

Ofgem Regional Energy Strategic Plan policy framework consultation Response from the Yorkshire & Humber Climate Commission

The Yorkshire and Humber Climate Commission (YHCC) is an independent advisory body set up to advance ambitious climate action across the region. Bringing together climate leaders from the [public, private, and third sectors](#), the Commission provides guidance to drive impactful, region-wide climate action. The Commission has four inter-related aims:

- to foster climate resilience and adaptation to climate risks and impacts;
- to support rapid progress towards net zero carbon emissions;
- to encourage a just and inclusive transition and climate actions that leave no-one and nowhere behind; and
- to promote sustainability and climate actions that also protect nature and biodiversity

The Commission supports these aims across the region by enabling engagement, supporting constructive debate, strengthening the evidence base, promoting best practice, helping to build capacities for financing and delivery, and regularly reviewing progress. Energy systems planning is one of the Commission's Flagship Projects, recognising the critical importance of transformational energy systems change as a foundation for climate change mitigation in the region.

This consultation response has been developed collaboratively with members from across the Commission's membership including representatives from Local Authorities, energy generators, network operators, academia, the finance sector, and advocacy organizations. We have addressed questions 1-3 and 9-14, which align with the strategic nature of our role.

The Commission welcomes the introduction of regional-scale governance to support the energy systems planning, particularly to enable the action that needs to happen at the local level. Yorkshire and the Humber is a region with both high carbon emissions and levels of inequality. We see the transition as a unique opportunity to reduce fuel poverty, create good green jobs, and enable community ownership of energy systems.

However, to be successful, the emerging detailed governance for RESPs will need to address three key issues:

1. The RESPs must enable a just transition, and this should be seen throughout the governance arrangements. This includes clarity on how RESPs will support ambitious demand reduction. This is not just important for reducing inequalities, but is key in ensuring local ownership and deliverability.
2. Ensuring that roles and accountability are clear, and that there is sufficient resource at each level to deliver what is best delivered at that level. This is particularly important the local level due to its connection to communities and the just transition, and its current resource challenges.
3. Any new governance structure must not undermine the need for place-based engagement or existing local democratic processes, as these are vital to ensuring local ownership and the delivery of solutions that benefit communities. There needs to be clear mechanisms for bottom-up engagement as well as top-down.

QUESTION ONE:

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 broadly agree with the principles that have been put forward in the consultation. However, we feel that there are two additional principles – Fairness and Deliverability - that Ofgem should consider adding to the principles. Additionally, whilst we recognise that the principles are articulated at a high level at this stage, we would encourage Ofgem to consult in more detail on how these principles are more closely defined and best implemented.

Be Fair

We would suggest that Ofgem adds an additional principle of ‘be fair – ensure a customer-centric approach that enables a fair and equitable energy system’. The outcomes of the RESPs will have a profound impact on customers and communities; creating the framework under which energy system investment will occur and, therefore, the balance of technologies available to customers within local communities. The development of RESPs cannot simply be a technocratic modelling exercise; it must have customer outcomes at heart.

We consider this principle to be relevant to the end-product plans themselves. It is critical that energy systems change ensures that the benefits and burdens of the transition are distributed equitably among all stakeholders, particularly customers in all regions. Ofgem may consider this to be a facet of vision-led planning, but we strongly recommend that it is given more prominence as a key principle underlying the RESPs.

We also consider this principle to be relevant to the ways in which the plans are developed. The plans should be based upon a deep, representative understanding of customer needs, and include broader public and political engagement. Households, businesses, and other stakeholders act as decision-makers within the system, and their inputs are crucial to shaping practical, effective energy solutions that reflect real-world needs. Plans should be built upon proactive engagement with communities to ensure that they reflect the diverse needs and preferences of local areas. In some areas, it may be that there is a rich evidence base of customer needs and a platform for community engagement already, particularly where communities have already been consulted on Local Area Energy Plans. However, in other areas this may be more latent. Ofgem cannot rely solely on democratic representation to fill these gaps.

Be Deliverable

We would suggest that the principles need to emphasise the importance of creating realistic, deliverable plans and would suggest that Ofgem adds a further principle of ‘be deliverable – provide clarity to stakeholders key time sensitive dependencies that must be met to enable delivery of energy pathways’. Plans must account for practical limitations such as skill availability, network capacity, and the feasibility of consumer engagement. Over-ambitious front-loading of investment without considering these factors could hold back the successful implementation of the plans.

Developing the principles in detail

There are a number of areas in which we would encourage Ofgem to provide more clarity in the wording of principles to aid a common understanding across stakeholders.

We welcome the commitment to “place-based” planning. This could go further to commit to an approach that reflects the local governance structures within local areas, such as rural versus urban areas. Furthermore, that **the right activity is performed by the right actor with appropriate resources**, with local actors having the powers and resources to carry out the activities post appropriately delivered at the local level.

On the ‘whole systems’ principle, we would recommend specifically including heat alongside gas and electricity, given the increasing role that district heat networks are likely to play in many towns and cities. Furthermore, the role of demand reduction, in particular across heat and transport, was unclear in the RESP process as it will impact the required capacity of the energy system and therefore the overall plans. As demand reduction is key to the success of the energy transition, and in tackling health inequalities, we strongly suggest it should be more prominently incorporated. For instance, the consultation identifies that NESO will provide additional steer on opportunities for energy efficiency in buildings, but does not clarify how the level of ambitious retrofit required to reach net zero will be integrated into and enabled by the RESP process.

On principle of ‘proactivity’, we would recommend that further clarity is needed on whether this would allow for investment ahead of need, particularly where future need is common across pathways. This requires alignment with financial regulations to enable networks to proactive investments.

QUESTION TWO:

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.

The Commission supports the idea of having both a long-term vision, and clear pathways that provide options tailored to the region and local areas in both the short and long term. We recognise that the long-term vision is aligned to a Net Zero target of 2050. However, many Local Authorities across the region have committed to more ambitious targets, and this is outlined in our Regional Climate Action plan which is supported by Local and Combined Authorities across the region¹. Our evidence² shows that meeting this target is technically possible and economically beneficial, but it means decarbonising four times faster than has been achieved thus far. It is important that regions with appetite and ability to go further, faster than the 2050 requirement are enabled to do so by the RESP arrangements, and that the RESP arrangements do not become a blocker to delivery of rapid decarbonisation.

Our reasoning as to why we support the overall approach is:

- A long-term vision provides a clear framework that guides decision-making, particularly when policies or technologies are uncertain. The short-term baseline pathway needs to ensure that all longer-term pathways remain open.
- A regional vision, supported by a clear set of pathways, would create the narrative needed to engage political stakeholders and the public, ensuring that the necessary difficult decisions are both made and supported.
- A long-term vision will support supply chain and skills development both within the region and nationally, therefore supporting the just transition and the aim to develop good, skilled jobs in areas where they are needed most.
- A structured approach, incorporating both short-term actions and a long-term vision, will help network companies develop business plans that align with regional and national targets.

¹ Yorkshire & Humber Climate Commission (2024). Yorkshire & Humber Climate Action Plan. University of Leeds on behalf of Yorkshire & Humber Climate Commission. Available at: <https://yorksandhumberclimate.org.uk/news/action-plan-tackle-climate-crisis-has-support-yorkshire%E2%80%99s-leaders%C2%A0>

² Yorkshire & Humber Climate Commission (2024): Our Carbon Story. University of Leeds on behalf of Yorkshire & Humber Climate Commission. Available at: <https://yorksandhumberclimate.org.uk/our-carbon-story-0>

- The energy context can change in a short time because of policies and consumer behaviour, as well as future development. Having both short-term and long-term pathways gives a structured way to support changes in direction in pathways, and a way to evaluate and recalibrate action.
- And critically, all of these can be done in agreement with the region in question, and in a way that aligns with the local ambitions.

QUESTION THREE:

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

The Commission supports the proposal for an annual data refresh coupled with a full RESP update every three years. This approach provides a balance between regular data updates to capture emerging trends and investor interest, and the integration of evolving LAEPs. We agree that the three-year update is sufficient for comprehensive, strategic planning within a deliverable window.

However, the Commission recommends close collaboration with network operators and local authorities to streamline and standardise the data collection process. Aligning updates with price control submissions would be ideal, but at a minimum, they must coincide with reopener windows to allow for additional funding where needed. To support businesses to allocate resources accordingly, there is a need to align updates with business planning.

There are important considerations regarding data standardisation and the resources required to gather this data regularly. For local authorities, data management within LAEPs is complex, resource intensive and involves multiple service areas, confidentiality agreements, and there is a lack of standardisation. Therefore, support for standardisation and data collection is a key priority, and aligning with existing update should be explored to improve efficiency.

QUESTION NINE:

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

The Commission strongly supports ongoing support for local actors to enable local action and implement the just transition. Training and upskilling is a key element of this: as roles and sectors evolve, there is a risk of reliance on only a few experts.

We agree that it is inappropriate for NESO to support local actors in the *delivery* of RESPs but feel that it will be necessary to support local actors in the *development* of the RESPs. In particular, we feel that provision will need to be made for personnel or financial support for Local Government, who will have a critical role to play in ensuring the 'place based' approach enshrined within the RESPs principles. Building capacity to complement the framework for local actor support will be crucial, as many local actors currently lack the capacity to engage effectively. The Commission also recommends leveraging existing groups and collaborative structures between local and combined authorities to enhance this process.

From the list of potential activities for local actor support, we highlight four key priorities:

- **Digital tools and data consistency:** There is a need for consistent data tools across regions to address discrepancies in how information is requested and processed, which is highlighted in question three.

- **Supporting coordination between local, regional, and national plans:** This is critical, especially given the complexity and variety of plans within local and combined authorities, and that there is variability in both quality and level of development of LAEPs across the region.
- **Proportionate technical advice on local energy plans:** This would be highly useful to standardise and ensure coherence across local area energy plans across the region.
- **Training for engagement at strategic board and working group levels:** This is a priority, especially in ensuring that local authorities are represented and can effectively contribute, and we discuss this in more detail below.

In some areas, we felt that NESO may provide better value when working in partnership with existing organisations in providing some of the elements of local actor support set out in the consultation. For example, the Net Zero Hub already plays a role in supporting coordination and providing centralised resources for local authorities. Net Zero Go already provide quality resources of a bank of good practice.

QUESTION TEN:

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

The Commission broadly agrees with the approach, whilst recognising that at present there is significant work to be done to develop the governance through which the RESPs will be delivered, and the relationship of the Boards to this governance.

Acceptability of RESPs will depend in part on the level of local ownership, and how much they reflect the needs of the local area. As outlined above, it is important that the plans are not seen as just a technical exercise, but as a political and democratic process. We would encourage clarity on how feedback will flow from the local levels to the strategic board, as currently the consultation emphasises top-down governance.

Network companies like Northern Powergrid already have extensive consultation processes that engage consumers in their planning. There is a risk that the RESPs could circumvent some of these processes and a key opportunity for the public to engage in their energy system will be lost. There may be value in NESO considering some strategic public engagement as part of the development of the plans. Additionally, it is our strong view that public engagement best sits at the local or sub-regional level as they best know their communities and have existing active networks. In addition, without careful consideration, this approach could inadvertently make it harder to deliver smaller, community-driven aspects of the energy transition, such as community energy projects, which offer significant benefits to local areas. Detailed design of RESP governance should carefully consider how customer and community voice will be factored into decision making.

The Commission also suggests further exploration into how the boards will navigate medium-term considerations: the focus is currently on the final product, but intermediate steps should also involve the strategic boards to ensure oversight. We suggest a flexible governance model to outline the key milestones and review points, to ensure local legitimacy throughout the process. Moreover, it is not completely clear how disagreement between a RESP Board and the NESO, or amongst members of a RESP board, might be resolved.

It is encouraging to see that the governance model includes working groups that focus on consultation and evidence gathering. However, the engagement process should allow flexibility beyond fixed working groups, and could include broader engagement through workshops or other

methods. The current approach could be too rigid, and there should be more space for adaptable engagement methods outside of formal working groups.

Placing final decision-making authority with NESO could be contentious, especially for politically sensitive decisions, given that NESO operates as a private company. The Commission agrees that strategic boards should not have the final say; this authority must rest with devolved authorities to maintain democratic accountability.

QUESTIONS ELEVEN AND TWELVE:

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

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

The Commission agrees that the Strategic Board should include representation from relevant democratic actors, network companies, and wider cross-sector actors. However, the consultation does not include details on mechanism for scrutiny of the Strategic Board's work. An independent scrutiny process or panel could ensure the board is effective and remains accountable to the public.

Democratic actors

It is vital that democratic actors play a key role in the RESP process, and support will need to be provided to elected officials so that they can contribute meaningfully to the discussions. We recognise that Local Authorities will be expected to brief elected officials, but the consultation does not indicate that resources will be provided for this. There's a risk that without proper support, democratic actors will not be able to effectively represent both their local constituents, and the constituents of the other local authorities within the combined authority area. There is a vital need for additional resources to support the briefing and decision-making process for elected members on strategic boards.

Network Companies and Businesses

The Commission acknowledges that network companies welcome their involvement but stress that their role is to provide context for decisions, not to set direction. However, there is concern that non-democratic actors, such as businesses or private entities, could dominate the strategic boards, potentially marginalizing democratic voices. Direct business participation risks conflicts of interest and could grant competitive advantages to certain companies. A more balanced approach would be to include business perspectives through trade organizations or representative bodies, ensuring fair representation.

Cross-sector actors

Collaboration with universities could provide valuable support and oversight, particularly through research and analysis to inform decision-making. We think it is crucial that there is a mechanism in place for the wider cross sector partners, including local businesses and other energy stakeholders, to be involved in the strategic board. This could be as guests, as long as it follows the principle set out of transparency and fairness. It is also integral that the views of customers are protected and integrated into the strategic boards, and that options are kept open for community energy development to be explored where there is interest and appetite. It is also unclear if members will be paid – this could be important in terms of making participation available to all relevant groups.

QUESTIONS THIRTEEN AND FOURTEEN

Do you agree with the adaptations proposed for Option 1? Please provide your reasoning.

Do you agree with our assessment that Option 1 is a better solution than Option 2? Please provide your reasoning.

The YHCC operates across the Yorkshire & Humber region and has found this to be an effective spatial size for effective collaboration and unlocking systems challenges. However, we broadly favour Option One as it aligns with existing structures, business planning, and funding mechanisms for organisations like Northern Powergrid and the Net Zero Hub.

Option One could result in a large and complex Strategic Board, with many areas requiring representation. While there is generally clarity around representation due to devolution across most of the region, there is uncertainty around the representation of the Humber and Greater Lincolnshire. Ensuring that the South Bank of the Humber, an economically significant area, is fully included in the region is crucial. Given that Greater Lincolnshire may straddle two RESPs and operates as a less mature combined authority, it may require additional support to effectively engage in decision-making. We propose affiliated membership for Greater Lincolnshire to ensure its participation in strategic decision-making processes. Political tension between regions, could create barriers to effective collaboration. This tension must be considered to prevent it from slowing down progress.

The region contains two significant industrial areas with high carbon emissions, alongside extensive rural areas facing distinct and complex energy transition challenges. The right governance structures will be key to ensuring that all areas, including rural regions, have a voice and aren't overshadowed by the industrial challenge.