

## **‘Whole system joint optioneering service’**

Summary of consultation feedback and recommendations for development of the service

May/June 2021

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# OBJECTIVES AND METHODOLOGY

The key objective of the consultation was to get direct and high-quality feedback from local authorities, regions and devolved governments about the options developed by the ENA Open Networks Project for a joint network optioneering service to support local authorities with their growth, clean air, and decarbonisation and net-zero plans.

This feedback will be used to inform the ENA Product Team and help steer the design of the whole system service and how it will be taken forward.

## There were also additional objectives involving:

- Raising awareness with consultees of the existing systems and challenges involved with local authority engagement.
- Understanding the type of existing engagement local authorities have with the networks and any issues they have with the current system.
- Obtaining high quality evidence and feedback on the value local authorities would anticipate from the new optioneering service, as well as their views on the options developed by the ENA Open Networks Project to implement this and how much they may be willing to pay for the service.
- Identifying other areas where a coordinated networks approach could add value for local authorities.

## 'Whole system' Joint Optioneering Service



### Introduction to the project

- Regional stakeholders such as Local Authorities (LAs) and other regional bodies are developing increasingly ambitious plans towards a more prosperous and zero carbon future.
- There is currently no formal or standardised process for LAs to feed their energy infrastructure requirements into both gas and electricity networks, nor a process for LAs to coordinate their plans across gas and electricity.
- This means there is little scope to explore whole energy system solutions, which could generate more attractive options for the LA to consider and to potentially coordinate works.
- Following feedback, ENA believe there would be value in developing a whole energy system optioneering service for LAs where gas and electricity networks work together - and we are testing this hypothesis with this consultation.
- We are anticipating that this service would be supported in parallel with activities to standardise and simplify data gathering of LA plans.

## Stage 1: Targeted structured interviews:

- Identified key stakeholders within the 9 combined authorities, two devolved governments and three rural local authorities.
- Structured interview questions were developed using the ENA structure and presentation slides were developed to introduce the concept in the interviews.
- Interviewees were identified through Regen contacts and we targeted those within strategic planning, planning and those with responsibility for net zero strategies.
- Thirteen 45 minute interviews were held with 14 stakeholders between 20 April and 19 May 2021.
- All Interviews were conducted by Poppy Maltby, Regen's head of cities and regions.
- The interviews were recorded on Teams and bullet point summaries were sent to interviewees for comment and approval. These are recorded as an appendix.

## Stage 2: Wider engagement webinar

- Regen has over 1,300 Local Authority contacts across Great Britain, who were contacted regarding the event via email. In addition to Regen networks, local networks and the ENA supported the promotion strategy to ensure all Local Authorities representatives had the opportunity to engage.
- Key speakers for the session included leading partners involved in the programme to provide an overview of the aims and objectives, as well as representatives of local authorities working on net zero action plans to provide examples for delegates.
- Both qualitative and quantitative feedback was taken via interactive survey during facilitated breakout sessions. Discussions were recorded and a note taker present to highlight salient points. Results of these discussions can be found in this report.

## Stage 1: Targeted structured interviews:

- Two devolved governments, Wales and Scotland
- Nine metropolitan areas
- Three rural local authorities
- Posed qualitative and quantitative questions

Results used to shape stage 2

## Stage 2: Wider engagement webinars

- Hosted on 18 May
- Key speakers
- Audience survey / interaction
- Break-out facilitated discussions
- Additional on 21 May

Outputs and results

## Final report

Collated results and recommendations



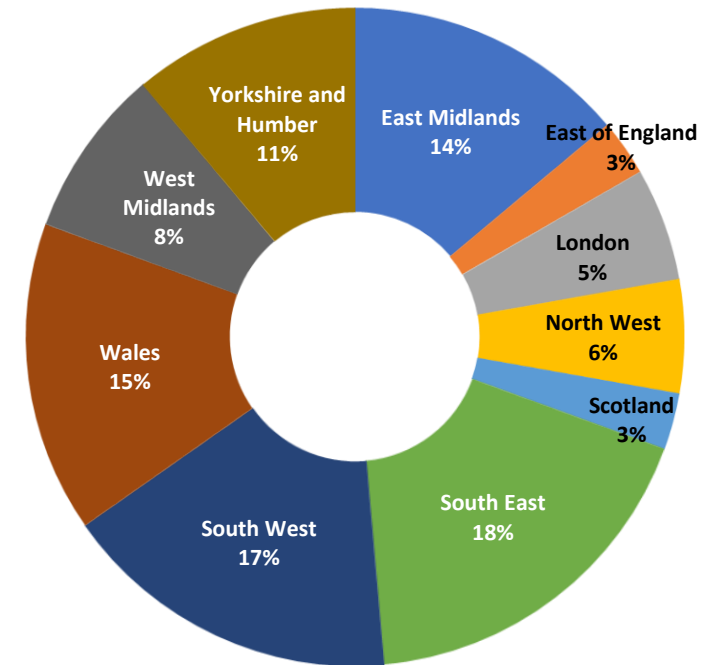
Additional online survey

## Stage 3: Additional online survey

- The local authorities who were unable to join either of the webinars, were invited to take part in a short, five-minute survey.
- The survey gathered information on the potential value and preferred methodology of the service, the speed with which the service should be rolled out as well as whether local authorities support a cost reflective charge for the service.
- The survey was open from Wednesday 19 May and closed on Wednesday 9 June.
- All those who were invited to contribute to the survey were also given the opportunity to discuss the service further with one of the project managers, in case of any lack of clarity. No one required this.
- All survey responses were then analysed and incorporated into this report as additional evidence.

- Two webinars were held to gather feedback on the service and its methodology . These were held on Tuesday 18 May and Friday 21 May.
- Over 250 delegates registered to attend the first session, of which approximately 75% represented 116 different local authorities. The remaining 25% included both industry and academia.
- Unfortunately, due to a technical difficulty, only 68 of the 116 different local authorities were able to attend the event on Tuesday 18 May 2021. Mitigation of this was discussed with the ENA project team and all the local authorities were offered the opportunity of a second webinar held on Friday 21 May 2021. 17 delegates, representing 8 previously unrepresented local authorities took up this opportunity.
- A survey was also developed to ensure that further local authorities were consulted on the programme.
- In total 74 different local authorities were consulted on the project through a webinar.
- All regions of Great Britain were represented through the webinars
- The South East and South West regions had the highest representation for the survey with approximately 34% of local authorities (26) representing these areas.
- Scotland and the East of England were the least represented with only 2 and 3 local authorities represented respectively.

## Proportion of attendees by area

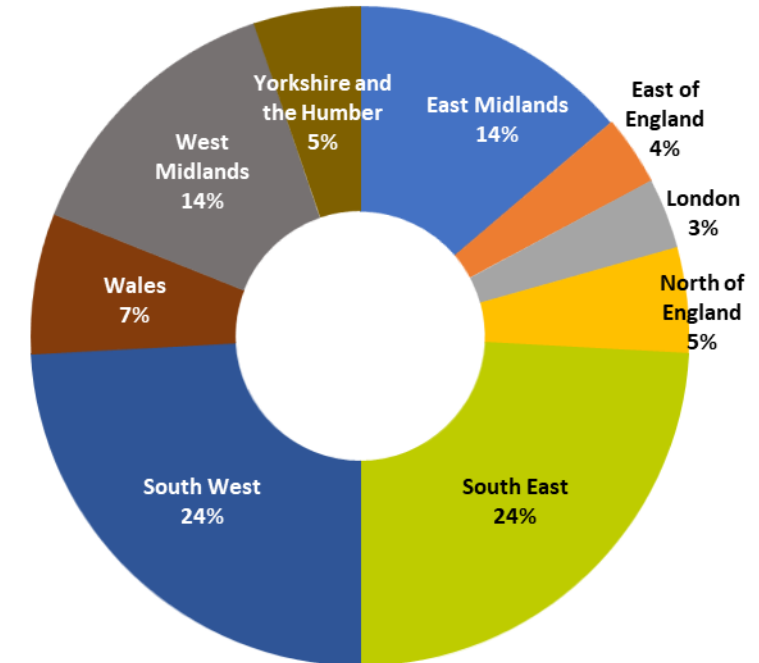


## Delegates signed up to event

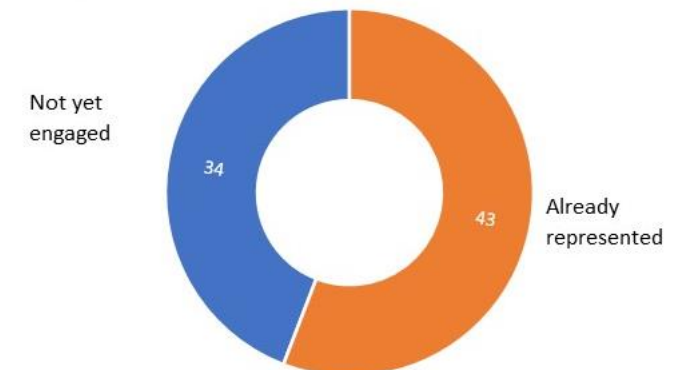


- In addition to the webinars, 77 local authority representatives took part in the online survey, open between Wednesday 19 May and closed on Wednesday 9 June
- . The survey was promoted to local authorities only and so there were no other industry or academia responses.
- The 77 responses represented 58 different local authorities from across Great Britain.
- Of these 58 local authorities, 23 had attended at least one of the webinar sessions.
- The South East and South West regions had the highest representation for the survey with approximately 48% of local authorities (28) representing these areas.
- The survey enabled us to gather further information and evidence on the potential value and preferred methodology of the service, the speed with which the service should be rolled out as well as whether Local Authorities support a cost reflective charge for the service.
- As with the events, the survey was promoted by Regen along with key local authorities, distribution network operators and the gas distribution network operators that were involved closely with the project.

## Proportion of respondents by area



Over half the 77 survey participants were from organisations which already had a representative

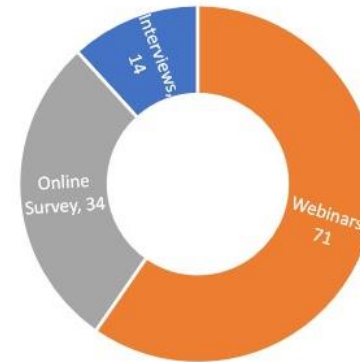




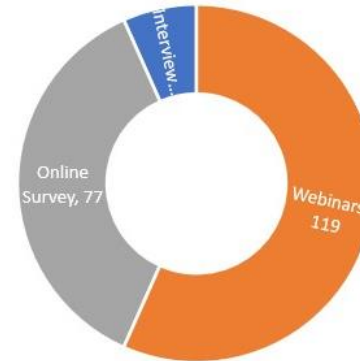
# Total local authorities engaged

- **The total number of local authorities, regional and devolved representatives consulted totalled 119**, this included:
  - Interview – 14
  - Webinars – 76 (71 not represented in the interviews)
  - Survey – 58 (34 not represented in the interviews or webinars)
- The total number of local and devolved government representatives that engaged with the consultation programme was 210, as follows:
  - Interview – 14
  - Webinars - 119
  - Survey - 77
- All regions of Great Britain were represented by at least one council or representative that responded to the consultation.
- The South East and South West regions had the highest representation with approximately 36% of local authorities (43) in these areas.
- Scotland had the lowest representation in the programme with just four of representatives.
- To address the southerly bias during the promotion, effort was taken to work with promotional partners based in under-represented regions. These partners included distribution network operators, gas distribution network operators and combined authorities that had been interviewed for the consultation.

119 local, regional and devolved government organisations responded to the consultation



There were 210 local and regional government representatives engaged



Representation of local authorities per region





RESULTS FROM ENGAGEMENT: IS THERE VALUE  
IN A WHOLE SYSTEM SERVICE?

This section sets out the key messages and findings from 14 interviews, the two webinar events and the online survey.

The interviews, webinar and survey posed respondents the same qualitative and quantitative questions.

- The responses were relatively consistent across the different consultation modes.
- Key messages across the interviews, webinars and survey have been summarised in the following slides.
- Quotes from the different sources have been used to illustrate points.
- Key messages have then been identified and used to develop recommendations.

## **Fourteen structured interviews**

- Combined authorities, devolved governments and 3 rural authorities
- Transcripts recorded and approved
- Quantitative questions

## **Webinar on 18 May 2021**

- Breakout groups and webinar chat recorded
- Quantitative questions
- 100 attendees and 68 different local authorities

## **Webinar 21 May 2021**

- Discussion and webinar chat recorded
- Quantitative questions
- 17 attendees, representing 13 local authorities, 8 of which were previously unrepresented

## **Online survey**

- 5-minute survey of key quantitative and qualitative questions from the consultation.
- 77 responses representing 58 local authorities

# There is value in providing a whole system service

80% of those responding to the consultation saw value in a 'whole system' joint optioneering service.

*"Would be good to not have to have that discussion separately, a coordinated platform between Council and network providers covering the area would be good."*

*"Probably don't need significant electricity and gas investment in the same place and so it would be best for all stakeholders to coordinate. Can see the point in what is being proposed."*

*"We know that we have network constraints across our district, and particularly affecting growth in our principal town. A whole system approach would be welcome to help address this issue in a holistic and consistent way."*

There was support for the service in the webinar and online survey; however, unlike the interviews, the numbers who 'Agree' were higher than 'Strongly Agree', reflecting some reservations.

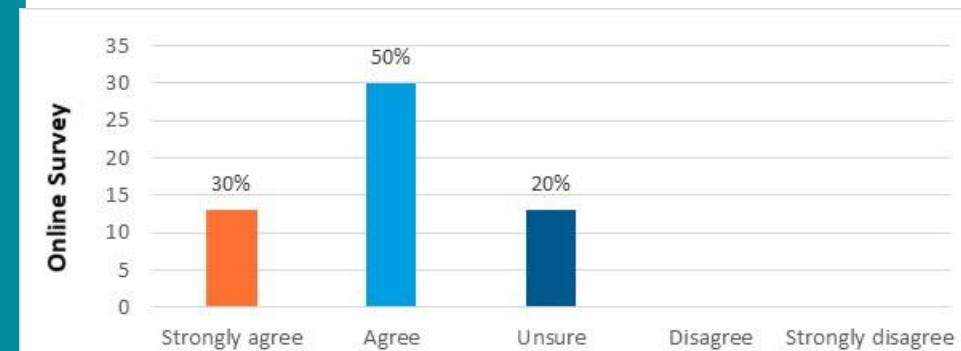
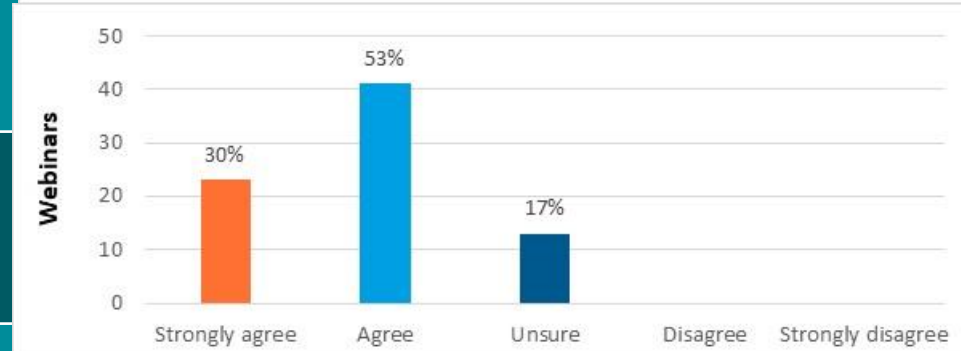
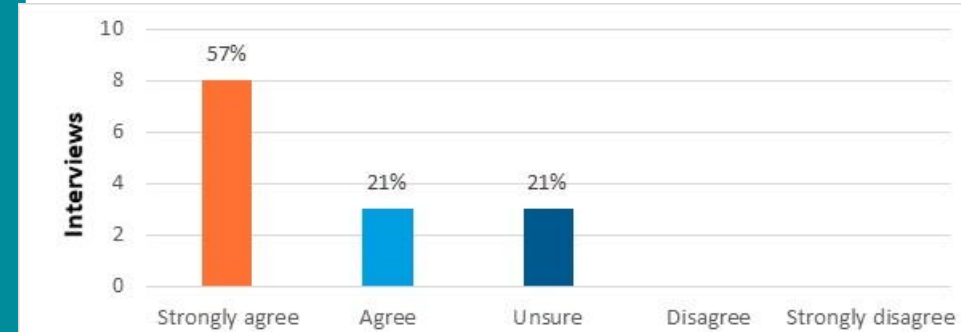
A significant minority, 3/14 of the interviewees, and 20% overall respondents were unsure about the benefits.

*"If you are paying for this - potentially not independent advice - then unsure of the benefit. I'm trying to think of a situation when it might be worth it."*

*"Also not sure that it is too difficult to speak to two companies and what value that is therefore going to be having. The two aren't connected as a service offering."*

*"Not sure what value we would get beyond what our DNO could tell us."*

Do you agree that the 'whole system' Joint Optioneering Service would add value to your organisation?



# Value to users but questions on 'impartiality'

Interviewees noted value in a whole system approach to address issues with networks and helping to deal with uncertainty in pathways.	<p><i>"Agree because see the energy networks as a barrier to developing projects - don't have good grid connections in the area."</i></p> <p><i>"It would be really valuable for housing and the low carbon agenda and to help in understanding the best option for development - gas, electricity, a combination and including behaviour change."</i></p> <p><i>"The area is having to make some real decisions now and these have become more difficult... This service should help make those decisions and justify how a decision was come to from the information provided."</i></p>
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Questions were raised in both the interviews and webinars about 'independence' and 'impartiality' of the networks involved. This was mentioned in three of the survey responses.

Half of interviewees mentioned either their concern about networks having their own interests or expressed a preference for independence in the delivery solution.	<p><i>"Question the perspective that they are going to be coming from - they will be presenting their own interests and perspectives - will it be the best outcome for cost, carbon or just those two organisations?"</i></p> <p><i>"Agree there is value but with caveats - particularly around the issues of impartiality. One thing is hydrogen and the disproportionate belief in what it can do. There is a lot of lobbying for it coming from gas networks. I see the gas network as less neutral than electricity networks."</i></p>
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It was highlighted that the whole system approach needs to be wider than the networks' interests.	<p><i>"Different areas may want different factors prioritised in solutions - some areas may choose different heat solutions for example - so important that the planning is not just a technical exercise for the networks but has wider priorities - economic and low-carbon."</i></p>
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## Key Message

The majority of local stakeholders responding to the consultation saw value to them in a whole system optioneering service.

## Key Message

The service should offer a level of 'impartiality', potentially working at arm's length from network interests.

Five interviewees questioned how the service would be dealing with uncertainty, including about heat technology pathways.

*“An issue that we are moving into an era of where technology choices are becoming uncertain, and we are having debates about hydrogen, biogas and electricity. How will these debates be resolved in this process?”*

*“Step 3 is likely to require a lot of debate and reviewing - also reflecting that the situation may change over time with behaviour or how technology progresses - will hydrogen be rolled out for example and how is that switch-over represented in this analysis?”*

*“Recognise that the future is electric and hydrogen but where and what?”*

## Key Message

Transparency in the whole system methodology is needed, particularly how it will consider solutions for decarbonising heat outside of gas or electric options, e.g. heat networks.

## What might constitute a 'whole system' solution?

*“When they say whole system - they mean gas and electricity networks - is that really 'whole system'?”*

Technologies that respondents mentioned as part of 'whole system' energy solutions:

- Flexibility and smart technology
- Retrofitting buildings
- Heat networks
- EfW
- Green gas/biofuels
- Transmission networks and higher voltage
- Passive houses and future home standards
- IDNOs
- Water
- ICT infrastructure
- Behaviour change
- Flexibility
- Transport networks

Feedback from all sources raised whether all local authorities have the capacity to engage with energy networks – given austerity and their lack of a statutory function on energy.

<p>Some local authorities had more resources than others to engage and this should be reflected in the service created.</p>	<p><i>“To note that there is widely different capacity within LAs to set out objectives for this service as well as to understand the outputs.”</i></p> <p><i>“There is clearly a need to support local authorities and help them explore some of the issues and solutions - a governance, process and capacity gap that could be filled through this.”</i></p>
<p>Three interviewees mentioned that the service should be more collaborative with networks being proactive in working with local actors.</p>	<p><i>“It is difficult for LAs to engage DNOs on their terms and it really needs DNOs to reach out to LAs and help us to do this effectively.”</i></p> <p><i>“Joint approach would fit with placed-focussed energy infrastructure development This process needs to be collaborative rather than undertaken as a purely commercial process.”</i></p>
<p>It was mentioned that Combined Authorities, Devolved Governments and Energy Hubs could have a role.</p>	<p><i>“Do local authorities have the right capacity to develop these 'asks' of networks - would combined authorities have more expertise?”</i></p> <p><i>“Posed a question about the correct level for this engagement - LAs do not have a huge amount of capacity, is this service about a city or regional level such as the work with the Energy Hub in the North West?”</i></p>

**Key Message**

Local authority capacity is likely to determine success of the service.

Capacity building and resource for local authorities should be a core part of the service offering.



# What scale is appropriate for the process?

<p>At least four of the interviewees suggested there would be demand for higher-level strategic planning input as a complement to more detailed and geographically specific project planning.</p>	<p><i>“Think there is a stage where you need high level feedback - where you understand where the barriers are going to be and what can be progressed. Then that option can be honed.”</i></p> <p><i>“Needs some idea of scale or different approach depending on the scale. All local authorities have declared climate emergencies and are looking a LAEP all the way down to individual connections.”</i></p>
<p>A key theme in LA survey responses was expecting the service to help with forward planning and early identification of problems.</p>	<p><i>“Having support identifying problematic projects early on is always useful.”</i></p> <p><i>“This would reduce the risk of decarbonisation and infrastructure projects suffering delays or unforeseen costs due to the current lack of forward planning.</i></p>
<p>It was felt there would be different challenges in delivering a more strategic service as the solutions become more complex and uncertain. Some respondents felt that the proposals were more relevant to the project specific scale.</p>	<p><i>“As you widen the scale of the project, options and interdependencies grow and other possible time horizons open up. Then you risk not knowing what to do with results of recommendations. So yes, scale is a key question.”</i></p> <p><i>“The proposals would definitely work best at a site-specific scale and particular numbers of homes - and not so much at the master planning level.”</i></p> <p><i>“A key question would be around LA requirements and objectives - would they be expecting to put in single applications for connections or to put forward a number of sites (such as the Local Plan)”</i></p>

## Key Message

There would be demand for both a high level service as well as project specific advice.

The service should look to provide appropriate support at different scales.



# Building a more circular learning process

Rather than a linear process, four interviewees questioned whether the process should be more circular, building learning into the process.

*“Would expect this to perhaps be part of an iterative process to get information about how challenging or expensive it might be to get capacity into an area that can then feedback into the final versions of the LHEEs and into delivery.”*

*“Think it needs some sort of loop from feedback into the process - so only works if both LA and body learns and evolves approaches and strategic problems - or it is just a linear system which will just repeat the same answers.”*

*“What loops come into it as new data and ambitions change over a cycle? Perhaps steps 1 & 2 could be facilitated conversation (at least in part).”*

## Key Message

The process and methodology should involve feedback and iterations to refine both local authority aims and network responses.

## ENA proposed four stage process shown during the consultation

### Step 1

#### Aims and objectives

LA confirm aims and objectives of development including timescales, carbon etc.

Could include options or scenarios with different transport or heating solutions

### Step 2

#### Single network review

Energy networks identify constraints and required works.

If no significant works required, process may stop here.

### Step 3

#### Whole system review

Where there are risks or significant reinforcements required, energy networks identify options to optimize capacity.

### Step 4

#### Options and conclusions provided

Options report presented to the LA.

BAU processes then taken to reserve capacity or arrange connection.

# Wider concerns about regulatory context

Five interviewees raised issues around the wider context of the service and the regulatory constraints impacting network investment across the UK, particularly in rural areas.

The three rural local authorities interviewed had significant issues with the networks and getting the electricity infrastructure they needed to support their plans at a reasonable cost.

*“The question for me would be how it interacts with legislation. The process for grid connections is highly regulated and speaking as an LA going through this process [working with 3 DNOs] it is an absolute nightmare at the moment trying to work out the best way forward.”*

*“[Rural LA] We see the energy networks as a barrier to developing projects - don't have good grid connections in the area. One 20 MW solar project was quoted £63m for connection only.”*

*“Rural areas have a lot of resilience issues in the electricity network. Particular conundrum for towns which are constrained for electricity and have no gas.”*

Two interviewees asked how the development of the service will be linked to the overall approach to network investment, and whether it will help to unlock some of the issues they currently encounter.

*“What would that enable the networks to do differently? They are still regulated industries that can't invest ahead of need. Would this service have the ability to unlock other things? Would this translate into actually being able to invest in the networks - have accelerated activity and aligned processes?”*

*“Will the options represent a complete change in approach - or is it just a bolt on? In which case some areas or LAs might want to jump through this and speak directly to the networks.”*

## Key Message

In developing a service, there needs to be recognition of the issues with DNO strategic investment and regulatory constraints and how the service might help unlock network investment in some areas.

# Defining the relationship to Local Area Energy Plans

<p>Five interviewees questioned the relationship between Local Areas Energy Plans (LAEPs) or Scottish LHEEs and this service. It was felt to be important to build clarity on the relationship between them.</p>	<p><i>“Raises a bigger question about how this works with the LAEP process - is this going to complement it? Or replace it?”</i></p> <p><i>“Feel there needs to be a wider discussion about what the value of this is and how it relates to Ofgem and wider ED2 planning - and particularly the LAEPs.”</i></p>
<p>The Welsh Government interviewee felt that the LAEPs could be important in helping local authorities develop their aims and objectives in applications for the service.</p>	<p><i>“This service could be the next step for the LAEPs. The LAEP would input into Step 1 where the local authority present what they want to achieve.”</i></p>
<p>However not all local authorities have or will have LAEPs to guide applications to this service.</p>	
<p>Some highlighted issues that presently there is a gap in the national strategic direction on heat that is causing uncertainty.</p>	<p><i>“LAEPs are not solely technical and need to establish what is needed to achieve net zero targets and part of that is guidance on technologies - is it optimal to have heat networks, hybrid heating, hydrogen? What are the most appropriate solutions?”</i></p> <p><i>“Liverpool have been doing this with usual consultants - at the moment not sure whether the solution is electric or hydrogen and that is a big gap so currently LAEP is 'not worth the paper it is written on'.”</i></p>

## Key Message

There needs to be clarity on how the service relates to LAEPs where they exist and how the service may operate in areas who have yet to develop clear strategic direction on decarbonisation.



# RESULTS FROM ENGAGEMENT: FEEDBACK ON THE DELIVERY MODELS

During the consultation, participants were asked for their views and preferences for the four delivery models for the service suggested by ENA. These are expanded on in Appendix 2.

## Whole System Energy Review

A LA continues to pursue gas and electricity network enquiries separately, but can then submit these conclusions to a Central Team to undertake a Whole System Review.

## Lead Network Joint Planning Service

The LA asks a lead network company to coordinate a whole system review.

## Central Team Coordinated Service

A Central Team manage the application and the whole system outputs, with engineering assessments undertaken by the network companies.

## Integrated Joint Regional Planning Teams

A complete one stop shop Central Team to manage the application and undertake the technical assessments.



# Preference for Integrated Joint Regional Planning

54% of those responding in the consultation preferred the Integrated Joint Regional Planning Team. Many mentioned perceived independence as the key benefit.

*"Immediate reaction would be to support the regional one because of the degree of independence from the networks. It would be a team charged with being integrated and looking only at the best option for the request and that gives a warmer feeling."*

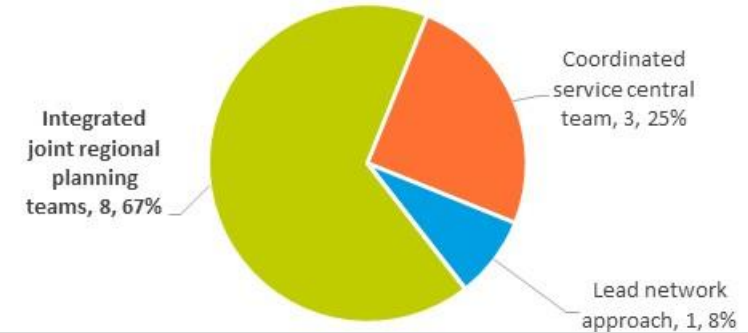
*"Looking at the four options believe the fourth - regional bodies - is the best because it provides some independence and neutrality. "*

**However, there were also concerns about the regional teams including:**

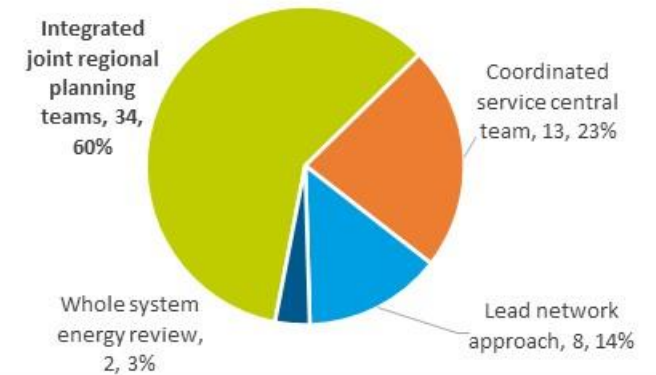
- **Losing relationships and competence within networks.** *"Downsides of having external team. The secondees could lose knowledge of network."*
- **There are difficulties in defining geographies.** *"What do you mean by a region? - the detail needs to be ironed out and the different geographies may cause a problem."*
- **There are other bodies already doing this.** *"As a combined authority, we are already doing regional joint planning working together with networks and other stakeholders." "At present the GLA feel they have the knowledge in house to facilitate that."*
- **Concerns about deliverability and complexity.** *"I have concerns about the complexity of joint regional planning."*
- **Questions on sharing learning effectively.** *"How will learning be shared across the areas?"*

Interviews

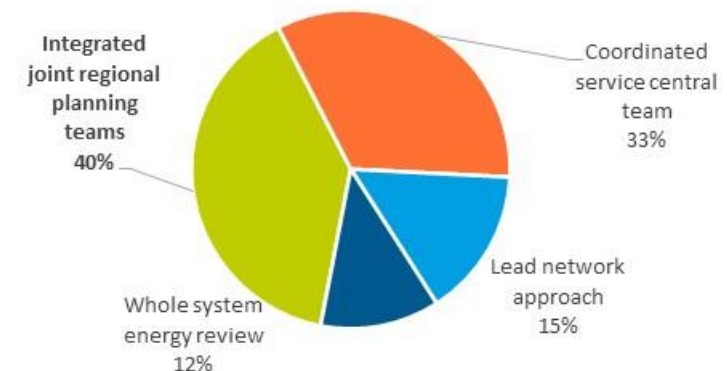
First preference choice of model



Webinars



Online Survey



# Consistent second choice for a Coordinated Service

Respondents' second choice was consistently the Coordinated Service, in addition to 26% choosing it as their first preference.

*“Prefer the coordinated service - would like to see that acting like an independent arbiter. Could be the body that translates one sides needs to the other. A dedicated front of house team that could explore and unlock options. A neutral test bed to explore those alternatives.”*

*“Seems attractive because key concern of continuity, needs one point of contact, team or individual. Regional might be a bit too remote, but 3 is a good compromise.”*

However, some respondents saw a risk that the coordinating service could just be a ‘letter box’ solution that may add to time scales.

*“Option feels like a layer of bureaucracy.”*

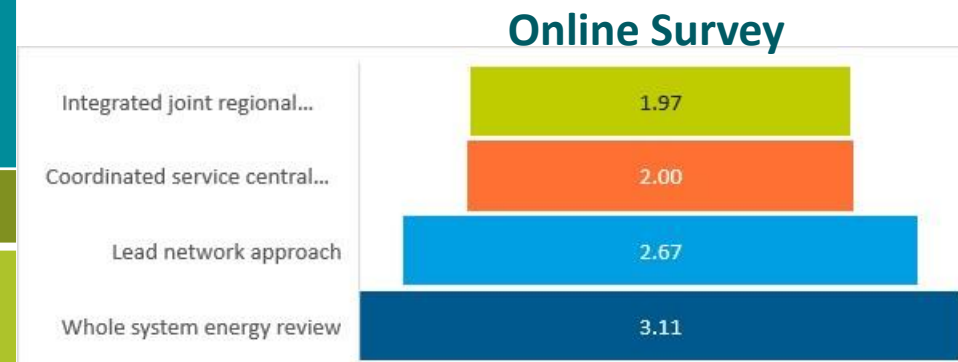
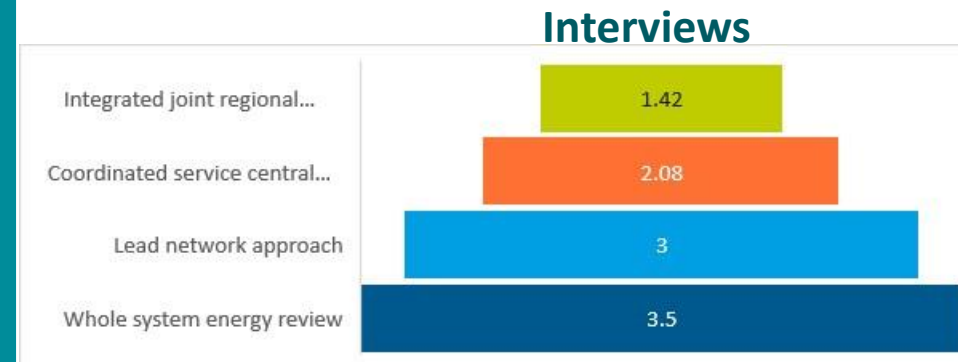
*“Efficiency wise - a single request can be efficient but in some cases the gatekeeper slows things down and removes the individual relationships with the networks which are also important. “*

*“Looking for a solution that would be less onerous to prepare information and submit it - so attractive to have a point in-between that manages that - unless it might impact timescales with an additional step?”*

## Key Message

Clear preference for Joint Regional Planning Teams with Coordinated Service as consistent second choice.

### Average ranking of service delivery method





Most interviewees noted that the single point of contact in three of the models would be a benefit for local authorities. This meant the 'Whole system Energy Review' option was most often last choice.

*"Better to have a single network request than to have two which puts the first option last."*

*"Rule out the first one - point is to deal with it as a whole system then don't want to be going down three channels. Least favoured option."*

*"It is easier to deal with one organisation than different points of contact."*

There were some concerns about the practicality and impartiality of a Lead Network approach.

*"Cannot see the Lead Network working until there is an agreed national strategy - each will always have their vested interest at heart."*

However, some also felt that there were situations where the Lead Network approach might be the best solution for them.

*"A lead network approach may work better in rural areas for off-gas grid areas or where there are two DNOs."*

*"Option 2 - with a lead network might be the best way for WECA to work because there is an aim to stop new gas connections in 2020s and having the electricity network lead would be the best way."*

**There were questions about how central teams would be set up and who would sit on them.**

- *"Which organisations would set up the teams? Would it be the ENA or networks themselves?"*
- *"If you have secondees, is it a revolving door – or will there be an opportunity to be stable and build up expertise?"*
- *"Will there be a local authority representative in that regional planning team?"*
- *"Will there be a heat network representative or other experts in other non gas or electricity solutions?"*
- *"Secondees from networks are important but need for common language throughout hierarchy of local planning. Which means we need practitioners from both sides."*

## Key Messages

- Clear preference for a single point of contact.
- Setting up central teams or service should be collaborative.
- Lead Network Approach was preferred by some local authorities.

# Very little support for a cost reflective charge

Only a few of the attendees supported a cost reflective charge. In both the interviews and webinar, over 50% disagreed or strongly disagreed with a charge.

*“Difficult to say about cost without knowing how beneficial the service might be.”*  
*“This needs networks to reach out and help local authorities engage, almost needs to be the opposite - paying them and seconding people to the LAs.”*

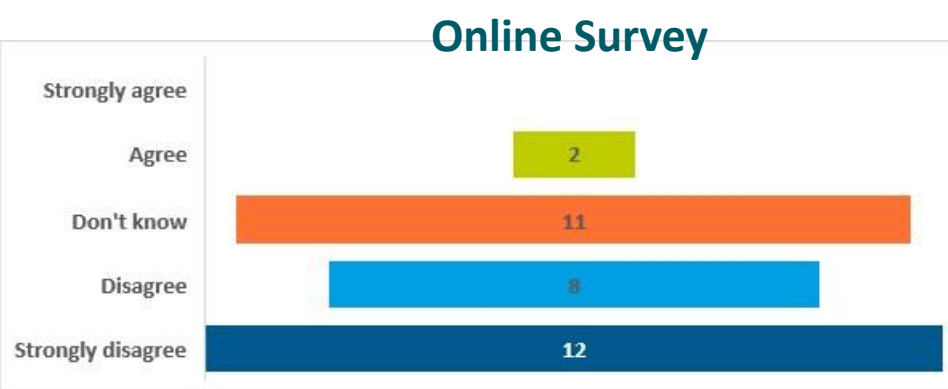
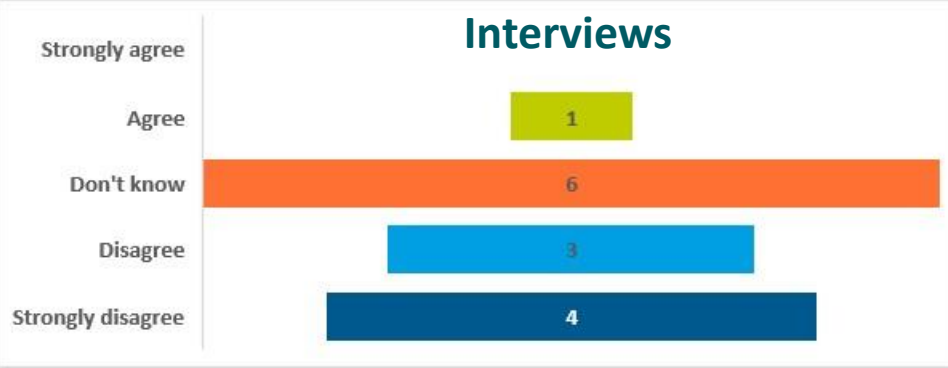
However, it was noted that a level of payment had some positives, and some developers pay already for this from private consultants.

*“If LA contributes to cost, has a degree of buy in and accountability, will engage more with the process.”*  
*“Analysing energy options is already a cost of any development - no problem paying for something, provided it adds value to the proposal.”*  
*“A paid for service would need to be really good - otherwise would just go to a normal consultancy to deliver this.”*

Five interviewees said local authorities are revenue constrained and currently do not pay to engage networks, with some highlighting that a charge would mean it wouldn't be used.

*“Currently don't pay a charge for the network engagement and this has implications for decision makers about whether or not to use the service and whether councils would pay.”*  
*“From LA perspective if you could get the same result by talking to both networks without paying, why wouldn't you do that if it was cheaper?”*

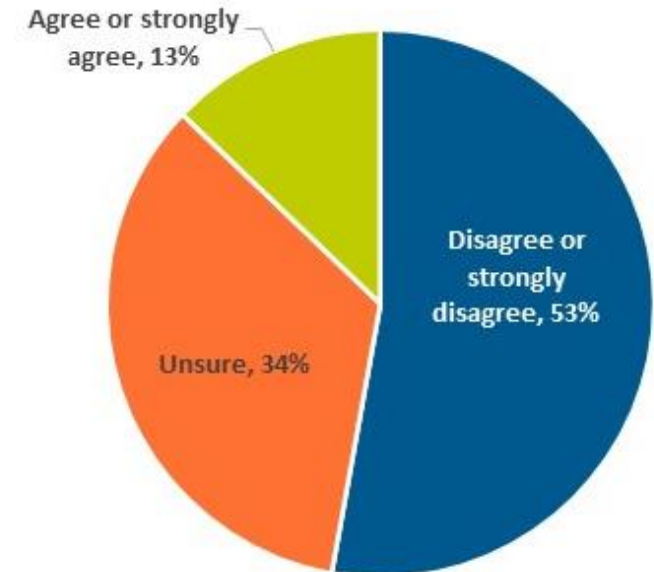
## Is there support for a cost reflective charge?



# If not local authorities, then who pays?

<p>Four interviewees felt charging sent the wrong message: the service should be part of a collaborative approach and recognise the benefits for networks.</p>	<p><i>“Feel that payment for a service undermines the idea that this is collaborative between regions/LAs and networks.”</i></p> <p><i>“Disagree because this is about developing plans for a future low carbon energy system and this process will also help inform the best investment plans for the networks and grid that we need.”</i></p>
<p>Interviewees and webinar attendees mentioned that the benefits will be going to the networks and ENA from providing this service.</p>	<p><i>“Ofgem are pushing that they need to engage locally, and they need this evidence to unlock their business plan funding.”</i></p> <p><i>“Caveat on payment for this is that who will be making money out of the data and information generated? Feel that ENA (or organisations running these) - will stand to gain from this. “</i></p>
<p>Three interviewees felt that the money should come from the ED2 business plan. Webinar respondents mentioned BEIS or a more progressive charge that was not on energy bills.</p>	<p><i>“Potentially this should be integrated with ED2 funding - a lot of networks have increased support for LAs in their business plans already - this should be part of an integrated package of support rather than a standalone service.”</i></p>

## Overall: Is there support for a cost reflective charge?



### Key Message

Funding the service solely via users/local authorities could be difficult given the lack of public sector resource. Other funding models should be explored.

# How urgent is this?

Over half the interviewees felt that this service should be implemented soon and evolve over time.

In the webinar, three quarters of attendees felt it was important to start quickly and evolve over time.

The survey responses had 78% of people suggesting starting now and evolving was the right approach.

*"Learn by doing - we need to get a move on!"*

*"Time is not on our side - whatever is chosen needs to happen faster."*

*"Incremental improvement - the perfect is the enemy of the good."*

*"Would like to see something from 2022."*

*"Pilots useful as many different forms of local government one size will not fit all."*

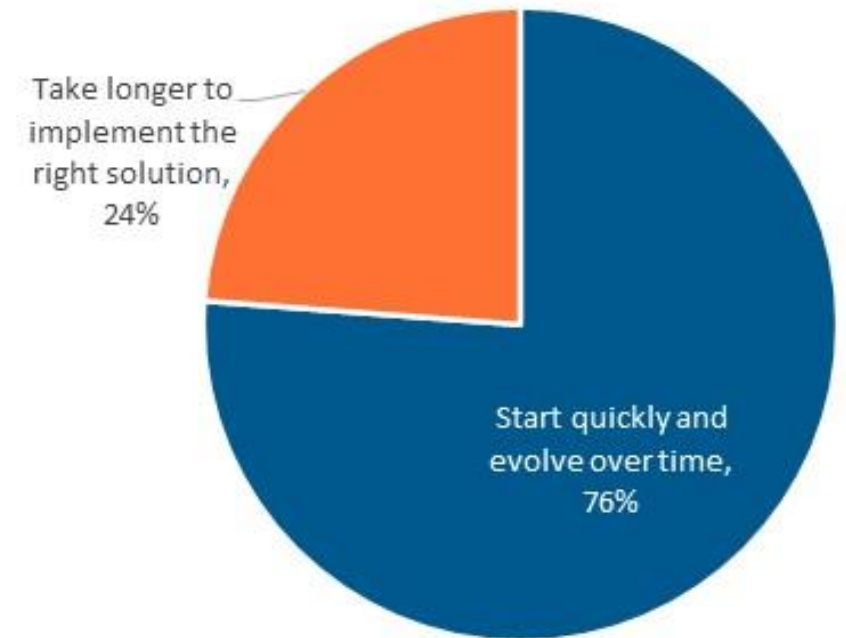
A quarter (24%) of consultation respondents felt the right solution should take longer.

Three interviewees raised reservations about the value and felt that it should be better thought out before going ahead.

*"It's about changing the way we operate, so need to take longer to get the right solution."*

*"The system needs to be right if it starts [or] it may never be the best solution"*

## How urgent is it to develop this service?



### Key Message

The majority of consultees were keen to see a solution implemented quickly and see that evolve over time.

## The value in the service

- There is value in developing a whole system service for local stakeholders.
- Service should offer ‘impartiality’, potentially working at arm’s length from network interests.
- Transparency in the whole system methodology is needed, particularly how it will consider solutions for decarbonising heat outside of gas or electric options, e.g. heat networks.
- Local authority capacity is likely to determine success of the service. Capacity building and resource for local authorities should be a core part of the service offering.

## Feedback on the process

- There would be demand for both a high-level service as well as project specific advice.
- The service should look to provide appropriate support at different scales.
- Process and methodology should involve feedback and iterations to refine both local authority needs and network responses.
- Recognise local authority issues with DNO investment and regulatory constraints and clarify how the service might help unlock this – along with regulatory changes.
- There needs to be clarity on how the service relates to LAEPs where they exist and how the service may operate in areas who have yet to develop clear strategic direction on decarbonisation.

## On delivery model

- Clear preference for Joint Regional Planning Teams with Coordinated Service as consistent second choice.
- Clear preference for a single point of contact.
- Setting up central teams or service should be collaborative.
- Lead Network Approach was preferred by some local authorities.
- Funding the service solely via users/local authorities could be difficult given public sector resource. Other funding models should be explored.
- The majority of consultees were keen to see a solution implemented quickly and see that evolve over time.



# RECOMMENDED NEXT STEPS FOR SERVICE DEVELOPMENT



There is value for local stakeholders in providing a whole system service and the consultation responses set out some clear requirements for development of the service including:

- **Building a collaborative solution.** Important to recognise that the service meets network needs for local support and engagement as well as local authority requirements. *“Whatever we do needs to be a team sport. We need income collaboration on both sides.”*
- **Support capacity building in local authorities.** The service needs to recognise and respond to the lack of capacity and knowledge in many local authorities. *“There is clearly a need to support local authorities and help them explore some of the issues and solutions – a governance, process and capacity gap that could be filled through this.”*
- **Impartiality is key.** The content, methodology and approach is more important than the delivery structure. There needs to be transparency in development and use of any whole system methodology, particularly on heat pathways.

Regen's recommendations were developed in response to the key messages from the consultation and preferences expressed by stakeholders.

Further work will be required to assess the practicality and resource required from the perspective of the networks.



## Regen recommendation

The interviews and webinars illustrated that impartiality will be key to the delivery of a whole system service.

The context being that many areas are dealing with uncertainty in future heat pathways and would prefer independent support for decision-making on energy.

As a result, the content, methodology and approach to the whole system review is perhaps more important than the delivery structure.

**We recommend developing this transparent methodology should be prioritised in the first instance.**

## Key considerations

Key considerations from the consultation responses for developing whole system methodology and process:

- **It should be whole system approach** including solutions such as heat networks and energy efficiency and flexibility.
- Methodology should allow local **stakeholders to specify preferred approaches** and set key parameters within the process.
- The process should be flexible and **relevant for both a high-level review, as well as project specific advice.**
- Process should involve **feedback and iterations** to refine both local authority needs and network responses.
- **Process will need regular reviews** to consider new national policy and new technologies as options arise.

## Key risk

Without a clear national strategy on decarbonising heat, each project could be subject to lengthy debate and discussion on heat pathways – even with a clear and transparent methodology.

# A pilot or trial of a 'whole system energy service'

## Regen recommendation

Though Integrated Joint Planning teams were the most popular option for both webinars and interviews, there are complexities with that approach.

A key issue is taking the existing relationships and experience out of networks and removing their responsibility for developing and delivering solutions to local stakeholders.

**Our recommendation is that an optimal delivery solution would be to establish a 'Whole System Energy Service' combining key features of the Joint Regional Planning Teams and the Coordinated Service.**

**This could be piloted or trialed as a first step.**

## Key considerations

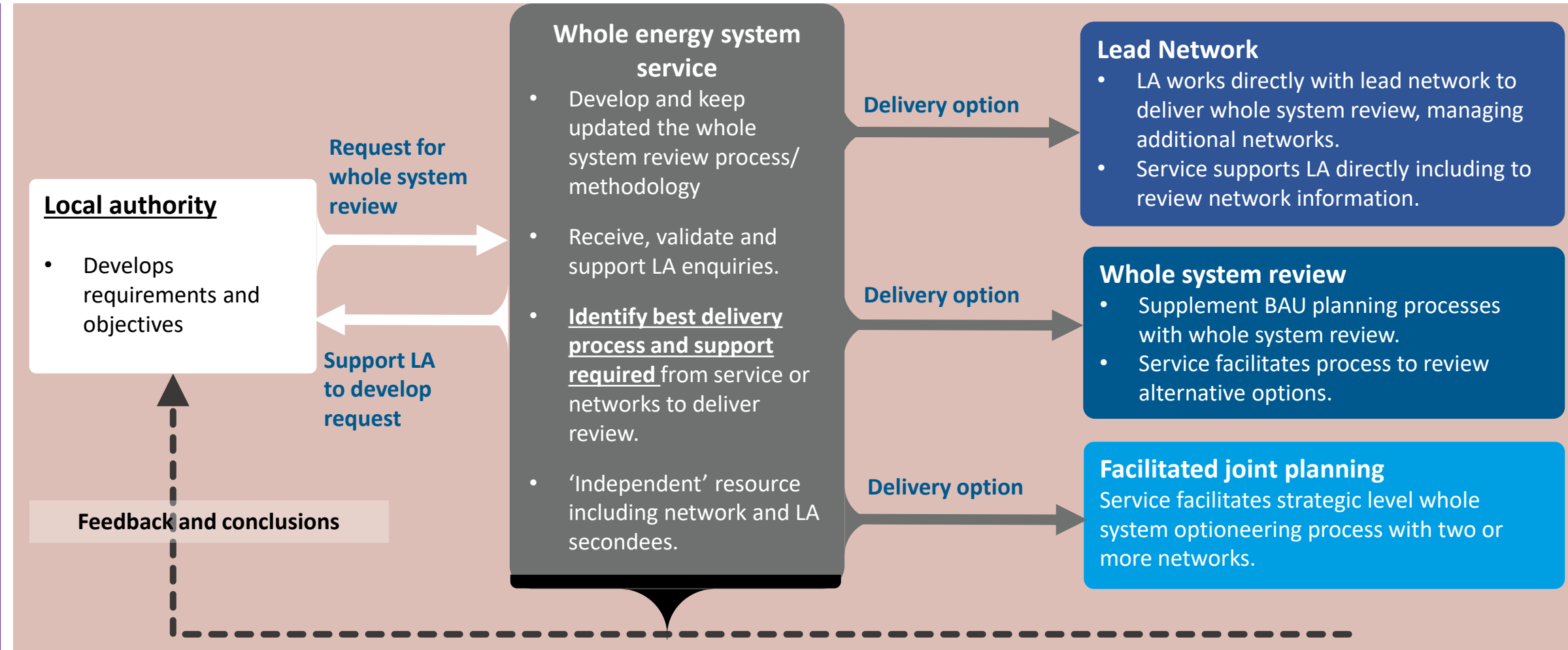
The service should aim to combine the 'independence' and 'neutrality' that was felt to be offered by the Integrated Joint Regional Planning Teams, but without removing the responsibility for the network analysis and development of solutions from within the networks.

The service would need the right expertise and resource to provide a useful facilitating role working between the local authorities' needs and the networks.

- *"Would like to see the body acting like an independent arbiter. Could be the body that translates between local authorities to the networks."*
- *"A dedicated front of house team that could explore and unlock options. A neutral test bed to explore those alternatives."*

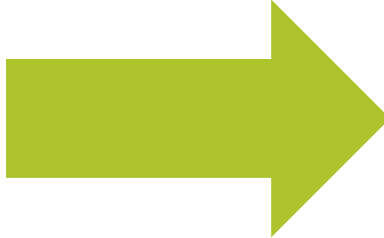
## Key risk

To provide a useful role, the service would need to be resourced with the right people and expertise. This would include having detailed knowledge of network solutions and access to network data.



## Capacity building and resource varies between local authority

The interviews and webinars illustrated that the capacity of local authorities vary considerably across the UK and that capacity building should be a core part of the solution. Some local authorities will need considerable support, others may need less.



## The service to identify the appropriate timescales, delivery approach and resource, which will vary across different projects and local authorities.

There is likely to be no one size fits all solution for providing the service. In supporting local authorities, it is important that the service can identify the appropriate timescales, approaches and resources coming from either the service or the networks to support each project.

This may vary depending on:

- Complexity of the project and network challenges in the area
- Strategic versus site specific projects
- Different geographies, single site, town, city, LA-wide or regional.
- Rural or urban area

## Service to be collaborative, impartial and provide independent advice

Ensuring impartiality within the service resources.

It was important for both webinar and interviewee that the service should be 'arm's length' from network interests.



## The service to be resourced from wider expertise including local authority representatives and other energy experts in addition to network secondees.

The original proposals had a coordination service or central team set up with network secondees. The consultation suggested that a wider resource pool would help to ensure impartiality. In addition to network secondees, the service could employ independent network experts, local authority and combined authority secondees, other energy solutions experts including smart energy, flex, storage and heat networks.

For networks it will be important to manage the scope of the service negotiating between deliverability and stakeholder expectation.

## Funding the service

There was very little support for a cost reflective charge from consultees and many felt that the resource was not available in local authorities to use the service.

Trial could look at collaborative funding model that might combine approaches and funding sources, including direct or in-kind funding from networks, private sector users and BEIS via the Energy Hubs.

Local authority funding could depend on the project, a minimal charge for advice on a network-led delivery and a salary-based charge for a facilitation style service. E.g. 2 days a week for 6 months.

## Retaining a regional element

The Integrated Joint Regional Planning Team provided a level of regional expertise which was felt to be valuable by most interviewees.

The new service could retain a regional approach either in a UK-wide service with regional and country specialisation or creating a regional service which could be hosted by existing bodies, for example Energy Hubs or LEPs in England with separate 'coordination services' set up in Scotland and Wales.

## Sharing learning

Two interviewees also noted the importance of learning and using the service to build knowledge on network solutions and decarbonisation across the UK.

Sharing learning across networks and local authorities could be an additional remit for the new service.

## Coordinating local planning information

Interviewees felt there would be significant value in the ENA establishing a coordinated approach for networks to access local growth plans and associated energy requirements.

The trials could also explore whether the service (if established regionally) could also have a role in coordination of local growth planning and net zero information and providing this to networks and other stakeholders.



# RESULTS FROM ENGAGEMENT: ADDITIONAL ROLES FOR ENA

As part of the consultation, Regen posed further questions to the fourteen interviewees about additional roles, aside from the new service, that the ENA could play in supporting local authorities and stakeholders.

These questions were:

1. Thinking about Local Area Energy plans - what value do you think there might be in the ENA playing a leading role in defining and coordinating these?
2. Thinking about networks requesting and using local development plans - do you think there is value in the ENA establishing a coordinated approach for networks to access these growth plans and associated energy requirements?
3. Just to finish - are there any other areas that you believe the ENA should consider that could deliver significant value to your organisation?

# Q1: ENA's role in Local Area Energy Plans

Feedback was that the ENA and networks had a role in the development of the LAEPs – but perhaps not a leading role.

*“There may be a role here, but I am nervous of the networks playing too strong a role in this. They could coordinate perhaps - but ownership needs to stay within the democratically elected body.”*

## Suggestions of potential roles for the ENA in LAEPs included:

- 1. Ensuring that the networks use LAEPs and local plans in their own business planning.** *“Concern about LAEP is that Networks do not use it or agree with it - then modelling their own different outcomes.”*
- 2. A coordinating role for network input into LAEPs** *“In LHEES the network providers are significant stakeholders - would be useful if the ENA could coordinate their inputs into these.”*
- 3. Data supply and processes to help LAEP process scale up.** *“The ENA could help the process scale up. For example, maintaining a good set of data, input assumptions, scenarios, building stock and network capacity. Potential to develop a support portal for this.”*
- 4. Quality assurance role.** *“Might be useful to have ENA making sure the LAEPs are robust and well bounded in terms of method and approach.”*

Value in ENA playing a significant role in defining and coordinating Local area energy plans (LAEPs)

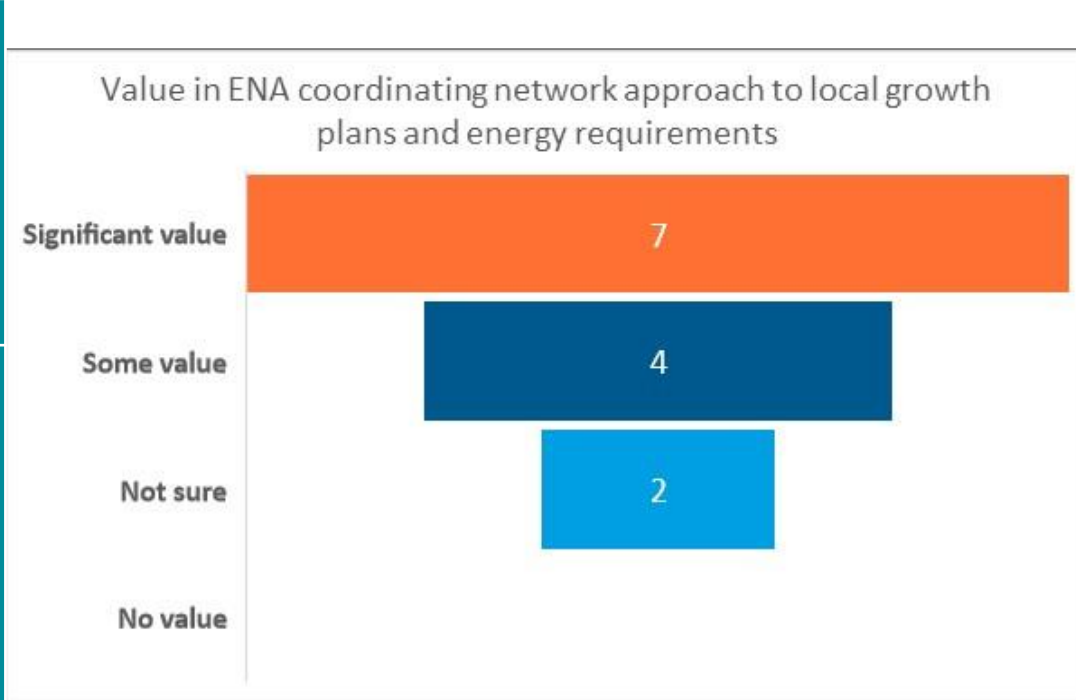


## Key Message

Networks have an important role to support LAEPs and in using the outputs in network planning. There is scope to develop processes via ENA to support local authorities in developing LAEPs.

# Q2: ENA's role in coordinating local growth plans

<p>Most interviewees agreed that there is value in the ENA coordinating networks' access to local growth plans.</p>	<p><i>"Agree that there would be significant value if the requests into LAs could be coordinated and reduce the burden on LAs. There is currently lots of duplication of requests, studies and analysis - it would be good to reduce that."</i></p>
<p>A number of people rephrased the question and asked whether there is value for the networks in ENA coordinating growth plans.</p>	<p><i>"This might be a question for the networks."</i></p>
<p>Others emphasised that it was important that the information was used by all networks and internally consistent; they felt it wasn't currently.</p>	<p><i>"Really important to make sure that everyone is in the same position. The gas network are focusing on all the hydrogen opportunities and don't take account of electrification reducing demand on their networks."</i></p> <p><i>"Naturally, networks will focus on where to invest more but this would ensure that everyone has the same information, and the planning is internally consistent - for example in an electrification area, gas will reduce."</i></p>



**Key Message**

There is significant value in helping to coordinate network access to local growth plans both for networks and for LAs. A further role would be to ensure the use of these is internally consistent in energy networks.

# Q3: Interviewee views on additional roles for ENA

Facilitating local authorities having strategic conversations with networks

*"Would like ENA to push the networks more on strategic approach and thinking, find it very hard to have those conversations at the moment."*

Consistency in handling of constraints, responses and information (mainly DNOs)

*"Do find the constraint maps a useful overview of where the upgrades are needed but there is no similar resource to show how those constraints might be alleviated."*

Providing more guidance and consistency on flexibility services provided by DNOs.

*"Flexibility services at the moment are very scatter gun and subject to different approaches in different areas. ENW could be a leader in this and work with the ENA to help set up the same processes and share learning across network operators and have some sort of consistency across networks."*

Guidance on new technologies building on recent work on heat pumps.

*"Valued the ENA's recent review of approved technologies for heat pumps - GM has used this already to procure. Would be great if that approach could be extrapolated to other new technologies."  
"Also ENA should work to support or align network operator policies and processes - including on how they approach new technologies."*

# Q3: Interviewee views on additional roles for ENA

Forward planning portal for energy needs from both public and private sector.

*“Potential for a forward planning service where people can register an interest in doing something. The combined authority is looking to better use mapping more generally with where people live and work - overlaying network maps and capacity so that can be modelled in the future.”*

Updating local authorities on implications of government and Ofgem energy policy

*“They could help with translating the rapidly developing government policy and translating that down to the LA.”*

Four interviewees mentioned issues to do with equality and ENA role in levelling up local and regional energy infrastructure.

*“At the moment there is 'levelling up' in transport spending and infrastructure - could a similar system be used for energy?”*

*“Equality needs to be a consideration. For example, in areas where housing is lower value, the cost of retrofit does not change which makes a £20k retrofit much more expensive relative to the price of the house.”*

*“Currently have many areas with low car ownership, but should these areas be given the opportunity to have EV chargers? Currently all the EVs are in the affluent areas - and the cost of those upgrades is socialised across a DNO.”*

*“A particular issue for Liverpool is the Manweb network which means that new connections like data centres cost 4x the amount that other areas. This is now reaching capacity - and this is a potential disadvantage for the area.”*





# APPENDIX 1: LOCAL AUTHORITIES ENGAGED

# Local authority, regional and devolved stakeholders

Webinar	Allerdale Borough Council	North of England
Interview	Argyll and Bute Council	Scotland
Survey & Webinar	Arun District Council	South East
Webinar	Ashfield District Council	East Midlands
Survey & Webinar	Babergh and Mid Suffolk District Council	East of England
Webinar	Barnsley Metropolitan Borough Council	Yorkshire and the Humber
Survey & Webinar	Bassetlaw District Council	East Midlands
Survey & Webinar	Bath & North East Somerset Council	South West
Survey & Webinar	Blaenau Gwent County Borough Council	Wales
Survey & Webinar	Brighton & Hove City Council	South East
Webinar	Bristol City Council	South West
Survey & Webinar	Buckinghamshire County Council	South East
Survey & Webinar	Calderdale Metropolitan Borough Council	Yorkshire and the Humber
Survey	Cambridge City Council	East Midlands
Interview	Cambridgeshire & Peterborough Combined Authority	East of England
Webinar	Cambridgeshire County Council	East Midlands
Survey	Cannock Chase Council	West Midlands
Survey	Canterbury City Council	South East
Survey	Cardiff City Council	Wales
Webinar	Carmarthenshire County Council	Wales
Webinar & Interview	Ceredigion County Council	Wales
Survey & Webinar	Cheltenham Borough Council	South West
Survey & Webinar	Chesterfield Borough Council	East Midlands
Webinar	City of Bradford Metropolitan District Council	Yorkshire and the Humber
Survey	City of York Council	Yorkshire and the Humber
Webinar	Cornwall County Council	South West
Webinar	Coventry City Council	East Midlands
Webinar	Derry and Strabane District Council	Northern Ireland
Survey	Devon County Council	South West
Webinar & Interview	Dorset County Council	South West
Webinar	Dundee City Council	Scotland

Survey	Durham County Council	North of England
Webinar	East Sussex County Council	South East
Webinar	Erewash Borough Council	East Midlands
Survey	Essex County Council	East of England
Survey	Exeter City Council	South West
Webinar	Gosport Borough Council	South East
Webinar & Interview	Greater London Authority	London
Interview	Greater Manchester Combined Authority	West Midlands
Survey	Greater South East Energy Hub	South East
Survey & Webinar	Harborough District Council	East Midlands
Webinar	Hastings Borough Council	South East
Survey	Heart of the South West LEP	South West
Webinar	Herefordshire County Council	West Midlands
Webinar	Hertfordshire County Council	South East
Survey	Horsham District Council	South East
Webinar	Hull City Council	Yorkshire and the Humber
Survey & Webinar	Isle of Wight Council	South East
Webinar	Lancashire County Council	North of England
Webinar	Leeds City Council	Yorkshire and the Humber
Survey	Lewisham Council	London
Webinar	Lincolnshire County Council	East Midlands
Interview	Liverpool City Region Local Enterprise Partnership	West Midlands
Webinar	Llywodraeth Cymru	Wales
Survey & Webinar	Local Partnerships	Wales
Webinar	London Borough of Camden	London
Survey	London Borough of Hounslow	London
Webinar	London Borough of Waltham Forest	London
Webinar	Mid and East Antrim Borough Council	East of England
Survey	Midlands Energy Hub	East Midlands
Webinar	Milton Keynes Council	South East
Survey	Mole Valley District Council	South East

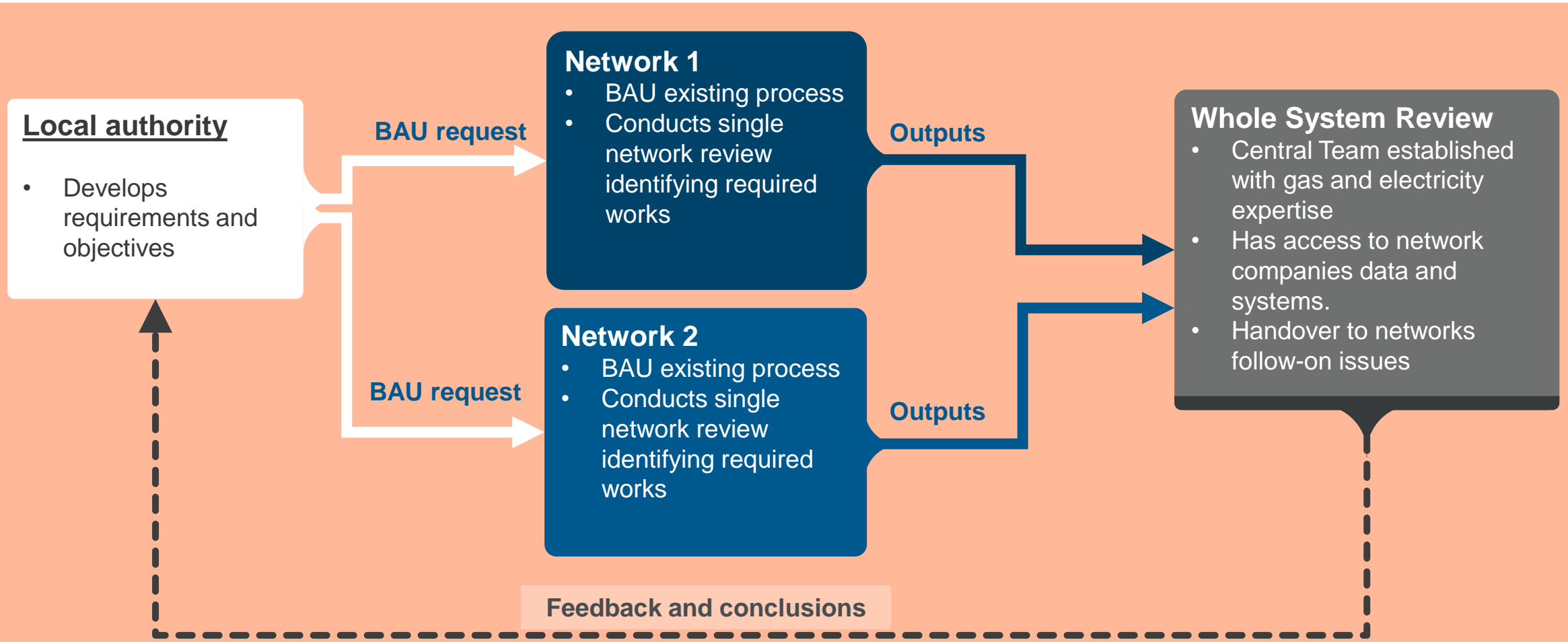
# Local authority, regional and devolved stakeholders

Survey & Webinar	Monmouthshire County Council	Wales
Webinar	Neath Port Talbot County Borough Council	Wales
Survey	Newcastle City Council	North of England
Webinar	Newport City Council	Wales
Survey	North Devon Council	South West
Webinar	North East Local Enterprise Partnership	North of England
Survey & Webinar	North Northamptonshire Council	East Midlands
Interview	North of Tyne Combined Authority	North of England
Webinar	North Somerset Council	South West
Survey	North Warwickshire Borough Council	West Midlands
Survey & Webinar	North West Leicestershire District Council	East Midlands
Webinar	Northamptonshire Council	East Midlands
Webinar	Nottingham City Council	West Midlands
Webinar	Nottinghamshire County Council	East Midlands
Survey	Oxford City Council	South East
Webinar	Oxfordshire County Council	South East
Webinar	Perth and Kinross Council	Scotland
Survey	Plymouth City Council	South West
Survey	Portsmouth City Council	South West
Webinar	Powys County Council	Wales
Survey & Webinar	Rotherham Metropolitan Borough Council	Yorkshire and the Humber
Survey	Royal Borough of Greenwich	South East
Webinar	Runnymede Borough Council	London
Survey	Rutland County Council	East Midlands
Survey	Sandwell Metropolitan Borough Council	West Midlands
Interview	Scottish Government	Scotland
Survey & Webinar	Sedgemoor District Council	South West
Survey	Sevenoaks District Council	South East
Interview	Sheffield City Region Combined Authority	North of England
Survey & Webinar	Somerset West and Taunton Council	South West
Survey & Webinar	South Derbyshire District Council	West Midlands

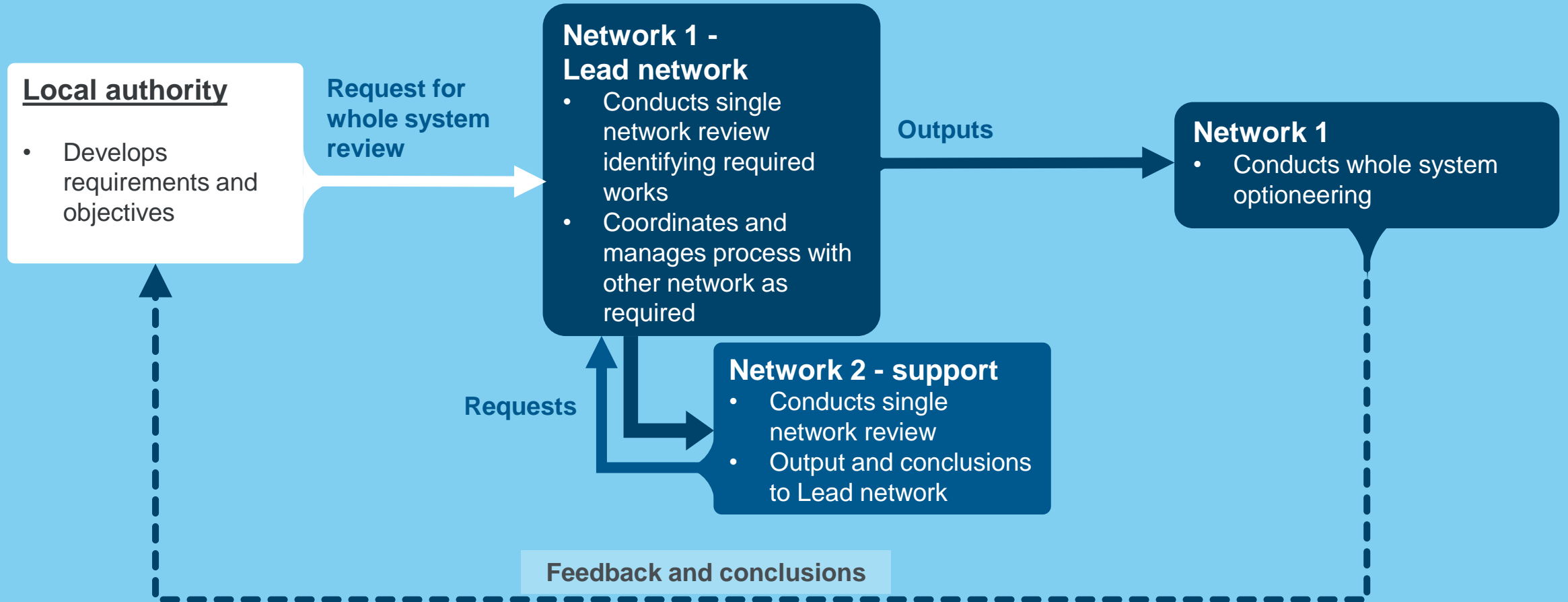
Webinar	South Hams District Council	South West
Survey	South Lakeland District Council	North of England
Survey & Webinar	South Somerset District Council	South West
Webinar	South West Energy Hub	South West
Webinar	Staffordshire County Council	West Midlands
Survey	Stoke-on-Trent City Council	West Midlands
Survey	Stroud District Council	South West
Survey	Surrey County Council	South East
Survey & Webinar	Surrey Heath Borough Council	South East
Survey	Swindon Borough Council	South West
Survey	Tamworth Borough Council	West Midlands
Interview	Tees Valley Combined Authority	Yorkshire and the Humber
Webinar	Teignbridge District Council	South West
Webinar	Test Valley Borough Council	South East
Survey	Tunbridge Wells Borough Council	South East
Webinar	Vale of Glamorgan Council	Wales
Webinar & Interview	Welsh Government	Wales
Webinar & Interview	West Midlands Combined Authority	West Midlands
Survey & Interview	West of England Combined Authority	West Midlands
Webinar	West Suffolk Council	East of England
Webinar	West Yorkshire Combined Authority	Yorkshire and the Humber
Survey & Webinar	Wiltshire Council	South West
Webinar	Wokingham Borough Council	South East
Survey	Worcestershire LEP / Midlands Energy Hub	West Midlands
Webinar	Wyre Forest District Council	West Midlands
Webinar	York and North Yorkshire LEP	Yorkshire and the Humber

# APPENDIX 2: THE FOUR DELIVERY MODELS

# Whole system energy review

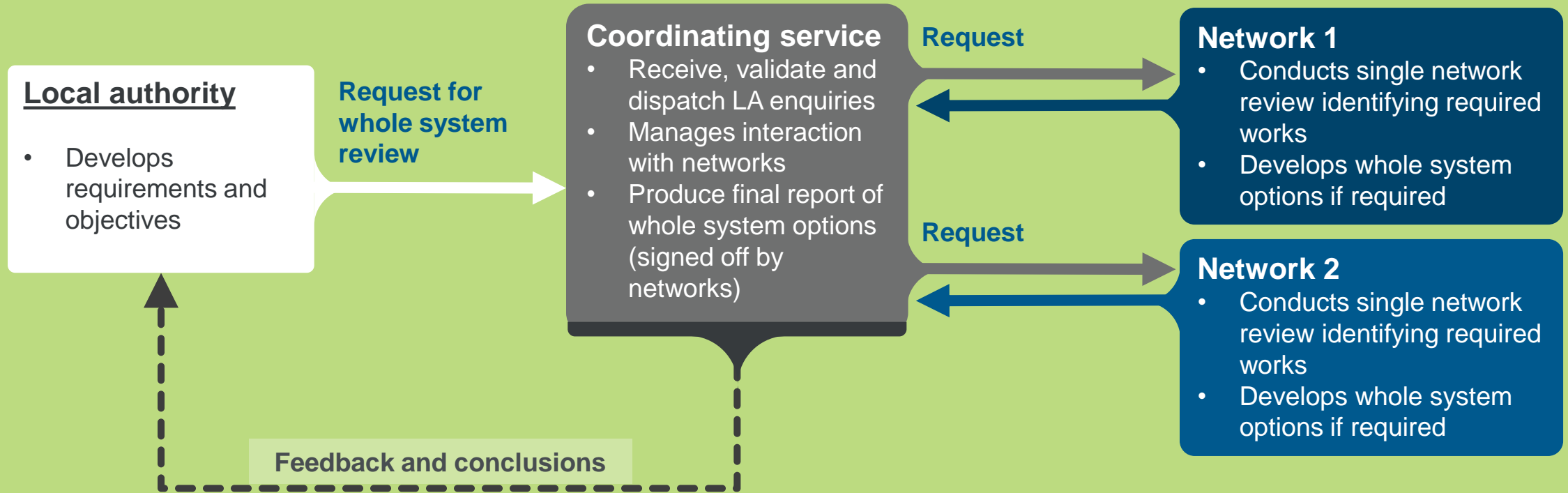


## Lead network joint planning service

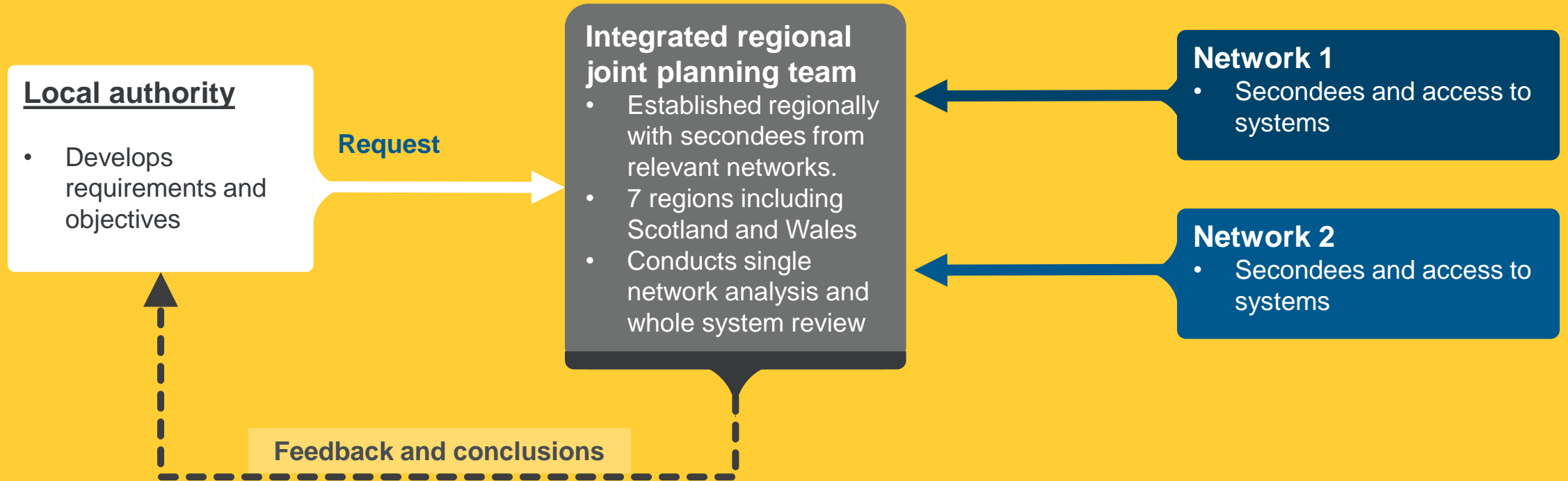




## Central team coordinated service



## Integrated joint regional planning teams





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30 July 2021