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10 October 2024

Dear Jonathan,

I welcome the opportunity to respond to the consultation on the proposed Regional Energy Strategic Plan (RESP) policy framework and set out the Scottish Government's views.

We recognise the need for democratic decision making in local energy network planning and the need to improve understanding of network infrastructure requirements in local areas to support our drive to net zero by facilitating decarbonisation of our industry, homes and transport and to help drive investment to realise the economic opportunities. Regional Energy Strategic Plans could help ensure better alignment with the needs of local areas and communities across Scotland, building on the valuable system planning work that Distribution Network Operators (DNOs) currently undertake including aligning with Local Authorities' Local Development Plans, Local Heat and Energy Efficiency Strategies (LHEES), Heat in Building strategies and Electric Vehicle plans.

The Scottish Government is focused on delivering a just transition to net zero by 2045. Our draft Energy Strategy and Just Transition Plan (ESJTP) sets our vision for the future energy system in Scotland, and our ambition to deliver affordable, secure and clean energy to benefit communities across the country by providing high quality jobs and economic opportunities. It takes a whole systems approach and sets out an ambitious suite of actions for the Scottish Government, along with actions for industry, Ofgem and the UK Government.

It is clear that to deliver on our collective ambitions, significant investment in electricity networks and a strategic approach will be required to ensure they do not become a barrier to progress.

A critical element of this is the development of a coordinated energy system that is fit for the future and will provide confidence in setting requirements and enabling network infrastructure investment when it's required to support decarbonisation. RESPs should align clearly with the work being undertaken on the Strategic Spatial Energy Plan.

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It is also important that the Regional Energy Strategic Plan fully takes into account Scotland's devolved responsibilities for planning and consenting, and that Scotland is a nation, the differences across Scotland's regions and incorporates national, regional and local plans and strategies including [National Planning Framework 4](#), as well as Local Development Plans, Local Heat and Energy Efficiency Strategies, which are developed by each of Scotland's 32 local authorities on a statutory basis, as well as Scottish Government plans, strategies and ambitions including our Green Industrial Strategy, Heat in Buildings Strategy, Heat Networks Delivery Plan, Hydrogen Action Plan, Carbon capture, utilisation and storage and our Vision for Scotland's Public Electric Vehicle Charging Network.

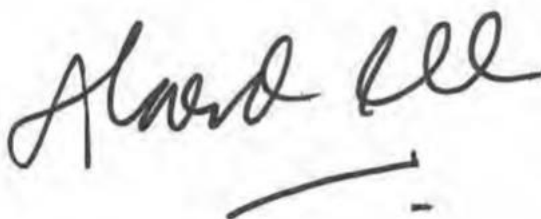
It is therefore vital the Scottish Government and Local Authorities are appropriately represented in the proposed governance structure of Strategic Boards to provide a steer and sign-off for any regional plan that is developed.

It is also important that local communities are meaningfully engaged and able to influence in any decisions made regarding infrastructure in their region. It is not clear from the proposal to what extent the regional plans will be assessed locally or communities engaged beyond the representation on Strategic Boards. There must be considerations to address Scotland's rural and island areas which are likely to contribute significantly to net zero for the whole of Great Britain. It is key that they are appropriately engaged and reflects specific circumstances.

Finally, it is vital that there are clear links between the SSEP, Clean Power 2030 and RESP activity to ensure there is a joined-up approach and that these are communicated at the earliest possible opportunity along with a clear programme of stakeholder engagement throughout the process.

We are keen to continue to work closely with Ofgem, the National Energy System Operator, network companies and all relevant stakeholders, and my officials will be happy to pick up on any of the points raised in the annex with your teams.

Yours sincerely,



Alasdair Allan

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ANNEX B – FEEDBACK ON OFGEM’S PROPOSED REGIONAL ENERGY STRATEGIC PLAN (RESP)

Provisional assessment of the Regional Energy Strategic Plan

We welcome the proposed approach of the principles to guide the National Energy System Operator’s (NESO) to developing the Regional Energy Strategic Plan (RESP) methodology. It is imperative that regional differences and a place-based approach is integrated into energy system planning and that a whole system perspective is adopted which includes gas, hydrogen, electricity, heat, transport and industry. We also welcome the principles of being vision-led and proactive in order to facilitate a long-term objective for energy system planning, however this must incorporate Scotland’s many diverse regional characteristics and priorities, as well as Scotland’s wider national targets and ambitions.

We recognise that the Strategic Spatial Energy Plan (SSEP) and the Centralised Strategic Network Plan (CSNP) will sit at the transmission network level with the RESP sitting at the local distribution network level, but it would be useful to understand in greater detail how the RESP, SSEP, and CSNP will interact with each other in practice to ensure full consistency between national and regional network planning recommendations.

We agree that the RESP should include a long-term vision, alongside a series of short-term and long-term net zero pathways. A long-term Scottish national vision would aid in setting out the priorities for Scotland with individual regional visions stemming from this which would reflect the regional differences across Scotland and align with current strategies and plans including the National Planning Framework 4. We agree with the proposals of a short-term pathway which should align with the current regulatory framework for price controls as well as the UK government’s ambition to achieve a decarbonised power system by 2030. We welcome a longer-term pathway but feel the time period should align with the Scottish Government’s statutory target to meet Net Zero by 2045 (not 2050, as it is in England and Wales). We therefore feel a timeframe of 20 years is more appropriate.

We welcome the proposal of an annual data refresh with a full RESP update every three years as this provides a balance of investment reassurance while remaining flexible to changing demands. We also note that a three-year update cycle will align with the CSNP’s whole system assessment.

We agree that a technical coordination role provided by the NESO is essential and should support the resolution of inconsistencies between the RESPs and network companies plans however there are concerns regarding the risk of data or assumption gaps which may stop local plans coming to fruition and how this would be addressed and managed.

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Regional governance

We welcome the proposal of each RESP, having its own Strategic Board which would facilitate transparency, highlight regional priorities and provide an oversight to the development of the RESP but feel they could be strengthened. We agree with the purpose of the board to provide a forum for collaboration, supporting whole system planning and ensuring that the RESP will accurately reflect each region. We emphasise that it is imperative that the board will be able to influence and oversee the development of the RESP and provide a steer on key decisions. We would like to see more clarity on how the Strategic Board will fit into the governance process. Would there be an interim sign off before the NESO provides a final decision? We would welcome consideration of a form of governance that allows boards to challenge a final decision by NESO such as an appeals process. While the consultation is clear there shouldn't be any conflict resolution process, with the NESO acting as the final decision maker, it is important that an appeals process should be considered in the process to allow for transparency and fairness.

We also agree that the Strategic Board should be made up of key local stakeholders relevant to the energy system and spatial planning at a regional level as well as democratic representation. The Strategic Boards must be reflective of key actors, beyond only network companies. We would suggest existing organisations and structures to represent the relevant actors include the Scottish Government, COSLA for Local Authorities, DNOs, community energy sector representatives and relevant agencies including Scottish Enterprise, Highlands and Islands Enterprise, South of Scotland Enterprise, Scottish Futures Trust, Local Energy Scotland, and industry groups including Scottish Renewables and Energy UK.

With regards to the Scottish Government's role, we have a strong preference that the ratification of recommendations should go through a governance process in which the Scottish Government have a formal role. We would suggest that all RESP recommendations for Scotland are brought by Ofgem to the SSEP high level committee for sign-off, which would give Scottish Government a formal role in the process.

We note that it is important that the relevant local and community stakeholders and democratic actors are represented fairly on the Strategic Board but have concerns around the proposal of having unitary councils in Scotland represented on the board. There are currently 32 unitary councils in Scotland and combined with network companies, Ofgem, NESO, Scottish Government and any other stakeholders that may be represented on the board it could prove unworkable under a one region solution for the whole of Scotland. We would suggest COSLA could be a fitting representative for Local Authorities on the Strategic Board, particularly if a one region solution is adopted as having multiple Local Authorities on one board could prove unworkable.

We have concerns that the engagement model that is proposed with workshops looks like it could be resource intensive for those in attendance. There is therefore a risk that only those that can afford to will be able to attend and have a voice within the democratic representative make up of the Strategic Board and its associated groups particularly in the context of a voice for consumers.

Regional Energy Strategic Plan Boundaries

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We welcome the consideration of a one or two regional boundary solution for Scotland. We see the merits of both proposals and don't have a specific preference for one or the other. A two-region solution could be more effective in taking into account the diversity of Scotland's natural and functional economic geography. The benefits of a one region solution from a Scottish Government perspective would be in the simplicity of having just one RESP team and plan to engage with. There is a concern for the proposal of all unitary councils in Scotland being represented on one Strategic Board if a one region solution was adopted for Scotland. There are 32 unitary councils in Scotland so having two regions splitting the country along the SSEN and SPEN DNO boundary and creating a Highlands and Islands region and a Central and Southern Scotland region could alleviate some of the challenges with having a high number of unitary councils represented on a single regional Strategic Board.

We do however have concerns that the proposed DNO boundary line split for a two-region solution would straddle multiple council boundaries in Scotland. There is a question of how this would prove workable. Would a council where the boundary crosses be represented in both regions, or would it have to pick or be assigned a region based on population for example? A proposed split based on council boundaries could prove more viable in terms of management or a region that encompasses the more urban central area councils and the other combining the northern and southern areas that are characterised by rurality and isolated communities.

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