



## Innovate UK

### BRIEFING NOTE

# The Regional Energy Strategic Planner (RESP)

## Insights for local authorities about how Ofgem plans to introduce and deliver strategic energy planning across UK regions

Created for Innovate UK Net Zero Living programme by Regen

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UPDATE JULY 2024: this briefing paper was produced in June 2024, ahead of the launch of the Regional Energy Strategic Plan (RESP) policy framework consultation in July 2024. Some of the information may therefore have been updated in the **consultation document which can be found here**. This briefing guide is designed to provide background information about the Regional Energy Strategic Plan policy framework to build understanding about Ofgem's proposed reforms.



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As part of the Innovate UK Net Zero Living Thriving Places programme, it is supporting 52 local authorities across the UK on the non-technical barriers to delivering local net zero.

Regen has joined the programme to provide support for local authorities in navigating and responding to policy and regulations that impact their ability to deliver their net zero ambitions. Innovate UK does not endorse any of the views or policy proposals set out in this briefing.

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## About Regen:



Regen is an independent centre of energy expertise with a mission to accelerate the transition to a zero-carbon energy system. We have nearly 20 years' experience in transforming the energy system for net zero and delivering expert advice and market insight on the systemic challenges of decarbonising power, heat and transport.

We have over 150 members who share our mission, including clean energy developers, businesses, local authorities, community energy groups, academic institutions and research organisations across the energy sector.

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# Introduction to Regional Energy Strategic Planners

## Strategic energy planning for net zero

Following a consultation in summer 2023, in November 2023, Ofgem announced the development of **Regional Energy Strategic Planners (RESP)**. The RESP is proposed to be up to 13 new bodies across Great Britain to work with local government and local energy networks to coordinate strategic energy and infrastructure planning. The RESPs will be delivered by the new National Energy System Operator (NESO). [The full minded-to announcement and decision can be read here.](#)

The RESPs will help address concerns that energy capacity is holding back delivery of local net zero plans by enabling more strategic planning in local and regional energy infrastructure. Boundaries are yet to be confirmed but are expected to align with political (rather than energy network) boundaries).

The plans for the RESP mark a significant change in local and regional energy governance, as RESPs will support more strategic cross-vector planning of the energy system to ultimately enable local authorities and other stakeholders to better deliver local net zero ambitions.

## Local areas are concerned that lack of energy capacity is holding back net zero plans

The UK has set a target to decarbonise the energy system by 2035 and to reach net zero by 2050 (2045 in Scotland). At a local and regional level, local authorities are setting out local net zero ambitions through decarbonisations plans like local area energy plans (LAEP) in England and Wales, and Local Heat and Energy Efficiency Strategies (LHEES) in Scotland.

Such local decarbonisation planning is critical for reflecting the different needs and ambitions of places based on physical geographies, citizen demographics and economic capability.

Distribution Network Operators (DNOs) that own and operate the local electricity networks are currently exploring how to incorporate new LAEPs and LHEES data into their scenario planning, stepping up engagement with local authorities to reflect their aspirations in their development plans. However, many local areas are still

finding that a lack of capacity and high costs to connect to the electricity network are blockers to their net zero ambitions.

## **RESPs will support more strategic planning in local and regional energy infrastructure**

Led by the National Energy System Operator (NESO), Regional Energy Strategic Planners (RESPs) will be responsible for supporting place-based engagement and coordination to ensure local plans and aspirations are translated into action and investment in the local and regional energy infrastructure and networks.

In the past, improvements to existing energy infrastructure have been relatively incremental with changes made ‘as and when needed’. Achieving net zero however will require more strategic change at all levels of the energy system and systems and processes that coordinate action at national, regional and local scales.

In developing a more strategic approach to investment, the UK government is undertaking a system of reform including creating a [Strategic Spatial Energy Plan](#) (SSEP) which is due to be in place by 2025. This plan will cover national infrastructure development needs like identifying optimal areas for transmission infrastructure and hydrogen development. The SSEP will help with some of these ‘big ticket’ items in transition to net zero – particularly unlocking vital capacity at a national level.

The RESPs are part of an aspiration to develop strategic plans that also cover local areas and the distribution network. A key role of the RESP will therefore be to develop a regional energy strategic plan to give a whole-system view of current and future energy demand within a region, including gas and electricity network plans, LAEPs/LHEES, heat network zones and transmission infrastructure. Doing so will require collation of existing data and plans, and place-based engagement to ensure the views of significant stakeholders are accounted for.

With the development of both local and national-level net zero plans, another important RESP role is coordination – ensuring that these two approaches effectively fit together and feed into strategic energy system planning and decision-making by Ofgem and energy networks. Solving this coordination challenge could help streamline the network planning process and unlock the capacity that will enable local authorities to meet their net zero goals.

## **RESPs mark a significant change in local and regional energy governance**

The RESPs marks a significant change to energy governance. Currently there is no formal strategic coordination of the energy system at sub-national level, or official role for local and regional government in energy planning (though they are consulted as part of DNO consultations and business plans).

The RESPs will have a level of democratic accountability, for example through a board that includes local authority representatives and potentially significant regional infrastructure providers or civic stakeholders. RESP governance bodies are not expected to have an active role in signing-off energy network plans, for instance, but will have some responsibility for setting common regional objectives and reviewing and guiding action to meet regional priorities.

As part of its role, RESPs will also be working with organisations like local authorities, gas and electricity networks and other local stakeholders to ensure there is appropriate input, engagement, accountability and coordination of energy system planning at a sub-national level.

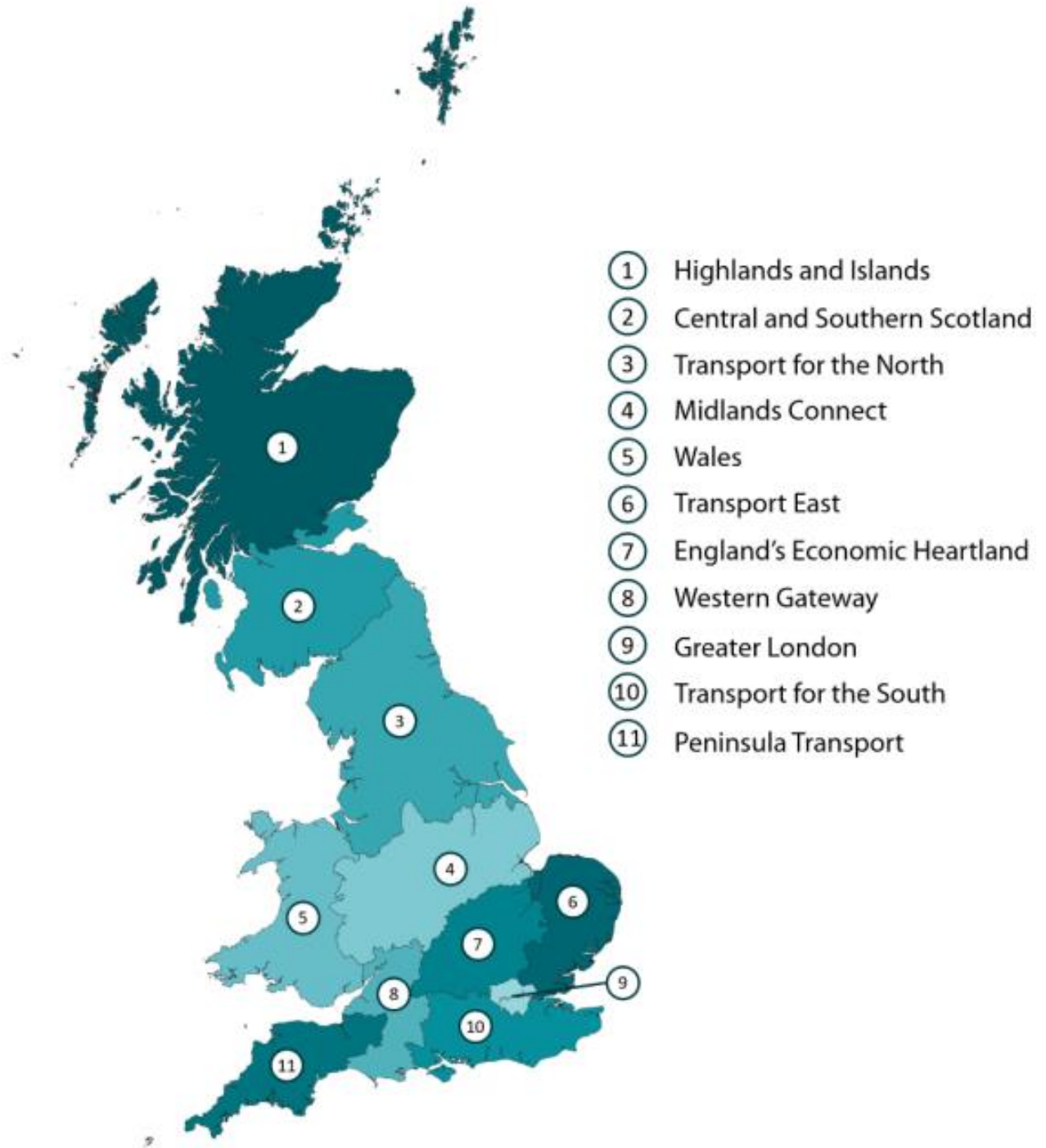
The new bodies also offer an important opportunity to support a just transition by better reflecting local and regional ambitions in the planning of energy infrastructure. They should provide a format for greater local democratic input into the UK's energy future overall – championing a more bottom-up approach that incorporates place-based planning into national pathways. This, in turn, can provide a clearer view of needs and enable more confident and collaborative strategic network planning to unlock new local and regional opportunities.

### **The regional boundaries of RESPs will be based on political rather than network boundaries**

The first consultation established that the RESP boundaries will be based on political rather than network infrastructure boundaries, reflecting the importance of local and regional government in the process.

In the announcement following the first consultation, Ofgem suggested draft RESP boundaries could be aligned with current devolved governments and Regional Transport Boards which are existing regional political structures (*Figure 1*). The exact regional boundaries are currently under development and discussion with stakeholders. There is an expectation that there will be 11-13 RESP in total: two in Scotland, one in Wales and 8-10 in England. The full details and rationale to base the boundaries on the Regional Transport Boards can be found in [Ofgem's minded-to decision](#).

Figure 1: Regional Transport Boards and proposed RESP boundaries





## Critical areas for RESP development

Ofgem and National Grid ESO (soon to be the National Energy System Operator (NESO)) are currently engaging on the development of the RESP, with a view to launching a more substantive consultation through the summer of 2024. Some of the issues they are considering include:

### What will the function of the RESP be?

Although the broad aspiration for the RESP is clear, the details on the RESP function is still being developed. The energy system is complex, with significant stakeholders and interests to balance, and so there is a key question about how narrow or broad the function of the body will be. Ofgem is keen to ensure that the function is achievable.

RESPs will ensure a more coordinated and strategic approach to energy system planning by bringing together a range of local and national inputs in a consistent way. For local authorities, the RESP should provide an independent and accountable body to support better and more strategic planning of infrastructure across regions to help deliver place-based plans.

As with all decisions about strategic planning and investment, there will also be trade-offs across different vectors (like electricity, gas, heat, transport etc) to be considered and decisions to balance ambition with practical realities like cost and ability to deliver investment within specific timeframes. Therefore, the RESP will also have a role in arbitration and conflict resolution – with the aim to provide an independent body that can mediate when disputes arise between local authorities and networks.

The November announcement set out Ofgem’s high-level thinking about the function of the RESP. Notably, the minded to decision highlighted that:

*“The RESPs will be responsible for **developing a regional whole system strategic plan** that is coherent with national and local net zero ambitions and energy security priorities, and that supports achieving the most cost-effective decarbonisation outcomes derived from, and informing, the individual plans of local actors.*

*“The key functions it will be responsible for delivering are cross-vector strategic planning; technical coordination activities (e.g. energy demand modelling, whole system optioneering, conflict resolution); place-based engagement and coordination; and supporting local actors” Ofgem, 2023.*



The minded-to decision also noted that the output of the RESP would be the regional energy strategic plans which:

*“Will be a strategic plan which is spatial and supports infrastructure investment planning and a set of key planning assumptions for use in constituent actors’ planning. Beyond that, the granularity and form of the output will be developed further in the detailed design phase”.* **Ofgem, 2023.**

A full breakdown of those functions and potential activities that the RESP will undertake to deliver those functions is shown in *Figure 2*.

*Figure 2: proposed RESP functions and activities*

Function	Potential activities
<b>Strategic planning</b>	<ul style="list-style-type: none"> <li>• Aggregate top-down national targets and scenarios with local insights and data.</li> <li>• Develop a whole system strategic plan to give an informed picture of where current energy demand is, how it may change over time and set a common regional objective.</li> <li>• Provide supporting information to guide when and where capacity is needed to form the basis for detailed network planning.</li> </ul>
<b>Technical coordination</b>	<ul style="list-style-type: none"> <li>• Technical coordination and analysis of plans to ensure cross-vector integration and maximise opportunities for system optimisation.</li> <li>• Ensure consensus driven decision-making with a clear conflict resolution route.</li> </ul>
<b>Place-based engagement and coordination</b>	<ul style="list-style-type: none"> <li>• Establish transparent processes for local actors to participate in energy planning.</li> <li>• Act as an accountable owner to bring network companies and local actors together to work towards a common objective.</li> <li>• Facilitate engagement with stakeholders to understand their priorities.</li> </ul>
<b>Support to local actors</b>	<ul style="list-style-type: none"> <li>• Provide proportionate resources to LAs, where needed, through technical advice, data, and tools to enable them to turn local targets into credible plans.</li> </ul>

## What will be the format of RESP governance, information flows and decision making?

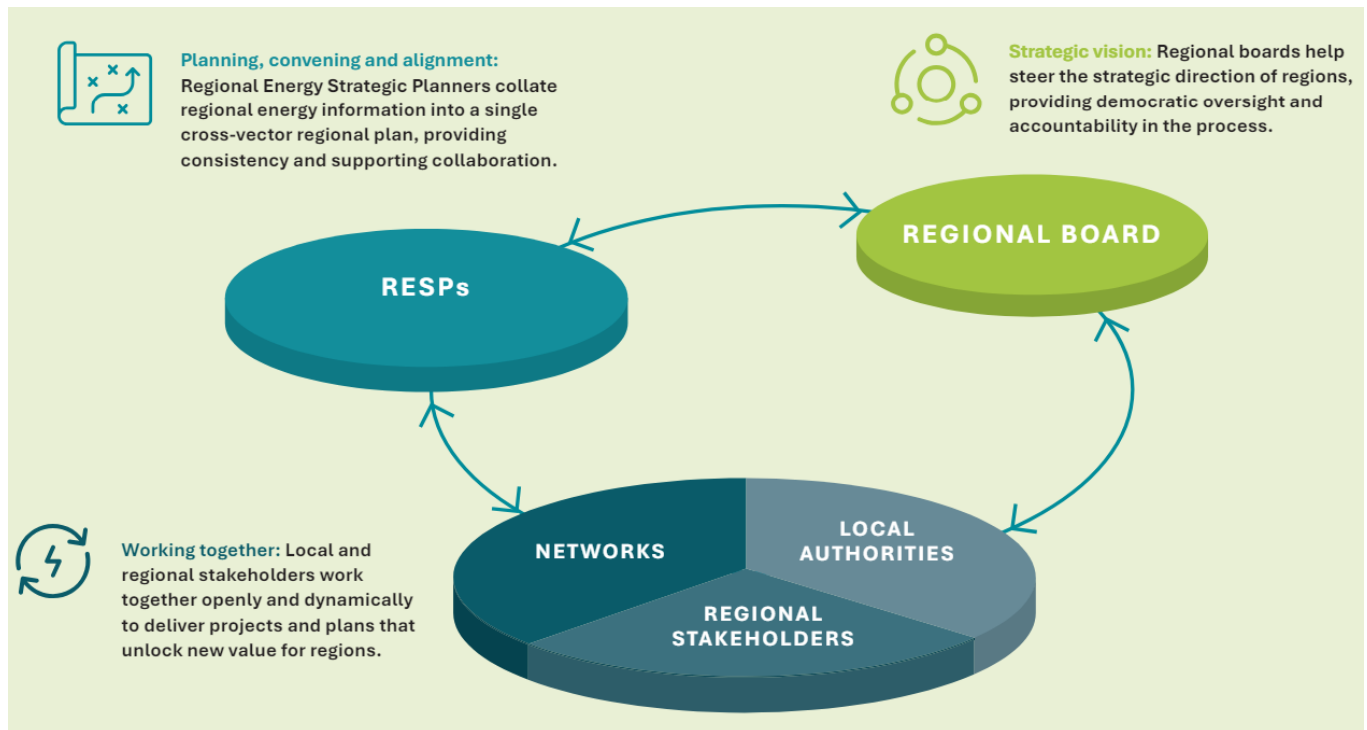
Ofgem is currently exploring options for governance mechanisms that can ensure democratic accountability is central to the strategic planning process. One option is a type of 'board', similar to the Transport Boards with representatives from local authorities. As regional bodies however there is a key question about how this will work in England where there are limited regional political bodies outside the Combined Authorities.

There is currently inconsistency across the sector as to how local and democratic input feeds into network planning processes. This can be particularly apparent for local authorities containing two or more DNO boundaries (e.g. Oxfordshire is served by National Grid Electricity Distribution, Scottish and Southern Electricity Networks and UK Power Networks).

In initial consultations about the RESP, stakeholders were clear that any RESP governance structure must convene the critical actors involved in energy system planning, including local authorities, delivery partners (e.g. network operators) and other relevant local stakeholders (e.g. NHS, transport networks like TfL, heavy industrial stakeholders, etc).

Regen has worked with SSEN to produce a thought leadership paper explores how the RESP can deliver value for stakeholders and how the RESP could evolve out of existing processes today, Figure 3 shows a high-level governance structure flow from this paper. [You can read the paper in full here.](#)

Figure 3: High level models for the Regional Energy Strategic Planners as suggested in [Regen's Roadmap to RESP: Unlocking regional ambition paper](#).



No specific mechanism has yet been determined for the RESP governance structure. However, several Innovation projects have been exploring different governance structures from a RESP perspective and working with NESO and Ofgem to determine which options might be best suited for place-based approach.

One such project is [Planning Regional Infrastructure in a Digital Environment \(PRIDE\)](#) which Regen supported with other project partners the West Midlands Combined Authority and Advanced Infrastructure, as well as network lead National Grid Electricity Distribution (NGED).

The PRIDE project explored how new digital tools and regional governance structures in the West Midlands could streamline energy planning processes and provide a platform on which local authorities and networks could better engage about place-based planning.

Specifically, PRIDE explored how supporting regional governance structures, in addition to a core RESP governance structure, could support actors responsible for democratic accountability to access the knowledge, skills and capability they needed to make critical decision that impact regional energy planning.

## What is the role of Local Area Energy Plans and what resources will the RESP provide for local authorities?

The information that local areas feed into the RESP and DNOs is going to be of critical importance for the efficient functioning of the RESP.

Ofgem has also noted the varying levels of capacity and expertise across local authorities on energy planning and highlighted the potential role for the RESPs in support local authorities' local energy planning resources like data and tools.

Ofgem specifically doesn't prescribe the LAEP methodology but does flag that consistency across local energy planning is an important area of consideration for the UK government and the Department of Energy Security and Net Zero.

Ofgem has also been clear that RESPs will not provide capital support for local authorities to deliver LAEPs. However, RESPs will support the LAEP process in providing consistency in assumptions and signposting to relevant tools and guidance. There is then a question around how the RESP can access this information and reflect it within regional energy strategic plans (i.e. directly, via network planning processes, or other).

## Who is responsible for delivering the RESP?

Another decision that was made after the first consultation is that the RESP will be delivered by the new National Energy System Operator (NESO) which is currently National Grid Electricity System Operator (ESO), a legally separated part of National Grid group with responsibility for the electricity system.

Following the passing of the Energy Act 2023, which legislated for a Future System Operator (FSO) to be created, the ESO will soon evolve to become the [National Energy System Operator \(NESO\)](#), a not-for-profit publicly-owned organisation with wider system planning responsibilities that go beyond the electricity system.

The RESP role was felt to sit well with their wider function of coordinating and ensuring strategic planning across the sector. It will have an ambitious long-term vision and provide independent advice to government and Ofgem. Furthermore, the NESO will adopt a 'whole system' approach within the energy system, with responsibilities in strategic network planning, long-term forecasting and market strategy. Ofgem will remain the body responsible for energy infrastructure investment, scrutinising and signing off electricity and gas network investment and business plans.

## Next steps for the RESP

### Summer 2024 consultation

Since the announcement in November 2023 about the creation of RESPs, Ofgem and NESO have been engaging with stakeholders to develop their plans and preparing for a full consultation about the RESP which is expected to launch in Summer 2024.

They have been engaging with industry and local stakeholders about three key details of RESP establishment. We expect more detailed decisions to be made about these areas in the upcoming consultation.

- **Functions of the RESP and how it will operate.**
- **RESP governance, information flows and decision making.**
- **RESP geographical boundaries.**

The RESP consultation will be launched by Ofgem in the summer of 2024. We are currently expecting it to be in July.

Regen will be working with the Net Zero Living cohort, specifically the Strategic Planning policy working group to produce a response to the consultation on behalf of the 52 local authorities within the programme.

### Upcoming events for those interested to know more:

- 18 July – Regional Energy Strategic Planner workshop (third Thursday Net Zero Living cohort workshop) – [register here](#)

### Further reading

- [Regen report for the initial consultation](#) – calling for collaborative partnership approach
- [Ofgem minded to decision about the RESP \(November 2023\)](#)
- [Regen Roadmap to RESP: Unlocking local ambition paper](#)
- [PRIDE: Regional Energy Strategic Planner insights](#)