Brighton & Hove Energy Services Co-operative Ltd
Freedom Works
Barts House, Black Lion Street
Brighton BN1 1JE
info@bhesco.co.uk
Telephone: 01273 284470

Regional Energy Strategic Plan
Policy Framework
Closing date: 8 October 2024
Date of submission: 23 September 2024

Introduction to Brighton & Hove Energy Services Co-operative (BHESCo)

Brighton & Hove Energy Services Co-operative (BHESCo) is a social enterprise dedicated to accelerating the transition from fossil fuels in our energy supply. BHESCo operate primarily in Sussex but have provided consultancy and project development support around the UK. BHESCo was established in 2012, launching its first share offer in 2015. BHESCo has developed 63 community energy projects in that time, raising £2 million of investment.

In addition to project work BHESCo have conducted 2,500 energy surveys and supported over 4,000 households at risk of fuel poverty. BHESCo has been recognised by Ofgem in their Future Insights series 3 report as an archetype of local energy services. BHESCo's founder Kayla Ente was awarded an MBE in 2022 for services to community-led energy efficiency.

BHESCo gives its consent for our submission to be published.

General observations
BHESCo is fully supportive of the plan to support the transition to a net zero energy system in a cost effective manner. However, there are certain barriers to this happening, for example, the increases in standing charges. We believe that the significant barriers to the net zero transition in an equitable and affordable manner, including the continual increases in standing charges over the past three years arises from the influence of special interests who are the primary beneficiaries of regulatory decisions that protect their trading position and profitability. This is exacerbated by the complex site arrangements that require the same company to share and thus obtain the benefit of clean, low cost, local electricity generation. The later legal requirement is solely administrative rather than a technological barrier. This protection of special interests over consumer benefit must be addressed to achieve a truly cost effective energy transition. The benefits, in terms of value for communities, national security and increased wellbeing are enormous.

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.

We agree that a placed based approach is key, however, to be fully integrated, waste management must be included as an important component of heat generation. To ensure the usefulness of gas networks, gas

Brighton & Hove Energy Services Co-operative Ltd
Freedom Works
Barts House, Black Lion Street
Brighton BN1 1JE
info@bhesco.co.uk
Telephone: 01273 284470

suppliers and gas network managers must work in conjunction with waste management, such as anaerobic digestion and waste to energy plants.

Most rural areas have experienced a significant underinvestment in their electricity networks, such that it is important that upgrades to these areas are addressed. Rural areas may be the source of renewable energy generation, but this is complicated by the lack of infrastructural investment. There may be gains by working with rural communities to build self sustaining microgrids that could deliver long term low cost electricity, local jobs and economic benefits to communities otherwise neglected by network operators.

A counterfactual to fossil fuels will deliver a counterproductive case that will not serve the aspirations of this plan. Counterfactuals are constructive in considering the lowest cost option (viewed over the proposed systems lifetime) however, fossil fuels must not be considered a legitimate counterfactual given the significant implications for the climate, net zero targets and volatile global circumstances around oil and gas.

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

Q2- We caution against pathways overly complicated with bureaucracy. In principle, the long term directive should be the same across the regions, aligning with NESOs net zero pathway. Our analysis has shown that most regions are currently falling short of the NESO Future Energy Scenarios. It is urgent that regions are put back on track if this government expects to meet a 2030 target.

Q3- A data refresh should be conditional on a material change occurring in the assumptions in a region's RESP. The criteria that determines materiality could be set by OFGEM, but should be fairly simple to calculate. This must not be purely an exercise undertaken for procedural compliance.

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.

While we agree with the necessity of identification of system need on a coordinated basis, caution should be exercised in terms of the requirement to how the RESP takes a "directive role in identifying the location for strategic investments". This must be determined based on meeting a set of established criteria that can be independently confirmed as to avoid the creation of

Brighton & Hove Energy Services Co-operative Ltd
Freedom Works
Barts House, Black Lion Street
Brighton BN1 1JE
info@bhesco.co.uk
Telephone: 01273 284470

special interest investments. It must be proven, like applying a counterfactual model to the investment, it must be demonstrated that it will deliver lowest cost, clean energy for consumers. As more clean energy generation is connected to the grid, the composition of the consumers price will shift from wholesale cost to network charges. This should be incorporated into the kWh price and not be tacked onto the standing charge to ensure a suitably competitive market place based on energy pricing.

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

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?

We agree and applaud the concept of technical coordination proposed. Waste to energy and anaerobic digestion plants must be included in the heat planning for gas networks. This is absolutely vital to decarbonising heat in urban areas and areas that are not suitable for heat pumps, but may be more suitable for district heating models or where the installation of heat pumps will not be cost effective for consumers.

Q7. Do you agree with the framework of standard data inputs for the RESP? Please provide your reasoning.
Q8. Do you have any suggestions for criteria to assess the credibility of the inputs to the RESP?

Q7 – Since waste is an important element of RESP planning, the Waste and Mineral plans should be an input to feed into the process.

Q8 – Given the NESO will have sufficient and comprehensive information in the form of geospatial data, investment plans will have to reflect, demonstrate their ability to achieve and supplement the RESP directive.

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

Section 3.54 ignores the fact that many local authorities don't have an energy plan. Of the authorities that do have decarbonisation plans, these are vague expressions of aspirations in which targets are not measurable, nor are the plans specific enough to hold these local authorities accountable for the attainment of targets. Many plans are a rationale for why the local authority is not empowered to meet the national Net Zero target. In an ideal world, energy decarbonisation plans would be embedded in their local plans. Unfortunately, the national precedent for the production of energy

Brighton & Hove Energy Services Co-operative Ltd
Freedom Works
Barts House, Black Lion Street
Brighton BN1 1JE
info@bhesco.co.uk
Telephone: 01273 284470

plans has been put forward by the Energy Systems Catapult, which is such a costly endeavour that it is unaffordable for many local authorities.

Each local authority should have a Local Area Energy plan that is informed by and aligned with the RESP. For transparency, updated data on connection applications and load traffic should be made available to entities that are authorised to access such data by the local authority as the ultimate accountable body. As energy planning is a diversion from their primary duty of social care and is often not within the purview of requisite expertise, many plans will be outsourced to competent third party organisations.

It is not an efficient use of resources to involve under-represented stakeholders in this process. The time to involve them is in connection with the development of the local area energy plan. Involving them at the stage proposed, this more technical stage, would create excessive cost, while introducing a more chaotic process.

Regarding Section 3.58, it is a delicate situation where insufficient resource is assigned to the production of the local area energy plan, where the local authority is under-resourced to prepare these receiving "steers on local planning potential, such as identifying opportunities where heat pumps could be installed or opportunities for energy efficiency in buildings" this is a slippery slope that could end up being a drain on NESO or DSO resources. A suitably qualified energy consultant would need to know how appropriate these suggestions were, given the locality. Excessive involvement by the NESO or DSO should be limited to the provision of current and relevant information concerning network traffic loads and connection applications as well as support to address reinforcement and other costs.

Therefore section 3.59 is a big ask considering the breadth and scale of the regions. This is opening up a costly can of worms, with the potential to increase standing charges as network costs increase, while creating an unreasonable expectation, encouraging local authorities to stretch outside their areas of expertise to produce their energy plans with the assistance of the DSO/NESO.

In reality, section 3.60 will actually lead to a deterioration in quality, muddled by a lack of competent resource assigned to the creation of the energy plan. It blurs the lines between the network operator and the energy planner/local authority and will lead to additional cost to be absorbed by the network operator with no guarantee of an improvement in the transparency of information already provided.

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

Brighton & Hove Energy Services Co-operative Ltd
Freedom Works
Barts House, Black Lion Street
Brighton BN1 1JE
info@bhesco.co.uk
Telephone: 01273 284470

The hub and spoke model ensures ultimate accountability and responsibility for compliance and cooperation by the regional bodies. However, this model is not the right structure to deliver democratic representation.

It is not necessarily the case that the oversight entity should be within OFGEM's regulatory jurisdiction. The strategic board could be a department within DESNZ, the body responsible for policy and oversight to ensure the success of the RESP framework. There is no need to establish transparent stakeholder engagement processes were it to be properly established from the start with an engagement protocol. The process for feeding in regional information from each local authority would be communicated to the RESP via the Energy boards that represent each region.

For example, the Sussex Energy Group collates data from the local authorities within that region on new planning applications submitted, connection applications and the upcoming project pipeline that will impact the local energy infrastructure. It is not clear why the working group of a governmental body would be weighing up technical feasibility. These decisions would be made by the NESO or DSO respectively. Cross vector optimisation would happen at the local level, not a centralised or regional level.

The Strategic Board as proposed sounds like a lobbying group. This board can be paired down significantly with a small group from NESO, DSO and DESNZ. The proposed Strategic Board would "result in an inappropriate transfer of risk outside of the energy system and established regulatory mechanisms", allocating them to a body where there are no repercussions where bureaucracy is built into the governance structure.

The bureaucratic structure proposed by OFGEM in this consultation adds cost to the process while contributing very little or no value for taxpayers' money. As the NESO is the ultimate decision maker, the creation of this Strategic Board is redundant for oversight because this is ultimately the NESOs responsibility. The implied intention of establishing a body that is accountable for the delivery of an effective programme is costly and as there is no penalty for non compliance, its role is reduced to box ticking exercise.

Signed

Kayla Ente
Brighton & Hove Energy Services Co-operative
kayla@bhesco.co.uk
01273 284471