plan (SSEP) delivered by the NESO. Furthermore, RESPs will not align with local priorities and will not reflect the most up to date regional energy system due to its constantly evolving nature.

However, to deliver annual data refreshes and a full update every three years, NESO must closely consider the method, resource requirements placed upon relevant actors to provide data and strategic input, and delivery timescales. This must involve close collaboration with the NECA, each local authority in the North East, Northern Powergrid and Northern Gas Networks, as a minimum.

NECA, through the NESEB, will work closely with NESO and other key national and regional stakeholders to inform the annual data refresh and full RESP update.

NESEB and Combined Authority scale data

The provision of data, including carbon intensity, demand, generation and overall capacity would be highly valued by the NESEB and NECA. We understand this is not currently provided or readily available, however the provision of this data annually would greatly inform the development of energy planning at the Combined Authority scale and below.

For example, the NESO provide the carbon intensity of each region. This highlights 'North East England' with a low carbon intensity, however this data and the relevant energy mix

shared at Combined Authority scale would be more beneficial and have greater impact aligning with sub-national political and economic governance arrangements.

Q4. Do you agree the RESP should inform the identification of system need in the three areas proposed? Please provide your reasoning, referring to each area in turn.

Providing consistent assumptions

We understand the need for NESO to address inconsistencies in the assumptions used by network companies. As highlighted in the RESP consultation document, providing consistent assumptions across the three types highlighted (low carbon technologies, consumer behaviour profile, and profiles for growth in flexibility provision), are highly aligned to the electricity vector.

It is important that NECA, regional stakeholders and network companies are closely engaged to address regional variation for these initial assumptions and any future assumptions beyond the electricity network.

Setting out the spatial context for capacity needs

NECA, alongside its seven constituent local authorities in the North East, has undertaken varying forms of local and regional energy planning, and heat masterplanning. It is the ambition of the NESEB to take this further and explore current and future regional constraints, or 'pressure points' on the transmission and distribution network, thereby informing network reinforcement investment.

Therefore NECA, through the NESEB, will need to work closely with NESO and the formation of the RESP to deliver a relevant and up to date spatial view of capacity needs. We see this as important for demonstrating to relevant regional stakeholders the required network investment, when and where it should be delivered, and why.

Informing strategic network investment

NECA agrees that the RESP should inform accelerated strategic network investment. Strategic network investment is critical not only for enabling decarbonisation nationally and in the North East, but it is also critical for unlocking grid constraint to catalyse greater levels of investment and inclusive economic growth in the North East.

In particular, strategic network investment has the ability to attract inward investment into the North East, focused upon our key sites and areas of the region. These key sites and areas align to our regional industrial strengths of offshore renewables, electric vehicle and battery manufacturing, advanced manufacturing and low carbon materials supported by

four Investment Zones in Blyth, on the River Tyne Corridor, International Advanced Manufacturing Strategic Site (IAMSS) in Sunderland and South Tyneside, and NetPark in County Durham.

Q5. Do you agree technical coordination should support the resolution of inconsistencies between the RESPs and network company plans? Please provide your reasoning.

NECA recognises and agrees that technical coordination should enable a resolution to the inconsistencies between the RESPs and network company plans. This is critical to ensure the RESP delivers a whole energy system planning approach in the long-term and to deliver upon the other two building blocks to form the RESP, especially for accelerating strategic network investment, unlocking distribution network capacity and accelerating electricity grid connections. There is a current lack of resources and capacity to undertake this technical coordination role, and is critical for enabling effective energy planning and enabling decarbonisation and economic growth in the North East.

In any case, DNOs and GDNs must share accurate and up to date power demand and capacity data, including applications for connections. This is important to ensure the RESPs are based upon the most up to date data.

Q6. What are your views on the three building blocks which come together to form the RESP in line with our vision? Are there any key components missing

NECA appreciates the importance of the three building blocks proposed by Ofgem for the NESO to deliver each RESP, especially for capturing input from local and regional actors, including Combined Authorities across England.

However, the ‘Strategic direction setting: modelling supply and demand’, and ‘Strategic direction setting: identifying system need’ building blocks of the RESP must be sensitive to NECA, as a newly formed Mayoral Combined Authority in the North East, has important economic, industrial, net zero and energy priorities as part of the North East [Deeper Devolution Deal](#) agreed in March 2024.

As part of the Deeper Devolution Deal, NECA will be forming of the NESEB as part of the NECA Economy Portfolio. This strategic activity mirrors the formation of other Strategic Energy Boards or similar governance mechanism at Combined Authority or Local Enterprise Partnership (LEP) scale. These include the Humber Energy Board, West Midlands Combined Authority Environment & Energy Board, Tees Valley Net Zero Leadership Group, alongside various steering boards to drive Local Area Energy Planning (LAEP) at the York and North Yorkshire LEP, and at the West Yorkshire Combined Authority.

Therefore, as part of delivering upon the strategic direction setting building blocks of the RESP, NESO must provide sufficient resources to enable close and continuous engagement with NECA and other Combined Authorities within the proposed North East, Yorkshire and Humber RESP geography (Option 1). This is critical to enable NECA to be part of the RESP development process, providing an efficient approach to bring in key regional stakeholders such as large energy generators and users, and individuals already engaging with the NESEB.

A key component currently missing is prioritising connections, based upon the three building blocks of the RESP. This is important as the RESP must influence delivery and ensure that NECA has a clear opportunity to outline when and where transmission and distribution network upgrades should be prioritised. This could involve the RESP utilising decision matrix to enable localised decision making at a regional level, supporting connections of critical infrastructure in the region. The NESEB will also be well positioned to provide strategic input and steer on prioritising connections of critical infrastructure.

Q7. Do you agree with the framework of standard data inputs for the RESP? Please provide your reasoning.

NECA agrees with the RESP approach for capturing both top-down national inputs and bottom-up inputs. However, as a Mayoral Combined Authority, NECA and other Combined Authorities will provide additional data inputs on a regional scale. The NESO must be cognisant of varying net zero targets on a local authority scale in the North East and the potential for reviewing net zero targets moving forward.

Beyond the inputs provided in Table 2 in the RESP consultation document, the following should be strongly considered as additional standard data inputs to ensure a whole system approach for the RESP:

- Regional Heat Network Project Pipelines
- Local Growth Plans
- Regional Inclusive Industrial Strategy
- Regional Transport Plan (e.g. North East Transport Plan)
- Strategic Place Partnership
 - Pipeline of brownfield and greenfield housing sites
- Regional Spatial Plan (potentially forthcoming)
- Regional Inward Investment Pipeline
- National Office for Investment (OFI) Pipeline
- Port masterplans and decarbonisation plans
- Water Companies and related underground assets
 - For example, the National Underground Asset Register (North East, Wales and London)

Q8. Do you have any suggestions for criteria to assess the credibility of the inputs to the RESP?

The credibility of data inputs, including those provided by DNOs and GDNs, should be aligned to short-term and long-term pathways. As a minimum, to assess the credibility of RESP data inputs, the following criteria should be used:

- Date of data input release (depending upon data type)
- Planned timescale for data input refresh and update

As noted previously in response to Question 5, DNOs and GDNs must share accurate and up to date power demand and capacity data, including applications for connections. This is important to ensure the RESPs are based upon the most up to date data.

Q9. Do you agree with the framework for local actor support? Please provide your reasoning.

NECA welcomes the proposed framework for local actor support and has provided further feedback on each element:

Providing proportionate technical advice on local energy plans

Each local authority in the North East has varying levels of technical capacity and capability, therefore technical advice for developing local energy plans would be welcomed, when necessary for each local authority.

Supporting coordination and coherence between local, regional and national plans

NECA welcomes the commitment from NESO to support coordination and coherence. However, further detail is required to outline how this is operationalised in partnership with NECA when developing the RESP. NECA would welcome the opportunity to work in collaboration with NESO to develop this further.

Setting up a 'bank' of energy planning good practice to foster transparency and knowledge sharing between local actors

Providing a bank of energy planning good practice would be a strong addition to the local and regional energy planning landscape in the North East. However, this must consider existing activity and knowledge sharing apparatus established by NECA, the Net Zero North East England (NZNEE) partnership (with NECA as the host and accountable body), and the North East, Yorkshire and Humber Net Zero Hub.

Providing training on the energy sector to enable meaningful participation and engagement (at Strategic Board and working group levels)

NECA is a critical anchor institution for driving inclusive economic growth and net zero in the North East, requiring officers to drive investment across a range of sectors and activities aligned to our overall aim and missions. In similarity to other Combined Authorities, not all officers have a deep level of knowledge and expertise on energy systems and regional energy planning.

Therefore, NECA agrees with the need for providing training on the energy sector for relevant organisations and individuals at the appropriate time and level. NECA, through the NESEB will be seeking to engage officers from across the NECA and will be open to be involve relevant officers in energy sector training as part of the RESP process.

Coordinating and facilitating working groups between local authorities, network operators and other key actors

NECA recognises the commitment by NESO to coordinate and facilitate relevant working groups. However, NESO must work closely with NECA, the NZNEE partnership and the North East, Yorkshire and Humber Net Zero Hub to avoid duplication of existing working groups, and must be sensitive to any working groups established by the NESEB at NECA.

In addition, other Combined Authorities have working groups considering this important issue and NESO must clearly position any additional working group arrangements carefully to avoid duplication in the energy planning landscape.

Providing access to common digital tools and improving data consistency

NECA agrees with the need for providing access to relevant digital tools and ensuring improvements to data consistency. These two elements are critical to enabling more robust local energy planning within local authorities, and any commissioned service providers to support LAEP or similar energy planning service delivery.

**Q10. Do you agree with the purpose of the Strategic Board?
Please provide your reasoning**

Provide oversight of RESP development

NECA agrees with the Strategic Board providing oversight of the RESP development and welcomes the signal that NESO will be the accountable body for RESP delivery. It is critical that the RESP has strong oversight by the Strategic Board.

However, as previously noted, it is equally important that the Strategic Board considers relevant recommendations and outputs delivered by the NESEB and other strategic energy boards operating within Combined Authorities in the proposed North East, Yorkshire and Humber RESP region (Option 1). Therefore, the NESEB and similar strategic energy boards must have regular and a transparent opportunity to meaningfully challenge and support decision-making.

Facilitate transparency and increase visibility of regional priorities

NECA agrees that the Strategic Board should facilitate transparency and increase visibility of regional priorities. The Strategic Board must operate with fullest possible transparency and be able to regularly share regional priorities.

However, overall regional priorities in the RESP must reflect the varying sub-regional priorities across the proposed North East, Yorkshire and Humber RESP region (Option 1). NECA will utilise its Portfolio Boards, the NESEB and other related governance mechanisms to identify and share priorities in the North East. This is critical for the Strategic Board accurately reflect regional priorities in the North East.

Produce a recommendation / steer on key decisions being made.

NECA agrees that the Strategic Board needs to play a strong role in delivering recommendations and steer on key decisions. NECA also welcomes the formation of working groups in the proposed RESP region (Option 1) to enable an effective and efficient gathering of regional input.

NESO must consider how any recommendations are informed by existing and forthcoming energy boards within Combined Authorities (including the NESEB), and working groups across the RESP geography, will have a clear opportunity to input into any recommendations and steer provided.

Q11. Do you agree that the Strategic Board should include representation from relevant democratic actors, network companies and wider cross-sector actors in each region?

NECA agrees that the Strategic Board should include representation from relevant democratic actors, network companies and wider cross-sector actors.

Q12. How should actors (democratic, network, cross-sector) be best represented on the board? Please provide your reasoning, referring to each in turn.

Democratic

Combined Authorities are strongly positioned to represent upper tier local authorities. NECA is strongly positioned to represent the seven upper tier local authorities in the North East on the Strategic Board.

However, it is important that the Strategic Board and any established Working Groups provide a clear approach to engaging local authorities.

Network

NECA agrees that network companies should be represented on the Strategic Board. Northern Powergrid, Northern Gas Networks and Scottish Power Energy Networks (although in a limited geographic area in Northumberland), are network companies operating in the North East and are critical for building the future low carbon energy system in the region and driving economic development.

Cross-sector

NECA agrees that relevant cross-sector actors are represented and fully engaged in developing the RESP. NECA, and other Combined Authorities can play an important role in this engagement process. The NESEB will bring together key cross-sector actors in the region to identify current barriers and investment plans, thereby identifying future energy demand and generation.

Due to the geography of the proposed RESP for the North East, Yorkshire and the Humber (Option 1), it will be difficult to include all relevant cross-sector actors on the Strategic Board. However, as a minimum, we suggest that the following actors are engaged as part of the working groups or wider engagement processes:

- Major energy users (including large businesses), and generators (including North Sea Link as a major interconnector, Lynemouth Power Ltd and North Sea offshore wind developers)
- Port Authorities and Airports
- Transport Providers (including Nexus in the North East, National Rail and bus operators).
- Groups representing housing providers (for example, the North East Housing Partnership)
- Bodies and groups representing community energy (for example, Community Energy England, Community Action Northumberland, Durham Community Energy)
- Major Academic Centres (Durham Energy Institute)

**Q13. Do agree with the adaptations proposed for Option 1?
Please provide your reasoning.**

NECA agrees with the adaptations proposed for Option 1 and the creation of a dedicated RESP region for the North East, Yorkshire and the Humber. Reducing the original proposed geography using Transport for the North boundaries is important to ensure the RESPs reflect appropriate network company boundaries, future transmission network planning geography and new Combined Authority boundaries within Option 1.

In the North East specifically, the adaptations enable the RESP to have a more suitable geographic focus and alignment to the political and administrative geography of NECA, reflecting its new powers and resources to transform the economic, transport and energy systems of the North East. However, Option 1 comprised a population significantly larger than the North East.

Q14. Do you agree with our assessment that Option 1 is a better solution than Option 2? Please provide your reasoning.

NECA agrees that Option 1 is a better solution than Option 2, for the following reasons:

Delivering at an appropriate geography

The Deeper Devolution Deal for the North East outlined the strategic ambitions for net zero and energy for NECA. This included creating the NESEB, operating at a geography below the North East ITL1 scale, with the latter including all local authorities in the North East and the Tees Valley.

Although the North East ITL1 region is closer in geographical scale to the NECA region, Option 1 provides a clearer opportunity for the NESEB to shape and steer decision-making on a geographical scale with greater strategic and institutional alignment to Ofgem, NESO, the RESP, network companies and cross-sector actors.

Avoiding duplication

As highlighted throughout this consultation response, NECA is in the process of forming the NESEB, directly focusing upon shaping the future energy system of the North East. However, if NESO forms a Strategic Board to deliver a RESP on a ITL1 North East region scale (Option 2), there is a high risk of duplicating purpose, remit, board membership and stakeholder engagement.

However, whilst Option 1 presents a stronger approach, further detail is required to outline how the arrangements of a Regional Spoke, Strategic Board and Working Groups will engage with the NESEB and similar energy boards and steering groups delivered by

Combined Authorities across the proposed RESP geography in Option 1. NECA and the NESEB is willing to work closely with NESO to develop these spoke-specific arrangements when required.

Q15. Do you agree a single region for Scotland is optimal? If you think a two region solution is better, do you agree the split should occur at the SSEN and SPEN DNO boundary? If not, please provide your reasoning and alternative option(s).

No response required.