

centre for sustainable energy

The Centre for Sustainable Energy (CSE) is a charity supporting people and organisations across the UK to tackle the climate emergency and end the suffering caused by cold homes. We do this by sharing our knowledge, practical experience and policy recommendations.

## Summary

1) RESP provides a key opportunity to align energy system planning with spatial planning more generally.

2) RESP needs to provide clear benefits to local stakeholders – their input should not be taken for granted. Collaborative processes, transparency and shared-local ownership are key to getting effective local engagement.

Recognising that RESP is driven by Ofgem and NESO, with a primary focus on energy system planning, it is imperative that the process and outputs also provide value to local authorities and community stakeholders. Unless local stakeholders can understand and clearly see the benefits for their own decarbonisation plans, programmes and projects, the ambition to provide place-based and proactively developed regional plans, will be far more difficult to achieve. This principle underpins the detail of our consultation responses below, in particular our call for collaboration, transparency and shared-ownership of the plans to be more explicitly recognised.

In particular, we believe that it's essential that the principles are strengthened to draw out the following specific points:

- **Delivering the transition to net zero:** The RESP should explicitly outline a clear regional pathway to net zero, emphasizing the transition away from fossil fuels, particularly gas.
- **Taking a whole system approach:** It's crucial to link different energy vectors (gas, electricity, heat, transport, industry) and be honest about the need to phase out fossil fuels.
- **Fostering collaboration:** For the RESP's plans to be truly place-based there needs to be a greater focus on collaboration and equity. This will help gain the stakeholder and community buy-in needed to accelerate the transition.
- **Taking a transparency approach:** The need for transparency should be a fifth principle (2.8) because it's a fundamental to the RESP's role in helping to define and shape our future energy system.

CSE helps local authorities assess their resources, develop strategies, prioritise the next best steps to reduce carbon emissions and put plans into action. We do this by providing a range of consultancy services, stakeholder engagement expertise and tools (many of them free to use). For local authorities and other community stakeholders to see demonstrable benefit and value, RESP needs to:

- Reduce the potential duplication of effort on their part i.e. engaging with the gas networks, electricity networks, regional net zero hubs and the RESP. Ideally the RESP should build on existing relationships and increase engagement between network companies and local authorities.
- The RESP should provide regional support and resources to engage all local authorities, not just the larger ones. It will need to provide additional resources and measures to help reduce the gap between well-resourced and under-resourced local authorities.
- To build capacity and enable participation across all local authorities we would like the RESP to provide a regional function and resource that provides dedicated engagement with individual local authorities.

### **3) Governance arrangements and working groups need more deliberative consultation, stakeholder mapping and planning.**

The Governance arrangements need more detail, and we'd suggest further deliberative consultation and research to aid their creation. It's not clear how local views will be captured and incorporated within the plan. The RESP needs to provide a clear mapping of local stakeholders, decision makers and policies that will need to interface with the plan. Ideally the RESP would identify any interactions that need to happen to enable planned pathways to translate into action. This mapping is a necessary first step in identifying who is needed for the working groups and boards. In our view it's not possible to fully define the governance process without understanding the stakeholders in detail.

### **4) The process of developing each RESP should explicitly factor in analysis of the fairness of regional solutions being proposed**

To achieve a fair transition as we decarbonise our energy system, it's essential that we continually assess and monitor the decisions being made regarding which consumers and communities can engage and participate and who pays and benefits from planned changes and investments. CSE's Smart & Fair research programme has long highlighted the danger from the emergence of a two-

tiered energy system that works well for some but leaves others behind. Whilst RESP may seem to be a step removed from retail market developments and new products and services which consumers directly interact with, nevertheless it will provide a blueprint that impacts on the speed and nature of local energy developments that are enabled for different communities and consumers as well as overarching energy system costs. We would recommend NESO invests in development of approaches and methodologies for assessing and better understanding the impact of RESPs on different consumers and communities.

We provide our responses to the specific consultation questions below.

**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.**

The principals are a good overarching framework but enabling the net zero transition should be front and centre i.e. explicitly stating that the RESP should "set out and enable a clear regional pathway to net zero." The RESP needs to provide a clear pathway for net zero for the region. A whole system approach is important to ensure appropriate links are made between different energy vectors, but this should not shy away from being honest about the need to transition away from fossil fuels and hence needs to show how gas will be progressively phased out.

The proposed RESP framework also contains some other principles that aren't fully reflected in those described in 2.8. For the RESP to truly be truly place based and have shared ownership of its outcomes, its creation needs to be both collaborative and equitable i.e. not reinforcing existing public and institutional constraints in engagement and participation. In our view, the RESP needs to more "placed based" to ensure the buy-in of those stakeholders and communities that will ultimately deliver the necessary changes to reach net zero. The current usage of the term feels aspirational rather than definitive. In the context of the RESP, we'd suggest a clearer definition (than provided on pg. 71) to give clarity to stakeholders and also help manage their expectations.

We've suggested a further principle and edited the existing principles to reflect the values we felt were missing from those proposed. See red text below:

- Be place-based – ensure a **collaborative** place-based approach is integrated into energy system planning.
- Be whole system – adopt a whole system perspective **to enable a clear regional pathway to net zero i.e. gas and electricity, but also reducing heat demand, decarbonising heat and power supply**, transport and industry.
- Be vision-led – provide a clear, shared long-term objective for energy system development that reflects a region's characteristics, and **community aspirations. Produce an accessible plan which** sets agreed priorities for the region, while ensuring alignment with national priorities. **Stakeholders should subsequently feel empowered to implement its recommendations.**
- Be proactive **and iterative** – 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.
- **Be transparent – ensure stakeholders have access to both the data that informs the plan and the decision making used to choose the favoured path.**

**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.**

Yes. Section 3.11 provides a good pragmatic description of the need for the RESP to follow the principles of doing the key next steps first. However, for the RESP to succeed its short-term pathways should be current as well as agile (as described in the “be proactive” principle). It will be imperative for the RESP to be kept up to date with accurate data. This will ensure that the RESP pathways will be meaningfully and useful to the industry e.g. with data analytics potentially contributing substantively if not replacing the DFES in the future to underpin distribution network planning. The RESP should ideally seek to reconcile the number of a national level pathways in the future e.g. Climate Change Committee scenarios, FES pathways, CSNP and SSEP outputs.

For the sake of clarity, it should be emphasised that even the short-term pathways need to demonstrate how they contribute to delivering net zero in the longer term. e.g. as mentioned in para 3.15. All pathways need to demonstrate how they deliver net zero even if short term pathways don’t deliver full decarbonisation immediately, they need to show how they are achieving net zero longer term e.g. the extent to which gas will be decarbonised in the short term whilst moving away from fossil fuels in the longer-term.

Whilst outside of Ofgem’s immediate control, we feel there should be a requirement on local planning authorities (LPAs) to consider RESP as part of their decision and plan-making (see 2.11). Given the strategic board, as planned, is going to be open to Tier 1 local authorities only. We would suggest a specific local authority strategic planning working group that enables this collaboration and dialogue. Ideally the National Planning Policy Framework would make the connection between Local Plans and the RESPs plans. This would create an incentive for local authorities to input and engage with the RESP process as well as creating more alignment between energy system planning and local planning generally.

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

The RESP policy framework doesn’t give sufficient clarity on how the modelling works. Our assumption based on the content of the consultation document is that the model will be re-run on a yearly basis using new data and re-applying existing assumptions. with a refresh set of assumptions and approaches every three years. However, it’s not clear if this is the case and what data is likely to be refreshed annually and if a three-year full review is frequent enough for the RESP short-term pathways to be truly agile. For example, the DFES is currently updated every two years which suggests that three-year updates may be too infrequent to make them useful for network companies.

There also needs to be more clarity on how this process will align with and improve DFES to make sure that forecast effort isn’t duplicated across multiple organisations i.e. wasting time and leading to disengagement. In addition to the DFES, the full updates also need to align with the timing of CSNP’s whole system assessments.

Important stakeholders like local authorities hold huge numbers of datasets but do not have resources to engage with existing DNO and GDN processes, so creating additional stakeholder consultations is unhelpful. Paragraph 3.41 says that plans “should be developed based on data inputs from network companies, local government and other sources.” We know that cleansing local authority datasets for their inclusion in the Local Area Energy Planning process is really time

intensive. The RESP will need to support local authorities by creating a process that enables them to contribute local data to the regional plan. This process needs to not solely focus on the data but should also explore the outputs (e.g. local net zero projects, schemes or plans identified or local energy network needs) and the insight that provide a meaningful engagement opportunity with local authorities. This will improve the downstream process of putting ideas into action.

#### **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**

##### **i. Providing consistent assumptions**

The framework provides some detail on the datasets that will help form the basis for the assumptions within the plan. Before we comment on these, we would like to flag the need for some nuance that reflects the local capacity and political support needed to drive rates of adoption. Our work with local authorities has demonstrated a huge variation in capacity (funding, officer resource) and political leadership (council commitment to net zero, councillors with associated dedicated roles). This capacity and leadership need to be considered when determining the uptake of proposed measures e.g. the probability of a large domestic roof top solar scheme going ahead.

With regard to the data and assumptions themselves we would like to see:

- Real data used where available as an upgrade on assumptions.
- Consistent assumptions where appropriate to aid comparison of performance between Distribution System Operators.
- Analysis of the regional variations in adoption of LCTs which links to the demographics of the people locally i.e. see [our work on targeted climate change messaging](#).
- Full account of the regional variations of the price of materials, labour and LCTs (which can be significant).

##### **ii. setting out the spatial planning context for capacity needs**

The spatial element is crucial to enable engagement with local stakeholders. LSOA provides a reasonable unit of geography which also aggregate to administrative boundaries. This will allow local stakeholders, such as local authorities, to combine with other data sources which they use for spatial planning.

It's inevitable that sophisticated tools will be needed to interpret the RESP's LSOA data meaningfully. The framework mentions "open-source or industry standard geospatial tools". These are not interchangeable terms. The tools that the RESP and NESO use should be made freely available to key stakeholders (like local authorities). They should not be behind pay walls that less well-resourced local authorities cannot afford to access.

##### **iii. informing strategic network investment**

It's critical that the RESP identifies and helps prioritise the strategic investment needed for larger projects in anticipation of demand; however, it's also important that this isn't just about business case for additional network capacity. The RESP should ensure that all options and opportunities are properly explored as part of the business case development. To be clear the options appraisal needs to consider new network investment against demand reduction and / or procuring flexibility from a range of sectors i.e. not just large industrial users. The RESP's analysis should be granular and accurate enough to help inform DSO investment decisions generally. If done well RESP could help improve or even replace the need for separate DFES planning.

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

Yes, this is fundamental to the RESP's effectiveness. We would welcome further information on what this means in practice, as the term cross-vector integration doesn't give clarity on how this will be achieved.

We would also like to highlight the need for:

- Technical coordination to be both upstream (SSEP, CSNP) and downstream Local Area Energy Plans (LAEP).
- Network companies being required to explain and justify any variation between network plans and RESP i.e. there needs to be a logical and clear reason for any discrepancy which is then explained and included as part of the next RESP update.

**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?**

**A whole system plan**

The RESP needs to create a "Regional Energy System Plan" that's strategic, rather than a "Regional Energy Strategic Plan". There needs to be a function of the RESP that identifies, champions and helps to coordinate the wider set of enabling actions that will be needed for the realisation of the vision i.e. beyond network investment. This will require collaboration with a wider set of stakeholders than those listed i.e. regional net zero hubs, key supply chain partners and a more diverse set of industrial sectors. Each RESP needs to produce a clear map of local stakeholders and policies that will need to interface with the plan. This will enable the RESP to clearly establish the interactions that need to happen to deliver change.

**Clarity on decarbonising heat**

Following on from the point above about a "system" plan, a key omission from the three building blocks (specifically strategic direction setting) is the need for more clarity from DESNZ, Ofgem and NESO on how gas network decarbonisation is to be achieved within a whole system net zero vision and pathway. Section 3.4 acknowledges uncertainties around the future energy mix and the need for key decisions on heat decarbonisation. The RESP needs to be proactive not reactive in enabling net zero. There needs to be complete transparency on the need to phase out fossil fuels (including gas heating) and far more clarity on the likely scale and cost of decommissioning the regional gas networks at different points in time. This is key to the RESP's enabling effective whole system energy planning in the short term – not just the longer term.

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

We agree with the need for a framework of standard data inputs. Each RESP should use the most accurate data that is available for the region whilst also recognise that there will be regional and local variations in the availability of data. We'd also like to refer you to our response to Q3 where we highlighted the need for the RESP to facilitate data collection locally i.e. making these easy for local authorities without placing a further burden upon them.

Specific comments listed below under each area.

## Local government data

- “Local and community energy projects” should read “Local, **neighbourhood** and community **energy** projects.”
- Beyond the heat zoning network, we suggest the inclusion of data on existing heat networks and heat network development and investment plans.
- This should also include local renewable energy capacity studies (that have been commissioned by multiple LAs, some who have not yet done LAEPs).
- Local carbon baseline datasets developed by local authorities and/or other bodies (like the Tyndall centre).
- The data that underpins LPA's local plans and relevant local plan policies, including binding energy performance policies which might influence heat and energy demand in new buildings.
- Other local authority datasets e.g. environmental health, building control etc.

## Other sources

- Value Office Agency data on building floor area, type, age etc.
- PV and other local renewable energy existing installation datasets via MCS or Government e.g. the old renewable heat incentive (RHI) scheme data.
- Smart meter installs (and working installs).
- Sources of waste and low carbon heat e.g. waterways, datacentres, mine water.
- The insulation insurance providers should be made to share data with Ofgem for the purposes of the RESP i.e. CIGA, SWIGA, IAA and the smaller schemes.

## Missing – enabling datasets

- Data on land ownership is key to community scale projects and infrastructure planning.
- As noted in our response to Q4 the RESP will need to conduct analysis of the regional variations in adoption of LCTs. This will require information on the demographics of the people locally and how this drives behaviour change i.e. attitudes, climate awareness, levels of energy literacy.

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

All data should be tested for both its quality and integrity. There are commercial entities who may seek to further their own goals which do not fully align with net zero. Data should therefore be checked to ensure the assumptions that underpin the outputs are credible i.e. a level of transparency that allows there to be an assessment of vested interests. The RESP shouldn't be naïve to this when establishing the short-term and long-term pathways to net zero.

We would suggest multiple criteria with pass or fail thresholds. The following summarises our suggestions:

- A vested interests assessment (as outlined above).
- A set of quality criteria with a clear indication of what would constitute a pass or fail.
- Studies that meet the quality criteria and had sign off or approval by a local authority or the net zero hubs.
- A method for assessing the local authority's preparedness to implement their plans i.e. resource, political will and progress to date.

It would also be useful if the RESP produced guidance on what is of use i.e. what are the minimum thresholds for data quality to enable inclusion. As noted above local authorities have a wealth of useful data but cleansing this into a usable format is time intensive. The RESP should provide a centralised service for evaluating, collating and cleansing data from key local stakeholders e.g. local authorities, community groups, energy advice providers etc.

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

No.

**Principles**

The plans as presented are too vague and the principles do not represent the necessary values. We would suggest the following:

- Inclusive – we would replace “Representative” with “Inclusive” and strengthen the description.
- Collaborative – we would add a fifth principle that outlines the need for the RESP to be collaborative. As highlighted in our response to Q1 to be place-based and create the necessary buy-in for success the RESP needs to take a collaborative approach to energy system planning.

As discussed in question 8. there may be commercial entities who wish to influence the RESP process and objectives. We think it most likely that such vested interests may come to the fore during stakeholder involvement sessions. We would therefore suggest a change to the second principle as follows:

- Accountable - Ensure each actor understands their roles and responsibilities in the strategic planning process and subscribes to the objectives of the RESP.

**Governance**

It's not clear how local views will be captured and incorporated within the plan. The RESP needs to provide a clear mapping of local stakeholders, decision makers and policies that will need to interface with the plan. Ideally the RESP would identify any interactions that need to happen to enable planned pathways to translate into action. This mapping is a necessary first step in identifying who is needed for the working groups and boards. It's not possible to fully define the governance process without understanding the stakeholders in detail.

**Building capacity**

Local authorities have a fundamental role to play in the delivery of the RESP pathways. The involvement of local authorities of all sizes will be critical to the RESP's success. Whilst the framework does contain encouraging references to “training” and “working groups” (3.56), there is no recognition of the capacity challenges face by local authorities.

At (3.62) the framework states:

*“When engaging with local authorities, NESO should build on existing relationships. Alongside this, we expect engagement between network companies and local government to continue.”*

Local authorities already struggle to engage with the numerous stakeholder engagement processes that their existing gas and electricity providers operate. For some local authorities they can be



dealing with two to four different networks across both fuels. It is the larger tier 1 local authorities that typically have the resources to engage with the networks on a routine basis. Without putting additional measures in place, the RESP risks deepening the resource divide between those local authorities with resource and those without.

To build capacity and enable participation across all local authorities we would like the RESP to provide a regional function and resource that provides dedicated engagement with individual local authorities. This should be facilitated by a regional RESP team who can explain and translate for each local authority what the RESP means for their area and facilitate local input. Where there is not a LAEP or local heat and energy efficiency strategies (LHEES), the RESP needs to provide additional support and attention.

The following themes would help the RESP achieve the objective of building local capacity:

1. Engage, Inform and Inspire other tiers of government
2. Attract the right sources of investment and finances
3. Develop and work with the supply chain
4. Provide leadership, coordinate and deliver effective planning and policy
5. Generate, analyse and use high-quality data, evidence and insights
6. Engage and inform key energy actors
7. Build local consent, support and leadership
8. Address the need for social inclusion and fairness
9. Broker local collaboration and partnerships

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

The purpose should be clarified. The Strategic Board purpose should provide oversight, facilitate transparency and help steer and shape the plan – but not sign it off. The ultimate decision maker should be NESO with any discrepancies between the proposed plans and the guidance of the board being transparently documented.

However, the framework does not give sufficient detail on the working groups that support the Strategic Board. The number, nature, constituency and role of these working groups isn't clear. What is the process before the plans get to the board and how is conflict resolution dealt with? The board is likely to have high level representation and as such members may not have the information needed to understand detailed decisions. Ideally the working groups should help deal with any conflict that arises with the board providing high level oversight.

It's also not clear if any other mechanisms may be used to gather local place-based evidence and data.

#### **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?** **Consultation – Regional Energy Strategic Plan policy framework 77**

##### **Local authorities**

The framework does not outline the types of local authorities who will be invited to join the board. However, at an Ofgem webinar on the 4<sup>th</sup> September 2024 the presentation suggested that the

board would only include tier 1 local authorities and combined authorities. This is not inclusive or representative. As outlined above in Q9 the smaller, and typically less well resourced, local authorities should be included in the process. We would recommend that there's a local authority working group with a representative group of members on the board i.e. mix of sizes and types (urban/rural district/county/unitary).

It's also not clear what's being proposed for local authorities i.e. elected members or officers. Ideally both need to be involved in the RESP to get the necessary information and support i.e. political will and domain expertise. The framework needs more clarity on the governance process (see Q10).

### **Wider members**

It's essential for network companies to be represented. Wider cross sector actors such as third sector expert bodies, community energy organisations/networks, business representatives and regional academics could potentially add significant value.

The RESP should also consider the need for public participation or view i.e. 'real-life' representation beyond the energy system. The networks typically have "consumer panels" which they use to test their business plans before their submission to Ofgem.

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

There's no perfect set of actors but it's important that the board's members have the agency need to affect change (often defined by seniority for local authorities and private companies). The board also needs to be representative, inclusive and diverse i.e. a cross section of stakeholders from local actors to regional companies. As noted above it's difficult to comment without seeing the stakeholders and the other forms of engagement there might be i.e. in working groups.

The following are examples of organisations that need to be represented on the board:

- Local authorities (see above Q10).
- Network companies / specifically DSOs should be mandated to participate.
- Energy industry e.g. generators, aggregators, heat network developers
- Community energy organisations with significant generation assets.

There should be an open transparent process for other representatives (from community organisations, advice providers who advocate for vulnerable customers etc.) to apply and some baseline criteria for selection – e.g. have a regional remit, non-vested interest, net zero/whole system expertise.

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

Boundaries should follow political boundaries for local authorities rather than be driven partly by network lines, partly geography.

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

We prefer Option 2 (Map 3), This is better for the South West than Option 1 (Map 2) since the boundaries seem to align better with SW regional boundaries, and in Option 2 Swindon is included in the South West.

It's also important that the RESP boundaries are mindful of any future decisions on zonal pricing via REMA. It would be useful to have further clarity from Ofgem on how they see potential zonal price boundaries interacting with RESP boundaries.

**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)**

N/A