

Joint GLA and London Councils response to Ofgem's Regional Energy Strategic Plan (RESP) policy framework consultation

Summary of response

A decarbonised energy system requires strategic, cross-vector and localised, data-led planning to identify system need and enable proactive investment in the network. Ofgem's vision for regional energy strategic plans (RESPs) to be whole system focused, and to reflect the regional context whilst being coherent with national energy planning, is welcome and would resolve issues faced in the current energy planning process.

In London, through our subregional approach to local area energy planning funded by the Mayor and executed in collaboration with London Councils, London's boroughs, and energy networks are already undertaking energy planning collectively and are in a strong position to adapt effectively to the establishment of the RESPs. However, we feel that greater endorsement of local area energy planning processes as a foundation for RESPs is needed across government, as is further clarity on how RESP will integrate other activities, such as heat network zoning, into regional network planning. It is important that the work to develop RESPs does not place new un-resourced burdens on local authority officers, who are already stretched delivering work on energy decarbonisation. More information on how RESP principles can be embedded into upcoming price controls for gas and electricity (GD3 and ED3) would also be welcome, ensuring that early wins and benefits are not delayed to the full creation and adoption of RESP.

To deliver on its stated ambition, the RESP function should ultimately:

- build consensus (accounting for differences in targets) and provide confidence at both local level and in a whole of government response that supports the vision;
- act as an independent arbiter and provide technical coordination across networks, the regulator, local actors and government;
- be agile and responsive (via ongoing data scanning and engagement) and respond to disruptors;
- translate local and national ambition into sustained infrastructure investment;
- complement and add value to existing frameworks (not disrupt or duplicate).

This response is jointly submitted by the Greater London Authority (GLA) and London Councils and follows GLA engagement with Ofgem and ESO (soon to be NESO) in the conception of the RESP through workshops, consultations and bilateral meetings. We look

forward to ongoing engagement in the development and establishment of the RESP with the NESO and Ofgem teams.

Greater London Authority

The Greater London Authority (GLA) is the strategic regional authority for Greater London. It has one Mayor and 25 Assembly Members who are elected by Londoners. Together with staff, they work to deliver on Londoner's priorities.

London Councils

London Councils is the collective of local government in London, London's 32 borough councils and the City of London. It is a cross-party organisation that works on behalf of all of its member authorities to make the case for powers, freedoms, and resources to best serve the needs of London's residents and businesses.

Response to questions

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 principles that should guide NESO's approach to developing the RESP methodology are sound and represent gaps in the current energy planning system.

- Place-based. RESPs must combine both bottom-up and top-down visions for net zero and this requires the scope of the RESP to take into account the activities of regulated networks alongside associated local and national government policy areas (spatial planning, transport, buildings and retrofit, for example). Integrating these bottom-up and place-specific inputs into energy planning would provide more informed estimates of future demand/generation and positively impact the effectiveness of a RESP to deliver its outlined mandate.
- Whole system. As identified in the consultation document, uncertainties around the future energy mix including decentralised energy and electrification of power, heat, transport and industry require significant changes in how infrastructure investment planning is undertaken, and in the solutions and investments required to deliver them. The ability for RESPs to look across vectors is therefore essential. However more information is needed on how Ofgem proposes RESPs will account for alignment across vectors, given the ESO's historic remit in the power sector only and new remit across the wider energy sector. In particular, there is a question

around how heat network zoning will be integrated into RESP operations (and vice-versa) and the role that the RESP will play in heat network investment and planning.

- Vision-led. RESP should deliver ambitious, credible and agreed upon vision and plans that all stakeholders can mobilise behind to enable decision-making and investments that support net zero.
- Pro-active. Delivering sustained pro-active investment in energy networks is a crucial component to RESP and success should be measured on the ability of RESP to provide the credibility and confidence (to regulators, operators and local actors) to enable this. In order to meet decarbonisation objectives, sustained infrastructure investment is required that is delivered in a timely way, coordinated and not disruptive, and represents best value for London bill payers.

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. -AND-

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

A long-term regional vision that sets direction of travel and priorities for the region to meet net zero should provide clarity for all stakeholders and provide a consistent basis for decision-making. It is hoped this would also support a more joined-up, whole-of-government response that resolves outstanding questions around integration of heat network zoning policy; formal endorsement of LAEPs; funding, financing and capacity to deliver locally; the interaction between spatial and energy planning processes; and key questions around hydrogen.

The proposal for shorter-term directive pathways to meet the long-term vision will allow for a clear plan for action but also allow for uncertainty. It is essential that these plans are developed based on local evidence and data inputs to ensure credibility and deliverability. However, we note that in both the developing of long-term vision and shorter-term plans, gaining consensus and aligning targets with ambition across complicated governance structures is a challenge. One approach that LAEPs have taken in London is to identify net-zero-target-agnostic projects across a 5-10 year period to guide investment. This can be easier to gain consensus around and for actors to engage with.

Ensuring data inputs, such as network headroom data, for example, are up to date is essential but exact timings will depend on the type of datasets being updated. GLA resources such as the LAEP Datahub, a centralised platform of datasets that inform energy

planning and that the RESP should have access to, present an opportunity to be as responsive as possible. NESO should invest in a structure that automates data collection and ensures the process is less onerous than if manual collection was required. The Planning London Datahub and London Net Zero Projects Pipeline, a dynamic database of net zero projects across London, are good examples of such an approach. NESO should also work towards common or repeatable modelling approaches where possible, to ensure consistency and reduce the need to ‘re-invent the wheel’ each time.

Ultimately the RESPs need to account for actors at all different stages of ability to be able to input evidence and be agile to new information, able to accommodate and adapt plans accordingly where possible. The NESO should be aware that data processes take time to establish and be prepared to ingest some data manually in the interim.

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 proposal for the RESP to inform the identification of system need by providing consistent assumptions, setting out the spatial context for capacity needs, and informing strategic network investment is sound and would resolve issues that we see currently in how energy needs are planned for, and how the network and operators are regulated, by:

- creating greater consistency in how system need is assessed and how plans are delivered and assessed, across DNOs and regions, providing far greater clarity and consistency in how system need is presented;
- providing a critical spatial lens on demand and generation growth projections against network conditions, enabling a more granular understanding of where there is headroom or where capacity is needed;
- enabling greater strategic and proactive investment in the network—one of the key outcomes that we hope the RESP can deliver in order to support wider decarbonisation and net zero objectives—by providing consistent, credible and agreed upon plans that can give confidence to the regulator, network operators, investors and developers, and local actors.

However, we would emphasize the need for local adaptability and variation in how assumptions set by the central hub are applied to each region to account for variation in vision, ability, and readiness to provide information.

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

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?

The proposed role for the RESP in technical coordination, resolving inconsistencies, and identifying whole system opportunities is at the core of the proposal. Subject to further elaboration on the checks and balances on the RESP, we would propose that it should take on the role of independent arbiter with the ability to align forecasting across DNOs and ensure consistency across different tiers of the energy system.

We support the ambition for plans at local, regional, and national level to be reconcilable with each other and agree that formalising collaboration across vectors, considering benefits and resolving trade-offs across vectors is where the RESP can add significant value. It should also be instrumental in resolving inconsistencies between network operators within a single geographic area. For example, Old Oak and Park Royal — a London Mayoral Development Corporation and major regeneration area — is served by both of London's DNOs, causing some challenges around Distribution Future Energy Scenarios (DFES) planning currently.

Ultimately, we see the RESP and wider NESO functions enabling a feedback loop from local to regional to national and vice-versa, with local/regional data informing regional/national plans and conversely, national strategy providing clarity and certainty for local/regional actors to develop the system and be able to invest in the network and solutions locally. For example, we would expect the RESP to play a role in credibly evidencing changes sought through uncertainty mechanisms or re-openers within price control periods.

Through local area energy planning in London, the GLA and London Councils are working at different tiers to support conditions for an energy planning hierarchy which will enable RESP:

- Developing an evidence base and promoting a common data framework to drive consistency in analysis and work across boundaries;
- Providing technical support, capacity building, resources and funding to progress energy planning and project development down to local levels;
- Collaborating with key energy system stakeholders, NGET, DNOs, GDNs, heat network operators, government.

The outputs from London's LAEP programme are a valuable resource. Provided LAEPs are developed comprehensively and consistently, the collection of data, local energy system modelling, stakeholder insights, and project identification will assist the RESP and Heat Network Zone Coordinators in developing regional and national plans. LAEP enables a place-based approach to decarbonisation, which UKRI research¹ has indicated would deliver higher benefits for lower costs than a place-agnostic top-down approach, including by accelerating the transition through better community engagement and consent for change, and by enabling local growth in jobs, training and enterprise.

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

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

As discussed in the answer to questions 2 and 3, we strongly agree with the objective for the RESP to allow bottom-up inputs and local actors to inform network forecasts, and for this to be coordinated with national frameworks and planning processes. However, there will be a potentially challenging balance to strike between the need for consistency and the need for adaptability in the RESP methodology to allow for variation in the availability of inputs and maturity of local area energy planning across regions.

In pursuit of this, we believe there is a need for LAEPs to be formally endorsed and recognised by government as a foundation for local, regional and national energy network planning. Given the importance of local inputs into RESP and the need for data and information to be high quality and consistent, there is a strong case to be made to government that local area energy planning should be endorsed, funded and supported as a key building block for enabling the transition to a decarbonized energy system. A more consistent and coordinated rollout of LAEPs would also provide confidence and credibility in LAEP as an input to RESP and wider network planning and investment.

RESP should look to jointly produce and agree criteria for confidence assessments with local actors as a priority, building on progress that has already been made locally instead of undermining or superseding this with a new process or methodology – e.g. UKPN has already developed confidence assessment processes for evaluating LAEPs in London.

¹ <https://www.ukri.org/publications/accelerating-net-zero-delivery/>

Similarly, a requirement for all inputs to be open source would be a disadvantage given the reality that the data inputs are a combination of public and private. RESP should be able to accommodate these different types of data input and assess their credibility.

NESO should ensure that any requirements for data collection and sharing placed on local authorities are resourced, otherwise the development of RESPs risks placing new un-resourced burdens on local authority officers, who are already stretched delivering work on energy decarbonisation.

GLA and wider London stakeholders are already engaging with NESO to provide insights from sub-regional and borough local area energy planning in London and to highlight the data inputs that are available to support the development of the London RESP through the LAEP Datahub. In London, we have extensive experience with these processes and data inputs and would welcome the opportunity to continue to share our learnings with the NESO as part of the RESP process.

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

Given the importance of local inputs, it is welcome to see recognition of the ways in which RESP can support actors to engage in the RESP development process. Local actors face a number of barriers to engaging in local energy planning. In London, the Mayor has funded sub-regional energy plans and is supporting boroughs to deliver LAEPs through the Zero Carbon Accelerator. With London Councils, the GLA is supporting boroughs to make best use of LAEPs, for example around knowledge and best practice and cross-boundary issues.

However, as discussed in the answer to questions 7 and 8, greater recognition and endorsement of the role of LAEPs as a foundation to regional and national energy planning by government would be welcome, with the associated resources and support for local actors to deliver plans, as well as support to translate these into meaningful local action.

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?; -AND-

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

We have focused our response on the role of democratic actors.

We support the ambition to formalize how those with democratic mandate interact with, and influence, the more technical aspects of energy planning by convening local authorities and delivery partners via strategic boards. These boards should have at the core of their purpose to build consensus, resolve differences and coordinate local stakeholders and so, to this end, we support the proposal for an embedded (rather than multi-stage) governance model that integrates technical actors and members with a democratic mandate into a single board. This will ensure a holistic discussion and informed debate is possible across those with differing perspectives. Further detail on the form and role of working groups would be welcome, including whether these would be issues based, focused on smaller geographic areas (such as individual GSPs), and who would sit on them.

London's governance differs from city region combined authorities in England. London Councils and GLA propose that both the Mayor and London boroughs are represented via a minimum of two representatives, one from the GLA and one nominated by London Councils' Leaders' Committee, in order to provide effective and proportionate representation on the board reflecting London's complex governance arrangements. London Councils represents London's boroughs in this way on a number of other strategic/delivery boards, and has a mature process in place for nominating political representatives to boards including the Thames London Flood and Coastal Committee and London Waste and Recycling Board (ReLondon).

While we have called for local government representation (at the borough level in London) on the Strategic Board, we also recognise that the voluntary nature of this representation while valuable might not be forthcoming across the UK where there is a lack of local expertise and capacity to take on this role. However, echoing our comments about formal endorsement of LAEPs, local input and consensus building across stakeholders will be a key component of RESP. Ensuring there is a strong mandate and effective support for local democratically elected representatives to engage with the RESP process should be a priority and can help address the risk mentioned above. This will be further enhanced by ensuring that the balance of democratically elected representatives to delivery partners is proportionate for the board to be effective, and if this is not feasible, that decision making processes give sufficient weight to the views of the democratically elected representatives.

The rationale for not giving strategic boards a right of veto, i.e. to prevent a transfer of risk outside of the energy system and established regulatory mechanisms, is convincing. However, it raises the issue on how decisions on matters outside the energy system and Ofgem's remit will be driven forward. In addition, we would propose granting local actors a mechanism to pause adoption of RESPs if they did not adequately reflect local priorities, and for the consideration of mechanisms to move forward from an impasse if one were to occur.

The single RESP region for Greater London is sensible given the GLA and borough boundaries and reflects the boundary at which local policy and decision-making on relevant matters such as transport and housing is delivered. We expect that any London RESP will take into account wider geographies of network infrastructure and be mindful where investment decisions outside the boundary affect London and vice-versa.