



To: Jonathan Brearley and Martin Cave

From: Polly Billington, UK100

Date: October 1st 2020

Dear Jonathan and Martin,

Ref: RIIO-ED2 Sector Specific Methodology Consultation

UK100, on behalf of its membership of 100 local and combined authorities and their leaders, welcomes this consultation. Clearly how we take forward the distribution grid is fundamental to the future of every local community in Britain.

We recognise that after the expected Comprehensive Spending Review the RIIO-2ED process (the Comprehensive Spending Review for the energy system you might say) is the next most important opportunity to ensure support for local climate change ambitions. With many communities and local authorities having signed up to address the climate emergency, their plans and ambitions all depend on getting their local energy system right for the future. It is especially relevant now, as decisions following the current RIIO 2 consultation will set the framework for the foreseeable future for local authority collaboration with all parts of the energy system

Yet, we know that local authorities are also currently on the front line dealing with the ongoing challenge of C-19, and the prospect of an indistinct Brexit deal. They are at capacity and doing the most that they can.

This is why our current priority has been the convening and launch of the Resilient Recovery Taskforce (24 mayors and local leaders, representing 24 million people across the country), to give a voice to local leaders who want economic recovery investment to support a shift to Net Zero and to support local leaders to exercise the powers at their disposal in their communities to achieve the same goal.

With these objectives in mind, we think it would be a missed opportunity if we did not work together, and help demonstrate first hand with our leaders the kind of changes required to create decentralised and decarbonised energy systems. As you will appreciate the local distribution grid is key to the majority of interventions that these communities and their leaders consider important in their decarbonisation.

In welcoming the substance of the consultation we must also highlight the relative inaccessibility of the consultation. We recognise that to some extent your hands are tied by regulation, yet we and our member local authorities would strongly encourage you to consider how to make at least the key strategic elements of future consultations more accessible and user friendly to those outside of the energy system – not only because they, after all, pay the bills for all of the energy system, but because many of the solutions required are inherently best delivered locally, with due consideration to the local setting and with local buy-in, building on decades of



experience in local engagement and planning, of energy as well as buildings and land use, in their areas.

With a view to a growing engagement with you on elements of greater detail we take this opportunity to respond to the strategic elements of this consultation.

- We welcome your commitment to supporting the transition to Net Zero, and alongside appropriate powers for local government we would support appropriate powers for Ofgem to achieve this.
- On the creation of Customer Engagement Groups, (CEGs) we would expect each to have at least one local government representative (ideally one per licence area within each DNO's area of operation)
- On strategic investment for Net Zero (OVQ4-9) a decentralized approach (C or D) is clearly the most appropriate, reflecting the varied nature of the geography, ambitions and needs of different parts of the UK.
 - o Given the current policy gaps, which may not be filled before 1st July 2021 either a Model C approach led by regional energy planning with local government, or Model D with significant local government input to what's needed when
 - o We note many local and combined authorities are or have already '*planned for energy*' and this should be fed into the business planning process, including ensuring any generally proposed methodology such as Local Area Energy Planning is updated to reflect what is already in train.
- We agree that future innovation funds must offer a route for non-DNO actors to propose and lead. The longer term nature of Local Development Frameworks mean local authorities are often better placed to understand opportunities for innovation, for example integration between building and transport energy uses.
- In considering value for money for consumers, it is important to acknowledge them as more than individual purchasers of energy, and also recognise them collectively, given the benefits of integrated energy solutions which can only happen place by place.
- In addition we would propose that your recently formed Net Zero Advisory Group include a participant specifically representing local governments in the UK; we would be happy to advise on how to secure their involvement

Clearly there is much more to consider, not least the context within which RII02-ED plays out, as communities and their local governments develop greater resilience for whatever the post C-19 world brings. **We would, therefore, like to invite you to participate in our resilience work this coming November.**

This includes a '**Smart Energy Communities**' workshop that aims to get under the skin of what local authorities need to accelerate the adoption of decentralized, decarbonized energy systems. The ambitions that our leaders have are key to ensuring the nation reaches Net Zero by, if not before, 2050, and with these innovator and early adopting places, the rest of the country has a living lab of decarbonisation to learn from; we recognise our role in helping support that innovation, and disseminating the learning from what works with you and others.

We would welcome your and other senior participants from Ofgem to bring relevant elements directly to our workshop speakers and attendees as a part of the process of sharing and exploring innovations that are working and that are still needed.



Following the workshop we would then be keen to discuss your insights and how we can take forward engagement with senior local authority officers and/or local leaders and Mayors as the RII02-ED process continues.

We think this approach is strategically important for all involved, and if you agree, we can discuss Ofgem's contribution over a phone/zoom call.

I have attached the Resilient Recovery Task Force declaration, launched last week, and a one-page summary which outlines the Smart Energy Communities workshop.

Best wishes,

A handwritten signature in blue ink, reading 'Polly Billington'. The signature is fluid and cursive, with a long horizontal line extending from the end of the name.

Polly Billington