



Developer (Generators, Demand Customers), and interested parties

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Dear Colleague

Long Term Development Statements for Electricity Distribution Networks

This letter initiates a consultation process on the Distribution Network Operators' (DNOs) Long Term Development Statements.

Introduction

In August 2002, the Gas and Electricity Markets Authority ("the Authority") issued a formal direction to DNOs, requiring them to each prepare a long term development statement (LTDS) on an annual basis. The direction requires the structure and content of the LTDS to be in accordance with a defined Form of Statement (FoS), published by Ofgem, and Standard Condition 25 (SC25) of the electricity distribution licence.

The LTDSs contain technical information to assist existing and future users of distribution networks to assess opportunities for making new or additional use of the networks. The LTDSs provide data for the five year period commencing on the 1st April of the year of publication. The LTDSs were first published in November 2002. They are reviewed by Ofgem each year for compliance with the FoS. The latest LTDSs are the third editions, published in November 2004.

As the use of distribution networks by generators and demand customers increases, it is natural to expect that requests for LTDSs will also increase. Estimates for the Distribution Price Control Review showed that up to 10GW of new distributed generation (DG) could be connected by 2010. It would therefore be valuable to understand whether the LTDSs have made it easier for users to assess schemes for the connection of DG and whether any changes to the LTDSs could enhance their value.

Ofgem has stated that all the current LTDSs are compliant with the FoS. However, Ofgem has not to date consulted with users as to whether the LTDSs are achieving their original objectives. Users have had over two years experience of using the LTDSs and Ofgem believes that it is now appropriate to consult with users to assess their value, particularly in respect of the connection of new DG and demand.

LTDS Consultation

This letter is intended to seek views from users and other interested parties on the value of the LTDSs in their current form. Users are also encouraged to suggest ways in which LTDSs could be improved, taking account of the resource implications for DNOs. In order to assist this process Ofgem has produced a questionnaire which is published today on Ofgem's website together with the FoS. This questionnaire is not intended to be exhaustive and should not constrain in any way the scope of responses. It is intended to encourage responses on issues where Ofgem would particularly value feedback. Ofgem will give careful consideration to the responses it receives and will then decide whether the FoS, or any other aspects of the LTDS obligation, require change.

Ofgem is keen to increase the visibility of the LTDSs and has taken steps to achieve this. Firstly, Ofgem's "Network Development" web microsite has been enhanced. With the agreement of the DNOs we are now providing links directly to all the LTDSs. There is also a link to the FoS. Secondly, we have established an LTDS "Area of Work" on the Ofgem website. This is where we will publish all material relating to the statements, including this letter and the questionnaire.

The remainder of this letter provides a concise explanation of the main issues addressed by the LTDS questionnaire.

LTDS Questionnaire

The questionnaire is available on the LTDS area of work at Ofgem's website (www.ofgem.gov.uk). It is separated into two sections: "Technical" and "General".

Technical: This section requests responses to questions that will allow Ofgem to evaluate and understand any issues about the level of detail and technical content of the LTDSs.

General: This section covers three areas.

- Content - Requests responses to enable Ofgem to understand the usability of the data contained in the LTDSs with respect to 'parts 1 and 2' of the statements.
- Accessibility – Requests users' views on the availability and ease of access to the LTDSs.
- Charging – Requests views on the charges levied by DNOs for the LTDSs.

The information obtained in response to this questionnaire will be used to determine whether the LTDSs are meeting the objectives of SC25, which are:

- To enable anyone interested in connecting generation or demand to the distribution network to identify opportunities by referring to the LTDSs; and
- To ensure the general availability of such information in the public domain.

Period for responses

All responses to this consultation should be submitted in writing or electronically to arrive at the following address by **Friday 24 June 2005**.

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Ofgem intends to publish its conclusions from this consultation by 29 July 2005. This will allow the FoS to be updated so that it applies to the 2005 LTDSs if this is considered to be appropriate. If you have any questions about the contents of this letter please do not hesitate to get in touch with me.

Yours sincerely

A handwritten signature in black ink that reads "John Scott". The signature is written in a cursive style with a horizontal line underneath the name.

JOHN SCOTT
Technical Director