

## Regional Energy Strategic Plan Policy Framework Consultation

8<sup>th</sup> October 2024

**About:** The United Kingdom Warehousing Association (UKWA) is the dedicated trade association for the UK's vital warehousing sector representing 1,000 member businesses who together operate around 200 million square feet of warehousing and distribution space across thousands of locations.

Warehousing is one of the fastest growing sectors in the UK and combined with the wider logistics industry, contributes £165 billion Gross Value Added (GVA) to the UK economy.

To meet seismic shifts in consumer demand and exponential growth in ecommerce, the UK's warehousing footprint has grown by more than 50% in the past 10 years.

85% of warehousing and logistics businesses are SMEs and it is estimated that one in ten workers in the private sector are now employed in warehousing and logistics occupations.

The goods which the UK produces and consumes reach their destinations efficiently because of a highly developed logistics system. Warehouses are a critical part of this system.

**Executive Summary:** There is a persuasive case for Ofgem to support our sector's swift growth by ensuring that the Regional Energy Strategic Plan (RESP) framework provides warehousing and logistics businesses with access to the necessary energy capacity; low energy costs; and a modern energy grid to meet the demands of an electrified logistics sector.

We agree with the proposals to provide local actor support, which is important to warehousing and logistics businesses, as is the need to ensure that our sector is represented with regards to regional energy planning. Our sector understands the need to decarbonise, and warehousing businesses can play a pivotal role in meeting the UK government's target of net zero emissions by 2050. The proposed framework will provide guidance for long-term investments in sustainable technologies, such as rooftop solar panels, which can utilise the 18,500 acres of potential warehouse rooftop space, doubling the UK's current solar capacity.

We welcome Ofgem's RESP consultation which has allowed UKWA to contribute the warehousing sector's views on Britain's future energy strategy.

**Question 3: Do you agree there should be an annual data refresh with a full RESP update every three years?** Yes, frequent updates allow businesses in warehousing and logistics to adjust their strategies based on the most up-to-date energy supply and demand forecasts. This can help logistics operators plan investments in new technologies such as electric vehicles or renewable energy solutions. An annual data refresh combined with a full RESP update every three years strikes a good balance. Our sector is undergoing rapid technological changes, particularly with the adoption of electric vehicles (EVs) and energy-efficient solutions in warehousing. Annual data updates will ensure that the RESP remains responsive to evolving energy needs, allowing warehousing and logistics businesses to adjust their strategies accordingly. Meanwhile, a comprehensive three-year update allows for more in-depth analysis, strategic adjustments, and alignment with evolving national and regional net-zero

targets. This approach would support accurate planning for the warehousing and logistics sector, ensuring that energy capacity aligns with increased electrification and renewable energy adoption.

**Question 4: Do you agree the RESP should inform the identification of system need in the three areas proposed?** The RESP should inform the identification of system needs in the proposed areas: modelling supply and demand, setting spatial context for capacity, and guiding strategic network investments. For warehousing and logistics businesses, energy infrastructure must evolve to meet growing demands from EV fleets, automated warehouses, and other energy-intensive operations. Understanding how system needs are identified is crucial for planning future infrastructure. Coordinating energy needs with future infrastructure investments ensures that the sector can transition smoothly to sustainable, low-carbon operations without facing energy shortages or delays in grid upgrades. This approach ensures that regional plans align with local energy demands and national net-zero targets, and should prevent bottlenecks in electrification, ensuring that critical logistics hubs can remain operational and competitive.

**Question 5: Do you agree technical coordination should support the resolution of inconsistencies between the RESP and network company plans?** Technical coordination is crucial for resolving inconsistencies between RESP and network company plans. Logistics operations are time-sensitive, and delays or inconsistencies in energy availability can have significant financial implications. By ensuring that network upgrades, grid capacity, and energy investments are aligned, logistics businesses can plan with confidence. Coordinated energy plans ensure that network upgrades are in sync with business growth, preventing grid congestion that might otherwise affect operations like warehouse electrification and logistics fleets. This coordination will help avoid disruptions to EV charging infrastructure, smart warehouses, and other systems that require consistent energy supply. It will also allow warehousing and logistics businesses to plan their investments in new technologies without fearing that the grid won't support them.

**Question 7: Do you agree with the framework of standard data inputs for the RESP?** The proposed framework of standard data inputs is critical for creating accurate, reliable forecasts. Warehousing and logistics businesses require dependable projections of energy demand and grid capacity to plan the electrification of fleets and the integration of energy-efficient technologies in warehouses. Data such as local government plans, EV adoption rates, and heat network zoning will allow businesses to align their own energy needs with broader regional and national energy goals. Additionally, having standardised inputs ensures consistency across regions, reducing uncertainty for businesses operating in multiple areas.

**Question 9: Do you agree with the framework for local actor support?** The framework for local actor support is a positive step for ensuring that warehousing and logistics businesses can engage effectively in the RESP process. By offering technical advice, training, and access to best practices, local actors can contribute more meaningfully to energy planning. This support is essential as many businesses in our sector may lack deep expertise in energy system planning. Businesses can benefit from stronger ties with local governments and network operators to ensure that energy infrastructure keeps pace with growing operational demands, especially as the sector moves towards net-zero goals.

**Question 11: Do you agree that the Strategic Board should include representation from relevant democratic actors, network companies, and wider cross-sector actors in each region?** It is important that the Strategic Board includes representation from a wide range of stakeholders, including warehousing and logistics businesses. Including representatives from our sector on the board can ensure that energy needs are considered when developing regional energy strategies. The energy needs of the logistics sector - particularly related to fleet electrification, renewable energy use, and smart warehouse technologies - must be adequately represented. By having cross-sector actors at the table, the unique challenges and opportunities within our sector can be addressed, ensuring that regional energy strategies reflect the practical needs of businesses while driving decarbonisation. Involving logistics stakeholders also enhances the coordination between the energy system and the operational realities of the sector.