

Consultation - Regional Energy Strategic Plan policy framework

Ofgem

UK100 Submission

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Introduction

This submission is from UK100 which is a network of 115 local authorities and their leaders who have pledged to lead a rapid transition to Net Zero in their communities ahead of the Government's legal target.

We welcome the Regional Energy Strategic Plan (RESP) framework and the bottom-up approach to regional energy planning taking into account local needs and strategies. Our submission focuses on the following key points that we consider crucial for achieving these objectives.

Local authorities and energy: Local authorities have no statutory duties on energy and their involvement in energy system planning is currently piecemeal, especially in England. Thus, the level of energy planning varies depending on tier, resources and ambition. There is no standardised local energy plan development to inform the RESP process. Local Area Energy Plans (LAEPs) could provide valuable data-driven and evidence-based input if they were integrated into energy planning and planning policy across the UK. Thus, there is a need for a national framework in England for LAEPs (building on the approach in Wales) giving a strategic role and more powers to local and regional authorities on energy planning with the non-competitive funding and resources to enable this to happen. One possible approach could be for the NESO and RESP framework to be asked to address this deficit.

Data consistency: The quality of the outputs is directly linked to the inputs, making it essential to carefully plan and co-create this stage of the process with stakeholders. An ambitious approach is necessary, particularly regarding data inputs, to ensure a comprehensive whole-system perspective is achieved and no critical variables are overlooked. Therefore, any additional guidance or resources needed should be integrated into the planning to support this objective.

Local contexts: Local authorities vary significantly in terms of resources, expertise, and the existing energy plans or data collection systems they have in place. Larger authorities may possess more comprehensive details and more accurate forecasts; however, NESO's goal should be to create a level playing field for all local authorities. This will enable them to understand their roles, provide accurate information, conduct necessary analyses, and actively engage in the process.

Monitoring and accountability: There are various stakeholders involved in the process and engaged in its delivery. Hence, a strong monitoring and evaluation framework is important that will not only facilitate effective oversight but also ensure accountability and transparency throughout the implementation phase. By systematically assessing progress and outcomes, we can identify best practices, address challenges in real time, and adapt strategies as needed.

Effective engagement strategies: The strategic boards and working groups are important avenues for developing RESPs and there need to be effective engagement strategies in place to ensure this process can deliver on its objectives. There may also be a need to resource those local authorities and their representatives who sit on these strategic boards and working groups to fulfil this function and to enable them to engage with wider other local authorities in their respective RESP areas.

Local capacity building: Many local actors, particularly local authorities, may lack the resources or technical expertise to provide high-confidence data inputs. While the RESP mentions generating assumptions where data is unavailable, there should be a more proactive approach to building local capacity and knowledge.

Recommendations

In our submission we answer the following questions asked by Ofgem:

Q1. What are your views on the principles (in paragraph 2.8) to guide NESO's approach to developing the RESP methodology? Please provide your reasoning.

The four guiding principles will lay a good foundation to guide NESO's approach, ensuring that the bottom-up methodology remains central to its strategy. We do believe it would still benefit from incorporating the following -

- **Stakeholder engagement:** While the place-based principle acknowledges regional characteristics, the methodology could more explicitly mention the role of local stakeholders, such as communities, businesses, and local authorities, in shaping the strategy. Ensuring active stakeholder involvement throughout the process would enhance legitimacy and improve the responsiveness of the planning process to local needs.
- **Just transition:** The principles could benefit from an explicit focus on ensuring that the RESP methodology considers just transition. A more inclusive approach would help to ensure that vulnerable communities and disadvantaged groups are not disproportionately impacted by energy

system changes and that the benefits of decarbonization are shared across all regions.

It is essential to collaboratively integrate just transition frameworks into the various phases of the RESP process and establish guiding principles that illustrate what this looks like in practice. This integration should occur in consultation with local authorities and other key stakeholders.

We believe these two should be part of the guiding principles for NESO to make these more robust.

Q2. Do you agree that the RESP should include a long-term regional vision, alongside a series of short-term and long-term directive net zero pathways? Please provide your reasoning.

We agree the RESPs should include short and long term regional visions and this approach strikes an effective balance between providing clear strategic direction and maintaining flexibility to adapt to uncertainties in the energy transition.

Short term pathways: The short term pathway, at least in the initial phase should be 5 years so that the different stakeholders get familiar with the process and their role, while enabling time to establish greater consistency. With a very long time frame there could be risks around political and policy changes, revisions to local plans, development of new energy plans, changes to technology etc. Local authorities would also be more comfortable in their ability to deliver plans over a 5 year period without significant risk of the national or local election cycles interrupting this process.

Especially during the first year, it is essential to incorporate a provision for review and revision, given that this is a new process and valuable insights may emerge over time and across different regions. Local authorities and other stakeholders should receive clear guidance on the revision process, highlighting what has worked effectively and what requires modification or updates.

Final approvals: Since the RESP will have a directive role in terms of location of final strategic investments etc., it becomes important to understand how the final plan will be communicated to all the stakeholders that were involved and if any feedback will be sought. This is particularly important for local authorities who might have the responsibility for final delivery. Thus, a final review with them could be useful.

Removing other barriers: The development of these pathways and short/ long term visions is expected to bring in the necessary investment. However, the challenges with attracting investment go beyond just the development of the energy plan. There could be political concerns, capacity issues, resources

limitations and other policy barriers as well that could impact delivery. It will be important to understand how these can be addressed as well and how local authorities can be supported in terms of attracting investments.

Regional vision: While a regional vision will bring with it many benefits including shared pathways, stability for stakeholders, potential for achieving economies of scale and collaboration there can also be challenges in implementing these regional visions which could include -

Consensus building: Getting consensus at a regional level can become challenging due to differences in the political and policy landscapes, varying capacity at a local level and differences in resources.

Inconsistency in data availability and predictability: The data available and the capacity to collect data could vary across authorities. The expertise could vary with the tier of the local authority, the existing data collection plans and the resources at their disposal. Not all local authorities have a dedicated energy plan or a local area energy plan which might make it challenging to predict or model future demand and supply needs. The local plan might not be able to accurately predict this as well.

Limited expertise at a local level: The capacity and expertise at a local level is dependent on the size and tier of the local authority. While a larger local authority might have more experience, dedicated resources and expertise to engage with this process, a small authority may not be able to deliver at the same level. All local authorities and other stakeholders might need tools and guidelines to be able to input the most detailed information possible so the RESP can benefit their region.

It will be important to clarify what the regional vision would entail and to what depth and level of granularity it would reach to allow local authorities and other stakeholders to plan and deliver on these targets/ plans.

Q3. Do you agree there should be an annual data refresh with a full RESP update every three years? Please provide your reasoning.

We agree with the iterative nature of the RESP with annual data refreshes and full updates as well.

Annual data refresh: More detail could be provided on the scope of the data refresh and its impact to the RESP. Clear and transparent communication of the updated data is essential to ensure stakeholders remain aligned and can adapt their plans based on emerging trends.

Full update of RESP: We do agree that a full update of the RESP will be useful, however additional clarity is needed on how this will function with the 5 year plans and how it might impact delivery. It is also important to consider the time and resources needed by local authorities, energy companies and other stakeholders in engaging with this process and how this can be streamlined.

Data collection, analysis and uploading for local authorities should be standardised and made as easy as possible. All local authorities do not have the same level of capacity or resources and if this process is resource-intensive they should be supported in order to ensure high quality data is inputted into the RESP.

It will also be important to understand how the full update might impact ongoing delivery of projects and programmes at a local level.

Review of the timelines: It could be useful to review these timelines at NESO as well as with stakeholders to understand their preference for data updates and a full refresh. More frequent updates may be necessary in the early stages of the process, but as plans stabilise, the need for full updates may decrease.

Q4. Do you agree the RESP should inform the identification of system need in the three areas proposed? Please provide your reasoning, referring to each area in turn.

The current proposal leans heavily on network companies, but to achieve a holistic and effective energy system transition, broader engagement and inclusion of other key stakeholders—especially local government—is essential. Local authorities, regional energy hubs, and community organisations should have a direct role in informing and verifying the spatial projections. This could help the RESP more accurately reflect local decarbonisation priorities and opportunities, ensuring the spatial view is grounded in regional realities.

Consistent assumptions will allow for better alignment between different network companies and regions. However, there may be a challenge in capturing the full diversity of local conditions and energy needs, especially in areas with highly variable energy demands or where local governments have ambitious, divergent plans.

A spatial representation of network capacity needs enables more informed decision-making and coordination between stakeholders. While the RESP can identify locations for strategic investments, there is less clarity on how such investments will align with regulatory and market mechanisms that determine network companies' ability to fund and deliver these projects.

Q5. Do you agree technical coordination should support the resolution of inconsistencies between the RESP and network company plans? Please provide your reasoning.

Yes, the technical coordination should support the resolution of inconsistencies between the Regional Energy System Plans (RESPs) and network company plans. This role is crucial to ensuring that the planning process reflects a whole-system approach to decarbonization and delivers coherent, consistent strategies across regions and vectors.

Engaging other key stakeholders: While the technical coordination focuses on resolving inconsistencies between network companies, there's insufficient mention of the role local authorities and other stakeholders (like community energy groups) could play in shaping coherent regional plans. NESO's technical coordination could be expanded to facilitate better engagement with these actors, ensuring their input on local needs, planning constraints, and policy priorities. This would enhance the responsiveness of RESPs to localised decarbonization challenges and opportunities, adding another layer of strategic integration beyond just network companies.

Monitoring and evaluation: There needs to be a systemic approach to monitoring progress against plans and targets. In case of change this needs to be monitored, understood, course corrected and updates made to future RESP reviews to ensure the plans are being actioned. Accountability metrics need to be defined in consultation with stakeholders and monitored.

Q6. What are your views on the three building blocks which come together to form the RESP in line with our vision? Are there any key components missing?

Localised Contexts: While the focus is on supply and demand projections, there is insufficient emphasis on local socio-economic factors or regional policy variations that may affect these projections and the ability to deliver. In addition, local authorities with limited resources or capacity to create detailed future forecasts should still be able to reap the benefits of the RESP without being disadvantaged.

Governance and Accountability: There is a need to establish clear accountability metrics for coordinating between non-network actors, including local authorities and public bodies, if not explicitly defined.

Public and Community Engagement: There is no mention of public or community input into technical coordination, which is crucial for fostering social and community acceptance and aligning plans with local needs. If this needs to

be done through local authorities, they need the guidance and potentially resources to ensure it is incorporated.

Other barriers to delivery: At a local authority level there could be other barriers faced, that are beyond the scope of the RESP or NESO but can be significant challenges to local delivery. For instance, there are planning and regulatory barriers for renewable energy projects that need to be addressed to ensure local delivery can go ahead at the pace needed. Issues with the grid, including delays in connection, are another example of challenges that may hinder progress. Additionally, capacity constraints within local authorities, a lack of necessary skills, and difficulties accessing funding streams could also impede timely delivery, further complicating efforts to meet climate action targets.

Q7. Do you agree with the framework of standard data inputs for the RESP? Please provide your reasoning.

Existing vs additional data collection: Local authorities already collect some data for their local plans etc. which are part of their existing processes and could be partially funded. These will be easier for them to report on but if there are additional data collection requirements, that might prove challenging without the necessary guidelines and resources to collect them. While it is important to ensure the right data inputs are incorporated into a RESP, there is benefit in ensuring this is consistent across local authorities and where needed they can be funded to do so. The data formats also might differ between local authorities and other stakeholders and hence a consistent data framework will be critical to ensure it can seamlessly integrate into the regional plans.

Standardisation in data inputs: It is important to ensure that the data points that are important for the development of the RESP are not excluded due to unavailability or difficulty in gathering data. For instance, heat networks and heating demand are critical inputs that need to be consistently included to create a comprehensive and accurate plan. A lack of standardisation could result in gaps in data collection, making it harder to align regional energy strategies. Establishing clear guidelines for local authorities on required data, along with support mechanisms to help them gather this information, would ensure a more complete and equitable contribution across different regions.

Local Plan Integration: Not all regions have detailed local energy plans or spatial frameworks that could directly feed into this process. There is a need for a more robust mechanism to ensure local plans are incorporated even if they lack specific energy data. Additionally, many local plans evolve slowly, and without timely updates, this could result in outdated projections influencing the RESP. Where needed, local authorities should be supported to collect the right data sets and undertake the necessary analysis to feed into the LAEP.

Differences in local data inputs: There is a significant gap in how local data inputs, especially those with lower confidence levels, will be treated. In regions without detailed local energy planning, assumptions will be used to generate projections. However, there is no clear guidance on how assumptions will be validated, or whether there will be an opportunity for local authorities to challenge or refine these assumptions. This could result in misalignments between RESP projections and actual local realities.

Local capacity building: Many local actors, particularly local authorities, may lack the resources or technical expertise to provide high-confidence data inputs. While the RESP mentions generating assumptions where data is unavailable, there should be a more proactive approach to building local capacity. Offering tools, funding, or training to local authorities could improve the quality of bottom-up inputs and reduce reliance on assumptions.

Review with local authorities and other stakeholders: Once the stakeholders have fed in there might be a need to go back to them to discuss the data and address any gaps. Particularly in cases where there are assumptions made it will be important for the stakeholders to review and provide feedback.

Local Area Energy Plans: Local Area Energy Plans (LAEPs) are a data-driven, evidence-based approach to defining the most suitable decarbonisation pathways for the whole energy system for specific local areas, resulting in a spatial plan to deliver that system. These plans, made through consultation with relevant stakeholders including community energy groups and businesses, can then help ensure they are better designed and deliver more effective outcomes. Analysis shows LAEPs could reduce costs by over two-thirds while almost doubling bill savings compared to one-size-fits-all national plans.

As part of its strategy to reach Net Zero by 2050, the Welsh government has committed to the development of LAEPs for all the regions in Wales, which will be centrally funded but locally-led. However, such a system does not exist for the rest of the UK.

There is a need for a national framework for LAEPs in England giving a strategic role and more powers to local and regional authorities on energy planning supported by non-competitive funding and resources. These need to be developed with local authorities playing an active role in the process to ensure the end product meets their needs and has practical and fundable projects.

Q9. Do you agree with the framework for local actor support? Please provide your reasoning.

The framework of support detailed in the consultation is positive, however how it might translate in terms of delivery is not clear.

Need for energy plans: There would be a significant variation in terms of the data available and level of detail with local authorities. Some might only have a local plan with energy not adequately covered while others might have a LAEP. While technical guidance for energy plans is one of support that could be provided to local authorities, the mechanism as well as how the process will be standardised across different tiers and levels is unclear. It is critical that all local authorities can input data with a similar level of granularity and detail so that the outputs reflect the actual need on the ground.

Competing priorities at a local authority level: Local authorities have various statutory obligations to be delivered with limited resources. Unfortunately, they do not have a statutory role in energy planning (or Net Zero) and could struggle to deliver on these commitments as well as their other statutory obligations. They also often lack the expertise on energy issues and would need capacity building support to ensure there is less reliance on outside consultants.

Limited resources for local authorities: While the framework proposes technical advice, training, and knowledge sharing, it falls short of providing direct financial or human resource support, which may significantly hinder less-resourced local authorities. Given that not all regions have the same capacity, this imbalance could undermine meaningful participation from all areas, especially those in the early stages of developing local energy plans (e.g., Local Area Energy Plans (LAEPs) or Local Heat and Energy Efficiency Strategies (LHEES)).

Inconsistent Capacity and Expertise: The framework acknowledges varying levels of local expertise and planning maturity but lacks a clear mechanism to ensure consistency in contributions. Some local actors may not have the technical capacity to make high-quality inputs, potentially skewing the regional plans.

Regular reviews and inputs: While transparency and accountability are emphasised, there is a risk that there is insufficient opportunity for stakeholders that have engaged to review the outputs and raise any concerns.

Unclear role in resolving competing priorities: The framework does not specify how it will handle potential differences in views between local actors and network operators or between competing local priorities. This could lead to delays or challenges in moving forward with strategic planning.

Understand local authority needs: It would be useful for local authorities to have common tools and standardised processes. They might need support and resources to implement them locally. It is also important to understand from them and other key stakeholders how easy it might be for them to provide this data.

Q10. Do you agree with the purpose of the Strategic Board? Please provide your reasoning.

Q11. Do you agree that the Strategic Board should include representation from relevant democratic actors, network companies and wider cross-sector actors in each region?

Q12. How should actors (democratic, network, cross-sector) be best represented on the board? Please provide your reasoning, referring to each in turn.

Addressing trade-offs: Addressing trade-offs will be a vital responsibility of the Strategic Boards, as these compromises are inherent in the energy planning process. Local authorities anticipate discussions on balancing heat pumps versus heat networks, meeting rural and urban needs, managing land use constraints, and competing for new industries. Since not every area can achieve all goals simultaneously, prioritising actions will be a significant challenge. To facilitate productive discussions, board members must possess a strong understanding of the energy system, local energy strategies, and the practical and political needs of their communities, that may hinder consensus on these critical trade-offs.

Ensuring effective governance: The Strategic Board would need to ensure it is democratically accountable but also technical. These are often within different teams within local authorities, and could create a complex environment to ensure various internal and external stakeholders are well represented. RESPs would need inputs from various local authority functions that often operate in silos, lacking an integrated approach that considers energy implications.

Only Tier 1 representation: The consultation limits the strategic boards representation to Tier 1 authorities, which could be counter-productive. The needs and local contexts of the others are critical inputs into the RESP as well and might not always be represented by the Tier 1 authority representative. Hence, a clear plan of engagement is needed for all tiers to ensure the bottom-up approach is truly effective. This is especially important in those areas where the spatial planning powers sit with lower tier local authorities, there needs to be a balanced approach to representation.

Limited decision-making authority: While the Strategic Board provides recommendations and steers, the final decision-making authority rests with NESO. This setup risks undermining the Strategic Board's ability to influence key decisions, especially when NESO's recommendations differ from the Board's recommendations. There needs to be an effort to ensure that the Strategic Board doesn't just become a stakeholder management tool or talking shop, it needs to have a clear role and responsibility in decision making and scrutiny.

Resolving differences: The proposal does not include a formal issue resolution mechanism, relying instead on the governance process to address concerns. However, this approach may lead to delays and frustration, especially when regional priorities or perspectives vary from NESO's national objectives.

Risk of fragmentation in regional energy planning: By delegating significant responsibilities to regional Strategic Boards, there is a risk that inconsistent planning approaches across regions could lead to fragmented energy strategies that don't align with national decarbonization goals. There is a need for standardisation in the asks and creating guidelines for the engagement. The process needs to be easy to manage and engage with.

Accountability of NESO: NESO, as the final decision-making body, holds significant power over the RESP process. However, the proposal does not clearly outline how NESO will be held accountable to ensure that it truly reflects regional inputs and fosters meaningful collaboration.

Strategic Board and Working Groups

Representation of Lower-Tier Authorities: While the proposal acknowledges the critical role of lower-tier local authorities in planning and place-making, it lacks specific mechanisms for their inclusion in the Strategic Board. This gap could lead to an oversight of important local perspectives and insights and a democratic deficit.

Balance of Power: There is a risk that the technical expertise of network companies may overshadow the contributions of local authorities and democratic representatives. The proposal could benefit from strategies to ensure that local democratic voices remain prominent and supported in discussions led by technical actors.

Diverse Cross-Sector Representation: The proposal mentions the need for wider cross-sector actor representation but does not specify how to ensure diversity within these groups. This could lead to underrepresentation of certain sectors, such as community organisations or grassroots groups, especially in the energy sector, which can provide valuable insights into local needs and priorities.

Feedback Loops: The proposal does not detail how feedback from the Strategic Board will be integrated into the ongoing planning processes. Establishing a system for tracking the impact of Board recommendations on local energy strategies could improve accountability.

Monitoring and Evaluation: There is a lack of emphasis on how the effectiveness of the Board's representation and decision-making will be assessed over time.

Including metrics for evaluating the Board's performance could foster continuous improvement.

Capacity Building: The proposal does not address the potential need for capacity-building initiatives to equip local authorities and stakeholders with the necessary knowledge and skills to participate effectively in energy planning discussions.

Q13 - Q15. - Local authorities and other key stakeholders should be consulted before these are finalised.

We would be grateful if in addition to considering UK100's response to the consultation, if you would agree to meet us with our member local authorities, to discuss the themes within this consultation and our response further.