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## National Grid Transco

### Ofgem consultation on long term development statements

Thank you for the further opportunity to comment on the proposed licence conditions relating to the Long Term Development Statement (LTDS) for the National Transmission System (NTS) and Distribution Networks (DNs). We include our responses collated from our UK Transmission and Distribution businesses.

#### Scope of the Distribution Networks LTDS

1. The scope of the LTDSs for the DN appears to be driven by two factors: first, the provision of information to interested third parties within the energy industry, predominantly to enable them to take more informed commercial decisions; and second, communication of DN development plans to NTS and subsequent incorporation of those plans into the NTS LTDS.
2. We support the inclusion in the DN's LTDS of several of the items outlined in paragraph 8 of the consultation document. We consider that the scope of the DN LTDS should be limited to the following information:
  - Local Transmission System (ie high pressure distribution system) level development plans, including details of associated projects (for those projects that present the scope for further connection) and forecasts for 10 years ahead;
  - Forecasts of demand at DN level; and
  - Information on gas supply and storage facilities that are likely to be connected to the DN (but not including diurnal storage)
3. Our suggested scope is broadly consistent with current practice, and we consider that it meets the requirements outlined in point 1 above, ie it:
  - presents sufficient information for any interested party to make an initial assessment of potential opportunities for connection within the DN, which could then be discussed with the DN on an individual basis, and
  - provides a sufficient level of information on DN planned development for NTS to check against in the production of its LTDS.

4. Any increase in scope, in particular associated with the network downstream of the Local Transmission System would place a substantial additional administrative burden on the DNs and add very little benefit, for example it would not eliminate the requirement for commercially interested 3rd parties to approach the DN for further information. Investment at this level typically has a short lead time and is primarily driven by third parties or general system growth. There is not therefore a corresponding benefit to be gained from the additional work that this would create. We therefore do not consider it appropriate to include these developments in the long term development statement.
5. We consider that commercial arrangements should be excluded from the LTDS. The introduction of the uniform network code (UNC) means that any industry change will already be visible through the modification process. Any requirement to include changes within the DNs' LTDSs will lead to multiple versions of the same change, with the associated risk of inconsistencies.

#### **Scope of the NTS LTDS**

6. We support Ofgem's proposal to retain the current scope and content of Transco's LTDS for the NTS (Paragraph 9).
7. However, we do not see any benefit in placing an obligation on the NTS specifically to include information provided by the DNs in the NTS LTDSs. Such a requirement would:
  - repeat information already available in the DNs' LTDSs;
  - provide no additional benefit;
  - place a substantial administrative burden and associated costs on NTS; and
  - not be consistent with NGC's seven year statement ("SYS") obligations.
8. Our views on this reflect the anticipated approach to NTS planning following network sales. The offtake arrangements (to be contained within the network code) will set out a detailed process of information exchange between the NTS and the DNs. NTS will develop demand forecasts as part of this process, which, together with any auction signals following exit reform, will be used as inputs into the network planning process. For this reason, the NTS will not be dependent upon the DNs' LTDSs to the extent that may have been envisaged in the consultation document. They will, however, allow a cross-check against NTS' own assumptions, with the potential for differences in view to be identified in the NTS' LTDS.

#### **Format of the LTDS for NTS and DNs**

9. We support Ofgem's proposals to retain the current format for the LTDSs

#### **Timing of Publication of LTDS by the NTS and each DN**

10. For the reasons identified in points 7 and 8 above, we neither see scope for, nor agree with the concept of 'a single industry development statement' (paragraph 13). By its nature, underpinned by the 1 in 20 year obligation, the NTS ten year statement already includes an assessment of future DN demand. As set out in our response to

the next steps licence consultation (23/12/04), we consider that any requirements for 'linkages' between the NTS and DN statements would best be achieved by a series of links to the network operators' websites.

There is no similar obligation on NGC and the electricity DNOs. DNO data is produced around June, with the seven year statement (SYS) published the following March (now to be May following the implementation of BETTA). The SYS does not include any planned distribution investment.

11. Regarding timing of publication, and given our view outlined in point 10 above, we would prefer that there is no specified firm date for publication of the NTS LTDS. Since the NTS LTDS includes information from a number of sources, a more flexible approach would mean that publication would not be forced while still missing important industry information.

I hope that this is helpful.

Please let me know if you would like to discuss any of these points further.

Yours sincerely,

Chris Train  
**Director, Network Sales**