

## **Regional Energy Strategic Plan policy framework consultation: Nesta reponse**

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Nesta is an independent charity that works to solve some of the UK's biggest social challenges. Our Sustainable Future mission aims to help decarbonise homes in the UK.

We welcome Ofgem's proposals for Regional Strategic Energy Plans, and have set out a brief response to four of the consultation questions (1, 3, 7 and 9) below.

### **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.**

We support the principles. We think that heat planning will be especially important as a part of this, given its impact on electricity demand, and that place-based planning will be especially important for heat, because it requires a very granular approach.

### **3. 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 proposal. The RESP should be a living plan and adapt to changes in the energy system, including highly unpredictable elements such as local adoption of electric vehicles and heat. The aim should be to develop the RESP, particularly the proactive elements of it, with each iteration, to make sure it is moving with the needs of the energy system (while keeping data consistent over time to allow for time series comparisons).

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

We agree that a framework of standard data inputs is needed for the RESP. This should also include standardisation of some key assumptions, such as assumptions about heat suitability (e.g., the amount of garden space required for an air source heat pump).

For the local government data section, we believe this should be standardised as far as possible as part of the Local Area Energy Planning process. This should be funded and undertaken on an ongoing basis in every area (this is a decision for UK, Welsh and Scottish governments), and be a key vehicle for giving a framework for consistent data inputs.

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

The items included in the framework of support make sense, but there is a serious gap around funding for local areas. At present, there is no reliable source of funding for local areas to engage in energy and heat planning on an ongoing basis, and this is likely to significantly weaken the RESPs unless it is addressed.

This is not necessarily the responsibility of NESO / Ofgem - it may be appropriate for governments to provide funding for local areas. However, given the likely cost savings to consumers as a result of more effective planning of local energy systems, it would make sense to consider offering funding for local areas as part of the process of developing RESPs.

We estimate that around £2 million per area, or £80 million nationally in England, could provide a more stable foundation for local capacity and enable the bodies to deliver core functions such as heat transition planning.