



SP Transmission & Distribution

Long Term Electricity Scenarios (LENS) – Interim Report and Consultation (May 2008) Response by SP Energy Networks

Introduction

SP Energy Networks welcomes the Interim Report on the LENS project, published in May 2008, and the accompanying consultation letter.

We appreciate the work that has been to date in putting together draft energy and network scenarios for 2050.

Our comments on the specific questions in the consultation letter are set out below.

Q1 Comments on the energy and network scenarios for 2050 and the method to derive them.

Q1(a) Plausibility of scenarios

The energy and network scenarios are plausible in our view.

Q1(b) Range of electricity network scenarios for 2050 and missing features.

We think that the range of scenarios for 2050 is reasonable given our state of knowledge and outlook at the present time.

Q2. Views about transitional issues and way markers for 2025

In our view transitional factors would include the pace of development of large scale offshore generation, the availability of gas (and gas infrastructure), and the availability and take-up of IT and other facilitators for localised generation and energy trading. Institutional factors (such as the planning and consents regime) and regulatory developments would also be relevant.

Q3. Initial views for networks and their regulation in the light of the 2050 scenarios.

It is clear that the scenarios cover a wide range of possible outcomes for the networks in 2050. There is a need to take into account the long lived nature of network assets in considering the different scenarios, which may effect whether, or how rapidly a shift away from bulk transfer of power takes place. All the scenarios have a place for more or less significant offshore generation, and that seems a sensible assumption at this stage. We look forward to seeing the draft scenarios report, and expect to comment in more detail at that point.

Q4. Benefit of fourth and final stakeholder event for the LENS project.

We think that a fourth stakeholder event would be useful in view of the work still to be done in merging the energy and network scenarios, and in developing the 2025 waymarkers.

Q5. Any other comments about the LENS project.

Some network scenarios are quite hard to tell apart. For example, “Distribution System Operator (lean transmission)” has a number of features in common with “Energy Services Market Facilitation”. We suggest that the narrative for each scenario could provide a little more on the distinguishing features in relation to the distribution and transmission networks.

We suggest that the project is revisited at intervals rather than being seen as a one-off exercise.