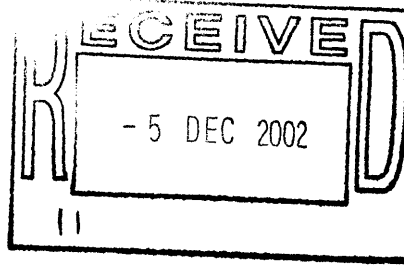


Our Ref 825/576/CML

Date: 3 December 02

Alex Thorne
Social and Environmental Affairs
Ofgem
9 Millbank
London
SW1P 3GE



National Grid

National Grid Company plc
National Grid House
Kirby Corner Road
Coventry
CV4 8JY

Tel No: 024 7642 3366
Fax No: 024 7642 3582

Dear Ms Thorne,

ELECTRICITY ACT SCHEDULE 9 STATEMENT CONSULTATION

Thank you for the opportunity for National Grid to make comments on the proposed changes to the compliance mechanism for Schedule 9 as detailed in the consultation paper.

The National Grid Company owns and operates the high voltage (400,000 and 275,000 Volts) electricity transmission network in England and Wales. This system includes some 7,200km of overhead lines, 640km of underground cable and about 320 substations. The system connects the electricity generators' power stations with the local distribution networks of the regional electricity companies.

We understand that the aim of the consultation document is to distinguish disparities in compliance with Schedule 9 and to dispel concern about many of the issues surrounding the provision. We want to help achieve this by commenting on many of the issues that have been listed as discussion topics in the consultation document.

Background

By way of background information, I think that it would be helpful for me to set out the process National Grid undertook in reviewing its Schedule 9 Statement and the reasons for that review.

Under Schedule 9 of the Electricity Act 1989 National Grid has a duty to produce a statement on how we will meet our duty to preserve amenity when undertaking new work. At our Annual General Meeting (AGM) in 2000 two shareholders tabled a resolution seeking to review and modify the content of the existing Schedule 9 statement. The shareholders also requested a more inclusive approach to be adopted in undertaking the review.

The statement at the time was 10 years old and we immediately gave an undertaking at the 2000 AGM to review it.



Registered Office:
1-3 Strand
London
WC2N 5EH

Registered in
England and Wales
No 2366977

During 2000/2001 we undertook a comprehensive review of the Schedule 9 statement. We completed a wide ranging stakeholder dialogue exercise, facilitated by the Environment Council, which reviewed the existing statement and which led to the publication of a new statement in July 2001. This new statement makes commitments that go beyond our statutory duty and whilst presenting certain challenges, demonstrates our commitment to adopting a more inclusive approach. (I enclose a copy of the latest statement for your information).

The revised statement was reviewed in June this year and it is considered that the statement in its current form is still relevant. We report publicly on our environmental performance in National Grid's social and environmental report which is web-based and can be found at www.nationalgrid.com/uk/social&environment.

Much good work was already being undertaken across the company prior to the revision of the Schedule 9 statement, however, as a result of the review, there is now much wider awareness and greater understanding of our social and environmental commitments. Work continues to further integrate our Schedule 9 commitments into our company activities and we believe that by updating and amending our Schedule 9 Statement, we have raised the profile of many of the issues highlighted within the statement.

As a result of our lengthy consultation process, we believe that we are in a good position to offer comments on the consultation document that has been produced. We would like to bring to your attention, a number of issues concerning the delivery of Schedule 9 statements that if resolved, we believe will help to make the consultation process as straightforward as possible for the Electricity Supply Industry.

Methodology and Model Statements

The methodology undertaken during our Schedule 9 review is closely mirrored by much of the material contained in the consultation document and where this is the case, we clearly agree with the suggestions put forward. Our methodology described was in the most part entirely designed and formulated as a response to the circumstances in which we had to produce the statement. The shareholders requesting a change demanded that full stakeholder opinion was taken into account and our way of producing the final statement reflected that. We would like to stress that this methodology may not be suitable in all circumstances and whilst we thoroughly benefited from the process and would consider using this method again, it is important to realise that there are other methods that could bring with them other advantages. It may be worthwhile considering what these other methods may be before prescribing one particular way of conducting the consultation.

To this end, the production of specific guidelines or indeed a model statement may restrict the thinking of organisations when going through a consultation phase. Some guidance may prove useful but we think that it is equally important to stress the significance of the guidance and the flexibility of any model statements provided.

Scope and Content of the Statement

During our consultation, there were lengthy discussions regarding the scope and content of the new statement. We concluded that the statement should have due regard to those issues that are observed in the Electricity Act – i.e. a concentration on amenity issues such as those stated in paragraph 4.14 of the consultation document. It was felt that other issues such as the regulation of emissions, were covered in other specific legislation. The Schedule 9 Statement is not intended to catch all environmental and amenity based issues and with that in mind, we believe that the content of statements should follow the existing legislative guidelines provided in the Electricity Act 1989.

Monitoring, Reporting and Review

Our updated statement contains a commitment stating that we will review our statement at least every 5 years. However as a responsible company we have also committed to reviewing the relevance of the statement and reporting publicly on our environmental performance every year. Public reporting on our environmental performance already forms an important part of our everyday commitments and as such, we believe that this method is suitable for us.

We established that ‘at least every 5 years’ was a suitable timescale for us to adopt in relation to the length of time taken to complete many of our projects and thus the realistic timescales for review. We also took into account the length of time it took to produce the statement in the first place and hence the realistic targets for reviewing.

We believe that some guidance and statement of review period is important however, this is not a statutory obligation and therefore it would be very difficult to impose any restrictions on reporting and reviewing the nature of the statement.

Co-ordination Role

During our consultation phase, we were fortunate to have good relations with a number of our key stakeholders. This led to easy facilitation of the consultation process with a variety of people who are affected by the implications of our statement. They were also able to offer us advice and guidance on how to reap the greatest benefits from the statement and co-ordinate the process. We realise that it is not always as straight forward and accessible to find this advice and so to this end, a facilitated workshop would possibly prove useful for some organisations and we would be happy to share our experiences and processes. Our only reservation regarding this is who should best facilitate such a workshop. We recognise the benefits of having an ‘umbrella’ organisation facilitating the meeting but we believe that the role and therefore the body to carry out the role should be carefully explored.

Compliance Requirements

In general, we welcome many of the ideas contained in the consultation document. Guidance on the production of a Schedule 9 Statement can only assist the process and make more people (both internally and externally) aware of the commitments organisations within the Electricity Supply Industry are making.

However, it must be noted that many of the suggestions made are not legislative requirements on the organisations and it should be clearly stated that this is the case. Although the requirement to produce a Schedule 9 Statement is clearly obligatory, the methodology for doing so is in the hand of the individual companies. Some guidance may be useful but it is important to state its purpose and relevance.

I trust that these comments are helpful and informative. Please do not hesitate to contact me should you require clarification and further information on any of the above.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Catherine Lowe', written in a cursive style.

Catherine Lowe
Head of Planning and Development