

Email to: [resp@ofgem.gov.uk](mailto:resp@ofgem.gov.uk)

4<sup>th</sup> October 2024

Dear Fiona Campbell,

**Response to Regional Energy Strategic Plan policy framework consultation.**

EDF is the largest low carbon energy generator, as well as the only nuclear generator in the UK. EDF operates low carbon nuclear power stations and has a large and growing portfolio of renewables, including onshore and offshore wind, solar and energy storage. EDF has a large customer base and will be integral to Britain achieving net zero by building a smarter energy future that will support delivery of net zero carbon emissions, including through digital innovations and new customer offerings that encourage the transition to low carbon electric transport and heating.

We welcome the opportunity to respond to this consultation on the Regional Energy Strategic Plan policy framework. Our response is set out in the attachment with this letter.

We agree with the intent of the RESP framework to ensure the coordinated development of the system across multiple vectors, provide confidence in system requirements, and enable infrastructure investment ahead of need.

In our response we have set out specific points for Ofgem to consider on:

- Timing and coordination with other NESO-led functions, such as FEP, SSEP, and CSNP.
- The NESO's resource capacity to develop RESPs alongside those other functions.
- The ability of other parties to influence the development of each RESP.
- The role of the Strategic Boards.

We look forward to continuing to work with Ofgem in the post-consultation stages.

Yours sincerely,



Mark Cox  
Head of Nuclear and Wholesale Market Policy

**1. 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.**

Our views on the principles outlined are as follows:

**Place based** – We would suggest clarifying the definition of place-based for the purpose of the RESP. We think the intention of this principle could be restated as respecting that different areas will have different needs and priorities. For more directness, this principle could instead be framed as *“Allows for regional diversity”*.

**Whole system** – No further comment. The concept of ‘whole system’ has been developing in industry for a number of years, and we support the coordination between different vectors and infrastructure levels.

**Vision-led** – The principle is less actionable than the other principles proposed, and is more about the outcome being sought. This principle could not be applied to helping decide trade-offs in the choices in the plan itself. We would recommend changing this principle to be more limited to the final descriptive sentence of the proposal, e.g. *“Aligns to national priorities”*. Alternatively, this principle could be framed as the contrast/constraint to principle #1, e.g. *“Minimises conflicts between regional and national priorities”*.

**Proactive** – We agree with this principle in general. However, the description could be clearer on the intent. We consider the intent is broadly (although not limited to) investing before the need arises or becomes critical a blocker to progress. A suitable principle for the RESP framed around this intention could be *“De-risks achieving future pathways”*.

We have considered whether other principles are suitable to include. We think it is important that the RESP leads to an efficiently planned and operated energy system, minimising risks of inefficient network build for industry. Therefore, Ofgem should consider including a further principle aligned to an economically justifiable outcome based on current and reasonable future assumptions about costs and consumer behaviour.

We would also note that resilience of the system to various issues, including climate change, should be one of the factors under consideration. The consultation indicates that Ofgem believes the DNOs/GDNs retain accountability for resilience through their detailed network planning functions. Ofgem should consider how the RESPs consider resilience in line with Ofgem's other work in this space.

**2. 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.**

We recently responded to Ofgem's consultation on draft guidance to the NESO on the production of Future Energy Pathways (FEP). Many points we made to that consultation apply equally to the pathway proposals in the RESP consultation, and Ofgem should ensure it is thinking about the use of short and long-term pathways consistently across its work areas.

We question the approach of only developing a single near-term pathway, especially if that near-term extends out to up to 10 years. While a single pathway in the very near term, linked to known and financially confirmed developments, may have some merit, we doubt whether it would be sensible to restrict pathways to a single view for more than around 3 years ahead – there is plenty of evidence and past experience to show how quickly energy sector outcomes and key assumptions around future developments can change within this period of time.

If a single pathway is considered necessary to support network investment decisions, it might be better to develop a “central case” near-term pathway for this purpose, or to use a blend of

credible pathways, rather than attempting to narrow down inevitable uncertainty over this kind of timeframe.

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

We are concerned about the NESO's capacity in the near future as it delivers several critical transmission-level planning documents from 2025-2027 (FEP, SSEP, CSNP). The future cadence of RESP updates should look to minimise any resource conflict with the NESO's other functions, and we would appreciate a longer-term view from Ofgem on the timing expectations for all NESO documents to allow for effective planning by both the NESO and other stakeholders, and how these new documents will integrate.

The RESPs refresh and publication cadence could also be led by the function it is providing to industry. Currently the core outcome of the RESP is to lead distribution level investment planning at the price controls. If that remains the case, we would recommend aligning this activity to those price control investment planning events. Equally, you could instead amend the gas and electricity price control processes to align to the regular production of the RESP, either by amending the price control periods or detaching assessments of existing network operation from new strategic investments (as is the direction of travel in transmission networks).

We note the risk to the first RESP's influence/input into ED3 business planning as the first RESP is due in 2026. The previous price control process for ED2 took over 3 years (August 2019 to March 2023) from first consultation to implementation date. The first RESP could come over half-way through the end-to-end process for ED3, and potentially in the middle of the DNO's business plan submissions to Ofgem. Any further slippage in date for the RESP will further reduce any scope to influence the setting of ED3.

We also note the interactions with the new NPPF, and the requirement for local plans to account for energy infrastructure. We would encourage Ofgem and Government to consider how new local plans may enable or constrain the ability of a RESP to effectively plan an economic energy system, and whether the RESP itself should be a material consideration in the NPPF.

**4. 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**

Yes, we agree that the RESP should inform the system need in the three areas outlined.

We would encourage the NESO to include mechanisms for:

- a) **External parties to provide input and constructive challenge to the common assumptions developed in the central hub.** The assumptions listed (technology use, consumer behaviour, flexibility provision) are critical to understand end-user demand and network growth, and will materially influence the outcomes. We would welcome the opportunity to understand how the NESO has developed its assumptions, and ensure transparency on how those assumptions are then applied in each RESP.
- b) **External parties to provide input, constructive challenge, and innovative ideas at each RESP-area level.** We believe that other parties may have innovative solutions for a particular locality that should be able to be considered in the RESP development process. We expect hydrogen production and use to be regionally concentrated, with some industrial areas (such as Teesside, where EDF is developing an electrolytic project) being a particular focus – and that RESPs should take account of this and intelligence from third parties on major projects under development.

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

Yes – we agree it is sensible to have a body looking at the resolution of inconsistencies. However, it may be difficult for the NESO to appropriately come down on one side or the other of a particular inconsistency – particularly where any strategic choice will directly impact the commercial outcomes for a given DNO or GDN, for example on electrification vs gas or hydrogen. Ofgem should consider the extent to which the NESO is empowered to do this.

**6. 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?**

No comment.

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

Yes, we agree with the standard data inputs. The NESO should keep under review other potential sources in due course.

Ofgem should consider whether to support other stakeholders with relevant information to provide data into the process, such as suppliers, settlement bodies, or flexibility providers/facilitators. This may help corroborate other sources of information at a local level.

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

We agree that it is important that the inputs to the RESP process are credible and provide a meaningful basis on which to develop the plan.

Some criteria we consider may be important:

- **Recency** – how up-to-date is the data set being used, or for local government plans, how recently were those plans updated and what evidence base underpinned those decisions?
- **Completeness** – is the data set patchy or broadly complete/representative? Particularly given the mismatch of local/DNO/GDN area boundaries, some areas may have a more extensive data set than others. Excessive differences could lead to bias or misinformed decision making.
- **Consistency** – the extent to which a given data input is consistent with or corroborated by other data sources.

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

Yes, we broadly support the outlined framework. Failure of local authorities to engage properly in the process removes a significant amount of the ‘value’ of the exercise, particularly where any RESP is quickly overtaken by conflicting local plans.

However, we are concerned that local actors will continue to lack appropriate funding for their work, and that this additional activity may divert resource away from existing planning approval

processes new energy projects depend on for progress. We would suggest that Ofgem considers further how local bodies are funded for these new activities.

Alongside this, we support the general outline of the support from the NESO to various local actors. We want to ensure the NESO is undertaking this efficiently, including opportunities for rationalising support across all RESP areas where possible to avoid duplication of effort.

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

We welcome the restatement that the NESO remains the final decision maker for each RESP. The strategic boards are the most novel part of the proposals for the RESP, and we are concerned about the practicality of each strategic board undertaking the functions described.

The consultation document sets out that “*The Strategic Board will oversee the development of the RESP and at key stage gates will produce a recommendation and a potential steer on key decisions being made.*” We are uncertain whether the strategic board will be able to produce any single recommendation, group priority, or steer on key decisions, given the proposed composition of that board and the potential for diverging interests.

The NESO operates in a different legal and regulatory environment to others on the proposed boards, such as local authorities. We would welcome more information from Ofgem on how the NESO will be empowered and supported to make decisions that may be challenging for certain stakeholders.

We would welcome transparency in how each strategic board is operating throughout the process, the priorities it has identified, and any recommendations/decisions taken including the justifications. We also believe that Ofgem/NESO should set clear expectations that limit the ability of any one party to disrupt the process.

**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?**

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

We agree with Ofgem’s intention that the board membership remains ‘lean’ and proportionate to its functions. Beyond a certain size the board may lose its effectiveness, however a small board may lead to a smaller number of motivated stakeholders holding an undue and outsized influence over each RESP. Ofgem should consider routes for other stakeholders to make representations to the NESO at the national and regional level outside of the strategic boards – see our response to question 4.

Ofgem should also consider whether a single strategic board at the ‘Central Hub’ level would allow for nation-wide entities to provide strategic input without needing to duplicate efforts at a local level.

We would welcome further direction from Ofgem to NESO on the appropriate composition and types of stakeholders invited to ensure a balance of interests, and the consistency between different regions. The initial list set out in the consultation for wider cross-sector actors (“*utilities, transport providers, businesses, social and environmental bodies, etc*”) is very broad, with diverse interests. Being clearer on the scope of the board’s functions and powers may help shape the right composition.

We reserve judgement on the overall value of the strategic board until further information is provided by Ofgem or the NESO in line with our views set out in questions 10-12.

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

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

15. 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 comment.