



Making a positive difference
for energy consumers

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Open Letter regarding the scope of the transitional Regional Energy Strategic Plan

Dear Julian,

The Great British (England, Scotland and Wales) energy system is experiencing exciting change as it transitions towards a more strategically planned system and we are working closely across both Ofgem and NESO on this transition. Regional Energy Strategic Plans (RESPs) are a critical building block of this endeavour and will ensure regional priorities and spatial plans integrate into energy system planning. This will enable investment to be made when and where it is needed whilst making the most of local potential to meet system needs.

Later in spring we will be publishing our decision on the policy framework setting our expectations for how NESO should develop the RESP methodology and then the plans. Our expectation is that the first RESPs should be published in late 2027. Meanwhile, business planning will be commencing ahead of these timescales for the next electricity distribution price control (ED3). It is therefore necessary for there to be a transitional RESP output which can deliver as much benefit as is practicable to support the ED3 price control setting process while NESO's RESP function develops to full capability.

This letter sets out our expectations for the scope of the transitional output and the approach to its development and governance. We have agreed the following through close collaboration with your RESP team and look forward to continuing this close working relationship through the development of the transitional RESP. We are clear that the expectations set out in this letter in no way pre-determine or fetter our discretion in respect of our final decision on the RESP policy framework.

We expect delivery of a transitional RESP plan for each RESP region comprised of:

- an initial view of regional conditions and priorities, informed by regional stakeholders, capturing key drivers of network investment;
- modelled short- and long-term pathways describing future supply and demand, grounded in the regional and spatial context and mapped to both the RESP regions and DNO licence areas;
- associated commentary summarising the application of locational information in the development of the pathways and assessment of strategic investment need;
- guidance specifying consistent approaches DNOs should use to derive network impacts from these pathways; and
- specification of identified areas of strategic investment need within each region.

We expect the plans to be coherent with each other and take into account both national and regional energy planning priorities. We expect the pathways to be expressed to Grid Supply Point level at a minimum, and to greater levels of detail where possible, and to incorporate bottom-up inputs and assumptions which are transparently articulated. We expect the plans to be supported by two delivery functions:

- regional and national engagement through a structured series of Technical Working Groups at national level and quarterly Regional Forums in each RESP region; and
- technical coordination through a structured review of DNO strategic investments contained in their business plans and timely assurance to Ofgem of alignment with the transitional RESP or adequate justification of areas of misalignment, following the submission of ED3 business plans.

We are pleased to note NESO's commitment to a "no surprises" approach to developing the transitional RESP output through a transparent process, with clear milestones, which involves stakeholders from the outset. We are supportive of your proposal to use Technical Working Groups and Regional Forums as a mechanism to develop and test the transitional RESP outputs. We are confident this will give stakeholders early sight of and opportunities for input to outputs which are critical to their own forecasting and planning.

The process by which the transitional RESP is developed must be cognisant of and complimentary to both DNO business planning and ED3 price control setting timelines. As noted in your project timeline, we expect delivery of:

- Phase 1 scoping work, including pathway methodology, in Q1 2025;
- A public consultation on draft transitional RESP outputs in September 2025; and
- Final transitional RESP outputs in January 2026.

To support the production of this plan and ensure expectations are aligned between our respective organisations, we will establish governance to oversee the transitional RESP product. We will set up regular senior steering meetings throughout the process to monitor and steer development and in which material issues are to be raised for escalation and decision. As there will not yet be regional governance forums established, this should include issues surfaced in the Regional Forums and Technical Working Groups which cannot be satisfactorily resolved within these groups. If during production of the outputs, there are material concerns regarding meeting the expected scope or timelines for delivery, these should be raised to Ofgem as early as possible and a senior steering meeting can be convened if necessary.

This scope of work and timeline for the transitional RESP is critical to our shared objectives and for this reason we are requesting NESO undertake this work ahead of the licence conditions which will require NESO to deliver RESPs being put in place. These licence conditions are currently in development and will be subject to statutory consultation. We expect stakeholders to work constructively with NESO in delivering the transitional RESP scope.

We would be grateful for a response by the end of February which confirms you can fulfil this scope and provides a more detailed specification of the process and outputs intended. We will convene the first governance session at the beginning of March to discuss the workplan as well as an update on the phase 1 methodology development. We look forward to continuing to work closely with you as the transitional RESP outputs are developed.

Yours faithfully,

Eleanor Warburton, Energy System Design and Development

Steven McMahon, Network Price Controls