

## Guidance

Email:

Draft RESP Guidance				
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This is the <u>Regional Energy Strategic Plan</u> (RESP) Guidance document issued by the Authority pursuant to Condition C19 of the Electricity System Operator (ESO) Licence, Condition C13 of the Gas System Planner (GSP) licence, Condition 54 of the Standard Licence Conditions of the Electricity Distribution Licence, and Condition D23 of Part D of the Standard Special Licence Conditions of the Gas Transporter Licence.

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For the avoidance of doubt, Part A of this document should be read in conjunction with Conditions C19 of the ESO Licence and C13 of the GSP Licence. Part B of this document should be read in conjunction with Condition 54 of the Standard Licence Conditions of the Electricity Distribution Licence and Condition D23 of Part D of the Standard Special Licence Conditions of the Gas Transporter Licence. Where definitions are provided within the above licence conditions, they are not duplicated in this document and have the same meanings.

This document is directed at licensees as well as their stakeholders. The purpose of this document is to set out the requirements for the RESP Methodology and, the governance arrangements and process for approval of the RESP Methodology and RESPs. Part A of this document sets out the requirements for NESO's role in developing the RESPs. Part B of this document sets out the requirements for Part B of the this document sets out the requirements for Part B of the this document sets out the requirements for holders of an Electricity Distribution Licence and holders of a Gas Transporter Licence with Distribution Network distribution network companies to support the development of the RESPs.

#### **Guidance** - Draft RESP Guidance

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#### 1. Introduction

#### Overview of the RESP

- In our¹ decision on future local energy institutions and governance in 2023, we identified the need for a more coordinated approach to energy system planning on the distribution network. Accordingly, the Regional Energy Strategic Plan (RESP) Framework² was designed to enhance coordination, deliver confidence in system requirements, and enable proactive infrastructure investment, supporting an agile and cost-effective transition to a Net Zero energy system.
- 1.2 Following the RESP Policy Framework Decision, full further collaboration with both National Energy System Operator (NESO) and wider stakeholders has informed the development of this Guidance to accompany the NESO and network company RESP Licence Conditions.
- 1.3 The RESP is part of the wider strategic planning reform in the energy sector, which has seen the introduction of the Spatial Strategic Energy Plan (SSEP) and the Centralised Strategic Network Plan (CSNP). The RESP will bring a strategic approach to energy system planning at distribution level, as the SSEP and CSNP do at transmission level. It is our intent that tThese plans will remain cognisant of each other andto provide coherent direction for energy system development.
- 1.4 NESO, in its role as the Independent System Operator & Planner (ISOP), will produce one RESP for each of the 11 RESP RegionRESP nations and regions which together span-the Great Britain (GB). Each RESP will draw together national-level objectives with nation and regional priorities to provide a wholesystem blueprint of how the energy system should develop.

### **Related publications**

- <u>'Decision on the Regional Energy Strategic Plan Policy Framework</u>' The RESP Policy Framework sets out Ofgem's detailed policy design for the delivery of the RESP
- '<u>Decision on the framework for the Future System Operator's Centralised</u>
   <u>Strategic Network Plan | Ofgem'</u>. Decision on the framework for the
   Future System Operator's Centralised Strategic Network Plan | Ofgem' -

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<sup>&</sup>lt;sup>1</sup> References to the "Authority", "Ofgem", "we" and "our" are used interchangeably in this document. The Authority refers to GEMA, the Gas and Electricity Markets Authority. The Office of Gas and Electricity Markets (Ofgem) supports GEMA in its day-to-day work.

Ofgem Decision on the Regional Energy Strategic Plan Policy Framework - https://www.ofgem.gov.uk/sites/default/files/2025-04/RESP-policy-framework-decision.pdf

- NESO was required to <u>offer-provide</u> a coordinated, long-term approach to energy system planning on the transmission network
- 'Strategic Spatial Energy Plan: commission to NESO GOV.UK' NESO
  was commissioned to deliver the SSEP to which spatially sets out the
  optimal mix and location for new energy assets in line with Net Zero
  ambitions
- <u>'Strategic Spatial Energy Plan Methodology</u>' The methodology NESO are expected to must follow in the delivery development of the SSEP

#### **RESP Guidance Document**

- 1.5 This draft version of the RESP Guidance Document contains two parts. Part A

  (Chapters 2-7, inclusive) is applicable to NESO and Part B (Chapters 8 and 9) is relevant to Gas Distribution Networks (GDNs) and Distribution Network

  Operators (DNOs)-holders of an Electricity Distribution Licence and holders of a

  Gas Transporter Licence with Distribution Networks.—We refer to these holders of an Electricity Distribution Licence as Distribution Network Operators (DNOs) and holders of a Gas Transporter Licence with Distribution Network as Gas

  Distribution Network Operators (GDNs) throughout the Guidance.
- The RESP Guidance is the an Associated Document of the licences.<sup>3</sup> Part A of the Gguidance should be read in conjunction with Condition C19 of the Electricity System Operator<sup>4</sup> and Condition C13 of the Gas System Planner<sup>5</sup> licences while Part B of the Gguidance should be read in conjunction with the Condition 54 of the Standard Licence Conditions of the Electricity Distribution Licence<sup>6</sup> and Condition D23 in Part D of the Standard Special Conditions of the Gas Transporter<sup>7</sup> licence.
- 1.7 In Part A, we use 'licensee' to refer to NESO (in its role as the ISOP), and in Part B we use 'licensee' to refer to <del>DNOs and GDNsholders of an Electricity</del> <u>Distribution Licence and holders of a Gas Transporter Licence with Distribution</u> <u>Network.</u>
- 1.8 Part A sets out our expectations for how NESO must develop their its RESP

  Methodology and the subsequent RESPs. This includes how NESO will establish

<sup>&</sup>lt;sup>3</sup> <u>Unless stated otherwise, defined terms within this document have the same meaning as given to them in the relevant licence.</u>

<sup>&</sup>lt;sup>4</sup> ESO licence direction and terms and conditions

<sup>&</sup>lt;sup>5</sup> Gas System Planner: licence terms and conditions

<sup>&</sup>lt;sup>6</sup> Electricity Distribution Consolidated Standard Licence Conditions

<sup>&</sup>lt;sup>7</sup> Standard Special Conditions - PART D Consolidated - 01 09 2021

- governance arrangements and conduct stakeholder engagement throughout RESP development.
- 1.9 Part B sets out our expectations for how GDNs and DNOsholders of an Electricity Distribution Licence and holders of a Gas Transporter Licence with Distribution Network must participate in participate in the RESP development and provide relevant RESP Intelligence-Information in a timely manner. We refer to these holders of an Electricity Distribution Licence as Distribution Network Operators (DNOs) and holders of a Gas Transporter Licence with Distribution Network as Gas Distribution Network Operators (GDNs) throughout the Guidance.
- 1.10 This document is the first draft of the RESP Guidance, to be revised and updated to reflect the agreed RESP Methodology expectations. The RESP Guidance will be updated following stakeholder consultation to allow clarification and reasonable evolution.

#### **Feedback**

- 1.11 Feedback on this draft version of the RESP Guidance document can be forwarded to Ofgem via email: <a href="mailto:resp@ofgem.gov.uk">resp@ofgem.gov.uk</a>. Respondents may wish to consider the following questions in developing their feedback:
  - Do you agree that we have, to a reasonable extent, captured the expectations of NESO in the delivery of the RESP?
  - Do you agree that we have, to a reasonable extent, captured the role of network companies participating in the RESP process?
  - Are there any expectations that require clarification?
  - Are there any considerations that are not captured in this <u>Gg</u>uidance document that may impact the delivery of the RESPs?
- 1.12 Feedback may be provided, in an accessible format, to Ofgem by 8 August 28 November -2025.

#### Compliance

This document is subordinate to the relevant licences referred to herein. This document does not change any definition or obligations contained within the relevant licences and, in the event of any inconsistency between this document

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<sup>8</sup> We refer to these holders of an Electricity Distribution Licence as Distribution Network Operators (DNOs) and holders of a Gas Transporter Licence with Distribution Network as Gas Distribution Network Operators (GDNs) throughout the Guidance.

and the licence, the licence will take precedence. The licensees that are required to comply (in whole or in part) with the terms of this document must identify any inconsistency as soon as possible after it becomes aware of the same and make the Authority aware of said inconsistency. The contents of the document do not change the licensee's wider obligations under legislation, its licences or industry codes.

1.13
1.14 Nothing in this Guidance, nor in any approved RESP Methodology or any
RESP, will be taken to fetter or otherwise limit Ofgem's discretion in the exercise
of its functions, including decisions relating to price control, business plan
approvals, or any other regulatory determinations. Ofgem will exercise its
independent judgement in such functions, including price control related
decisions, taking into account all relevant considerations and representations.

#### **NESO**

- 1.141.15 Subject to our consultation on this draft RESP Guidance, NESO must comply with the provisions of Part A of this document as if it were a condition of its ESO and GSP Licences.
- 1.151.16 Subject to our consultation on the proposed licence conditions, NESO is required under Licence Conditions C13.2(a) and C13.2(b) of the GSP Licence and C19.2(a) and C19.2(b) of the ESO Licence to develop the RESP Methodology and RESPs in accordance with this document, prior to submission to Ofgem for approval. The RESP Methodology must be submitted to Ofgem for approval in the timeframe and format described in this document.

## <u>Distribution Network Operators and Gas Distribution Networks Holders of an Electricity Distribution Licence and holders of a Gas Transporter Licence with Distribution Network</u>

- 1.161.17 Subject to our consultation on-this draft RESP Guidancethe proposed licence conditions, DNOs-holders of an Electricity Distribution Licence (referred to as DNOs) are required under Condition 54.6 of the Standard Licence Conditions of the Electricity Distribution Licence to comply with this document, when engaging in the RESP process, as if it were a condition of their licence.
- 1.171.18 Subject to our consultation on-this draft RESP Guidance the proposed licence conditionsholders of a Gas Transporter Licence with Distribution Network (referred to as GDNs) -are required under Condition D23.6 of Part D of the Standard Special Licence Conditions of the Gas Transporter Licence to comply with this document, -when engaging in the RESP process, as if it were a condition of their licence.

## Part A - NESO Guidance

Throughout Part A, 'licensee' is used to describe NESO in its role as the ISOP.

## 2. General requirements for the RESP Methodology

This chapter sets out general requirements the licensee must follow in developing and producing the RESP Methodology. This includes expectations for key activities critical to delivering the RESP outputs.

#### **Scope**

- 2.1 The RESP Methodology must meet the requirements set out in this Part A.
- 2.2 The RESP Methodology must detail how the licensee will produce a RESP, formed of the key outputs as prescribed by Licence Conditions C13.4 of the GSP Licence and C19.4 of the ESO Licence. These are:
  - Regional ContextNations and Regions Context
  - **RESP** Pathways
  - Spatial Ceontext
  - Specification of Sstrategic Investment Nneed
  - Consistent Pplanning Aassumptions
- 2.3 The purpose of the RESP will be to develop a strategic view of the future of the energy system at a sub-national level and set the direction of distribution network upgrades. While the scope of the RESP is the distribution level of the system, the licensee must consider the wider context of the energy system and in particular boundary interactions with the transmission system.
- 2.4 The licensee must take a whole-system approach to strategic planning to deliver efficient plans which benefit current and future consumers, communities and the environment. We use the term By 'whole-system to indicate that the m' we mean an approach that must takes a comprehensive view of the factors which materially influence energy supply and demand in a nation/region.
- In the RESP Methodology, the licensee must determine what inputs are required to take a whole-system approach. We expect this to evolvechange over time as the energy transition gathers pace. We expect all energy vectors to be within scope as well as wider cross-sector inputs, including spatial planning inputs from local government.authorities—In developing—the RESP Methodology, the licensee must\_ensure it considers the evolvevolving nature of what may materially influence energy supply and demand.

### RESP RegionRESP nations and regions

- 2.6 The RESP Methodology must support delivery of a consistent quality of plans across the 11 RESP regions. A map of the 11 RESP regions is displayed in Appendix 1. It should also be cognisant of regional variation and the need to account for different characteristics and institutional governance arrangements in the different RESP Regions.
- 2.7 We note that two of the RESP Regions cover the jurisdiction of a devolved government. We expect this to be accounted for within the RESP Methodology, in particular in the governance arrangements.
- 2.82.6 The RESP Methodology must support the development of RESPs for the following 11 RESP RegionRESP nations and regions, a map of which is given in Appendix 1:
  - Scotland
  - North West
  - North East, Yorkshire and Humber
  - West Midlands
  - East Midlands
  - · Central England
  - Greater London
  - East
  - Wales
  - South West
  - South East
- 2.7 A map of these RESP Regions is shown in Appendix 1. The RESP Methodology must support delivery of a consistent quality of plans across the RESP RegionRESP nations and regions. It should also be cognisant of nation and regional variation and the need to account for different characteristics and institutional governance arrangements in the different RESP RegionRESP nations and regions.
- 2.92.8 We note that two of the RESP RegionRESP nations and regions cover the jurisdiction of a devolved government. We expect this to be accounted for within the RESP Methodology, and in particular within the governance arrangements.

#### Time horizon

2.102.9 In the RESP Methodology, the licensee must set out the time horizon of the RESPs and its-their composite outputs as detailed in paragraph 2.2.. -The time horizon of the RESPs must be a rolling horizon of no less than 25 years.

#### **Roles and responsibilities**

- 2.112.10 \_\_\_ In the RESP Methodology, the licensee must set out how it will <a href="engage">engage</a> relevant <a href="engage">stakeholders</a> local authoritiectors</a> within the RESP development process. We expect this-\_to <a href="major-include energy network">span-include energy network</a> companies, <a href="major-the-relevant-energy-vectors">the relevant-energy-vectors</a>, as well as devolved and local <a href="major-authorities">authorities</a>, <a href="major-government-and">government-and</a>, <a href="major-cross--sector-stakeholders-actors-and-any-other-major-actors-of-relevance">energy-vectors</a>, as well as devolved and local <a href="major-actors-of-relevance">authorities</a>, <a href="major-government-and">government-and</a>, <a href="major-cross--sector-stakeholders-actors-and-any-other-major-actors-of-relevance">authorities</a>, <a href="major-actors-of-relevance">government-and</a>, <a href="major-cross--sector-stakeholders-actors-and-any-other-major-actors-of-relevance">authorities</a>, <a href="major-actors-of-relevance">government-and</a>, <a href="major-cross--sector-stakeholders-actors-and-any-other-major-actors-of-relevance">authorities</a>, <a href="major-actors-of-relevance">government-and</a>, <a href="major-cross--sector-stakeholders-actors-and-any-other-major-actors-of-relevance">government-and</a>, <a href="major-actors-of-relevance">cross--sector-stakeholders-actors-and-any-other-major-actors-of-relevance</a>. The RESP Methodology should describe the roles and responsibilities for contributors and the key areas of cooperation.
- 2.122.11 The roles and responsibilities must be presented to stakeholders as part of the licensee's RESP Methodology consultation. This must be supported by the development and publication of an overall RESP project plan which outlines the development process and associated timescales.

## Place-based Engagement within the RESP nations and rerRegions and support for local authorities

- 2.132.12 To support the development of each RESP, and in accordance with licence conditions C13.5(b) of the GSP Licence and C19.5(b) of the ESO Licence, the licensee must develop structured, transparent and accessible routes for place-based stakeholder engagement in each of the RESP RegionRESP nations and regions and provide proportionate forms of support for local government authority representatives engaged in local energy planning.
- In the RESP Methodology, the licensee must set out structured processes to ensure appropriate forms of place-based engagement in each of the RESP RegionRESP nations and regions to support efficient development one the RESPs. Engagement must support robust understanding of energy requirements in each RESP Region the RESP nations and regions and facilitate testing and validation of plan outputs. The engagement processes must aim to be accessible to stakeholders with varying interests and levels of energy system knowledge. The licensee must also consider how RESP engagement processes fit within established engagement forums and regional partnerships.
- 2.14 The licensee must setlay out in the RESP Methodology how it will develop targeted support for local government authorities to remove barriers to

engagement and enable the integration of local energy planning and relevant spatial plans into RESPsenable local energy plans and relevant spatial plans to inform RESPs. The RESP Methodology must set out the forms of support to be provided, including what will be accessible to all stakeholdersrelevant local authoritiectors and what will be exclusively provided to local government, authorities. Forms of support which may be in scope of the RESP Methodology include:

- proportionate technical advice on local energy plans
- an online repository of materials related to energy planning good practice to foster transparency and knowledge sharing
- energy sector training to enable meaningful participation and engagement
- common digital tools to facilitate data sharing and improve data consistency.

#### **Technical coordination**

- 2.15 In Conditions C19.5(a) of the ESO Licence and C13.5(a) of the GSP licence, the licensee is obligated to undertake activity to ensure coherent energy system planning through:
  - the resolution of gaps and inconsistencies between RESPs and adjacent strategic plans (SSEP and CSNP) in plans within and between RESP RegionRESP nations and regions
  - the identification of opportunities for whole-system optimisation
- 2.16 This activity is a key function which should underpin all phases of RESP development to support delivery of technically sound and optimal strategic plans.
- 2.17 Within the RESP Methodology, the licensee must describe the processes by which it will maintain coherence of planning:
  - within and between RESP RegionRESP nations and regionsareas
  - upward to transmission network planning
  - across energy vectors paragraph
  - with adjacent strategic plans (SSEP and CSNP)
  - with <u>nation and</u> region<del>al</del> priorities and key elements of relevant spatial plans
- 2.18 The RESP Methodology must establish how and when technical coordination will support the development of each of the RESP outputs to allow early

- identification of gaps, inconsistencies and opportunities for optimisation. The licensee must develop protocols through which input assumptions will be aligned, planning data will be exchanged and conflicts or overlaps in responsibilities will be managed.
- 2.19 The RESP Methodology must set out the expected role of stakeholders in delivering technical coordination activity. Specifically, the licensee must set out at what stages of the RESP development process stakeholders could be expected to provide data and/or participate in collaborative working groups to support technical coordination activity. The RESP Methodology must establish agreed procedures and timescales for stakeholder participation and articulate the role of RESP governance structures in navigating required trade-offs between parties.
- 2.20 The RESP Methodology must <u>setlay</u> out where in the end-to-end process of RESP output development the licensee will undertake technical coordination activities to review and assure the coherence of each RESP with adjacent plans as listed in paragraph 2.17. We note that coherence need not imply alignment of outputs, but that the licensee must clearly articulate the reasons for material misalignments and any implications arising from these. The RESP Methodology must indicate which adjacent plans will be considered, and these must at a minimum include SSEP and CSNP.
- 2.21 We expect the licensee to articulate <a href="their-its">their-its</a> approach to whole-system optimisation within the RESP Methodology. The licensee must consider how and where in the RESP development process opportunities for optimisation could arise and the parameters against which plans should be optimised. We expect this to include consideration of opportunities to protect the interests of current and future consumers through provision of best value and/or limitation of disruption. The RESP Methodology must <a href="set-lay">set-lay</a> out how the licensee will identify opportunities for optimisation, how it will bring these forwards to relevant stakeholders, and how it will work collaboratively to progress an optimal solution for inclusion in the RESP.

#### Data Managing inputs to the RESP

- 2.22 The RESP Methodology must establish a framework for <u>data and the information</u> <u>inputs</u>data inputs which will underpin the development of the RESPs. In the RESP Methodology the licensee must outline:
  - how it will establish protocols for <u>data and datainformation</u> sharing by stakeholders

- how the credibility of <u>data and information</u> sources will be assessed
- how datasets and information will be kept up-to-date
- how principles of transparency and accessibility will be balanced with legitimate requirements to maintain confidentiality
- 2.23 In the RESP Methodology, the licensee must clearly articulate expectations for stakeholder data and datainformation sharing. The licensee must review existing energy industry codes to consider any modifications that may be required to support the effective and efficient exchange of information in relation to the RESP. We expect the licensee to identify any gaps in existing data sharing arrangements and propose a remediation plan.
- 2.24 The RESP Methodology must articulate robust processes to assess the credibility of data <u>and information</u> sources. We expect this to include, <u>at a minimum</u>, consideration of the reputability of source, <u>recencycurrency</u>, stakeholder validation, granularity, <u>and</u> completeness.
- 2.25 In the RESP Methodology, the licensee must outline how stakeholders will be engaged during the <u>data and dataRESP information</u> collection and audit process. Where submitted <u>data and datainformation</u> does not meet the required standard, the licensee must provide feedback.
- 2.26 Throughout RESP development, the licensee must ensure that data and data information requests are reasonable and clearly specified, and that theyit works with stakeholders to agree a suitable deadline to allow stakeholders sufficient time to respond. The licensees must, clearly specified and that they work with relevant parties, where appropriate, to scope the data and data information requests. to help reach a joint understanding of the type and format that will best meet the intended use case.

#### 2.25

- 2.262.27 The RESP Methodology must detail a process for refreshing datasets and information to ensure they remain up-to-date and fit-for-purpose. The licensee must outline the cadence and scope of regular data refreshes necessary to support the development of the RESPs and subsequent monitoring of delivery against the RESPs within the RESP RegionRESP nations and regions.
- 2.272.28 The RESP Methodology must describe how the licensee will ensure that the data and datainformation used to develop the RESPs is appropriately transparent and accessible. The licensee must comply with Data Best Practice

Guidance<sup>9</sup> when developing RESPs. Input and output data, models, and algorithms must be treated as Presumed Open<sup>10</sup> and subject to an Open Data Triage<sup>11</sup> process.

- 2.282.29 The licensee must outline within the RESP Methodology how it will provide data and datainformation to stakeholders in a format that is accessible and practical for their use, enabling them to carry out their own operational and investment planning forecasts. The shared data and data information must facilitate third-party participation in the network planning process without the need for bespoke or proprietary software.
- B6 of the GSP licence, and provisions of the UK GDPR, the licensee is responsible for protecting confidential data and detailing how it will be managed. The licensee must identify any confidential data and information it holds and ensure appropriate protections are in placeThe licensee must setlay out in the RESP Methodology how it will establish appropriate criteria and protocols for identifying and managing potentially sensitive and/or confidential stakeholder informationdata. The licensee must clearly communicate how potentially sensitive data will be used and, where appropriate, establish individual agreements to ensure stakeholders maintain control over the distribution of critical datasetssensitive and/or confidential stakeholder data. The licensee is responsible formust protecting confidential data, and detailing how it will be managed in line with the provisions of the UK GDPR and any other relevant legislation.

#### **In-development register**

- 2.302.31 The RESP Methodology must outline how the licensee will establish and maintain an up-to-date in-development register of early-stage projects in each of the RESP RegionRESP nations and regions.
- 2.312.32 We expect the in-development register to collate information which provides insight into potential material future energy system needs which may arise but areis not yet sufficiently developed and/or definitive to be directly included in the RESP inputs.
- 2.32 While we expect that the in-development register may be most relevant to the development of the <u>RESP</u> Pathways (<u>paragraphs</u> 3.8-3.17) and Specification

<sup>&</sup>lt;sup>9</sup> Data Best Practice Guidance: <u>Data Best Practice Guidance v1.pdf</u>

<sup>&</sup>lt;sup>10</sup> As defined in the Data Best Practice Guidance

<sup>&</sup>lt;sup>11</sup> As defined in the Data Best Practice Guidance

of Strategic Investment Need (<u>paragraphs</u> 3.22-3.28), the licensee must articulate its function and scope in the RESP Methodology.

#### **Environmental assessment**

2.332.34 The licensee must detail in the RESP Methodology how it will effectively consider and assess the environmental impacts associated with the RESPs and seek to ensure that negative environmental impacts are mitigated where possible. It should detail how areas of environmental significance will be considered in the RESP development.

## 3. Methodology for the content of a RESP

The sections below provide guidance on the NESO's development of the RESP Methodology to deliver the required elements of a RESP.

#### Whole product cohesion

- 3.1 In line with Conditions C19.4 and C13.4 of the ESO and GSP licenses, respectively, the licensee must develop the five elements comprising a RESP for each RESP Region of the RESP nations and regions. As illustrated in Figure 1, these elements are inter-related.
- 3.2 Within the RESP Methodology, the licensee must set out a process flow describing the inputs and outputs of each of the elements and how they it will combine to deliver a cohesive RESP for each RESP Region the RESP nations and regions and facilitate its use by stakeholders.

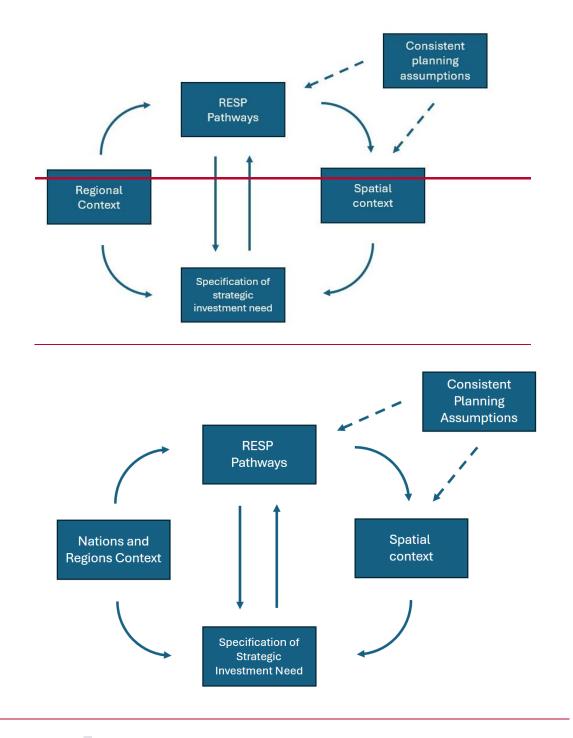


Figure 1: Illustrative diagram of inter-relationship between RESP outputs

### Regional Context Nations and Regions Context

3.3 Conditions C19.4(a) and C13.4(a) of the ESO and GSP licenses, respectively, obligate the licensee to develop a Regional ContextNations and Regions Context for each RESP Region of the RESP nations and regions, drawing on relevant datasets as well as insights from nation and regional stakeholder engagement.

- The RESP Methodology must set out how the licensee will develop the Regional ContextNations and Regions Context to ensure it provides a comprehensive view of nation and regional conditions and priorities, including key challenges, opportunities, and implications for strategic energy planning in the RESP RegionRESP nations and regions.
- 3.5 In the RESP Methodology, the licensee must outline processes for identifying, selecting, analysing and incorporating both quantitative and qualitative data collected through proactive <a href="mailto:nationand">nation and</a> regional <a href="level">level</a> engagement. The RESP Methodology must also include an approach to identifying and mitigating gaps in data availability.
- 3.6 We expect the licensee to set out the process that describes how by which the Regional Context Nations and Regions Context will informs both the RESP Pathways and Strategic Investment Need.
- 3.7 The RESP Methodology must detail how the licensee will ensure the Regional ContextNations and Regions Context is tested through engagement with stakeholders within each of the RESP RegionRESP nations and regions.

#### **RESP** Pathways

- As set out in Conditions C19.4(b) and C13.4(b) of the ESO and GSP licences, respectively, the licensee must develop a single short-term RESP Pathway and multiple long-term RESP Pathways for each RESP Region of the RESP nations and regions. The RESP Pathways should be outputs of spatial models of energy supply and demand which provide a holistic whole-system, long-term view of energy need in thea RESP Region RESP nations and regions. They are intended to act as a blueprint for how the future energy system will develop and must model total energy need in a format which can be taken as an input into detailed distribution network impact assessment and option energing.
- 3.9 In the RESP Methodology, the licensee must provide a clear and detailed articulation of the <u>RESP</u> Pathways modelling approach. The RESP Methodology must, at a minimum, set out which supply and demand inputs will be modelled, how the baseline will be set, what growth assumptions will underpin projections, how energy need (including annual peak demand and total demand) will be assessed, and how this information will be presented as a <u>RESP</u> Pathway.
- 3.10 The <u>RESP</u> Pathways must describe the location, scale and timing of changes to energy supply and demand at a sufficient granularity to provide a detailed basis for network planning and to support broader spatial planning. As stated in the RESP Policy Framework Decision, electricity and gas distribution network plans

submitted via the Ofgem price control process, will be expected to align to the RESP Pathways at primary substation and low-pressure network level, respectively. Where practicable, spatial modelling should extend to Lower Super Output Areas (LSOA) level in England and Wales and Data Zone level in Scotland. The RESP Methodology must indicate the spatial granularity, on both network asset and geographical bases, and the temporal granularity of the RESP Pathways. If relevant, the licensee should indicate where modelling to LSOA/Data Zone level may not be practicable and set out an appropriate alternative approach.

- 3.11 The RESP Policy Framework states that in each of the RESP RegionRESP nations and regions a single short-term RESP Pathway must consider a 10-year time horizon and multiple long-term RESP Pathways must reflect uncertainty in projections to a minimum 25-year time horizon to 2050. The RESP Methodology must determine the optimal number of long-term RESP Pathways to support appropriate treatment of uncertainty and adaptability in long-term planning. It is our expectation that the same number of long-term RESP Pathways will be provided in each RESP Region of the RESP nations and regions.
- 3.12 The RESP Methodology must define suitable metricseasures for uncertainty and deliverability, including network deliverability, and setlay out approaches to sensitivity analysis and stress testing. The RESP Methodology must contain robust processes to select a deliverable short-term RESP Pathway and identify the key sensitivities in the long-term RESP Pathways.
- 3.13 The modelling of the <u>RESP</u> Pathways should draw on data or algorithms describing current conditions and future expectations. The RESP Methodology must establish a framework for data inputs for the <u>RESP</u> Pathways, including the SSEP <u>pathway</u> and additional inputs. The licensee should lead work with Ofgem and Department of Energy Security and Net Zero (DESNZ) to identify the appropriate data sources.
- 3.14 The RESP Methodology must describe how input from the SSEP and other national-level plans will be used within the modelling of the RESP Pathways. It is expected that the SSEP modelling of optimal locations of energy assets will be a primary consideration in development of the RESP Pathways. The RESP Methodology must set out how any significant misalignment between the SSEP and the RESP will be addressed and outline how feedback loops between the two plans will inform future iterations.

- The modelling of the <a href="RESP">RESP</a> Pathways should also use bottom-up data gathered through engagement with <a href="nation and">nation and</a> regional <a href="level">level</a> stakeholders. The RESP Methodology must explain how the data sources will be identified, assessed and selected for inclusion in <a href="RESP">RESP</a> Pathways modelling. The RESP Methodology must outline how the licensee will source the necessary bottom-up data within each of <a href="mailto:the RESP RegionRESP">the RESP RegionRESP</a> nations and regions. This must includeing establishing <a href="mailto:clear protocols">clear protocols</a> to gather necessary information from networks to support the <a href="mailto:modelling">modelling</a> of the RESP Pathways. <a href="mailto:and">and</a>
- 3.15 <u>set</u>lay out processes to identify and resolve gaps in data availability through proactive engagement with and support of local actors<u>stakeholders</u>.
- 3.16 The RESP Methodology must ensure that all RESP Pathways will meet the Scottish Government's, and the UK and Welsh Ggovernments' requirements of Net Zero by 2045 and 2050, respectively. The RESP Methodology must set out how the licensee will determine to what extent other national-level plans and objectives should constrain the RESP Pathways modelling. The licensee must establish transparent processes for identifying clear criteria to identify any conflicts between top-down and bottom-up plans and objectives and and fortransparent processes to managinge these conflicts in throughout the RESP Pathways development, including the role of RESP governance structures. In laying out these processes, the licensee must make clear the role of RESP governance structures in managing conflicts.
- 3.17 The RESP Methodology must articulate how technical coordination activity, as described in paragraph 2.15,2.17, will enable the development of coherent, technically sound, and deliverable RESP Pathways. Where coherence is not possible, the licensee must clearly setlay out the reasons for this and any material implications.

#### **Spatial Context**

- 3.18 As set out in Conditions C19.4(c) and C13.4(c) of the ESO and GSP licences, respectively, the licensee must develop a Spatial Context component for each RESP.
- 3.19 The RESP Methodology must <u>setlay</u> out the approach to developing an accessible digital geospatial mapping tool that presents the <u>RESP</u> Pathways against electricity and gas distribution network capacity availability and whole-system data to show the resulting system need.

- 3.20 The tool must present data using both a geographical and network asset basis and allow users to interrogate system needs, including where potential constraints may emerge, spatially and temporally.
- 3.21 The licensee must develop a formalised coordination process with all DNOs and GDNs, outlining how relevant network data will be exchanged to inform the geospatial tool. This should include standardised processes for input data submissions and agreed timelines.

## **Specification of Strategic Investment Need**

- 3.22 As set out in Conditions C19.4(d) and C13.4(d) of the ESO and GSP licences, respectively, the licensee must develop a Specification of Strategic Investment Need. In the RESP Methodology, the licensee must setlay out its approach to identifying, categorising, and providing appropriately detailed specifications of areas of strategic investment need within each RESP Region of the RESP nations and regions.
- 3.23 As noted in our RESP Policy Framework Decision, we consider investment strategic if is both a) of high economic and/or system value and b) necessary to delivery of key nation and regional priorities, including those driven by national GB-wide targets and plans. The RESP Methodology must describe how potential areas of strategic energy investment need in each RESP Regionof the RESP nations and regions will be identified through structured nation and regional stakeholder engagement, including the production of the Regional ContextNations and Regions Context, and through analysis of the RESP Pathways and Spatial Context outputs.
- 3.24 The RESP Methodology must indicate how the licensee will establish clear and accessible processes for <a href="mailto:nation">nation and</a> regional stakeholder input into the identification and confirmation of areas of strategic energy need. The licensee must also indicate how it will identify and, where possible, mitigate gaps in its knowledge of key drivers of energy network need. In addition, the licensee must setlay out their its approach to balancing necessary commercial sensitivities and confidentiality requirements against transparency in development of the Specification of Strategic Investment Need output.

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<sup>&</sup>lt;sup>12</sup> We use the term 'strategic energy need' to describe priority areas of energy need identified within a RESP Region, regardless of whether those needs can be met by existing networks. We use 'strategic investment need' to describe areas in which the identified need cannot be met by the networks without further investment.

- 3.25 The RESP Methodology must outline how the licensee will use the RESP Pathways and Spatial Context outputs to identify areas of energy need which are significantly complex and/or which emerge as 'hotspots' of future need. In doing so, the RESP Methodology must highlight where collaboration with and/or data from network companies will be required, indicating the sequencing of analysis stages and where technical coordination activities to align planning across relevant stakeholders may be required. Finally, the RESP Methodology must consider how the licensee will map areas of strategic energy need against network capacity to determine where there is need for strategic investment.
- 3.26 The RESP Methodology must provide a clearly articulated framework by which potential areas of investment need are judged to be in or out of scope for inclusion in the Specification of Strategic Investment Need output. As described in the RESP Policy Framework Decision, this framework must exclude areas of investment solely related to network maintenance, safety and security of supply, or straightforward, low-value, load-related works. In contrast, the framework must include high-value areas of future investment need which are key to nation and regional priorities and more complex due to timescale, geography, or required trade-offs between vectors, priorities or stakeholderactors. This may include strategic investment needs beyond those to be delivered by DNOs and GDNs, such as those relevant to heat networks, IDNOs and -hydrogen, and independent networks.
- 3.27 The Specification of Strategic Investment Need output is intended to support coordinated network development and provide justification of energy need in the context of price control business plans and/or funding decisions. The RESP Methodology must <u>setlay</u> out how the licensee will categorise identified areas of strategic investment need to <u>a)</u> support common regulatory <del>approaches</del> treatment for investments with similar levels of / types of risk; and <u>b)</u> communicate the degree of certainty of investment need to stakeholders. The rationale for and implications of the chosen categorisation scheme must be clearly articulated within the RESP Methodology.
- 3.28 The RESP Methodology must <u>set</u>lay out the content of the specification which will be provided for each in-scope area of strategic investment need.\_-Following the RESP Policy Framework Decision, <u>and noting that provision of some elements will require collaboration with network licenseesDNOs and GDNs, this must include at a minimum:</u>
  - location and spatial context
  - network licence area(s)

- <u>ecategorisation</u>, as described in paragraph 3.28
- expected demand growth
- network capacity need
- vector and network level, where relevant
- detail of a needs case suitable to underpin detailed technical optioneering

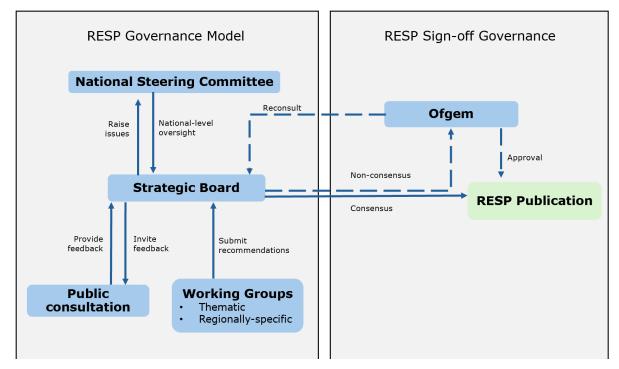
## Consistent **Pplanning Assumptions**

- 3.29 As set out in Conditions C19.4(e) -and C13.4(e) -of the ESO and GSP licences, respectively, the licensee must develop a set of Consistent Pplanning Assumptions to drive consistent derivation of network impacts from the RESP outputs.
- 3.30 The RESP Methodology must <u>setlay</u> out how the licensee will develop a <u>single</u> single set of Consistent <u>Pplanning Assumptions to be used across all RESP Regions to be used across all RESP RegionRESP nations and regions. The RESP Methodology must <del>also indicate</del> how the licensee will provide acceptable ranges of variation <u>withinto the Consistent Planning Assumptions to allow account for nation and regional difference and <u>explain</u> how these will apply in each <u>of the RESP RegionRESP nations and regions. The A set of Consistent Planning Assumptions and associated guidance on their use within the RESP RegionRESP nations and regions must be published as part of each RESP.</u></u></u>
- 3.31 The licensee should prioritise inclusion of Consistent Pplanning Assumptions that are most material in driving consistent derivation of network impacts—and diversity assumptions.
- 3.32 The RESP Methodology must describe how the set of Consistent Pplanning Assumptions will be reviewed and, where necessary, updated during each RESP development cycle.
- 3.33 We expect the licensee to demonstrate howdevelop and review the Consistent Pplanning Assumptions will be developed, and reviewed, in atransparently transparent way, drawing on stakeholder expertise and using the best available data. In the RESP Methodology, the licensee must demonstrate how they it will maintain transparency and provide. The development process must include clear routes to enable appropriate scrutiny and challenge throughout the development process.
- 3.34 We expect the licensee to develop guidance for stakeholders, including DNOs and GDNs, on how to apply the Consistent Pplanning Assumptions to translate

 $\underline{\text{projected}}_{\text{changes}}$  in supply and demand into  $\underline{\text{predicted network}}_{\text{impact}}\underline{\text{son the}}_{\text{networks}}.$ 

## 4. Methodology for RESP Governance

4.1 In accordance with Conditions C19.3 and C13.3 of the ESO and GSP licences, respectively, the licensee must establish <a href="mailto:national-GB-wide">national-GB-wide</a> and <a href="mailto:national-GB-wide">nat



<u>Figure 2: Illustrative diagram of the RESP Governance mModel and sSign-off process</u>

## **National Steering Committee**

- 4.2 The licensee is required under Conditions C19.3(a) and C13.3(a) of the ESO and GSP licences, respectively, The licensee mustto establish a GB-wide National Steering Committee to provide strategic oversight, expertise and national-level coordination of strategic planning, including with the CSNP and SSEP. The licensee must be represented on the committee alongside, at a minimum, senior leadership representatives from Ofgem and DESNZ.
- 4.3 To reflect the decision-making role of the Authority in approving the first RESP Methodology, Ofgem will chair the initial meetings of the committee to support the development of the RESP Methodology. Beyond this, the licensee must work with Ofgem to determine the appropriate roles and responsibilities to centre committee.

- 4.4 In the RESP Methodology, the licensee must set out how any wider other bodies may be represented on the National Steering Committee and their expected role.
- 4.5 The RESP Methodology must include a Terms of Reference (ToR) for the National Steering Committee, including expectations for the frequency of meetings to ensure appropriate oversight across the whole RESP development process and to for providing provide advice to the licensee.
- Committee to resolve advisee and provide steer on conflictissues escalated by the the StartegicStrategic Board which, that arise through the RESP development that cannot be resolved within the RESP Regions by the a RESP RegionRESP nations and 'sregions' Strategic Board (see paragraph 4.11). The RESP Methodology must articulate , escalated by the licensee from RESP regionRESP nations and regions s, including trigger points for issues to be escalated andescalation and howhow the recommendation advice from the National Steering Committee's recommendationsteer -will be transparently communicated to stakeholdersback to the RESP RegionRrelevant ESP nations and 'sregions' Strategic Board(s).

#### **Strategic Boards**

- 4.7 The licensee is required under Conditions C19.3(b) and C13.3(b) of the ESO and GSP licences, respectively, to establish a Strategic Board in each of the RESP RegionRESP nations and regions.
- 4.8 The RESP Methodology must detail the process to transparently select representatives to sit on each Strategic Board. We expect each Strategic Board to have in the region of roughly 15 members and appropriate representation from the following three groups:
  - DNOs and GDNs
  - <u>Ddevolved government</u> and local government authorities strategic authorities and upper-tier local authorities in England, and devolved government and unitary councils in both Scotland and Wales
  - Ceross-sector actorsstakeholders
- 4.9 We expect the licensee to ensure the members of each Strategic Board <u>are</u>

  selected based on their expertise and experience, and are able to effectively

  represent the views of the network, place or sector they represents are of an

  appropriate level of seniority to have substantive strategic influence and can

  represent the perspectives their network, place or sector. The selection process

- should <u>must</u> set out how local <u>government authority</u> members will reflect the <u>institutional landscape in each region and the energy system context context of</u> the <u>RESP Region</u>RESP nations or<del>and</del> regions.
- 4.10 The In the absence of an approved exemption request, as discussed in paragraphs 9.09 9.12, the licensee must provide a seat on the Strategic Board to all the relevant DNOs and GDNs, regardless of the size of their its licence area coverage in the RESP RegionRESP nations and or regions.
- 4.11 The RESP Methodology must include details of how the Strategic Board will steer and influence RESP development at key points in the process. This should include a <a href="mailto:transparent">transparent</a> process to <a href="mailto:transparently">transparently</a> resolve any substantive <a href="mailto:issues or conflicts arising at working level which require escalation to the Strategic Board for a decision.
- 4.12 The RESP Methodology must include a template ToR for the Strategic Board. The ToR template must include, at minimum:
  - logistical details (eg frequency of meetings, format of meetings);
  - the role of members, including expectations that Strategic Board members work <u>collaboratively</u> <u>collectively</u> to support the objectives of RESPs;
  - requirements for voting on the approval of the RESP (see paragraphs 6.5 -6.87.2).

#### **Engagement processes**

4.13 As set out in paragraphs 2.12 - 2.14, <u>stakeholder place-based engagement</u> processes <u>within each of the RESP RegionRESP nations and regions will be vital throughout the RESP development</u> to effective and coherentely integration of econsumer, local, <u>nation</u> and regional views <u>throughout the RESP developmentinal acoherent manner</u>. <u>Within the RESP Methodology, alongside theirAlongside their the</u> overarching approach to <u>place-based engagement</u>, the licensee must <u>describe how theyit will</u> develop two key elements to form the foundation of the governance framework: public consultation and working groups.

#### **Public consultation**

4.14 In the RESP Methodology, the licensee must set out the timelines and details for public consultations on the draft RESPs including a description of the channels used to reach different stakeholder groups. Consultations must be of such a form and duration to reasonably allow stakeholders to respond.

#### **Working groups**

- The licensee must set up working groups in each of the RESP RegionRESP nations and regions. The purpose of the groups is to gather structured input from relevant stakeholders to support key stages of RESP development, and bring specific perspectives to inform the RESP.
- 4.16 The RESP Methodology must establish a process for working groups to submit recommendations to the Strategic Board at key points throughout the RESP development. The RESP Methodology must also set out a transparent route to escalate any substantive issues or conflicts from a working group to the Strategic Board for a decision (in line with 4.11).
- 4.17 The RESP Methodology must include transparent processes to establish relevant working groups for each RESP Region of the RESP nations and regions. This must include setting up a local authority working group in each RESP RegionRESP nations and regions. Most working groups will be nation/and-regionally specific, but where appropriate, thematic groups could be convened on a cross-nation/regional or national GB-wide basis.
- 4.15—which reflect the <u>Rregional C</u>context. We expect the RESP Methodology to detail how function-based working groups will support key elements and stages of RESP development, and how thematic groups will bring specific perspectives to inform the RESP. Where appropriate, the thematic groups could be convened on a cross-regional or national basis.
- 4.16 The RESP Methodology must include details on how a local authority working group for each RESP Region will be established to ensure local authorities have a direct route of engagement to the RESP development and governance.
- The RESP Methodology must <u>include a template ToR for the working groups, and</u> detail the number, composition, cadence, and type of working groups and how stakeholders can participate in the working groups.

#### 4.17 Consumer Voice

#### **Consumer Voice**

- 4.19 ÷We expect the licensee to lay out in the RESP Methodology how the governance mechanisms will enable the consumer voice to influence development of RESPs in each RESP nation and Region. This could be through:
  - A thematic working group for consumer voice.
  - A dedicated seat on working groups for a consumer representative if a thematic working group is not set up.
  - A clear route for working groups the consumer voice (represented by a suitable body, such as Citizens Advice) to feed into the Strategic Board.
  - Consumer representation on the National Steering Committee
  - Versions of the RESPs for a consumer audience

#### 4.18

Ensure that RESPs are informed by direct consumer engagement.

From the wA clear route for orking groups the consumer voice should to feed into the Strategic Board.

<u>Versions of the Ensure there are versions of RESPs for a consumer</u> <u>audienceprodcuced in an accessible way that can be understood by consumers,</u> <u>giving them a chance to provide feedback on the plans.</u>

## 5. Methodology for assurance activities following creation of the RESPs

- In accordance with Conditions C19.910 and C13.910 of the ESO and GSP licences, respectively, the licensee must conduct a targeted review of distribution networks' load related strategic investment plans to assure alignment with the direction of the RESP or RESPs which overlap their licence areas.
- 5.2 Ofgem will trigger the timing of the review<sub>7</sub> at the appropriate interval following the publication of the RESPs, taking account of the price control process and existing regulatory reporting processes. The purpose of this review is to ensure whole-system coherence and optimisation of the RESP is maintained through the development of single-vector network plans. The scope of the review should be limited to that necessary for this purpose.
- In the RESP Methodology, the licensee must articulate its approach to assuring network investment plan alignment to the direction of the RESP, when required by Ofgem. It must specify:
  - Iinputs required from network companies, including expected format and timing of input provision (see paragraph- 2.262.31).
  - Methodology for checking network plans <u>describewill deliver</u> development in line with the direction of the RESP Pathways.
  - Methodology for checking that network investment plans deliver contain proposals in line with the Specification of Strategic Investment Need
  - Protocol for identifying, communicating and seeking to mitigate any material misalignments, or escalating where mitigation is not possible.

## 6. Development and approval of the RESP Methodology Development of the RESP Methodology

- 6.1 We expect tThe licensee must publish a timeline for developing the RESP Methodology, in line with Conditions C19.167 and C13.167 of the ESO and GSP licences, respectively. This must include a programme plan for the activities and workstreams to define key elements and stages of the RESP Methodology. The licensee must should share development timelines in advance with Ofgem and other relevant stakeholders.
- The licensee must develop proposals for the RESP Methodology in an open, transparent, and collaborative manner. In particular, the licensee must work with stakeholders affected by aspects of the RESP or that have expertise in an area that is relevant to the RESP Methodology.
- 6.3 The licensee <u>mustshould</u> outline any industry working groups it plans to convene to support the RESP Methodology development and explain how relevant stakeholders can participate.
- The licensee must also consult with wider stakeholders, including Ofgem,
  DESNZ, and national and devolved governments, on its proposed RESP
  Methodology before submitting the RESP Methodology to Ofgem and the
  Secretary of State for Energy Security and Net Zero (Secretary of Stateos) for approval.

## Approval of the RESP Methodology

- In line with Conditions C19.21± and C13.21± of the ESO and GSP licences, respectively, the licensee must submit its proposed RESP Methodology to Ofgem and the SoSSecretary of State for approval. We will continue to work with DESNZ to develop a detailed process for approval of the RESP Methodology.
- 6.46.6 Alongside the proposals, the licensee must explain how stakeholders have contributed to the RESP Methodology and how it has considered specific obligations set out in this RESP Guidance.
- 6.56.7 In our approval, we Approval from both Ofgem and the SoS Secretary of State is required and will- be provided if the RESP Methodology clearly delivers in line with our Ppolicy Fframework and RESP Guidance. ensure we are satisfied the RESP Methodology delivers in line with our policy framework and RESP

- Guidance. This should result in high quality and robust RESPs capable of supporting confident energy system investment decisions.
- <u>6.8</u> Failure to prepare the RESP Methodology in accordance with the necessary requirements <u>will may</u> result in non-approval. In this case, Ofgem and the <u>SoSSecretary of State</u> willould consult with the licensee to direct revisions.

6.6

#### **Review of the RESP Methodology**

- 6.76.9 In line with Conditions C19.2(a) and C13.2(a) of the ESO and GSP licences, respectively, ahead of each successive RESP cycle (see paragraph 8.1), the licensee must review the RESP Methodology and consider any adjustments that may improve the RESP development process and resulting RESPs. We expect the National Steering Committee to provide strategic oversight, expertise and advice during the review of the RESP Methodology.
- 6.86.10 Further, ahead of each successive RESP cycle, Ofgem may also identify changes required to the RESP Methodology ahead of each successive RESP cycle and direct the licensee to undertake these through an update to the RESP Guidance, made following a consultation period.
- 6.96.11 The licensee must submit all proposed amendments to the RESP Methodology to Ofgem and the SoSSecretary of State and securefor approval prior tobefore implementing any changes.
- 6.106.12 If required, in exceptional cases, major updates to the RESP Methodology can take place outside of the planning cycle. The licensee must consult with stakeholders on the criteria for triggering a major update out of cycle and set this out as part of its RESP Methodology. The licensee must seek approval from Ofgem for a major update out of cycle.

## 7. Approval of the Regional Energy Strategic PlanRESPs

- 7.1 In line with Conditions C19.234 and C13.234 of the ESO and GSP licences, respectively, the licensee must submit each proposed RESP to the relevant Strategic Board for their approval every 3\_ years. TheAs set out in C19.17 and C13.17 of the ESO and GSP licences, respectively, the licensee must set out a detailed approval proceessprocess for the RESPs. The approval should verify the RESP is credible, reflective of a viable consensus view of how the energy system should develop to support nation and regional priorities reflective of how the energy system should develop in that region, and is reflective reflects of the steers from the Strategic Board given during the development process. As stated in paragraph 4.12, the ToR for members of each Strategic Board should set out expectations for members to work collaboratively to consider the work as a collective and consider the objectives of the RESP Ppolicy Fframework in their approval.
- 7.2 In developing theiritsThe RESP Methodology, the licensee must work alongside Ofgem to set outinclude a transparent process for Strategic Board members to vote on the approval of the RESP... The design of the voting process should enable different stakeholder groups, per paragraph 4.8, to fairly represent the perspectives of their network, place or sector. Further, the voting process should seek to minimise the risk of one stakeholder group being overrepresented.
- 7.2 We expect to work closely with licensee The licensee will work with Ofgem to determine a suitable threshold level for approval of the RESPs The licensee must demonstrate how the voting process will be set up to ensure it is fair, efficient and representative. The process must ensure the RESP is only approved if a significant majority of Strategic Board members vote in its favour. The licensee must set out the threshold required to approve the RESP. The
- 7.3 <u>as level should reflect the composition of the Strategic Boards and design of the voting process. It is our view that 80% is an appropriate starting point for the threshold level. Once the threshold level for approval is determined, we will make an update to this RESP Guidance to allow the level to be included.</u>
- 7.47.3 As set out in Conditions C19.256(b) and C13.256(b) of the ESO and GSP licences, respectively, where a clear representative majority cannot be reached by the The RESP Methodology must set out a mechanism for Ofgem to review

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<sup>&</sup>lt;sup>13</sup> For local government representatives, their 'place' may extend beyond their specific local authority to surrounding areas.

the RESP, if the Strategic Board cannot reach majority agreement and approve the RESP, the licensee must establish a mechanism to submit the proposed RESP to Ofgem for review. Ofgem will either approve the RESP or give further direction to the licensee with a deadline for the submission of the revised version. The licensee must consider any direction given by Ofgem and establish appropriate processes to consult the Strategic Board onf potential changes made to the RESP, including the timelines for re-submission to Ofgem.

- Ofgem will retain overall decision-making responsibility regarding how each RESP inputs into the price control funding decisions. Therefore, the licensee must work with Ofgem to design a mechanism that enables Ofgem to further consultation\_re-consult with with the Strategic Board, if it becomes apparent that their approval of the RESP is not in line with the RESP Methodology and our overall policy intentRESP Policy Framework, meaning the RESP cannot confidently be used as an input into the price control funding decisions.
- Instances where we might issue a direction under C19.26 and C13.26 of the ESO and GSP licences, respectively, may include, but are not limited to, if when reviewing the RESP Methodology (6.5 6.12), we are not satisfied it provides an appropriate mechanism for the Strategic Board to approve the RESPs and/or for Ofgem to re-consult with the Strategic Board.

## 8. Publication of RESPs

- 8.1 The licensee must publish the RESPs every 3-years, as per the requirements of Conditions C19.28 and C13.28 of the ESO and GSP licence, respectively. This is the RESP update cycle.
- 8.2 An annual 'minor' update data refresh to the RESPs may be published in intervening period, if the licensee determines this is necessary. In their its RESP Methodology, NESO must outline the criteria for an minor update and set out how they it will consult with stakeholders ahead of any update to the RESPs data refresh.
- 8.3 The RESP Methodology must include details of how the RESPs will be published in transparent and accessible manner, reflecting the varying needs of different stakeholder groups.

## Part B - Network Guidance

'Licensee' is used throughout Part B to refer to the network companies – Distribution Network Operators and Gas Distribution Networks – unless specifically noted.

## 9. Participation in the RESP development

This section sets out <u>the general</u> requirements network companies <u>mustshould</u> follow when engaging with the RESP development process.

## **RESP Methodology**

- 9.1 In accordance with Condition 54 of the Standard Licence Conditions of the Electricity Distribution Licence and Condition D23 of Part D of the Standard Special Licence Conditions of the Gas Transporter Licence, the licensee imust use its best endeavours tomust participate in the development of the RESP Methodology. This should ensure the RESP Methodology is developed in a transparent and collaborative manner and maximises use of existing best practice.
- 9.2 We expect this to include the active participation in bilateral meetings and working groups to provide expertise to assist in the development of the RESP Methodology.
- 9.3 The licensee <u>must-should</u> also engage in the RESP Methodology consultation process, as described in paragraph 6.4, to provide feedback to NESO on its proposals.

## **RESP Development**

- 9.4 In accordance with Condition 54 of the Standard Licence Conditions of the Electricity Distribution Licence and Condition D23 of Part D of the Standard Special Licence Conditions of the Gas Transporter Licence, the licensee must use its best endeavours tomust participate in the development of each of the specified RESPs for their its licence area.
- 9.5 The licensee <u>mustshould</u> participate throughout the development of the RESP through engagement forums such as bilateral meetings and relevant working

- groups. We expect this participation to be constructive and collaborative and to support delivery of an optimal and robust strategic planthe RESP.-14
- 9.6 In Part A of this RESP Guidance, we set out obligations on NESO to ensure the RESP Methodology defines roles and responsibilities for contributors, key areas of cooperation, and an overall project plan for producing RESPs. This should support effective participation within RESP development.

## **Representation on Strategic Boards**

- 9.79.6 In accordance with Condition 54.2(be) of the Standard Licence Conditions of the Electricity Distribution Licence and Condition D23.2(be) of the Standard Special Licence Conditions of the Gas Transporter Licence, the licensee is required to use its best endeavoursmust, subject to any exemption as laid out in paragraphs 9.99.10 to 9.13,9.12, to provide a representative for the Strategic Board(s) of any RESP(s) which overlaps their its licence areas.
- 9.89.7 The representative provided by the licensee must be capable of providing appropriate oversight and steer to the RESP development. We expect the representative to have substantive strategic influence and be empowered to represent the perspectives of their network. The licensee <a href="must\_should">must\_should</a>—adhere to the ToR for the Strategic Boards (see paragraph 4.12) set <a href="out-in-the-RESP">out-in the RESP</a> Methodology, including those relating to meeting attendance and participation requirements.
- 9.99.8 The licensee mustWe also expect the licensee to sufficiently engage in the Strategic Board to help guide the best outcome for the overall ambitions of the <a href="mailton/">nation/</a> region. If the licensee does not adhere to the necessary attendance criteria within the Strategic Board's ToR, they it will not be entitled to a vote on approval of the RESP.

#### **Exemptions**

9.109.9 In accordance with Condition 54.3 of the Standard Licence Conditions of the Electricity Distribution Licence and Condition D23.3 of the Standard Special Licence Conditions of the Gas Transporter Licence, the licensee can request an exemption from participation in the development of a specific RESP and representation on the associated Strategic Board.

<sup>&</sup>lt;sup>14</sup> In Part A of this RESP Guidance, we set out obligations on NESO to ensure the RESP Methodology defines roles and responsibilities for contributors, key areas of cooperation, and an overall project plan for producing RESPs. This should support effective participation within RESP development.

- 9.119.10 The licensee shouldmust submit a request for an exemption to Ofgem, including:
  - aA proposed list of the RESP RegionRESP nations and regions which
    overlap with their\_its\_licence but where the licensee will not participate in
    the development of the RESP and will not provide appropriate
    representation to the Strategic Board.
  - <u>Aadequatesufficient</u> justification for why <u>they it</u> should be permitted to have differing levels of participation.
- 9.129.11 To enable the licensee to assess the suitability of their engagement within a RESP Strategic Board, an annual exemption opportunity should be provided during the initial implementation phase of the enduring RESP. Following this first cycle, eEExemptions must should be requested by the licensee before the next 3-year RESP cycle begins and the I. The level of participation will only be reviewed every 3-yearsahead of each RESP cycle. 15
- 9.139.12 We will only make changes to the level of the licensee's participation in the development of RESPs and representation on associated Strategic Boards where satisfied that the request is well-evidenced and would cause no material detriment to the development of the RESP in the relevant RESP RegionRESP nations and regions(s).

<sup>&</sup>lt;sup>15</sup> As the first RESP will be published at the end of 2027, the first RESP cycle will be shorter.

#### 10. Provision of RESP Information

- As set out in Condition 54.4 of the Standard Licence Conditions of the Electricity

  Distribution Licence and Condition D23.4 of Part D of the Standard Special

  Licence Conditions of the Gas Transporter Licence, the licensee must must use

  its best endeavours to provide NESO with relevant IntelligenceRESP iInformation
  as required to develop the RESP Methodology and RESPs.
- 10.1 It is important that NESO collects the RESP Information to be able to effectively ereate RESPs and to develop the RESP Methodology. The collection of RESP Information should allow NESO to It is important that NESO collects the RESP Information to be able to effectively understand the trajectory of energy supply and demand in each RESP Region of the RESP nations and regions create RESPs and to develop the RESP Methodology. build a more accurate representation of energy need and usage within each RESP area.
- 10.2 We expect this Intelligence to be RESP I information to be related to the Distribution System or Network that is held or controlled by the licensee, this could include but is not limited to:
  - Energy System Data<sup>16</sup>
  - Spatial planning data (ie LAEPs, LHEES etc)
  - Cross sector data (ie heat networks zones, transport strategies)
  - documents
  - records
  - reports
- 10.3 We do not expect the licensee to provide Intelligence that is subject to legal privilege. Networks must adhere to existing legislation to operate in the UK Where RESP iInformation is of a sensitive nature, we expect the licensee to work with NESO-Where the Intelligence is evidenced as being subject to a binding obligation of confidentiality and/or commercially sensitive, we expect the licensee to work with NESO to determine the appropriate course of action to ensure\_-confidentiality.
- 10.4 We expect the licensee to work with NESO on these requests to help reach a joint understanding of the type of <u>RESP I</u> information that will best meet the intended use case.

 $<sup>^{16}</sup>$  As defined in the Data Best Practice Guidance.

- 10.5 The licensee<u>should</u> must work closely with NESO to agree a suitable format for the <u>RESP I</u> information requested. The format should enable NESO to efficiently access and use the <u>RESP I</u> information requested.
- 10.6 We also expect the licensee to work with NESO to agree a suitable deadline to provide <a href="RESP-the-Intelligence RESP-Iinformation">RESP-Iinformation</a>. We expect this to vary based on the nature of the request, but it should consider the complexity, volume and availability of the <a href="RESP Iinformation">RESP Iinformation</a>. We expect the licensee to promptly notify <a href="NESO if theyit is are-unable to meet a deadline">NESO if theyit is are-unable to meet a deadline</a>, and request <a href="Where it is evident that the agreed deadline is unlikely to be met, we expect the network companies to promptly notify NESO and request-a reasonable extension">NESO and request-a reasonable extension</a>.

# Appendix 1 – Map of the RESP Region RESP nations and regions across GB

