

Regional Energy Strategic Planning Consultation

Q1. 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.

A1. As Equiwatt, we support the approach to developing the RESP methodology. However, the term "whole system perspective" is currently described as covering "gas and electricity, but also heat, transport, and industry." We believe it would be beneficial to provide a more comprehensive and clearly defined list of what is included—and excluded—within this "whole system perspective." A more precise definition from Ofgem would help ensure all stakeholders have a shared understanding and could improve the effectiveness of planning and implementation.

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? Please provide your reasoning.

A2. While we support the concept of RESP pathways, we are concerned that the abundance of national-level pathways—such as Climate Change Committee scenarios, FES pathways, CSNP, and SSEP outputs—could create confusion and overwhelm stakeholders, potentially leading to inaction. It would be helpful to understand how RESP pathways will differentiate themselves from these national inputs or whether they will build upon and align with existing pathways to ensure clarity and coordinated action.

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

A3. Equiwatt agrees provided that the full RESP updates continue to align with the timing of CSNP's whole system assessments, whether that is on a three-year cycle or otherwise. They should maintain the same schedule and cadence.

Q4. 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

A4. Equiwatt concurs with the three areas: ensuring consistent assumptions, outlining the spatial context of projections and capacity needs, and providing a narrative to guide strategic network investment.

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

A5. Equiwatt agrees that technical coordination should resolve inconsistencies between the RESPs and network company plans for several reasons. First, it ensures that individual network company plans align with the overarching strategy of the RESPs, which is vital for effective regional decarbonisation. A coordinated approach also allows NESO to pinpoint gaps or overlaps in network plans, facilitating the discovery of whole system opportunities that individual companies might miss. As energy systems grow more complex, technical coordination fosters synergies across different energy sectors, improving efficiency and resilience. Furthermore, by

resolving inconsistencies, NESO can provide a clearer decision-making framework for stakeholders in the energy planning landscape. Finally, addressing these inconsistencies helps prevent costly errors and ensures effective resource allocation, maximizing returns on investments in decarbonization and efficiency.

Q6.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?

A6. We endorse the three building blocks, particularly the following aspects: (i) RESP pathways offer a more granular and customized approach for regions; (ii) RESPs will take a proactive role in identifying strategic investment locations that align with the region's long-term vision; and (iii) NESO will facilitate coordination and cross-vector integration in strategic planning alongside the plans of network companies.

While these building blocks are strong, a few additional components could enhance the effectiveness of the RESP:

1. **Stakeholder Engagement:** A formalized mechanism for ongoing stakeholder engagement and feedback should be integrated into the RESP framework. This will ensure that local communities, businesses, and other stakeholders have a voice in the planning process and can contribute their insights and priorities.
2. **Data Sharing and Transparency:** Establishing protocols for data sharing among network companies and stakeholders can enhance coordination and inform decision-making. Transparency in data and planning processes fosters trust and collaboration among all parties involved.
3. **Adaptive Management Framework:** Given the uncertainties in technology and policy landscapes, an adaptive management framework would allow for flexibility in RESP implementation. This would enable stakeholders to respond proactively to changes and emerging challenges in the energy system.

Q7. Do you agree with the framework of standard data inputs for the RESP? Please provide your reasoning.

A7. Equiwatt has concerns regarding the availability and quality of local data. The consultation lacks clarity on how RESPs will address these gaps. We note that the recent DSO incentive's output performance metrics had to be scrapped due to poor data quality from DNOs, and it's unclear how RESPs will avoid similar issues. Additionally, there needs to be more clarity on how the development of RESPs and the collection of local data will align with the Data Sharing Infrastructure (DSI) MVP, particularly in terms of timelines.

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

A8. When assessing the credibility of inputs to the RESP, several criteria must be considered to ensure that the data is reliable and actionable. First, the credibility of inputs should be evaluated based on the reputation and track record of their sources, including whether the data comes from recognized organizations, such as government agencies, academic institutions, or established industry bodies. Additionally, the methods used to collect, analyze, and present the

data must be transparent; clear documentation of these processes helps stakeholders understand how the information was derived and its reliability. Temporal relevance is also crucial, as data should be current and regularly updated to reflect the latest trends, technologies, and policies, ensuring that it accurately represents the present and future energy landscape. Furthermore, inputs must be consistent with established benchmarks or standards in the industry, which may involve cross-referencing other reliable datasets to validate accuracy. Engaging local stakeholders for validation can enhance credibility, as feedback from those directly affected by energy plans—such as local authorities and community groups—provides insights into the applicability and accuracy of the data. Quantitative metrics should be established, where applicable, to measure the data's quality, including error margins and confidence intervals that demonstrate robustness. Finally, the ability of the data to support scenario analysis and modeling should be assessed, as inputs that enable the exploration of various future scenarios help stakeholders understand potential impacts and uncertainties in energy planning. By implementing these criteria, NESO can ensure that the inputs to the RESP are credible, thereby enhancing confidence in the resulting energy strategies and infrastructure investment decisions.

Q9. Do you agree with the framework for local actor support? Please provide your reasoning.

A9. While we recognize the importance of supporting local actors, equiwatt is concerned about the overwhelming number of opportunities to provide input on RESPs and other initiatives, leading to a fragmented planning reform process. We urge Ofgem to streamline working groups and ensure that consultations, along with other input methods, are presented to local actors in a more manageable and accessible manner.

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

A10. Equiwatt believes that a well-organized body representing local interests is essential. However, NESO should be required to provide clear justifications for any divergence from the boards' advice, rather than merely stating that they "should" offer reasons as outlined in the consultation.

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?

A11. Yes, we agree that the Strategic Board should include representation from relevant democratic actors, network companies, and wider cross-sector actors in each region. However, we would like to know more about the mechanics of Strategic Board governance, specifically:

- (i) the formal requirements to serve on the board;
- (ii) whether members need to relinquish any duties to prevent self-dealing;
- (iii) the process for nominating and selecting members;
- (iv) the duration of board member terms; and
- (v) the procedures for removal (for cause or otherwise) or resignation.

Incorporating a diverse range of stakeholders especially the ones working with network operators across the country is essential for embedding place-based democratic representation, ensuring technical expertise is available, and fostering cross-sector collaboration. Involvement of Flexibility service providers is essential due to its direct impact. This holistic representation will enable the board to effectively address the multifaceted challenges of regional energy planning and enhance communication and understanding across different sectors.

Q12. How should actors (democratic, network, cross-sector) be best represented on the board? Please provide your reasoning, referring to each in turn.

A12. Actors should be represented on the board in the following way:-

1. Democratic Representation: Democratic representation, primarily from local governments, is essential for embedding place-based, locally accountable decision-making into energy system planning. However, striking a balance between adequate representation and board efficiency remains a key challenge, as noted in the consultation document. The proposal suggests focusing on upper-tier local authorities (combined authorities, county councils, and unitary authorities) for direct representation, while lower-tier authorities could be represented through these combined entities or other mechanisms developed by NGESO.

Critique and Recommendations:

- **Challenges with Local Authority Representation:** While upper-tier authorities handle broad regional responsibilities, lower-tier authorities, especially in England, play critical roles in place-making and local spatial planning. Their exclusion or limited representation could result in a disconnect between regional energy planning and local implementation. Lower-tier authorities often have intimate knowledge of local needs, demographics, and planning hurdles, which are crucial for aligning energy planning with local realities.
- **Potential Solutions:**
 - One solution could be creating a rotational or collective representation model for lower-tier authorities. This would allow them to participate in board decisions, ensuring their input while maintaining a manageable board size.
 - NGESO could collaborate with regional or county associations of local governments to appoint representatives who can channel the views of smaller authorities collectively.
 - Periodic consultations or working groups that include lower-tier authorities could ensure their voice is heard without overwhelming the main board.

By adopting these measures, the board would integrate local government input effectively while keeping the board lean.

2. Network Company Representation: Network operators are integral to the success of energy planning because they control the infrastructure required to meet the RESP's goals. Their expertise in technical aspects like network capacity, infrastructure constraints, and the impact of decarbonisation is critical. The proposal to include network companies on the board ensures

they can provide technical oversight and align network planning with the RESP's strategic objectives.

Critiques and Recommendations:

- **Risk of Overemphasis on Technocracy:** While the inclusion of network operators is necessary, there is a risk that their strong technical knowledge could overshadow the democratic mandate of local governments. The balance of power on the board must be carefully managed to prevent network companies from dominating discussions and decisions.
- **Independent Technical Expertise:** One solution could be incorporating independent technical expertise alongside network operators, as the document suggests. This would prevent the board from relying solely on network operators for technical knowledge, ensuring that broader perspectives on technology, innovation, and energy systems are considered.
- **Clear Role Definition:** Network operators' role on the board should be clearly defined as providing technical oversight rather than decision-making authority. This would ensure they contribute technical insights without diluting the board's democratic accountability.

By maintaining a careful balance, network operators can contribute significantly to energy planning while ensuring that local authorities' needs and priorities aren't sidelined.

3. Cross-Sector Representation: Wider cross-sector actors, including flexibility service providers (FSPs) utilities, transport providers, businesses, and social/environmental bodies, have significant stakes in energy planning. Their interactions with the RESP—from transport electrification to business decarbonisation—make their involvement vital. However, direct representation of every interested stakeholder on the main board could make it unwieldy.

Critique and Recommendations:

- **Overwhelming the Board:** Cross-sector actors bring diverse perspectives, but incorporating all of them directly into the Strategic Board could create inefficiencies due to their large numbers and varied interests. Additionally, their primary focus is often on sectoral rather than regional goals, which could misalign with the board's strategic energy planning objectives.
- **Working Groups as a Solution:** A more effective way to involve cross-sector actors would be through specialized working groups or advisory committees that feed into the Strategic Board. This would ensure their insights are considered without requiring them to sit directly on the board. These working groups could be structured by sector (e.g., transport, business, environment) and convene periodically to provide sector-specific input to the board.
- **Collaborative Platforms:** Another approach would be to allow cross-sector actors to collaborate via digital platforms or forums, ensuring ongoing communication between the board and these stakeholders. These platforms could be used for consultations, feedback sessions, and sharing data and insights relevant to the RESP.

Through such mechanisms, cross-sector actors would remain engaged and influential, without complicating board operations.

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

A13. We do not agree with the adaptations proposed for Option 1 for several reasons. Blending Sub-national Transport Bodies (STB) with International Territorial Level 1 (ITL1) regions adds unnecessary complexity and creates potential confusion due to the lack of a consistent, unified regional model. Splitting existing STB regions, such as Transport for the North and Midlands Connect, could lead to overlapping responsibilities, governance challenges, and inefficiencies in decision-making. This approach risks disrupting well-established collaborative frameworks, particularly in areas like the Western Gateway and Peninsula, which could result in the loss of local knowledge and focus. The merging of distinct regions might dilute the ability to address specific local economic and energy challenges, and some boundary ambiguities, such as those in Lincolnshire and Swindon, could lead to misalignment in regional priorities. Furthermore, opting for a blended model instead of a purely ITL1-based approach misses an opportunity for statistical uniformity, which could have simplified alignment with national and international frameworks. Overall, these adaptations could complicate implementation, slow down the practical execution of Regional Energy Strategic Plans (RESPs), and make governance more cumbersome.

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

A14. Both options are problematic as they fail to address one of the most critical factors that should inform RESPs and their strategic investment recommendations—grid constraints. While the government has yet to decide on REMA and zonal pricing, spatial planning must account for the possibility that congestion costs could reach £3 billion per year by the decade's end. Further clarification from Ofgem on how potential zonal price boundaries might interact with RESP boundaries would be highly beneficial.

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)

A15. Equiwatt is not placed to answer this.