



10 October 2024

Regional Energy Strategic Plan policy framework consultation

We welcome the opportunity to respond to this consultation on the policy framework for RESPs. Broadly we are in agreement with the proposed framework and believe that it will enable the RESP to support coordinated development of the distribution system, enable long-term investment to be made with confidence and reflect regional variations.

However there are two areas of concern we would highlight:

- There needs to be greater clarity on where the responsibility for community engagement and input into the development of the RESP lies. Without this, community engagement could be uncoordinated and result in duplication of efforts by network operators and democratic actors.
- There will be a wide variation in the resource available for democratic actors to engage in the RESP development process. We agree that it is not appropriate for Ofgem to indirectly provide funding to support local authorities, but recognise that action will need to be taken by government. If this risk is not mitigated effectively it could result in consumers experiencing a postcode lottery in regards to democratic representation in the development of the RESP.

Detailed responses to selected questions can be found below.

Yours sincerely,

Faye Brookes Lewis

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Citizens Advice Responses to Selected Questions

Question 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 agree with the principles presented in the consultation: placed-based, whole system, vision-led, and proactive. However, we would also note that the vision should consider making more explicit the aim of the RESP to facilitate a low-cost transition, which we believe is consistent with NESO's statutory role to consider consumers.

We welcome a whole-system approach. One element of change we want to highlight is the need to account for a rapid increase in heat networks, with the government predicting that heat networks could provide up to 20% of total heat (an increase from 3%) by 2050.¹ Ultimately, the approach should allow for building the most effective and cost efficient infrastructure and solutions in the right places to ensure net zero is delivered at a fair cost.

We strongly agree that the place-based approach should be included in the RESP methodology, as democratic representation is essential. Taking into account competing interests and commercial interest, it is important that a variety of voices are included and supported to feed into the RESP process. However, without support and appropriate resourcing, some local areas might receive different levels of representation, leading to a postcode lottery for consumers. A successful place-based approach will require local resources to ensure equitable and authentic input to the process across GB. We discuss this in more detail in response to questions 9-12.

We welcome a proactive approach to the development of the system where the RESP process can contribute to identifying current or future need in an evidence-led way. Where this evidence can enable proactive investment it will ensure the infrastructure is there for consumers, generators and energy storage and facilitate green and affordable local energy. We welcome a formalisation of the engagement processes for relevant stakeholders, which will allow for greater consistency for RESPs across GB.

Question 2: 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.

We agree that the RESP should include a long-term regional vision as well as a series of short-term and long-term directive pathways. We agree that more directive pathways are crucial

¹ DESNZ, [Heat Network Zoning Consultation](#)

to deliver upon the aims of the RESP and to provide Ofgem and other decision makers with confidence in their decisions on infrastructure investment.

We agree that a short-term pathway of 5 to 10 years is appropriate. A period of 5 years would be beneficial as it aligns with the Government's ambition to achieve clean power by 2030 and may provide some alignment with 5 year price controls.

A long-term pathway of 25 years is valuable as it would provide a view out to 2050. This long-term pathway is also crucial for enabling the necessary signals for appropriate longer-term investment decisions to be made, particularly for those technologies or infrastructure builds which take longer than a single price control period. The accuracy of pathways and projections reaching to 2050 may be lower, but the suggested annual data refresh and updates to the RESP would mitigate the impacts of this.

Question 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 in principle that the RESPs should have an annual data refresh and a 3 yearly update, in order to be kept regularly updated. However, Ofgem should set out more clearly where the key differences would be between the annual refresh and 3 yearly update and if this means that refreshes only update some data inputs and not others. However, we also believe that the RESP update cycle should align as closely as possible with the price controls periods that they most affect. This gives the best chance for price controls to be well informed by RESPs.

Question 4: 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.

Yes, we agree that the RESP should inform the identification of system need in the areas proposed:

- Providing consistent assumptions: We agree with the proposal that the 'central hub' should develop a set of common assumptions for all regions to use. These assumptions will provide greater consistency in network planning, and provide greater confidence in identifying whole system need. It will be more efficient to begin with central assumptions rather than these inputs being developed multiple times which could introduce undue variation across the RESPs. We agree with the proposal that the assumptions should be used by network companies to translate how low carbon technology uptake will affect peak demand on the electricity network. These assumptions should also be used to better understand the reductions in peak demand in gas.

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- Setting out the spatial context for capacity needs: We agree with the proposal that the RESP should include a spatial view of demand and generation growth projections. A spatial view of a region's system need will support coordinated planning between all relevant actors.
- Informing strategic network investment: We agree that it is appropriate for the RESP to have a role in identifying the location for strategic investments to achieve the long-term vision for the region. This will allow the RESP to fulfil its objectives of enabling proactive development of a region's energy system and investment in network infrastructure to ensure Net Zero targets are met.

Proactive development must also include processes to understand how national and local drivers may lead to very low or no demand from infrastructure, such as parts of the gas distribution network. This is necessary in order to understand the timings and need for actions like decommissioning or repurposing at a suitably local and granular level. This should also be seen as an important input to Ofgem's decision making on accelerated depreciation of gas network assets. For example, should a street by street electrification approach be taken by a local authority it would be crucial that the electricity demand increase and gas demand depletion that this would prompt is well understood to allow the right decisions to be made to ensure there is a cost efficient transition for consumers. The role that RESPs can play here is crucial.

Question 5: Do you agree technical coordination should support the resolution of inconsistencies between the RESP and network company plans? Please provide your reasoning.

Yes, we agree that NESO's technical coordination role in delivering the RESPs should support the resolution of any inconsistencies. We agree that technical coordination should take a cross vector approach, ensuring that electricity and gas network plans are consistent with each other, as well as being consistent with the RESP itself. We believe that it will be necessary for this technical coordination to have a level of 'enforceability' given to it, for example that this evidence can be considered by Ofgem in determining price controls. The NESO's independence lends itself well to this role.

Technical coordination may also be necessary to reconcile potentially conflicting inputs to the planning process, for example if network plans and Local Area Energy Plans (LAEPs), or equivalent, are inconsistent with each other.

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Question 6: 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 with the three building blocks of the RESP (modelling supply and demand, identifying system need, and technical coordination) and believe this will enable the RESP to fulfil its objective of identifying current energy demand, how demand will change and where additional capacity will be needed.

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

Yes, we agree with the framework of both top-down and bottom-up inputs as outlined in the consultation document. The proposed framework will enable the RESP to reflect regional differences and develop a well-informed view of energy demand and generation within each planning region.

In addition to the top-down national inputs already listed in paragraph 3.43, we believe that the National Infrastructure Commission infrastructure assessments² would also be valuable to include. The use of NIC assessments and data would complement the use of FES and CCC scenarios/pathways.

In addition to bottom-up data inputs outlined in Table 2, we believe that the following data inputs would also be required:

- Information about levels of installation of low carbon microgeneration and storage - for example solar panels on household roofs and household battery storage.
- Housing stock data should include data about the retrofitting of homes for energy efficiency, including uptake of government schemes such as the Home Upgrade Grant and Boiler Upgrade Scheme.³

We would also note that the coverage of LAEPs is patchy, and the level of detail in LAEPs can vary greatly. Where there is limited local energy planning, we support the proposal that the RESP methodology should establish further assumptions to generate the energy demand and generation projections. However for clarity, our preference is that there should be greater consistency in local area energy planning as discussed below.

² National Infrastructure Commission, [Second National Infrastructure Assessment](#)

³ DESNZ, [Green Homes Grant and Home Upgrade Grant statistics](#) and [Boiler Upgrade Scheme statistics](#)

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

We welcome the framework for support suggested for local actors. Providing a framework for local support should enable actors to develop the necessary skills and knowledge to effectively engage in the RESP processes, and should further ensure the RESP is reflective of place-based considerations.

In addition to the support outlined, we believe that the RESP process could also work as a feedback loop for local inputs if, for example, some were not considered consistent with what is required to reach net zero and national assumptions.

However, we would highlight that without mandate and financial support for local actors, including local authorities, there is the risk of exacerbating inequalities across the country. There is already variation between nations. LHEES are being mandated in all 32 of Scotland's LAs and the Welsh government has employed Energy Systems Catapult (ESC) to help facilitate LAEPs across all 22 LAs in Wales. However, in England LAEPs are voluntary and unsupported by the government. Close to 100 councils have completed LAEPs out of a possible 312 councils.⁴ We have previously called on the government to introduce a national framework for LAEPs, and to move to a fairer and more sustainable way of funding them.⁵

Some network companies have stepped in to provide support to LAs with local energy planning, however this should not be a long-term solution for appropriately resourcing this within local authorities. Local authorities often have limited budgets and competing priorities for finances. Therefore, without an explicit statutory duty accompanied by adequate resources, engaging with the RESP could be challenging for some local authorities.

We agree that it is not appropriate for the NESO, as a licenced entity, to provide funding and personnel for LAs to develop LAEPs. We would also note that the same principle should also apply clearly to network companies to ensure that their role and relationship with local authorities is better defined with clear boundaries, especially when RESPs are in place. This is particularly important to ensure that there is no risk of customer cross-subsidisation where network companies span multiple RESPs.

Overall the current patchwork of resourcing is not a long-term sustainable solution and could undermine the place-based engagement envisaged. However, it is also not clear that the RESP

⁴ Energy Systems Catapult, [Local Area Energy Plans](#)

⁵ Citizens Advice, [Close to home: How to engage local communities in the development of Local Area Energy Plans \(LAEPs\)](#)

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framework, NESO or Ofgem can address this without the government ensuring there is a more coherent solution across GB.

We also know from our research on LAEPs that there is currently relatively little representation from consumer protection groups in their development.⁶ We anticipate that this could also be a challenge for the development of RESPs and that it may be difficult to achieve effective consumer representation at a regional level. We have developed guidance for local authorities on how best to incorporate a range of representative voices in their LAEPs⁷, which might also be helpful in the process of formulating the RESPs.

Question 10: Do you agree with the purpose of the Strategic Board? Please provide your reasoning.

We are pleased that our proposal to establish RESP stakeholder groups to assist in the RESP process has been taken into consideration.⁸ We agree with the purpose of the strategic board to facilitate transparency, heighten the visibility of regional priorities, and provide oversight of RESP development.

However, it should be made clearer whether the strategic board's primary function is one of governance or of input. There appear to be other processes, such as the proposed working group structure, for inputting to the planning process. For this reason it is our preference that the board's role should be primarily a governance structure. This role should involve ensuring that processes are effective and efficient and representative, and to support the delivery of consensus where possible. If governance is the primary objective, this could allow for a wider pool of possible representatives to be involved.

We think it is essential for local democracy and consumer interests that the strategic boards provide a forum for collaboration, navigating trade-offs, supporting whole system planning and ensuring the RESP reflects the regional context. We agree that for the avoidance of doubt, the final decision maker on the content of the RESPs should be NESO as the accountable RESP Delivery Body. This will balance the need for local input with the need for coherence with achieving a 'single view of the truth' and longer-term strategic decision making.

The strategic board and work group structure should ensure that there is coordination between actors and not duplication of work. We believe that there will need to be more work conducted

⁶ Citizens Advice, [Look before you LAEP: Ending the postcode lottery of local area energy plans](#)

⁷ Citizens Advice, [Best practice guide: A guide on engaging local communities in the development of Local Area Energy Plans](#)

⁸ Citizens Advice, [Citizens Advice response to the Ofgem Future of local energy institutions and governance consultation](#)

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to avoid duplication of research, development, and stakeholder engagement between the RESP's role and the role of devolved and local governments and the community engagement role of network companies. It is not in consumers' interests to have expensive consultations undertaken by all these actors in parallel, and this engagement and research will need to be streamlined.

We have advocated before, as part of price control processes, for there to be more collaboration or centralising of engagement and research activities among network companies. In our view, there is evidence that Ofgem has sometimes not had sufficient confidence in evidence submitted by network companies to make decisions consistent with that evidence. We agree that Ofgem should only make decisions where it has confidence in the evidence. If the RESPs provide a new opportunity for gathering evidence which Ofgem can have greater confidence in then we believe this should be explored, but only where action is taken to also prevent duplication.

Question 11: Do you agree that the Strategic Board should include representation from relevant democratic actors, network companies and wider cross-sector actors in each region?

We agree that the Strategic Board should include representation from democratic actors, network operators, and cross sector actors. We believe that board members' role should be to provide scrutiny of the RESP process, the NESO's role in it, and offer relevant knowledge and expertise and represent a broad range of voices. We believe the greatest value would be delivered to the strategic board from views provided independently rather than driven by commercial interests, particularly as there appear to already be suitable other routes proposed for commercial interests to be represented and inputted. It is not uncommon in governance processes, such as energy codes, for parties to be required to act as an independent and expert voice, rather than a representative of one company or constituency of a sector. We believe the same principle may be applicable to Strategic Boards.

Local Authorities and Combined Authorities should be represented to embed democratic representation into the RESP development process. However, thought will need to be given to how 371 local authorities across GB can be effectively represented in 11 RESP boards. This may be simpler in areas where combined authorities exist, but more challenging where they don't.

There should be a means for these key stakeholders to call out shortcomings in the process or the inputs and outcomes of the regional system planning. In particular, the democratic mandate that devolved and local government bodies hold must be recognised and have weight. We also agree that network companies, who are responsible for the reliability, resilience, and deliverability of energy in GB, should be able to raise concerns about the process though, as noted above, these should be driven by their technical expertise.

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We recommend that boards should build on existing relationships between stakeholders; this might mean different regions have different stakeholders present, depending on existing relationships. The challenges facing urban and rural communities will also differ in the planning process. It should also be noted that devolution is at different stages in different areas that must be considered.

Question 12: How should actors (democratic, network, cross-sector) be best represented on the board? Please provide your reasoning, referring to each in turn.

We agree with an embedded model, which will avoid potential duplication and facilitate better collaboration. We believe a multi-stage model would add too many layers of bureaucracy and confuse the decision-making process. We do not have strong opinions on how different actors should be represented on the board. However, we believe that the following points should be considered:

- Chairing of the strategic board: There should be consideration for who is chairing the strategic boards. As the boards should be providing scrutiny of the RESP process and NESO we would suggest independent chairs would be most appropriate. This would also ensure an impartial conductor of the group to balance different interests across the sector. NESO representatives should be included in the board to offer expertise and allow best practices and insights from other strategic groups to be shared easily.
- The role of wider stakeholders: It is not feasible to have all affected stakeholders, for example large business users, micro- and small business users, flexibility providers, and community energy groups represented on the strategic board. However there should be opportunities for these stakeholders to feed into development of the RESP, either through the working group structure or as part of the insight gathering that will be required in the RESP process.
- Consumer representation: It's important that the interests of consumers are represented in the RESP development process. However, it is not currently clear from the proposals how this would be achieved. We would welcome further development and discussion with NESO and Ofgem on how the interest of consumers would best be represented in the RESP process.

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