

Fiona Campbell
Local Governance and Flexibility Strategy Team
Ofgem
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E14 4PU

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Dear Fiona,

Regional Energy Strategic Plan Framework Consultation

Thank you for the opportunity to respond to Ofgem's Consultation on the proposed Regional Energy Strategic Plan (RESP) framework. This response primarily reflects the views of ScottishPower Renewables (SPR). Our networks business, SP Energy Networks (SPEN), is responding separately from its perspective as an electricity Distribution Network Operator (DNO).

SPR is a leading developer of renewable energy generation, with over 3.1 GW of operational renewable capacity across over 40 sites using onshore wind, offshore wind, solar and battery technologies. SPR has ambitious growth plans to expand its existing onshore wind portfolio and to invest in large scale solar deployment and innovative grid storage systems including batteries, with future connections planned at the distribution network level as well as the transmission system level.

ScottishPower is fully supportive of the UK Government's ambitious targets to decarbonise the power sector by 2030 and achieve Net Zero by 2050. In this context we have been supportive of Ofgem and the Government's work to establish the National Energy System Operator (NESO) and give it a mandate to deliver strategic energy planning at national and regional levels, the latter being the subject of this consultation.

We would like to make the following points in response to some of the key issues raised in the consultation.

Interaction with RIIO-ED3

Unless the stated timelines in the consultation are revised, we have significant concerns that the objective of the first RESP output being reflected in RIIO-ED3 is unrealistic. The RESPs are due to be established by the NESO at the end of 2025 and the first plans are due for delivery by the end of 2026. DNOs will be required to submit their final RIIO-ED3 business plans in late 2026, so it is difficult to envisage how they can adequately reflect

the respective RESP outputs unless they have sight of finalised RESPs in mid-2025 at the latest. A mitigation option would be to base the inaugural RESPs with respect to electricity on the DNOs' Distribution Future Energy Scenarios (DFES), which form the basis of the RIIO-ED3 business plan submissions. We believe that basing RIIO-ED3 on the inaugural RESP outputs on current timescales could risk an unnecessary delay in network investment or displacement from RIIO-ED3 baselines, all of which would be counter to the consensus on the required scale and pace of distribution network investment to meet decarbonisation targets.

Key building blocks of the RESP

We agree that the building blocks of RESP modelling as described in Chapter 3, should include supply and demand, and identifying system need. The DNOs' DFES already cover these areas consistent with the NESO's FES for transmission. Given that the consultation notes electricity will be the pivotal vector of the RESP, it would seem sensible to use the DFES as the basis for developing the RESP in respect of electricity, rather than developing a modelling framework from scratch to cover what the DFES already delivers. We think the RESP should focus on ensuring consistency of DFES methodology, where required, and addressing temporal, spatial and strategic aspects not captured the current DFES. As we note above, at minimum, we think the inaugural RESP outputs should be based on the DFES to avoid undue disruption to RIIO-ED3 timelines. This approach would be consistent with the approach taken for transmission, where the FES will form the basis of the NESO's Strategic Spatial Energy Plan SSEP.

As noted in the consultation, DNOs will retain responsibility for detailed planning of their networks and we believe they should also continue to have responsibility for forecasting electricity supply and demand given the DNOs will bear the risk of planning and forecasting. In this context it is important in developing the RESP framework that Ofgem ensures the RESP's interface effectively with DNO planning and forecasting processes. Similarly, it will be important to ensure the RESP's place-based engagement complements existing engagement undertaken by DNOs who will also require inputs from local authorities, devolved regions and other local actors.

Technical coordination

The third RESP building block identified in the consultation is termed "technical coordination", whereby the NESO will use whole system optioneering across vectors to reconcile gaps and inconsistencies between network companies' plans and the RESPs. We agree this should be a key building block of RESP modelling, but to be effective there must be full transparency on the trade-offs made by the NESO in its technical coordination. Network companies and regional stakeholders will require a rationale for why efficient network investments or flexibility requirements identified through their own optioneering are subject to trade-offs elsewhere.

In addition Ofgem will need to review the current RIIO-ED framework to introduce mechanisms to allow for justified variance between DNO investment plans and the RESP. for example this could be driven by factors that emerge within the three year cycle proposed for RESP refreshes.

Interaction with connection reform

As noted in paragraph 3.29, the RESP Strategic Direction will identify the location of strategic investments that go over and above system need. Consistent with transmission connection reforms (TMO4+), such strategic investments should be prioritised in the distribution connection queue on a "first needed first connected" basis. To achieve this,

DNOs will need to reform their connection processes where required, so they can prioritise such strategic investments in their connection queues. Additionally, DNOs should be able to signal to the NESO where strategic investment is driving the need for additional transmission network capacity. The process for DNOs reserving electricity transmission capacity has recently been de-scoped from the TMO4+ proposals and it is important they are taken forwards in parallel; at present it is proposed this will be done through modifications to the Grid Code.

If you have any questions regarding this response, please don't hesitate to contact me or my colleague Haren Thillainathan (hthillainathan@scottishpower.com)

Yours sincerely,



Richard Sweet
Director of Regulatory Policy