Guidance

Draft RESP Guidance

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This is the Regional Energy Strategic Plan (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.

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 holders of an Electricity Distribution Licence and holders of a Gas Transporter Licence with Distribution Network to support the development of the RESPs.

Contents

1. Introduction

Overview of the RESP

1.1 In our[1] 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) Framework[2] 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, 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 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. These plans will remain cognisant of each other to 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 nations and regions which together span Great Britain (GB). Each RESP will draw together national-level objectives with nation and region priorities to provide a whole-system blueprint of how the energy system should develop.

Related publications

- 'Decision on the Regional Energy Strategic Plan Policy Framework' - The RESP Policy Framework sets out Ofgem's detailed policy design for the delivery of the RESP
- 'Decision on the framework for the Future System Operator's Centralised Strategic Network Plan | Ofgem' - NESO was required to provide a

[1] 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.
[2] 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

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 which sets out the optimal mix and location for new energy assets in line with Net Zero ambitions
- 'Strategic Spatial Energy Plan Methodology' - The methodology NESO must follow in the 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 holders of an Electricity Distribution Licence and holders of a Gas Transporter Licence with Distribution Networks.

1.6 The RESP Guidance is an Associated Document of the licences.[3] Part A of the Guidance should be read in conjunction with Condition C19 of the Electricity System Operator[4] and Condition C13 of the Gas System Planner[5] licences while Part B of the Guidance should be read in conjunction with the Condition 54 of the Standard Licence Conditions of the Electricity Distribution Licence[6] and Condition D23 in Part D of the Standard Special Conditions of the Gas Transporter[7] 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 holders of an Electricity Distribution Licence and holders of a Gas Transporter Licence with Distribution Network.

1.8 Part A sets out how NESO must develop its RESP Methodology and the subsequent RESPs. This includes how NESO will establish governance arrangements and conduct stakeholder engagement throughout RESP development.

[3] Unless stated otherwise, defined terms within this document have the same meaning as given to them in the relevant licence.
[4] ESO licence direction and terms and conditions
[5] Gas System Planner: licence terms and conditions
[6] Electricity Distribution Consolidated Standard Licence Conditions
[7] Standard Special Conditions - PART D Consolidated - 01 09 2021

1.9 Part B sets out how holders of an Electricity Distribution Licence and holders of a Gas Transporter Licence with Distribution Network participate in the RESP development and provide relevant RESP Information in a timely manner.[8]

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: resp@ofgem.gov.uk. 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 Guidance document that may impact the delivery of the RESPs?

1.12 Feedback may be provided, in an accessible format, to Ofgem by 28 November 2025.

Compliance

1.13 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 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.

[8] 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.

1.14 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

1.15 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.

1.16 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.

Holders of an Electricity Distribution Licence and holders of a Gas Transporter Licence with Distribution Network

1.17 Subject to our consultation on this draft RESP Guidance, 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.

1.18 Subject to our consultation on this draft RESP Guidance holders 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:

- Nations and Regions Context
- RESP Pathways
- Spatial Context
- Specification of Strategic Investment Need
- Consistent Planning Assumptions

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 whole-system to indicate that the approach must take a comprehensive view of the factors which materially influence energy supply and demand in a nation/region.

2.5 In the RESP Methodology, the licensee must determine what inputs are required to take a whole-system approach. We expect this to change over time as the energy transition gathers pace. In the RESP Methodology, the licensee must consider the evolving nature of what may materially influence energy supply and demand.

RESP nations and regions

2.6 The RESP Methodology must support the development of RESPs for the following 11 RESP 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 The RESP Methodology must support delivery of a consistent quality of plans across the RESP nations and regions. It should also be cognisant of nation and region variation and the need to account for different characteristics and institutional governance arrangements in the different RESP nations and regions.

2.8 We note that two of the RESP 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

2.9 In the RESP Methodology, the licensee must set out the time horizon of the RESPs and 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

2.10 In the RESP Methodology, the licensee must set out how it will engage relevant stakeholders within the RESP development process. We expect this to include energy network companies, devolved and local authorities, and cross-sector stakeholders. The RESP Methodology should describe the roles and responsibilities for contributors and the key areas of cooperation.

2.11 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.

Engagement within the RESP nations and regions and support for local authorities

2.12 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 stakeholder engagement in each of the RESP nations and regions and provide proportionate forms of support for local authority representatives engaged in local energy planning.

2.13 In the RESP Methodology, the licensee must set out structured processes to ensure appropriate forms of engagement in each of the RESP nations and regions to support efficient development of the RESPs. Engagement must support robust understanding of energy requirements in each of 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 set out in the RESP Methodology how it will develop targeted support for local authorities to remove barriers to engagement and enable 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 stakeholders and what will be exclusively provided to local 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 in plans within and between RESP 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 nations and regions
- upward to transmission network planning
- across energy vectors
- with adjacent strategic plans (SSEP and CSNP)
- with nation and region 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 set 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 its 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 set out how the licensee will identify opportunities for optimisation, how it will bring these forward to relevant stakeholders, and how it will work collaboratively to progress an optimal solution for inclusion in the RESP.

Managing inputs to the RESP

2.22 The RESP Methodology must establish a framework for data and information inputs which will underpin the development of the RESPs. In the RESP Methodology the licensee must outline:

- how it will establish protocols for data and information sharing by stakeholders
- how the credibility of data and information 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 information 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 and information sources. We expect this to include, at a minimum,

consideration of the reputability of source, currency, stakeholder validation, granularity, and completeness.

2.25 In the RESP Methodology, the licensee must outline how stakeholders will be engaged during the data and information collection process. Where submitted data and information does not meet the required standard, the licensee must provide feedback.

2.26 Throughout RESP development, the licensee must ensure that data and information requests are reasonable and clearly specified, and that it works with stakeholders to agree a suitable deadline to allow sufficient time to respond. The licensees must work with relevant parties, where appropriate, to scope the data and information request to help reach a joint understanding of the type and format that will best meet the intended use case.

2.27 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 nations and regions.

2.28 The RESP Methodology must describe how the licensee will ensure that the data and information used to develop the RESPs is appropriately transparent and accessible. The licensee must comply with Data Best Practice Guidance[9] when developing RESPs. Input and output data, models, and algorithms must be treated as Presumed Open[10] and subject to an Open Data Triage[11] process.

2.29 The licensee must outline within the RESP Methodology how it will provide data and information 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 information must facilitate third-party participation in the network planning process without the need for bespoke or proprietary software.

2.30 In line with existing obligations under Condition B7 of the ESO licence and 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

[9] Data Best Practice Guidance: Data_Best_Practice_Guidance_v1.pdf
[10] As defined in the Data Best Practice Guidance
[11] As defined in the Data Best Practice Guidance

must identify any confidential data and information it holds and ensure appropriate protections are in place.

In-development register

2.31 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 nations and regions.

2.32 We expect the in-development register to collate information which provides insight into material future energy system needs which may arise but are not yet sufficiently developed and/or definitive to be directly included in the RESP inputs.

2.33 While we expect that the in-development register may be most relevant to the development of the RESP Pathways (paragraphs 3.8-3.17) and Specification of Strategic Investment Need (paragraphs 3.22-3.28), the licensee must articulate its function and scope in the RESP Methodology.

Environmental assessment

2.34 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 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 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 it will combine to deliver a cohesive RESP for each of the RESP nations and regions and facilitate its use by stakeholders.

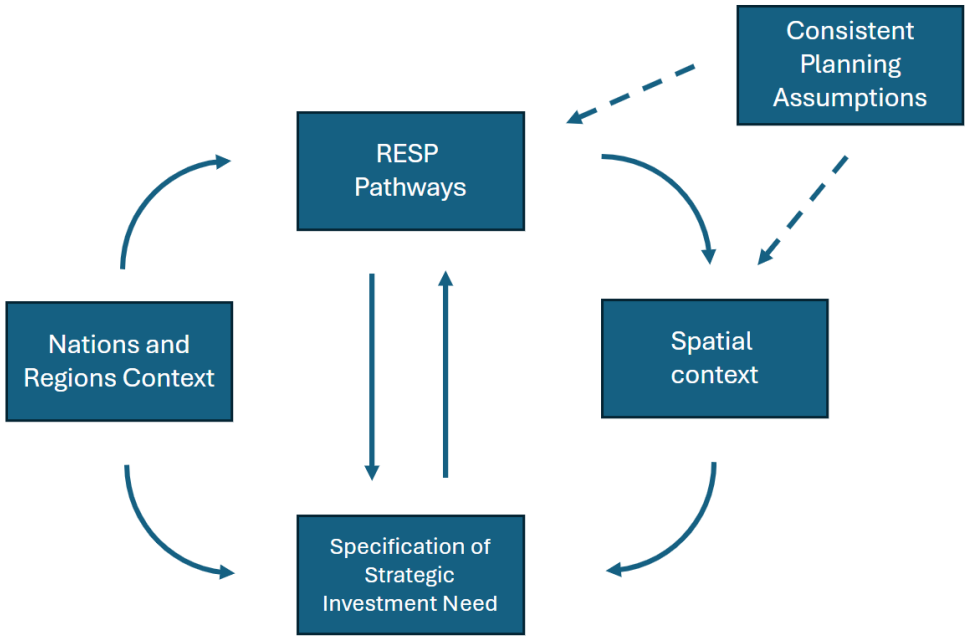


Figure 1: Illustrative diagram of inter-relationship between RESP outputs

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 Nations and Regions Context for each of the RESP nations and regions, drawing on relevant datasets as well as insights from nation and region stakeholder engagement.

3.4 The RESP Methodology must set out how the licensee will develop the Nations and Regions Context to ensure it provides a comprehensive view of nation and region conditions and priorities, including key challenges, opportunities, and implications for strategic energy planning in the RESP 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 nation and region level 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 by which the Nations and Regions Context will inform both the RESP Pathways and Strategic Investment Need.

3.7 The RESP Methodology must detail how the licensee will ensure the Nations and Regions Context is tested through engagement with stakeholders within each of the RESP nations and regions.

RESP Pathways

3.8 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 of the RESP nations and regions. The RESP Pathways should be outputs of spatial models of energy supply and demand which provide a whole-system, long-term view of energy need in the 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 optioneering.

3.9 In the RESP Methodology, the licensee must provide a clear and detailed articulation of the RESP 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 RESP Pathway.

3.10 The RESP 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 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. 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 of the RESP nations and regions.

3.12 The RESP Methodology must define suitable measures for uncertainty and deliverability, including network deliverability, and set 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 RESP 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 RESP Pathways, including the SSEP 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.

3.15 The modelling of the RESP Pathways should also use bottom-up data gathered through engagement with nation and region level stakeholders. The RESP Methodology must explain how the data sources will be identified, assessed and selected for inclusion in RESP Pathways modelling. The RESP Methodology must outline how the licensee will source the necessary bottom-up data within each of the RESP nations and regions. This must include establishing clear protocols to gather necessary information from networks to support the modelling of the RESP Pathways.

3.16 The RESP Methodology must ensure that all RESP Pathways will meet the Scottish Government's and the UK and Welsh Governments' 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 conflicts between top-down and bottom-up plans and objectives and for managing these conflicts throughout the RESP Pathways development. 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, will enable the development of coherent, technically sound, and deliverable RESP Pathways. Where coherence is not possible, the licensee must clearly set 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 set out the approach to developing an accessible digital geospatial mapping tool that presents the RESP 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 set out its approach to identifying, categorising, and providing appropriately detailed specifications of areas of strategic investment need within each 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 key nation and region priorities, including those driven by GB-wide

targets and plans. The RESP Methodology must describe how potential areas of strategic investment need in each of the RESP nations and regions will be identified through structured nation and region stakeholder engagement, including the production of the Nations 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 nation and region stakeholder input into the identification and confirmation of areas of strategic energy need.[12] 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 set out its approach to balancing necessary commercial sensitivities and confidentiality requirements against transparency in development of the Specification of Strategic Investment Need output.

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 region priorities and more complex due to timescale, geography, or required trade-offs between vectors, priorities or stakeholders. This may include strategic

[12] 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.

investment needs beyond those to be delivered by DNOs and GDNs, such as those relevant to heat networks, 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 set out how the licensee will categorise identified areas of strategic investment need to a) support common regulatory treatment for investments with similar levels of / types of risk and b) 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 set 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, and noting that provision of some elements will require collaboration with DNOs and GDNs, this must include:

- location and spatial context
- network licence area(s)
- categorisation
- expected demand growth
- network capacity need
- vector and network level
- detail of a needs case suitable to underpin detailed technical optioneering

Consistent Planning 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 Planning Assumptions to drive consistent derivation of network impacts from the RESP outputs.

3.30 The RESP Methodology must set out how the licensee will develop a single set of Consistent Planning Assumptions to be used across all RESP nations and region. The RESP Methodology must indicate how the licensee will provide acceptable ranges of variation within the Consistent Planning Assumptions to account for nation and region difference and explain how these will apply in each of the RESP nations and regions. The Consistent Planning Assumptions and associated

guidance on their use within the RESP nations and regions must be published as part of each RESP.

3.31 The licensee should prioritise inclusion of Consistent Planning Assumptions that are most material in driving consistent derivation of network impacts.

3.32 The RESP Methodology must describe how the set of Consistent Planning Assumptions will be reviewed and, where necessary, updated during each RESP development cycle.

3.33 We expect the licensee to develop and review the Consistent Planning Assumptions transparently, drawing on stakeholder expertise and using the best available data. In the RESP Methodology, the licensee must demonstrate how it will maintain transparency and provide 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 Planning Assumptions to translate projected changes in supply and demand into predicted network impacts.

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 GB-wide and nation/region governance processes. The governance mechanisms must be transparent, robust, and facilitate engagement from key stakeholders.

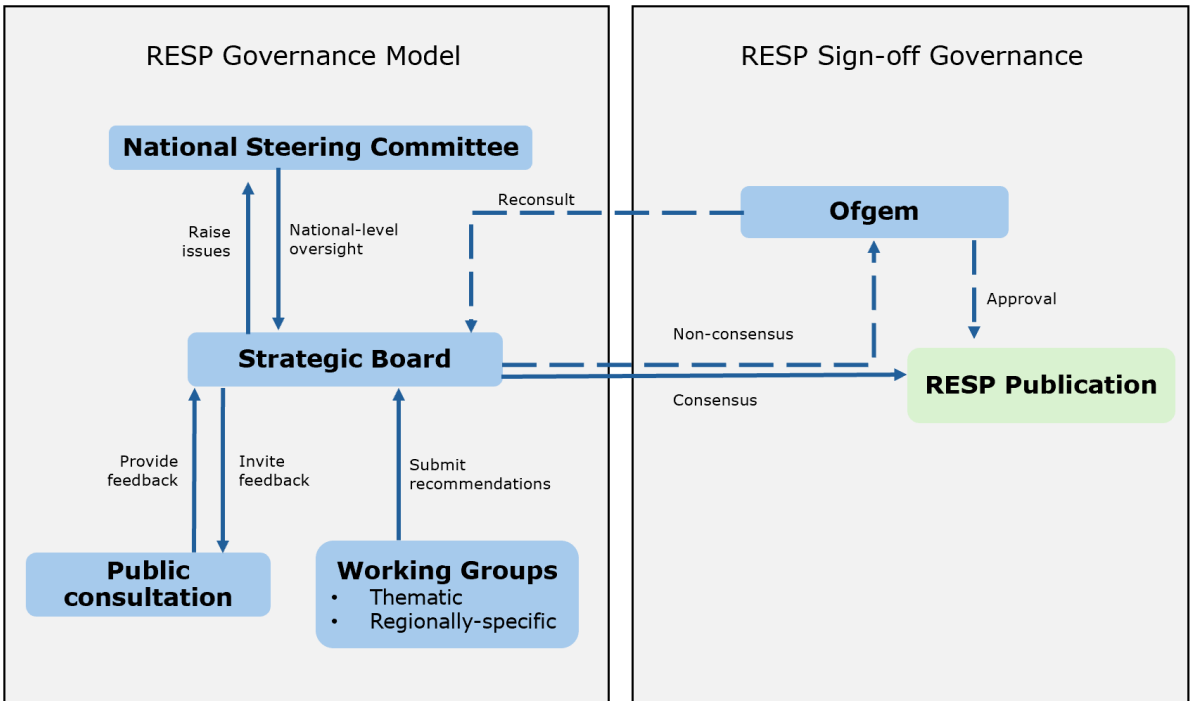


Figure 2: Illustrative diagram of the RESP Governance model and sign-off process

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, to 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 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 chair the committee.

4.4 In the RESP Methodology, the licensee must set out how any 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 provide advice to the licensee.

4.6 The RESP Methodology must set out the process for the National Steering Committee to advise and provide steer on conflict escalated by the Strategic Board which arise through the RESP development that cannot be resolved by the Strategic Board (see paragraph 4.11). The RESP Methodology must articulate trigger points for escalation and how the National Steering Committee's steer will be transparently communicated back to the relevant 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 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 roughly 15 members and appropriate representation from the following three groups:

- DNOs and GDNs
- Devolved government and local authorities - strategic authorities and upper-tier local authorities in England, and devolved government and unitary councils in both Scotland and Wales
- Cross-sector stakeholders

4.9 We expect the licensee to ensure the members of each Strategic Board are selected based on their expertise and experience, and are able to effectively represent the views of the network, place or sector they represent. The selection process must set out how local authority members will reflect the context of the RESP nation or region.

4.10 In the absence of an approved exemption request, as discussed in paragraphs 9.9 - 9.12, the licensee must provide a seat on the Strategic Board to all the relevant DNOs and GDNs, regardless of the size of its licence area coverage in the RESP nation 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 transparent process to resolve any substantive 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 collaboratively to support the objectives of RESPs;
- requirements for voting on the approval of the RESP (see paragraph 7.2).

Engagement processes

4.13 As set out in paragraphs 2.12 - 2.14, stakeholder engagement processes within each of the RESP nations and regions will be vital to effective and coherent integration of consumer, local, nation and region views throughout the RESP development. Within the RESP Methodology, alongside the overarching approach to engagement, the licensee must describe how it will 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

4.15 The licensee must set up working groups in each of the RESP 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 of the RESP nations and regions. This must include

setting up a local authority working group in each RESP nations and regions. Most working groups will be nation/region specific, but where appropriate, thematic groups could be convened on a cross-nation/region or GB-wide basis.

4.18 The RESP Methodology must include a template ToR for the working groups, and detail the number, composition, cadence, and type of working groups and how stakeholders can participate in the working groups.

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

5. Methodology for assurance activities following creation of the RESPs

5.1 In accordance with Conditions C19.9 and C13.9 of the ESO and GSP licences, respectively, the licensee must conduct a targeted review of distribution networks' 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 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.

5.3 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:

- Inputs required from network companies, including expected format and timing of input provision (see paragraph 2.26).
- Methodology for checking network plans describe development in line with the direction of the RESP Pathways.
- Methodology for checking that network investment plans 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 The licensee must publish a timeline for developing the RESP Methodology in line with Conditions C19.16 and C13.16 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 share development timelines in advance with Ofgem and other relevant stakeholders.

6.2 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 must outline any industry working groups it plans to convene to support the RESP Methodology development and explain how relevant stakeholders can participate.

6.4 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 State for approval.

Approval of the RESP Methodology

6.5 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 Secretary of State for approval.

6.6 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.

6.7 Approval from both Ofgem and the Secretary of State is required and will be provided if the RESP Methodology clearly delivers in line with our Policy Framework and RESP Guidance.

6.8 Failure to prepare the RESP Methodology in accordance with the necessary requirements will result in non-approval. In this case, Ofgem and the Secretary of State will consult with the licensee to direct revisions.

Review of the RESP Methodology

6.9 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.

6.10 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 consultation.

6.11 The licensee must submit all proposed amendments to the RESP Methodology to Ofgem and the Secretary of State and secure approval prior to implementing any changes.

6.12 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 RESPs

7.1 As set out in C19.17 and C13.17 of the ESO and GSP licences, respectively, the licensee must set out a detailed approval process 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 region priorities, and is reflective of the steers from the Strategic Board given during the development process. As stated in paragraph 4.12, the members of each Strategic Board should work collaboratively to consider the objectives of the RESP Policy Framework in their approval.

7.2 The RESP Methodology must include a transparent process for Strategic Board members to vote on the approval of the RESP. 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.

7.3 The RESP Methodology must set out a mechanism for Ofgem to review the RESP, if the Strategic Board cannot reach majority agreement and approve the RESP. 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 establish appropriate processes to consult the Strategic Board on potential changes to the RESP, including the timelines for re-submission to Ofgem.

7.4 Ofgem will retain overall decision-making responsibility regarding how RESP inputs into the price control funding decisions. Therefore, the licensee must design a mechanism that enables Ofgem to re-consult with the Strategic Board, if it becomes apparent that their approval of the RESP is not in line with the overall RESP Policy Framework, meaning the RESP cannot confidently be used as an input into the price control funding decisions.

7.5 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 data refresh may be published in intervening period, if the licensee determines this is necessary. In its RESP Methodology, NESO must outline the criteria for an update and set out how it will consult with stakeholders ahead of any 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 the requirements network companies should 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 must use its best endeavours to participate in the development of the RESP Methodology.

9.2 We expect this to include active participation in bilateral meetings and working groups to provide expertise to assist in the development of the RESP Methodology.

9.3 The licensee should 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 to participate in the development of each of the specified RESPs for its licence area.

9.5 The licensee should 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 to support delivery of the RESP.[13]

[13] 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

9.6 In accordance with Condition 54.2(b) of the Standard Licence Conditions of the Electricity Distribution Licence and Condition D23.2(b) of the Standard Special Licence Conditions of the Gas Transporter Licence, the licensee is required to use its best endeavours, subject to any exemption as laid out in paragraphs 9.9 to 9.12, to provide a representative for the Strategic Board(s) of any RESP(s) which overlaps its licence areas.

9.7 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 should adhere to the ToR for the Strategic Boards (see paragraph 4.12) set out in the RESP Methodology, including those relating to meeting attendance and participation requirements.

9.8 We also expect the licensee to sufficiently engage in the Strategic Board to help guide the best outcome for the overall ambitions of the nation/region. If the licensee does not adhere to the necessary attendance criteria within the Strategic Board's ToR, it will not be entitled to a vote on approval of the RESP.

Exemptions

9.9 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.

9.10 The licensee should submit a request for an exemption to Ofgem, including:

- A proposed list of the RESP nations and regions which overlap with 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.
- Adequate justification for why it should be permitted to have differing levels of participation.

9.11 Exemptions should be requested by the licensee before the next 3-year RESP cycle begins and the level of participation will only be reviewed ahead of each RESP cycle.[14]

9.12 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 nations and regions.

[14] As the first RESP will be published at the end of 2027, the first RESP cycle will be shorter.

10. Provision of RESP Information

10.1 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 use its best endeavours to provide NESO with relevant RESP Information as required to develop the RESP Methodology and RESPs.

10.2 The collection of RESP Information should allow NESO to understand the trajectory of energy supply and demand in each of the RESP nations and regions. We expect RESP 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[15]
- documents
- records
- reports

10.3 Where RESP Information is of a sensitive nature, we expect the licensee to work with NESO to determine the appropriate course of action to ensure confidentiality.

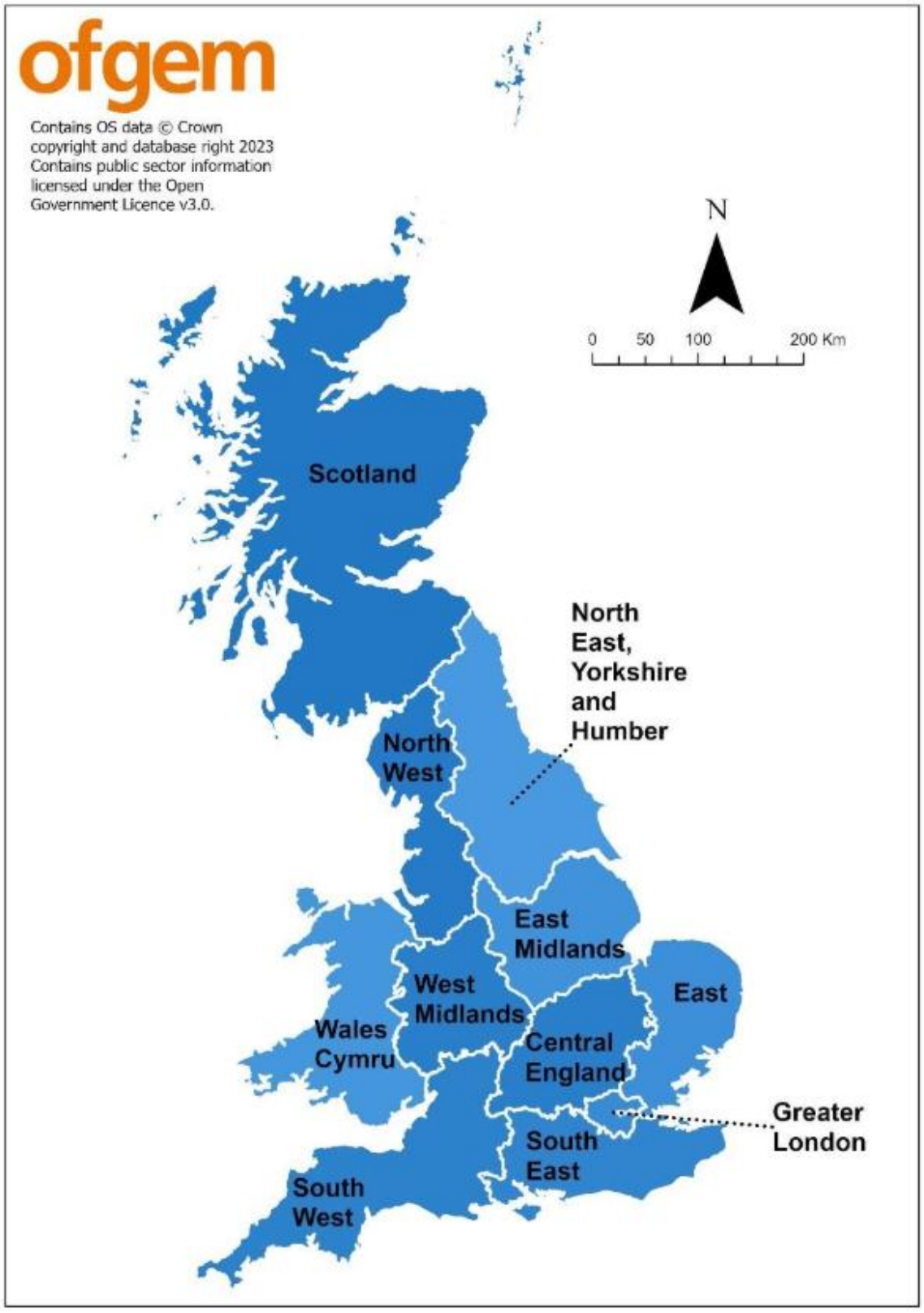
10.4 We expect the licensee to work with NESO on these requests to help reach a joint understanding of the type of RESP Information that will best meet the intended use case.

10.5 The licensee should work with NESO to agree a suitable format for the RESP Information requested. The format should enable NESO to efficiently access and use the RESP Information.

10.6 We also expect the licensee to work with NESO to agree a suitable deadline to provide RESP Information. We expect this to vary based on the nature of the request, but it should consider the complexity, volume and availability of the RESP Information. We expect the licensee to promptly notify NESO if it is unable to meet a deadline, and request a reasonable extension.

[15] As defined in the Data Best Practice Guidance.

Appendix 1 – Map of the RESP nations and regions across GB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N
0 50 100 200 Km
Scotland
North East, Yorkshire and Humber
North West
East Midlands
West Midlands
East
Wales Cymru
Central England
Greater London
South East
South West