**Hitachi Energy’s response to Ofgem’s Regional Energy Strategic Plan (RESP) policy framework consultation**

**Introducing Hitachi Energy**

Hitachi Energy is an exciting global business with a ground-breaking heritage of innovation in pioneering technologies. As a global technology leader, we serve the energy, industrial, mobility, IT, and smart cities sectors. We are a major investor in the UK, with a turnover of £1 billion.

We are advancing the world’s energy system to be more sustainable, flexible, and secure. As a technology leader, we collaborate with customers and partners to enable a sustainable energy future – for today’s generations and those to come. In the UK, we are already helping to bring clean energy to 4.5 million homes by connecting the world’s largest offshore windfarm at Dogger Bank to the grid. We strongly believe that the UK can lead the world in creating a secure, Net Zero-ready energy system through investing in technologies to make the energy system more sustainable, flexible, and secure.

**Our response**

1. **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.**

Hitachi Energy supports the principles to guide NESO’s approach to developing the RESP methodology. Whilst Hitachi Energy agrees with the need for NESO’s approach to be both proactive and vision-led, it must also enable the RESP to be agile to change. It is important that people have confidence in the RESP and its methodology, as well as certainty derived from both the short and long term plans.

1. **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.**

Hitachi Energy endorses Ofgem’s view that the RESP should include a long-term regional vision accompanied by a series of both short- and long-term net zero pathways. Hitachi Energy welcomes Ofgem’s proposal for the net zero pathways to be ‘directive’ in nature. If the pathways are not sufficiently directive, there is a significant risk that the RESP will slow progress along the net zero transition. It would be preferential if the RESP highlights the commonalities and common directions between the various long-term pathways in order to boost investor confidence in that common direction.

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

Hitachi Energy supports Ofgem’s proposals for an annual data refresh and a full RESP update every three years, as this aligns with the planned Centralised Strategic Network Plan (CSNP). However, Ofgem’s proposal for updating the RESP does not align with the price control periods, and we believe it would be more helpful to the sector if RESP updates were eventually aligned with price control periods.

1. **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.**

Hitachi Energy endorses each of the three areas proposed. We would like to emphasise the importance of the RESP in providing consistent assumptions, as well as the planned use of open data practices. Easy access to data is critical in order to inform decision making regarding demand planning and integration with other vectors.

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

Hitachi Energy agrees that technical coordination is essential for the resolution of inconsistencies between the RESP and network company plans. This is because the holistic approach is relatively novel, and therefore it is key that all relevant parties are bought together and represented in decision making.

1. **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?**

Hitachi Energy endorses the three proposed building blocks as we believe they are comprehensive and cover all bases. We would like to emphasise the importance of the RESP being based on a sound understanding of overall supply and demand across the energy system.

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

Hitachi Energy believes that the framework of standard data inputs outlined in the consultation document should not be an exhaustive list. This is because it is important that non-electricity sector inputs are factored into the RESP. For example, these could include transport strategies (particularly around electric vehicle charging hubs), industrial cluster plans, data centres, and the grid connections queue.

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

Hitachi Energy suggests that confidence bands could be used to assess the credibility of data inputs where there is uncertainty. For instance, this could be done via the use of percentage likelihood for particular ranges.

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

Hitachi Energy agrees with the framework for local actor support. However, it is important that local actors themselves are sufficiently resourced to contribute towards the delivery of the RESP, which will be a challenge given their capacity will be stretched according to competing demands, such as handling planning applications for housing developments. Therefore, it is paramount that NESO acts as a knowledge hub for local actors, whereby it educates local actors to ensure procedures are consistently applied. Furthermore, NESO should also act as a delivery channel for informing the public more widely about the net zero transition.

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

Hitachi Energy agrees with the purpose of and plans for the Strategic Board.

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

Hitachi Energy agrees that the Strategic Board should include representation from all of the aforementioned groups.

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

Hitachi Energy believes that the most significant actors, assessed according to their impact on the energy system, should be adequately represented. Further consideration must be given to how spaces on the Strategic Board are allocated between these three actors. It is important that the need for representation on the Board is balanced with the need to ensure the Board is not too large in size. Working groups will also be useful channels for ensuring that those who are not on the Board are adequately represented.

However, the innovative nature of the RESP means that Ofgem and NESO should be aware that not every actor is understanding of certain specific issues and their impact on the whole system. For example, democratic actors (e.g. local authorities) may not be the most suitable representative of certain business interests. Therefore, Hitachi Energy believes that industry should represent itself on the Strategic Board, preferably via business groups such as trade bodies and business associations.

Increasing political devolution must also be considered when deciding the composition of Strategic Boards, with the regions proposed by Ofgem spanning multiple combined mayoral authorities.

1. **Do agree with the adaptations proposed for Option 1? Please provide your reasoning.**

Hitachi Energy agrees with the adaptations proposed for Option 1. We believe that the approach to area formation is sound given that it broadly balances the regions.

1. **Do you agree with our assessment that Option 1 is a better solution than Option 2? Please provide your reasoning.**

No comment.

1. **Do you agree a single region for Scotland is optimal? If you think a two-region solution is better, do you agree the split should occur at the SSEN and SPEN DNO boundary? If not, please provide your reasoning and alternative option(s).**

No comment.