

Fiona Campbell
Ofgem
10 South Colonnade
Canary Wharf
London, E14 4PU.

Email: resp@ofgem.gov.uk

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Dear Fiona

Regional Energy Strategic Plan policy framework consultation

BUUK Infrastructure (BUUK) welcomes the opportunity to respond to this consultation regarding implementing a new framework for the implementation of Regional Energy Strategic Plans (RESP).

Overview of our business

BUUK invests in energy and utility networks for new developments. We started with ownership of regulated gas networks and have gradually expanded our portfolio into other utility sectors including electricity, fibre, water, and heat. We are ready to invest in solutions to support the transition to net zero and apply our experience of delivering utility infrastructure. We believe that our credentials mean we are well-placed to do this and include:

- We are the market leader in delivering utility networks for house builders and new developments via our construction business.
- We make c3,000 connections to new homes each week.
- We own 48,000 discrete utility networks, providing over 3 million utility connections across six utilities: heat, gas, electricity, fibre, water, and wastewater.
- We are an active investor in the heating network sector via our Metropolitan business.
- Our Passiv business provides innovative control system solutions for heat pump manufacturers that optimise their efficiency and reduce costs for consumers.
- Our Levelise business provides flexibility solutions for customers helping them achieve financial benefits from optimising their low carbon technology solutions.

Our business success has been driven by regulatory frameworks that encourage new entrants, provide certainty for investment and nurtures innovation.

Summary of BUUK views

We support the development of more holistic energy planning spanning all the different vectors. We provide gas, electricity and heat networks to customers and have direct knowledge of how providing these successfully requires an understanding of the overall energy needs for properties and customers.

The proposals within the consultation include limited mention of independent networks and the vital role they play in planning, building and operating most of the new utility networks that are built today.

We would like to better understand how NESO will engage with the independent network provider community as it develops the RESP in the future.

We operate networks throughout Great Britain and will therefore have an interest in all the RESP being produced. Inclusion on every Strategic Board would not be a realistic option for us to resource, therefore, an alternative will need to be developed by the NESO. This should be as inclusive as possible and aim to ensure alignment as much as possible in the approach taken in each region. Without this, there is a risk that engagement with the NESO and RESP development for national organisations, such as ourselves, may become unnecessarily administratively costly.

There is reference in the consultation to heat zones being included in the development of the RESP which as a heat network provider is something we welcome, however, we are keen for further information on the process and interactions between the RESP and heat network zoning.

There is also little other reference to heat networks, which we believe is an oversight. We are developing heat networks for multiple new build areas across the country now and these are mostly outside of the proposed heat network zones. These will need to be considered in the RESP if the right outcomes for all energy vectors are to be planned correctly. We would welcome further engagement with Ofgem and NESO on this specific issue to ensure it is captured in the NESO RESP planning at an early stage.

Alex Travell
Head of Regulation

Responses to consultation questions:***Q1. What are your views on the principles (in paragraph 2.8) to guide NESO's approach to developing the RESP methodology?***

We support the principles proposed to be used by the NESO when they are developing the RESP methodology. We especially welcome the inclusion of heat networks in the context of local energy planning and ensuring their needs and impacts are considered.

We recognise the importance of ensuring the RESP is suitable for the needs and circumstances within each region, but we wish to highlight that there needs to be a degree of consistency in the process that a RESP is developed. Our main rationale for this is that without a degree of consistency it could result in large variations between regions. This wouldn't be conducive to the aim to ensure strategic energy planning on a national scale and would also lead to uncertainty for investment from both the private and public sector, due to a lack of clear and understood direction in the strategic planning aims.

Q2. 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?

Yes, longer-term planning will allow for better consideration of how residential developments will be built in the future and should ensure that their needs are factored into the RESP. Local areas of population growth and commercial and industrial development often take many years to plan and decades to fully implement. A longer-term outlook will ensure the energy needs of these new development are fully accounted for in the regional plans and built into the investment plans for upstream networks.

Q3. Do you agree there should be an annual data refresh with a full RESP update every three years?

Yes, new housing developments often change during their lifecycle and refreshing the plans frequently will ensure that the RESP are up to date with actual needs of customers.

The speed and nature of heating decarbonisation is quite unclear at this stage. Attempts to estimate how consumers will react and what technologies will be used is likely to be inaccurate to start with. Continuous review will allow actual data to be used to refine the projections and make the RESP more accurate.

Q4. Do you agree the RESP should inform the identification of system need in the three areas proposed?

Yes, we operate across Great Britain and therefore a common mechanism to information gathering, consistent sets of assumptions and the presentation of spatial information in a via a standard methodology is an approach that we would benefit from.

The NESO's new Data Sharing Infrastructure (DSI) should be used to facilitate these ambitions and as a multi-utility organisation we would support its common application across all energy vectors.

Q5. Do you agree technical coordination should support the resolution of inconsistencies between the RESP and network company plans?

Yes, this may prove a challenging role but is one that is needed to ensure delivery of the greatest benefits from the implementation of the new NESO.

As the developer of new utility assets we have to manage the differing planning and connection requirements of the upstream network operators. Having support in ensuring that these organisations plans align with our needs would be very useful.

Beyond the role of facilitating conflict between upstream networks it isn't clear what role the technical co-ordination function may have with IDNO, IGT and heat network providers. We would appreciate further dialogue and clarity on this with Ofgem and NESO.

Q6. What are your views on the three building blocks which come together to form the RESP in line with our vision?

The three building blocks seem logical and their component outputs in line with what we would expect to see from a RESP.

Q7. Do you agree with the framework of standard data inputs for the RESP?

Yes, a standard data input framework would help us provide data more easily from our gas, electricity and heat networks businesses. We would appreciate further clarification on what sorts of data we would be expected to provide to the NESO in the future.

Early engagement on this from the NESO will help us to develop our systems and provide data it in a more efficient way and also ensure that we can provide it in a timely manner and help make the RESP more accurate.

Q8. Do you have any suggestions for criteria to assess the credibility of the inputs to the RESP?

We expect the data that we are required to provide to NESO to help develop the RESP to be factual in nature and unlikely to be subject to uncertainty as to its accuracy.

Our future planning data is derived from contracts that we have with housing developers and although it may have some uncertainties around exact timing is likely to demonstrate a very high level of credibility as to what energy needs in the future will be,

Many of the other data inputs, derived from other parties, we appreciate will be less certain and be estimations and projections of likely outcomes. We can not comment on the credibility of these but would expect that they will vary. Understanding this will be a vital task for the new NESO if it is to develop accurate RESP. The NESO has experience of this at a national level in developing plans for generation and transmission and these skills will need to be applied at a local level to develop.

Q9. Do you agree with the framework for local actor support?

No comment

Q10. Do you agree with the purpose of the Strategic Board?

We can understand the logic for establishing the Strategic Boards in each region and the desire to limit the number of participants to ensure the group can function effectively. Their role appears advisory but the limited range of participants suggests that other mechanisms will be needed to ensure that the NESO properly engages with all stakeholders.

The activities of the Strategic Board will need to be transparent and accessible if they are to gain the trust of the public and the broad range of stakeholders in each region. NESO will need to establish a robust communication plan for the RESP, both at a national level and at a regional one. This should include the role the regions Strategic Board has played in helping determine the RESP.

Q11. Do you agree that the Strategic Board should include representation from relevant democratic actors, network companies and wider cross-sector actors in each region?

We note that no independent gas or electricity network operators or heat network providers are being considered to be part of the Strategic Boards.

This creates uncertainty for us as it appears that we may not be directly involved in the RESP development process. Considering we supply utility connections to over 2 million customers and build the majority of new energy connections to homes in Great Britain this seems an omission that risks reducing the quality of the RESP.

We understand that including a role for independent network operators on every Strategic Board may not be possible and from a logistical perspective we would also find it challenging to engage with so many different groups. The NESO should develop an alternative mechanism to engage with the independent network sector in the RESP development and we look forward to working with them on making this a success.

Q12. How should actors (democratic, network, cross-sector) be best represented on the board?

Our concerns with the proposals to only include DNO/GDN representatives on the Strategic Boards is outlined in the response to question 11. As independent network operators have interests nationally, we believe that it would be logical for the NESO to engage with this group of stakeholders via a centralised mechanism capturing the requirements of individual RESP. This should ensure that the process is efficient and is inclusive of as many independent networks as possible.

Q13. Do you agree with the adaptations proposed for Option 1?

We can understand the logic that Ofgem has applied in determining the regions for England but as a national operator we do not have strong views on this matter. We will be required to interact with all NESO regions. As a consequence consistency in their approach to data gathering and stakeholder engagement is more important to us.

Q14. Do you agree with our assessment that Option 1 is a better solution than Option 2?

See answer to previous question.

Q15. 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?

Yes, we prefer a single boundary for Scotland. This aligns with the devolved Government boundaries and is better aligned with how other complementary policies developed by the Scottish Government.