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Lincolnshire County Council
North East Lincolnshire Council
North Lincolnshire Council
Greater Lincolnshire LEP

8th October 2024

Dear Fiona,

Greater Lincolnshire response to the Regional Energy Strategic Plan (RESP) policy framework consultation

Thank you for the opportunity to be consulted on the detailed policy design of the RESP. We submit this response as the upper tier and unitary authorities of Greater Lincolnshire, and the Greater Lincolnshire LEP.

We would like to draw your attention to two of the key points in our response:

- i) We agree with the development of a RESP to support local decision making with a place based approach to strategic energy planning. We also expect that this will support consistency, transparency and accountability for energy planning on a local, regional and national level. We expect that this will better enable Local Government and our stakeholders to plan and support delivery of a resilient and reliable energy system.
- ii) We do not agree with the regional boundaries that will separate our economic region between two RESP boundaries. The proposals do not account for the place-based visions and energy outcomes that devolution will provide to Greater Lincolnshire. Separating the needs and strategic vision of Greater Lincolnshire between two RESPs will be detrimental to the delivery of the ambitions of our devolution deal, will result in additional resource required from all three authorities, and it will not take account of the whole systems approach required to deliver net zero in Greater Lincolnshire.

We urge Ofgem to re-consider this boundary, and correct this error. You should ensure that Greater Lincolnshire has the opportunity to operate as a economic region for energy planning, in the same way that other Local Authorities are able to in the current proposals. This discrepancy does not create a level playing field for Greater Lincolnshire against the regional boundaries proposed.

We do not consider this response to be confidential. We look forward to reviewing how Ofgem respond to our comments in the next phase of the RESP development.

Yours sincerely,



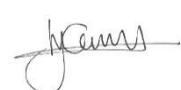
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Ofgem Regional Energy Strategic Plan policy framework consultation

Response from Lincolnshire County Council (LCC), North East Lincolnshire Council (NELC), North Lincolnshire Council (NLC), and the Greater Lincolnshire Local Enterprise Partnership (GLLEP)

October 2024

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.

We are supportive of the principles laid out in para 2.8.

Place-based: we believe a place-based approach is crucial to ensure that the most pressing challenges are addressed in priority order, the most appropriate solutions are identified and implemented, and that the needs and views of communities and businesses are taken into account. Local Authorities and LEPs are custodians of large amounts of local intelligence and insight and this information should be utilised in the energy planning process.

This approach will allow our existing place-based strategic plans to be accounted for by the RESP, including Local Plans, the Strategic Infrastructure Delivery Framework, the Local Transport Plan and the Local Industrial Strategy.

We caveat this with the understanding that the right 'place' is identified to allow our regional and local plans to be relevant to the RESP. We discuss this further in question 13, in relation to Greater Lincolnshire.

Whole System: we believe a whole-system approach is the only way to ensure that the most appropriate, efficient and cost-effective solutions are implemented, and that benefits can be assessed holistically and not in isolation.

A whole system approach must consider options outside of those listed in the consultation to be productive. We anticipate that a role of Ofgem's accountability of the RESP will be to ensure that the whole system approach includes innovative approaches to energy production and usage. Examples include;

- Water management
- Hydrogen
- Circular Economy
- The role of nuclear

Vision-led: the need for a region to identify its own priorities and ensure that these are taken into account is critical. For example, in Greater Lincolnshire our biggest challenge to delivering cost-effective energy solutions is the rural nature of our region and our dispersed population and we particularly seek solutions that will work effectively in such an environment which is very different from urban and densely populated areas.

Developing the long-term vision will provide an opportunity to use the RESP to support sector development within a region and drive innovation - giving a degree of certainty to support

additional private investment into the region, business investment in innovation and development of training provision to support talent pipelines and capacity building locally.

Proactive: being proactive and allowing development ahead of need is critical to avoid bottlenecks which may hinder regional growth. There is a need to remain flexible to allow for changes in direction if and when new or better technology solutions become available or when regional priorities change, especially if this occurs mid-price control period.

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 support the proposal of a long-term vision and believe this will provide the certainty required to attract additional private investment, promote opportunities for innovation, and develop additional training provision to support talent pipeline development and capacity building within our regional energy sector businesses.

We agree with the timescales proposed for the short and long-term pathways, noting that beyond the short-term, there is likely to be a very high degree of uncertainty regarding future development requirements.

Supply chain capacity has been identified as a barrier to delivery of decarbonisation across the Greater Lincolnshire area, particularly in areas such as retrofit of housing. A vision led approach will enable supply chains to develop capacity, including capital, skills and training. However, resource to support sector development must be built into RESPs, to enable the supply chain to respond with confidence.

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

We support this plan. A full RESP update more frequently than three years is likely to place an unacceptable burden on local authorities, and a longer period than three years would likely result in a reduction on the ability to be agile and flexible.

In our own data gathering we have realised that an annual data refresh is optimal to ensure changes in development plans are captured. An annual data refresh ties in with the DNO DFES process, the optimal solution would be to coordinate those processes to ensure an annual data refresh was done once per year and met all needs. DNOs currently run their DFES at different times of the year. We call upon Ofgem to streamline these timescales, to support Authorities such as Lincolnshire where we are served by two DNO's, to feed intelligence and data into these processes at a single time.

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.**

We agree with these proposals.

Consistent assumptions are essential to provide a level playing field for investment from region to region.

However, we ask that these assumptions have rural and coastal proofing measures. Examples of this may include increased levels of electricity consumption on the coast in summer months due to the visitor economy, where an assumption on reduced electricity due to warmer climate could be made. Rural proofing will also need to take account of the number of properties that are off the mains-gas grid, and therefore more likely to be early adopters of electrification of heat. Whilst we recognise that this level of detail will be fed in by network companies, it is important that the NESO recognise these anomalies in development consistent assumptions.

Providing the **spatial context** is helpful to allow local authorities to cross reference spatially against other relevant data sets, such as planning applications, other infrastructure (e.g. digital) and socio-economic metrics.

As the RESP will incorporate locally generated intelligence in development requirements, we believe a core function of the RESP should be a directive role to ensure local needs and priorities are being given due consideration in **investment planning**.

With regards to spatial context and investment planning, we would welcome a role from the RESP to support matching the level of external investment in Greater Lincolnshire with our local needs. For example, in rural Lincolnshire, significant investment is planned for solar via NSIPs. This large-scale investment on Lincolnshire land is unlikely to reap any significant local benefit on the County's net zero journey or energy demands. We plea that the RESP has a role in rebalancing this level of spatial planning and local investment, to allow local decisions, made with local intelligence and data, to address the requirements that will allow delivery of our net zero and growth ambitions.

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

We support a whole system planning approach and recognise that technical coordination between the RESP and network company plans will play an important part of this. We feel that others in the industry have experience in the technical coordination of network operators and can better respond to this question with detail.

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?**

We are supportive of the three building blocks of modelling supply and demand, identifying system need and technical coordination.

We anticipate that within each of the building blocks, the unique nature of our region and our contribution to the UK energy picture is recognised and accounted for, as discussed in the answers given above.

In terms of modelling supply and demand, we expect that the RESP will account for the distinctive places identified in Greater Lincolnshire, and their unique needs.

We expect that in identifying system needs, the RESP will look for innovative solutions to ensure that the Greater Lincolnshire region is not disadvantaged by geography, scale or supply chain, or where our existing infrastructure puts us behind others.

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

Broadly yes. It may be helpful to also include digital infrastructure mapping, especially as demand side flexibility and smart grid availability becomes more prevalent.

We have a specific concern over the requirement for a LAEP, and particularly 3.47 which states:

“Where there is limited specific local energy planning (eg no form of local energy plan), the RESP methodology should establish assumptions to generate the demand and generation growth projections and regional pathway.”

Producing a LAEP is currently a non-statutory duty for local authorities, for which no funding is provided by central government. Local authorities face capacity and expertise challenges around the production of a LAEP, and there is limited evidence on the outputs of such an approach, which makes sourcing investment a challenge where there are limited resources.

We are concerned that regions who are not able to produce a LAEP will be disadvantaged compared to those who do. We have concerns that assumptions will be made across vast areas, that do not take into account the unique nature of our region, with vast rural areas, towns, coastal communities and the Humber. We want reassurance that the opportunities that our region presents will not be overlooked, and that the NESO will support Local Authorities to gather the information that would be readily available within a LAEP.

We also highlight that there is no standard methodology mandated for LAEP production, although there is a recommended approach developed by the Energy Systems Catapult, therefore comparators between LAEPs are not currently straightforward and will be counterproductive to the standardised approach suggested by Ofgem to RESP development.

We suggest that either:

Production of a LAEP is made a statutory duty and sufficient funding and support is provided to local authorities to support delivery. The level of funding should reflect the long-term vision of the RESP. or;

LAEP is removed from the local government data requirements and all regions instead utilise RESP methodology and assumptions as described in para 3.47 of the consultation.

This would ensure parity between regions in terms of LAEP affordability and resource

availability and ensure that investment decisions are not made in areas with the best data, rather than those with the best investment proposition.

Reliance on existing data, strategies and policies of varying age and detail, is unlikely to give a realistic picture of the most attractive investment propositions. Experience in responding to network operators through the DFES process, has taught us that targeted consultation with key local actors results in a far richer, realistic, and detailed narrative about the investment propositions. This recent approach to the NGED DFES in our region has resulted in a comprehensive insight into short and long-term network restraints and opportunities and helped strengthen the partnership between the DNO and the County Council. We ask that Ofgem recognise the value in meaningful consultation, rather than a desktop data driven approach, to support these long-term, substantial investment plans.

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

The local government strategies noted for use as data sources have been through a documented and governed process of political and senior officer decision making and endorsement, as detailed in the Council Constitution. These can be assessed as a credible source of input into the RESP.

Governance of the RESP should include Officers with technical expertise to advise and assess the credibility of inputs, using a standardised, academic approach to research and data.

To support the 'bottom up' approach to provide credible input, the RESP should clearly set out the expected requirements of any input to prove its authenticity. This should be clearly communicated to those providing input ahead of collecting data and intelligence, to ensure that a standardised, consistent approach to used and prevent wasting resources on collecting later disregarded information.

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

We are broadly supportive of the framework proposal, and particularly welcome the offer of training and sharing best practice, to enable local authorities to improve expertise and knowledge in order to fully participate in the RESP process.

It will also be helpful for the NESO to facilitate sharing best practice across comparable Counties or Combined Authority areas with similar population profiles, as well as within a RESP area.

We reiterate here our concern regarding the lack of funding, capacity, expertise and/or statutory powers for LAEP development, and the risk of disadvantage for those regions who are unable to engage in LAEP development compared to those who can. Whilst we accept it may not be Ofgem's role to resolve these issues we hope they will be raised as significant risks to the RESP proposal.

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

Yes, we agree with the purpose of the strategic board to provide a forum for collaboration, navigating trade-offs and supporting whole system planning, and ensuring the RESP reflects regional context.

We are comfortable with the proposal that the Strategic Board does not have final sign off on the RESP, which will sit with the NESO. However, we will expect the governance arrangements to be transparent and detail the key information that decisions are made upon, and acknowledge where trade-offs have been made.

We look forward to reviewing future developments of the roles of the strategic board, and the governance that will support it. We expect this will include further clarity on who is responsible for convening the Strategic Board and managing the secretariat function.

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?

The impact of the RESP will land on a wide range of stakeholders, including businesses of all sizes, transport operators, and local communities. Strategic organisations that can represent these sectors must have an opportunity to feed into the RESP to support the place-based approach that the RESP vision aspires to. It is crucial to get local input and technical input and agree that the embedded model provides the best option for allowing cross-collaboration between those two groups.

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

The Greater Lincolnshire Mayoral Combined County Authority will be in place by the time these proposals are implemented, which has implications for the boundary proposals, (see responses to questions 13 and 14), and how the Greater Lincolnshire local authorities might be represented on the Strategic Board. We would expect that there will be more than one representative for whole of Greater Lincolnshire on the board and would support a Unitary / upper tier authority approach to the representation on the Strategic Board.

In summary, we would propose the following representations:

- Mayoral Combined County Authority (MCCA) representation
- Lincolnshire County Council (Upper Tier)
- North East Lincolnshire Council
- North Lincolnshire Council
- We propose that business interest related to Humber Industrial Decarbonisation be represented by a member of the Humber Energy Board. This will also support cross boundary interests within the Humber estuary (see responses to questions 13 and 14).

In addition to representation on the strategic board, we would welcome the introduction of working groups to not only gather place-based interventions as detailed in the consultation report, but also allow sector-based communication that can feed into the Strategic Board. This would allow a broader range of businesses and sectors to feed in place-based priorities, providing a forum for technical discussion and understanding.

In the Greater Lincolnshire geography, there are broad sectoral strengths, making it difficult to identify only one business representative. We suggest that a framework that takes into account a broad range of business needs, such as the consultation undertaken for current DFES, be scoped out and implemented.

With the appropriate level of resource allocated, we would look to support facilitation of working groups of local actors to feed into the RESP process and support wider consultation and intelligence.

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

We are not in agreement with proposed boundaries for the RESPs, which divides Greater Lincolnshire into two RESP areas. We do not agree with the assessment that the Humber should be treated as one entity within the regional boundaries for the RESPs. This is a clear contradiction to the RESP vision and guiding principles for the RESP, which is built on being place-based with a whole systems approach.

Since the consultation has been released, the Greater Lincolnshire Mayoral Combined Authority has been formally agreed with Government, with a mayoral election scheduled for May 2025. We do not accept that our devolved region has “functional economic geographies, energy challenges and democratic governance arrangements” that make the separation of ‘place’ acceptable for the purposes of a RESP.

Our key rationale for this disagreement with the proposed boundaries are:

- The proposals do not account for the place-based visions and energy outcomes that devolution will provide to Greater Lincolnshire. Separating the needs and strategic vision of Greater Lincolnshire between two RESPs will be detrimental to the delivery of the ambitions of our devolution deal, will result in additional resource required from all three authorities, and not take account of the whole systems approach required to deliver net zero in Greater Lincolnshire.
- Future Local Area Energy Planning will be delivered at a MCCA level. Delivering of such a plan, and input of the plan into two different RESPs will add a level of complexity and duplication for both the NESO and those working in Greater Lincolnshire.
- It is not recognised that a MCCA that sits across two RESP areas will be required to contribute double the amount of resource to the RESP process. No account of the impact of this division has been given in the consultation.

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

Neither option provides a regional boundary with which we as the constituent local authorities of Greater Lincolnshire are comfortable. See our response to question 13.

- 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).**

As an English region we do not have a view on the Scottish boundaries.