

Consultation: Future of local energy institutions and governance

Suffolk County Council welcomes this opportunity to contribute to this consultation on *the Future of local energy institutions and governance*. The Council's key issues are summarised here, whilst the full response is set out below.

Suffolk is a key location for the delivery of Net Zero projects, it has shallow seas offshore that are ideal for fixed foundation turbines, it is well located for interconnectors, and it has also attracted a proposal for the largest onshore solar development in the UK. In addition, it will, subject to the construction of Sizewell C and the life extension of Sizewell B, be the leading operational nuclear cluster in the UK. The wider Anglian region also has the potential to accommodate hydrogen production with an established gas sector and a natural gas terminal.

Therefore, both current and future energy developments have a significant impact on our communities, and the future governance of energy systems at a regional level is very important to the Council, Suffolk's economy, and its communities.

The summary of the Council's response is:

- The creation of regional system planners is likely to improve public confidence in the strategic planning of energy networks, particularly as regional system planners will have direct links with local actors, such as Distribution Network Operators and Local Authorities
- The emphasis that "*a place-based approach is at the heart of how the regional energy system is planned*" is very welcome.
- It is also very welcome that the importance of organisations with a democratic mandate, participating meaningfully, in the regional energy planning process is recognised.
- Effective systems of engagement and data exchange will be essential within a region, to ensure effective system planning, which may place additional burdens on participating Local Authorities.

Q1. Do you agree with our proposal to introduce Regional System Planners as described, who would be accountable for regional energy system planning activities? If not, why not?

The proposals set out in the consultation, to create regional system planners, are appropriate and necessary to provide the much-needed coherence of energy system planning at a regional scale. Furthermore, the creation of regional system planners is likely to improve public confidence in the strategic planning of energy networks, particularly as regional system planners will have direct links with local actors, such as Distribution Network Operators, business interests and Local Authorities.

The clarification at footnote 7 that Local Area Energy Planning is not prescribed for Local Authorities by these proposals, is very welcome.

Q2. What are your views on the detailed design choice considerations described?

The proposal for Regional System Planners (RSP) to look across the energy system, and have accountability as a single independent actor, is welcome. The proposed role of the RSP, as a convener of a group of interacting organisations, including local and regional government, and having

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consideration for a range of energy vectors including heat, storage, carbon capture, and hydrogen, is welcome.

The emphasis that *“a place-based approach is at the heart of how the regional energy system is planned”* is very welcome.

It is very pleasing to note the recognition, at paragraph 3.20 and elsewhere in the consultation, of the importance of organisations with a democratic mandate participating meaningfully in the regional energy planning process.

This is particularly important, not only to ensure relevant local democratic scrutiny and more common understanding of future trends, but also to ensure that Local Authorities can fulfil their emerging enhanced role in respect of economic development.¹

Q3. Do you have views on the appropriate regional boundaries for the RSPs?

Until the responsibilities and remit of Regional System Planners has been defined, it is not possible to clearly understand the options that might be appropriate for regional boundaries. However, given the welcome linkages to local authorities and the need to exchange data, boundaries should be contiguous.

Q4. Do you agree that the FSO has the characteristics to deliver the RSPs role? If not, what alternative entities would be suitable?

Yes, the Future System Operator (FSO) does have the characteristics necessary to deliver the regional system planner role. Furthermore, such a role for the FSO would provide the appropriate vertical integration of system planning between the national and the regional, as well as between transmission and distribution, of both electricity and gas.

Q5. Do you agree with our proposal for a single, neutral expert entity to take on a central market facilitation role? If not, why not?

Yes

Q6. Do you agree with the allocation of roles and responsibilities set out in Table 2? If not, why not?

The proposals set out in Table 2, appear to be appropriate.

We would, however, wish to see a reference to Innovation within Table 2, as this is critical to ongoing development of the system and would appear to be absent at present.

7. Are there other activities that are not listed in Table 2 that should be allocated to the market facilitator or other actors?

It would be useful to clarify the proposed future role of Ofgem within this.

Q8. What are your views on our options for allocating the market facilitator role?

We would wish to see a social value test included in any licence to operate.

¹ “Government intends for the functions of LEPs to be delivered by democratically elected local leaders”
<https://questions-statements.parliament.uk/written-statements/detail/2023-03-16/hcws641>

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Q9. Are there other options for allocating the market facilitator role you think we should consider? If so, what advantages do they offer relative the options presented?

No Comments

Q10. Do you agree that DNOs should retain responsibility for real time operations? If not, why not?

Yes

Suffolk County Council does not wish to comment on questions 11-15

Q11. What is your view on our proposed approach to the undertaking of an impact assessment as outlined in Appendix 1?

Q12. What is your view on the most appropriate measure of benefits against the counterfactual?

Q13. How should we attribute these benefits between the governance changes in the proposed option, and other changes required to achieve the benefits? We particularly welcome analysis from bodies that have undertaken an assessment of benefits, specifically how those benefits might be attributed to different policy reforms that are required to achieve those benefits.

Q14. What additional costs might arise from our governance proposals? We welcome views both on the activities that may arise and cause additional costs to be incurred, as well as the best way to estimate the size of the costs associated with those activities.

Q15. What additional costs may arise from sharing functions with several interacting organisations? We welcome views on set up cost, lost synergies, and implementation barriers.