Changes to Energy Infrastructure Planning Application Fees

Energy UK is the trade association for the energy industry, representing companies investing billions of pounds to secure our country's current and future energy needs.

From growing start-ups to major electricity generators, grid and infrastructure developers and energy suppliers, our members are driving change across power, heat, transport and flexibility.

We provide a collective voice for the sector working with governments, regulators, charities and other organisations to provide crucial insight that shapes policy, offers solutions and promotes best practice.

Our broad view across the whole system supports evidence-based positions which are not tied to particular technologies, and are focused on delivering strategic benefits for people, businesses and the economy.

We champion initiatives such as our Vulnerability Commitment, which pushes suppliers to go beyond regulation to support customers with additional needs, and TIDE, the industry's drive for greater inclusion and diversity. Through our Young Energy Professionals Forum, we support the development of future leaders.

We are equally committed to our team and are proud to be recognised as a 'Gold' Investors in People employer.

Executive Summary

In principle our members support the proposed changes. However, the increase in fees is not without risk to developers, and this support is based on what results stem from these increased fees. An improved quality of service along with a closer alignment with statutory timelines, or simply lower timescales for advancing through the system, are a key to demonstrate to secure industry support for these proposed changes.

If you would like to discuss this response in further detail with Energy UK and its members, we would welcome further engagement.

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Chapter 1: Proposed New Fee Model

Question 1. What is your view on DESNZ charging application fees that cover the cost of its planning delivery services in accordance with principles within HMT Managing Public Money guidance?

Energy UK supports this.

Question 2. Please provide details explaining your response to Question 1.

In principle our members support DESNZ charging fees that recover the cost of planning delivery services, in line with HM Treasury's Managing Public Money guidance, provided that the fees are transparent, proportionate, and demonstrably linked to improved service capacity and performance.

If cost recovery enables DESNZ to resource planning functions effectively and deliver more timely, predictable decisions, this could offer clear benefits to applicants by reducing project delay-related risks and costs, which are typically comparatively more costly than raising planning fees themselves. However, applicants often require a number of these planning services, which compounds the financial impact. It is therefore important that fee levels are clearly justified, regularly reviewed, and accompanied by service standards so that applicants can see tangible value for money.

As with the full cost recovery proposals put forward in the Planning and Infrastructure Act 2025, industry will support proportionate and evidence-based fee increases to cover the reasonable costs associated with service delivery, especially in light of the additional pressure of the Government's ambitious 150 on major infrastructure projects target.

A common concern amongst members is that fee increases may not lead to an improved service (regarding quality or speed) and merely keep pace with new demands. Decisions should be made in the statutory timescales, with the need for corrective orders (in relation to DCO) only in exceptional circumstances. There is also concern that the consultation paper does not fully address how any new fees would dovetail with existing fees payable for some services, e.g. DCO applications, and exactly how new payment mechanisms would work. Any proposed charging model should support the longer term planning landscape. Energy UK would suggest that the DCO fees should be payable at the formal close of Examination, not at the point of application.

EUK acknowledges the statement made in the consultation document that '*fees are not collected across all of the planning delivery services that DESNZ provides (Table 1)'*. However it is unfortunate that the consultation paper does not identify which specific DESNZ planning services are either not subject to fees or the extent to which existing fees for some services (e.g. DCO applications) may not cover the full costs of

DESNZ service delivery (e.g. application processing including post-examination scrutiny and decision making). This information should be provided to confirm the avoidance of any potential duplication in any new fees and thus support industry confidence in this policy change.

Improved certainty on timelines and service for applicants would make increased fees considerably more palatable for industry, and as response goes into in further depth in later questions, this could do more to dispel pushback.

Question 3. Should a fee be introduced for all application types?

Yes. A level playing field will help enable competitiveness in the sector. Whilst the need for additional fees to support adequate resourcing of DESNZ planning functions is recognised, this must be accompanied by satisfactory service standards, continual service improvements, swift processing of applications and effective monitoring of performance. Given the range and complexity of issues and stakeholders dealt with through DCO requirements we suggest that service standards should be judged against the decision periods specified within relevant DCOs.

Question 5. Should all fees be based on a fixed charge?

No.

Question 6. If you have responded 'No' to Question 5, what other charging model should apply and to which services?

Energy UK does not object to a fixed charge based on time taken through the planning system. However, any charges must take account of the markedly different scale, complexity and resulting resource demand placed on DESNZ's planning functions of different development proposals. For example, any increase in fees should not be made to an extent that it deters deployment of small-scale renewables, particularly utility-scale solar PV.

Rather the objection to the proposed model is that it is based on average timescales for an application type and then put forward across all applications. This may not accurately reflect the actual costs for an individual project. Project scales and complexities may vary significantly, so it may be more appropriate to set fees in relation to this. For example, solar farms typically have larger project footprints compared to wind farms but are generally simpler schemes. Site-specific constraints, such as ecological or peat issues, also often dictate the level of complexity involved.

Regardless, the fixed charge system should have some flexibilities built in to enable less complex applications to recoup some of the costs of the planning fee, which could also act as an incentive.

A one size fits all system may be a more straightforward approach, and Energy UK understands the lower bureaucratic level involved in this. However, some flexibilities for applications will be fairer, and may even help to achieve increased better performance.

Question 7. Should all fees be based on a fixed fee model?

Yes.

Question 8. Please explain in detail your response to Question 7

DCO applications often have numerous requirements, with applicants currently operating under cost-recovery systems with Local Planning Authorities (LPAs) and other entities to discharge these requirements. In most cases, DESNZ has a limited role in discharging of requirements therefore, the introduction of an additional fee will result in double counting, unless the determining authority is DESNZ. It is important to clarify the scope of the proposed fee, whether the proposed fee structure applies to all DCO requirements or specifically to those where DESNZ is involved.

It is also unclear from Table 3 of the consultation paper whether the discharge of requirements fee applies to a single fee for each project, each application to discharge requirements (which could relate to one or more requirements) or to the discharge of each individual requirement. These would generate significantly different resource demands and fee revenues. The third potential interpretation of a £8,200 fee to discharge each individual requirement, would clearly be disproportionate given the number of requirements typically attached to an energy infrastructure DCO and the limited role of DESNZ in some cases. Energy UK's operating assumption that the proposed fee (£8,200) is per application, as this would be most proportionate. If this is not the case, urgent clarification must be made on this, as this significantly changes many of the implications of this consultation. There are also scenarios where requirements might require a re-discharge or reapplication and it is important that these are considered and clarified in the fee structure.

To avoid over complicating the system, encouragement of efficient processing, and remaining proportionate, it should be considered that the discharge of the requirements cost should be levied per project (single fee for each project to discharge all DESNZ related requirement) or per discharge application (including multiple requirements) rather than per requirement to be discharged. However, as with the determination of DCO applications, it is recognised that there may be material differences in resourcing demands on DESNZ between discharging either a small or high number of conditions. DESNZ should therefore consider introducing cost bandings based on the number of requirements included in a single discharge application (e.g. 1-10, 10-20, 20+).

While using the fixed fee model as a basis for future charges is a solid basis going forward, as with the response above to Question 6, this should include flexibilities for

individual applications where possible (please also refer to the responses to Questions 10, 12 and 14).

In relation to safety zones in particular, Energy UK would recommend clear guidance on expected timeframes for the determination process to provide applicants with greater confidence and allow for better planning and budgeting.

It is also important to note that the planning system is in a great state of flux, and will likely continue to be moving forward. The sentence '*DESNZ will account for any changes arising from reforms outlined in the Planning and Infrastructure Bill*' is noted and very welcome, as the now Planning and Infrastructure Act will change application timelines and resources.

However, the consultation document also notes (on the estimates for planning fees) '*These estimates are based on professional judgement and are not expected to change between now and the publication of the final fees'*. This may be a little incongruous with the previous statement, as well as other planning system changes that may be introduced in 2026. This includes changes to statutory consultees and how the resultant reduction of casework may result in developers submitting more efficient applications.

Therefore, these estimates need to be sufficiently agile to respond to changes in the system. If the planning system is undergoing extensive reforms, the underlying presumptive data for these estimates may risk going out of date.

Question 9. What are your views on possible future segmentation of application fees based on improved data collection?

Energy UK supports this.

Question 10. Please explain your response to Question 9.

As with the response to question 6, Energy UK supports more flexibility for individual projects based on updated data. Sufficient information on the boundaries and criterion for any possible future segmentation should be provided, including the rationale behind it. This provides a better reflection of the actual costs incurred to DESNZ in processing the different application types, and ensuring projects can be resourced and assessed fairly. Therefore, this approach is very sensible, and further exploration by DESNZ would be very welcome.

Question 11. If supported by data, DESNZ may consider a tiered fee model with varying fees to reflect the resource intensity of applications. What are your views on this?

Energy UK supports this.

Question 12. Please explain your response to Question 11.

As noted above, with different application types there may be plenty of variation in the resource intensity of an individual application, and a fee based on average may not be proportionate for an average developer. Therefore, Energy UK is very supportive of this, and this tiered fee could even be a rebate/surcharge after the initial fee based on fixed cost averages, depending on the intensity of the application. It will be important that fee tiers are transparent and proportionate.

Question 13. DESNZ may consider future additional hourly fees for applications that significantly exceed typical processing times.

Energy UK supports this. Clearer boundaries need to be defined around any additional hourly fees, as well as how 'significantly exceeded' is defined. As an example, it has not been uncommon for a Secretary of State to delay an offshore wind farm at the decision stage for up to three months. In this scenario, this should not mean a project should face an additional fee for circumstances outside their control, and result in unnecessary costs that developers cannot reasonably be expected to budget for.

Question 14. Please explain your response to Question 13.

As with above responses – this is a potentially fairer system for individual applications. However, it may also introduce some uncertainties for projects if costs become unpredictable.

Question 15. Are there alternative fee models that DESNZ should consider in the future? Please specify.

The main alternatives/additions to the existing proposed model presented above are sufficient, and Energy UK would have an interest in further exploration of all of the above. This is dependent on more information on the rationale and evidence behind alternative fee models.

Chapter 2: Fee Reviews and Impact Considerations

Question 16. Costs will be reviewed annually. Do you agree with this proposal?

Yes. It is vital that that sufficient notice is given of fee adjustments prior to coming into effect in the next financial year to enable applicants to secure the necessary funding within project budgets, especially for DCO applications with long lead in times. However, this may be difficult to achieve in practise, as many projects cannot budget accurately on these timescales as the information is not provided far enough in advance. As many projects work to a 2-3 year cycle, the above approach may need to be adjusted to reflect and mitigate these timings.

Question 17. If you have responded 'No' to Question 16, how often should reviews be undertaken to support a sustainable funding model?

Please refer to the response to Question 16.

Question 18. What other steps would you like DESNZ to consider beyond publishing fees on GOV.UK to ensure transparency and accountability?

DESNZ should provide clear documentation explaining the approach behind fee determinations, including the professional judgment and methodologies used. This transparency will help applicants understand how fees are calculated and the factors influencing them. Implementing a formal feedback mechanism where applicants can share their experiences and suggestions regarding the fee system and application processes. A direct line of communication between the DESNZ teams of relevance and affected parts of the industry.

Question 20. To help understand future application numbers in cost review cycles, do you have suggestions on how stakeholders or potential applicants can provide information on possible future application numbers and service demands?

The best approach here may be to work with NESO on data from the connections queue, as this will give an insight onto both essential and pre-emptive applications. NESO's Future Energy Scenarios and the Climate Change Committee's balanced pathway for Net Zero can give longer term indications on the infrastructure demand and requirements for specific parts of the sector. Similar data exists for 2030 and 2035 goals, however for the clean power by 2030 data many of these applications may already have gone through the existing planning process, and before larger changes in policy approach, so may be of more limited use. Additionally, development of the Regional Energy Strategic Plans and the Strategic Spatial Energy Plan will create more detailed insights into future needs and demands.

A previous issue with applications for energy infrastructure, especially specific areas such as battery storage systems, has been speculative applications for grid connection. This has been done by some with the logic that, if many connections are slow or refused, at least one of their projects would be approved. With recent changes to both the planning system and the connection reform process, this needs further investigation to understand these recent changes on bringing down the number of these speculative applications, and how this may further help the process.

Question 21. Will the introduction of fully cost-reflective fees affect your motivation to submit an application?

Yes.

Question 22. Please explain your response to Question 21.

For Energy UK members, the introduction of these fees may affect their willingness to submit an application, dependent of the resultant impact of the fees on the planning process itself. For example, slower progress through the planning process carries a risk premium, as does the possibility of delays through the system. Therefore, if these new fees cut down both delays and time taken through the system, this risk premium could be reduced, substantially offsetting the additional cost (albeit in a less direct manner).The improved system would also make a big difference in justifying the additional fees to developers, and lead to the sense that the system is being reformed.

On the other hand, if the above is not an impact of these higher fees, from an individual developer's perspective, it will likely feel like they are paying increased fees for no direct benefit or improved experience, giving less justification for the rise in fees. Therefore, a top priority out of this policy decision to raise fees must be to demonstrate to developers how this will lead to an improved application process. This will make the main difference on whether developers will be brought along or go against these proposed reforms. Willingness to collaborate, contact more directly, and bring in wider reforms to the planning process in a cohesive manner will be essential tools for DESNZ to accomplish the above.

Question 23. Would you consider these proposals to disproportionately impact certain types of businesses or technologies?

Yes.

Question 24. Please explain your response to Question 23.

As with the example raised in the above response to Question 20, some technologies rely on speculative applications, and higher fees may disincentivise them. In line with the government's ambition to pioneer new technologies that deliver the energy transition such as low carbon technologies, planning should be viewed as an enabler rather than a barrier to development. However, high pre-application costs, and limited certainty can introduce additional project risk, which can ultimately stifle development.

Battery storage projects in particular are likely to fall into this category. This may not be an essentially negative consequence, as there are currently more battery storage systems in the planning system than are needed for Net Zero by 2050.

However, it is worth bearing in mind higher fees are more likely to affect technologies that are operating at a smaller scale. Offshore wind and nuclear power plants for example are likely to be less affected due to scales of capital investment than areas of smaller technology, such as smaller scale storage and generation technologies. This could also apply to newer technologies in future, which may have higher cost

margins overall. Therefore, this could have some impacts on the energy landscape, although it is not anticipated to have major impacts overall. Although, with the current landscape, development costs are increasingly becoming more significant even for large scale technologies.

Question 25. Do you think the introduction of new and increased fees for applicants risks the cost being passed on to domestic consumers?

Yes.

Question 26. Please explain your response to Question 25. Furthermore, if you responded 'Yes', please detail and quantify the impact to domestic consumers.

The introduction of these new fees does not mean that these costs *will* necessarily be passed onto consumers. However, the *risk* of this happening does remain, as it will for any new additional cost for infrastructure development. Much of this will hinge on other changes to the planning system, as outlined in the response to Question 24, and is likely to be more applicable to specific technologies. It is also likely that, while there will be risks of these costs being passed onto consumers, these are likely relatively minimal compared to other issues. Supply chain issues, connection costs, project overruns, investment frameworks and other areas are likely to be far bigger issues for consumer cost than planning fee increases.

Question 27. Do you think the introduction of new and increased fees for applicants risks the cost being passed on to non-domestic consumers?

Yes.

Question 28. Please explain your response to Question 27. Furthermore, if you responded 'Yes', please detail and quantify the impact to non-domestic consumers.

As above for the response to Question 26.

Question 29. How important is fee predictability for your organisation's planning and budgeting?

Very important. This will vary however between our member organisations and their own business cases. Members have raised that they need to be able to forecast with 50% certainty 3-4 years ahead, and with 90%+ certainty. It is very important for developers to be able to predict fees, especially in the current cost conscious climate.

Question 30. Do you have any additional evidence or views on the potential impacts, costs and benefits of the introduction of the fixed fee model?

Please refer to the above answers for this section.

Chapter 3: Service Delivery

Question 31. Would you support a future introduction of indicative or target timescales for the determination of each non-statutory application type?

Yes.

Question 32. Please provide reasons for your response to Question 31.

Energy UK would provisionally support this, including statutory timescales for DNOs. Given that all parts of the electricity network will interact in an interconnected way, a standardised approach is the more cohesive answer, especially given the additional network demand and constraints on both distribution and transmission in the drive towards clean power and Net Zero.

However, this will be dependent on resources that the DNOs can provide towards this. The outcome of this should be heavily based on the feedback from the DNOs, and what they can realistically achieve. This includes on both current and likely future capacity. This should also be examined through the lens of network costs. If the additional resource included would affect Distribution Use of System costs, this may be more of a source of concern.

Question 33. If you have responded 'Yes' to Question 31, please specify views on appropriate target determination periods and whether these should vary by application type.

These should mirror statutory applications as much as possible. However, specific resource constraints may become more evident through consultation with other stakeholders. Therefore, matching statutory applications should be an initial aim, with scope for flexibility based on further feedback.

Question 34. What additional delivery metrics or service agreements should DESNZ consider in planning delivery services to ensure efficiencies and achieve value for money?

The new digital case-handling portal is an important tool for enhancing data capturing. It will be essential to track the processing times and identify challenges particularly faced during service delivery so improvement areas can be identified. Metrics could include the amount of delays to statutory decision-making timescales, early notification of decision delays (as the delay can be given on the day of the original decision), and the number of delays by application.

Question 35. What innovative opportunities should DESNZ consider to support efficiencies within planning delivery processes?

The highlighted areas, particularly the new digital portal, are the right priorities at the current time. This should include for submission and the process of discharging requirements. Members have highlighted the lengthy searches for relevant contracts, and a lack of visibility in the process of whether they have been received, allocated and/or processed. Focusing on achieving those highlighted and allowing industry feedback and tweaks should be the area prioritised. Equally, there are many wider opportunities occurring in the planning space, not just with the introduction of the Planning and Infrastructure Act 2025, but wider reforms such as changes to statutory consultees and other streamlining of the NSIP process. The focus here must be on alignment with all these occurring reforms – the biggest risk in this area is that incompatible reforms to the system are introduced in parallel. While there are opportunities to make greater usage of AI within this process, any use of AI through the planning system must be traceable and accountable. It should also be noted that the fundamentals of digital submission and acceptance need to be addressed first. Without these basics in place, introducing advanced tools like AI cannot deliver any intended efficiencies.

Chapter 4: Implementation and Support

Question 38. What risks (if any) do you foresee with the proposed implementation timeline of 1 August 2026 for new and updated application fees?

The only potential risk with the potential timeline is that it is a little short. While Energy UK fully supports the need for a timely introduction of this, there is the potential added risk of mistakes being made in the process. With this timeline, there is also a risk that the anticipated efficiencies may not be realized for initial applications, and this could diminish confidence in these proposed reforms. DESNZ should take no other action than to be aware and monitor this risk at this time.

Question 39. What transitional support would be helpful for DESNZ to offer applicants ahead of the introduction of new and updated application fees?

Easy contact details of relevant expertise within the department, and regular workshops directed towards industry may be of the most immediate help. Essentially, communication and a platform on which to ‘bug test’ the introduction of these new fees may be the smoothest way to iron out any issues as and when they arise.

Question 40. What additional guidance would be helpful for DESNZ to include?

Updated guidance for recent changes, such as how the Planning and Infrastructure Act will affect applications, could be useful.

Question 41. What else can be done to best support applicants in 'getting it right first time'?

A publicly accessible database of planning issues and resolutions that applications have had could be a potentially one such route. This would allow applicants to see some of the issues that others have encountered, as well the resolution and how it could be applied to their own project. This would however have to be in compliance with commercial confidentiality.