

Environment & Energy Board

Date	7 March 2024
Report title	Local Area Energy Planning and Project PRIDE (Planning Regional Infrastructure in a Digital Environment)
Portfolio Lead	Environment, Energy & HS2 – Councillor John Cotton
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Report has been considered by	None

Recommendation(s) for action or decisionPlann:

The Environment and Energy Board is recommended to:

1. Welcome the formation and work of the Local Area Energy Plan Co-ordination Group.
2. Endorse the proposed regional approach to Local Area Energy Planning in the West Midlands
3. Note that the region will likely need to feed into further OfGEM consultations later this year, on the geography of the future Regional Energy Strategic Planning function for the Midlands area and how the region wishes to organise itself to feed into a future model of Regional Energy Strategic Planning.

1.0 Purpose

- 1.1 The purpose of this item is to update Environment and Energy Board members on the activity and findings of their local authority officers working collaboratively through the West Midlands Local Area Energy Plan Co-ordination Group and understand how this is being used to shape future work and national energy policy.

- 1.2 The Local Area Energy Plan Co-ordination Group was established under the guise of Project PRIDE, an innovation project, funded by OfGEM which is looking at two things:
 - How to provide the necessary information needed to enable effective energy planning and
 - what governance structures are needed to achieve effective energy planning.
- 1.3 The Local Area Energy Planning Co-ordination Group was established as part of Project PRIDE – which is examining how stakeholders can work together to better plan our energy infrastructure, taking advantage of digitalisation - **Planning Regional Infrastructure in a Digital Environment**.
- 1.4 Energy planning is currently undertaken by electricity and gas network operators, each in their own silo and scrutinised and approved by OfGEM. The involvement of local authorities is limited to participation in consultation processes, where they are asked for information about future plans for an area; and data is taken from local plans to feed into energy scenario planning.
- 1.5 From next year this will change. OfGEM have announced their intention to establish a mechanism to develop Regional Energy Strategic Plans, which will take a whole system view, meaning it will consider all energy supply and demand aspects, including electricity, gas, hydrogen and energy demand, including from building, transport and industrial decarbonisation and consider what investment is needed in each area.
- 1.6 The Local Area Energy Planning Co-ordination Group is considering how the West Midlands can ensure it works effectively together to undertake local area energy planning and use this as a foundation to feed into regional energy planning, to ensure that investment will be appropriately channelled into energy infrastructure to support the region's growth and decarbonisation objectives.
- 1.7 The group is trialing a digital spatial mapping tool, to bring together all of the elements that are needed to enable effective energy infrastructure planning. This includes information about the existing energy system and its constraints; details of our built environment and transport systems and their paths to decarbonisation. This tool, known as LAEP +, which has been developed by a company called Advanced Infrastructure, is being tested by the group, who have all now been given login details and training, to see if by using a visual platform such as this, with shared data sets we can reduce the cost and burden to local authorities and increase the efficiency of the local area energy planning process to the benefit of all involved.
- 1.8 Feedback to date has been that:
 - Onboarding to the LAEP+ tool is going well, but regular training and support will be required in order to make best use of the tool.
 - West Midlands local authorities are committed to working with the tool and see the value of compiling the data together in such a platform.
 - Energy/ sustainability officers are engaging their colleagues from other departments in using the platform to support integration.
 - West Midlands local authorities do not have the capacity or resources to undertake local area energy planning alone and welcome the opportunity to work with Energy Capital to share resources and be part of bids for funding for additional capacity and support.

- Energy Capital has received requests from non-constituent authorities to be part of this project and process.

2.0 Background

- 2.1 Project PRIDE has established a high profile amongst stakeholders, many of whom are keen to be involved and learn from the outcomes. Given the level of interest and the feedback from the Local Area Energy Planning Co-ordination Group, it is proposed Energy Capital seeks to continue to partner with National Grid Electricity Distribution to submit an application for the next round of funding available for Project PRIDE through the Strategic Innovation Fund, beta phase. If successful, this would enable the region to continue to benefit from the development of the LEAP + tool and roll it out across the whole West Midlands region. With interest already expressed from non-constituent authorities such as Telford and Wrekin, it is proposed that this should align with the geography of the Regional Energy Strategic Planning, which would be the whole of the West Midlands, not just the West Midlands Combined Authority geography.
- 2.2 This approach would be highly innovative, taking learning from other regions where they have to date developed static plans and would place the LAEP+ tool at the heart of a local area energy plan making process. Given the timing of the project, we would seek to continue to support OfGEMs Regional Energy Strategic Planning plans and show how the Local Area Energy Planning process can be broken down and embedded into roles and responsibilities, being shared across different actors in the energy system (as set out in Appendix 1).
- 2.3 This would help to reduce the cost burden of local area energy planning to the public purse and show how some aspects could be incorporated into the Regional Energy Strategic Planning mechanism, thus reducing the cost to the taxpayer even further.
- 2.4 The Local Area Energy Planning process will require active participation from transport and spatial planning authorities, working closely with energy system actors.
- 2.4 Currently OfGEM are undertaking the detailed design phase of development of the Regional Energy Strategic Planning. This means they are working with stakeholders to gather information to help them shape what the Regional Energy Strategic Planning will do, how they will be governed and what level of authority and power they will have. Energy Capital are feeding into this process, taking learning and insight from the Local Area Energy Planning Co-ordination Group and other governance structures established as part of the PRIDE project and sharing them with OfGEM. In the summer OfGEM will formally consult on the details of the Regional Energy Strategic Planning design and how local authorities will be expected to engage with it. Energy Capital will keep officers and members abreast of the issues and opportunities associated with this as they emerge and ensure the region is well placed to respond to the consultation later this summer.

3.0 Financial Implications

- 3.1 There are no immediate financial implications within this paper.

3.2 Projects entering OfGEM SIF Beta phase will be able to apply for up to £8m of innovation funding. This would be shared across partners to deliver key objectives. The projects have to be led by the local network operator, which in the case of the West Midlands is National Grid Electricity Distribution. Working on this project would give the West Midlands Combined Authority access to funding which would support local area energy planning across the region.

3.3 The West Midlands Combined Authority has invested in a Local Area Energy Planning Delivery Manager role, partly paid for by Project PRIDE, to undertake the development of the Beta phase and Local Area Energy Planning roll out.

4.0 Legal Implications

4.1 None.

5.0 Equalities Implications

5.1 Local Area Energy Planning is an important foundation to ensuring a just energy transition, based on accurate information and data.

6.0 Inclusive Growth Implications

6.1 Local Area Energy Planning will provide information to help ensure that all areas have access to the energy they need to develop and decarbonise, not just those areas where the investment makes commercial sense.

7.0 Geographical Area of Report's Implications

7.1 It is proposed that this work will cover the wider West Midlands going forward, working with any local authorities who wish to participate.

8.0 Other Implications

8.1 None.

9.0 Schedule of Background Papers

9.1. Appendix 1: Local Area Energy Planning Stages (OfGEM approved methodology)

- **Stages 1 and 2 – preparation, and stakeholder identification and engagement**, is something that most local authorities will generally be comfortable undertaking and wish to lead on. The better Local Area Energy Planning's have always had a stakeholder engagement process running alongside a technical analysis.
- **Stage 3 - understanding and representing the current local energy system** is more difficult for local authorities when they do not have energy system specialists employed, but these resources can be shared across local authorities, as it is the case in combined authorities, where a team is employed by the local authorities to work across the region and share capacity, this could be supported by Net Zero Hubs (Department for Energy, Security & Net Zero) where no other capacity can be embedded within the local government structure.

- **Stage 4 and 5** – whilst the extent to which **modelling and scenario development** is needed is under consideration, some modelling will be required and this requires specialist capabilities, not generally available within local authorities and these stages are usually therefore undertaken by consultants (or potentially AI in the future). This could be procured by the Regional Energy Strategic Planning to ensure it is streamlined and undertaken in the most cost-effective way.
- **Stage 6 and 7 - Actions, priorities, decisions and creating the Plan** about what infrastructure will be prioritised has to be done collaboratively with local authorities, but this requires working together and increased capacity within local authorities to enable them to actively participate, agree priorities and provide the necessary clarity and increased certainty to investors through other mechanisms that they control, such as local planning policy.