

Regional Energy Strategic Plan policy framework Consultation response

Hilary Blackman

Project Manager (LHEES)
City of Edinburgh Council

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.

Place-based – Agree in principle, however, Scotland is 1 zone with varying landscapes and lifestyles. Local heat planning is already being undertaken at the local authority level which reflects the diversity between regions in Scotland. A single zone for an area that covers 32% of the UK seems less difficult to unify.

Whole system – A Regional Energy Strategic Plan should be holistic, but is it whole system? The consultation mentions transport and energy, where is the line drawn, does the plan consider the fueling, heating and power of these industries? Or does it include all of industry and transportation? Especially for industry, this feels like the focus of the Energy plan is being diluted by casting the net too wide.

Vision-led – Agree, no comment.

Proactive – How is this going to be funded? Ideally, additional investment could be brought in to allow local authorities and government to work towards supporting energy transitions at regional scales and reduce the likelihood of duplication or oversizing two or more systems where one system would be more appropriate.

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.

Yes, agree that RESPs should feature a long-term regional vision alongside short-term and long-term directive net zero pathways.

Favour a 5-year period for the short-term pathways, as a ten-year period risks significant changes to governments, technologies and technological capability, all of which may impact the rate at which a ten-year plan is delivered.

The same risks lessen over a five-year period – and there is often certainty in what local authorities and networks are planning within a five-year period. A five-year period would encourage the development of RESPs that both local authorities and networks could confidently deliver.

Agree with Net Zero Living recommendation: Short-term pathways are set at a five-year period and long-term pathways track a 10-25 year horizon.

There is a strong benefits case for setting a collaborative regional vision. Benefits that local authorities have identified include:

- **Shared ownership of a clear-unified pathway:** Encourages collective commitment to regional goals.

- **Cross-boundary collaboration:** Essential for tackling energy challenges and exploring energy solutions across political and geographic boundaries.
- **Reduced duplication:** Less redundant efforts among local authorities.
- **Stability for network planners:** Provides clarity for long-term planning and helps harmonise distribution and transmission networks.
- **Stronger regional voice:** Consensus can influence decision-making processes and regions can push faster toward net zero if they collectively agree. Regions can also confidently explore key areas of strategic importance when it comes to low carbon technologies and the systems that work to help adopt them across places.
- **NESO advocacy:** Cohesive, shared plan can help NESO represent local authorities in technical discussions.
- **Crowd in investment:** The regional vision can provide a clear, long-term signal for investors to encourage place-based investment and support the development of local supply chains.

However, to achieve those benefits, local authorities have identified several possible challenges that could interfere with the process of developing a shared long-term regional vision. These include:

- **Finding consensus:** Finding consensus across regions with different political landscapes, net zero targets and ambitions, and geographies and population demographics.
- **Inconsistent data and modelling complexities:** Ensuring reliable, unbiased data across regions is a complex challenge when energy planning is not consistent or mandated across local authorities. Some local authorities may have more developed plans, leading to unequal representation when it comes to modelling supply and demand needs.
- **Applying RESPs across scales:** Balancing regional vision with both national vision and local needs and ensuring that RESPs can be aggregated down to local levels for delivery when also aligning with national pathways.
- **Urban-rural divide:** Differing needs and opportunities in various areas within the region and potential for backlash in rural communities who don't want to host infrastructure for urban needs.
- **Engaging stakeholders:** Difficulty engaging landowners, farmers, and harder-to-reach groups who all have critical role to play in spatial energy planning.
- **Skillset gaps:** Local authorities may lack expertise to engage in complex energy discussions.
- **Flexibility over the long-term:** Plans must account for demographic shifts, technological advances and uncertainties. Changes in leadership or policy direction could impact the progress of RESPs. There was some optimism that by involving all stakeholders in the planning process, some of these political barriers could be mitigated.

It is also not clear from the consultation whether the regional vision should be a set of specific targets for an area, or whether it is a high-level overview of the technologies and systems that will deliver in way that meets the local needs and physical geographies of a place. E.g. would a regional vision set a MW/GW target for onshore wind, or state that the place intends to be an onshore wind hub without specifying the capacity of that technology?

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

Yes, agree that an annual data refresh is necessary and are happy with the suggestion of a full RESP update every three years – however clarity would be needed on how this 3 year refresh would work with a 5 year cycle. Local authorities would also like clarity on what would be expected of them in RESP-refresh years compared to annual data refresh years.

It will be critical to ensure that there is a smooth and simple process by which local authorities are asked to submit their data. Currently, local authorities are asked to submit data to DNOs for an annual DFES process. For some authorities, this means submitting the same data, through different process for different DNOs.

To streamline this process and as part of a new RESP process, NESO should collect data from the local authorities via a single framework, and then share the relevant data with the DNOs for their DFES processes. This would mean just one touchpoint for local authorities to submit data in a consistent way – and could support better data consistency across local energy planning, networks planning and RESPs.

Agree with Net Zero Living recommendation: NESO develop a one-touch process and framework to gather data from local authorities and then share that data with networks for their own networks planning processes – rather than adding another framework and process by which local authorities must submit the same data as they do for existing network processes like DFES.

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.

Providing consistent assumptions – Agree that a consistent monitoring and evaluation system would be beneficial for estimating future demand and investment requirements.

Setting out the spatial context for capacity needs – Agree that spatial considerations and local assets and challenges will be key to developing useful long-term energy plans.

Informing strategic network investment – Ideally, the RESP could help steer investment towards the development of heat networks by recognising that the provision of heat networks has the capacity to drastically reduce the upgrade requirements for the DNO. Many DNOs would be unable to facilitate a fully heat pump reliant net-zero future and considerations should be made for the capability of technologies that off-set costs for other energy providers.

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

Agree that technical coordination between the RESP and network company plans would be of benefit to the regional approach.

It's not clear the specified technical coordination would happen between NESO and networks, or whether local authorities have a role in technical coordination. Local authorities would like to feel represented in these conversations, especially where local authorities are embarking on energy projects such as heat networks or solar developments.

Ofgem should provide clarity on whether it expects NESO to represent local authorities in resolving technical inconsistencies, based on the outcomes of the long-term vision and strategy, or if it expects local authorities to play a role in the technical coordination conversations.

It is likely that this will be case by case basis – but local authorities should be offered the option to join technical coordination discussions as a starting point, and then given the option for NESO to advocate on their behalf.

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?

Modelling supply and demand – Suggest that long-term visions that allow for large-scale decarbonisation such as heat networks, be favoured over individual solutions where economically viable.

Identifying system need – No comment

Technical coordination – Ideally the RESP could provide a forum for the coordination of disruption to roads to facilitate the upgrade and installation of new/replacement energy services.

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

Agree with data inputs and the collation/sharing of data to inform decision making. Note that it is likely to be a very long and complex process.

Agree with Net Zero Living's recommendation that the "NESO should establish 'local data' working group with local authorities and DNOs experienced in gathering and incorporating local authority data into its modelling processes. This working group can help steer the RESP methodology for local data inputs."

For example, the majority of the data that upholds all of Scotland's Local Heat and Energy Efficiency Strategies comes from Energy Savings Trust Portfolio Energy Assessment Tool (PEAT) and is very difficult to arrange sharing contracts for.

Q8. Do you have any suggestions for criteria to assess the credibility of the inputs to the RESP?

No comment.

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

- Providing proportionate technical advice on local energy plans.
- Supporting coordination and coherence between local, regional and national plans.
- Setting up a 'bank' of energy planning good practice to foster transparency and knowledge sharing between local actors.

- Providing training on the energy sector to enable meaningful participation and engagement (at Strategic Board and working group levels).
- Coordinating and facilitating working groups between local authorities, network operators and other key actors.
- Providing access to common digital tools and improving data consistency.

While it is encouraging to see the above areas of support for local authorities. Financial constraints are considerable and engagement may only be realistic in some areas and for some visions with support, including financial.

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

Agree with the purpose of the Strategic Board, however, it may be difficult to represent all unitary local authorities within Scotland while still maintaining a lean and efficient board. Likewise, the board should be responsible for assessing area-based needs within Scotland as a whole system approach for 1/3 of the UK's land mass will be challenging.

The purpose of board meetings should be carefully considered as resource is limited within local authorities. Ideally an officer/elected member from within the Council would sit on the board, especially local authorities which are beginning/already provide energy services to residents.

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?

Working groups offer opportunities to represent necessary voices from within local authorities and across regions.

The working groups may be different in each area, depending on the existing governance structures and relationships across the region. E.g. working group structures could include:

- Net zero officers/energy officers/planning officers to represent local authorities at a technically functional level
- Local authority elected members
- Local authority directors of energy/environment/planning
- Network representatives and infrastructure investors
- Community energy organisations
- NHS trusts across a region
- Industrial areas & large energy users in a region
- Energy and housing developers operating in a region

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

Agree with the Net Zero Living response:

The strategic board should contain the necessary democratic representation, but it will need the technical knowledge alongside this to fulfil its functions.

It is therefore difficult to propose a standard format for a strategic board across different regions when the required skills or accountability are sat within inconsistent governance structures across local authorities.

Agree with Net Zero Living recommendation:

Ofgem drops recommendations for standardised representation on strategic boards and works within regions to develop structures unique for each area, exploring how governance structures can be based on working groups, rather than working groups developed to meet a fixed strategic board structure.

Ofgem and NESO accelerate the development of strategic boards and working groups in 2025 to feed into network planning processes and be a steering board for wider RESP detailed design development.