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## **Low Carbon Network (LCN) Fund:**

### **Introduction**

National Grid owns and operates the high voltage electricity transmission system in England and Wales and, as National Electricity Transmission System Operator (NETSO); we operate the Scottish high voltage transmission system. National Grid also owns and operates the gas transmission system throughout Great Britain and through our low pressure gas distribution business we distribute gas in the heart of England.

We welcome the introduction of the Low Carbon Network Fund to allow Distribution Network Operators to explore and communicate their findings on future challenges and solutions for their networks. We see this as an important step in supporting the UK's transition to providing its energy needs from more renewable and lower carbon sources in a secure and affordable way.

### **Second Tier LCN Funding**

With regard to the Second Tier of the LCN Fund, there are many areas that Distribution companies can usefully consider however we also think there is value in looking more broadly across the supply chain to understanding the potential interaction of activities with Distribution Networks. For this reason, we think that the LCN Fund could be applied more generically to recognise the end to end nature of future challenges and solutions. For example, the impact that Distribution Network automation through Smart technology has on the Transmission Network and vice versa.

The NETSO similarly has a role to play and will need to efficiently integrate the actions of 'active' Distribution Networks, active suppliers, more time of use responsive consumers and intermittent generation connected to both the Transmission and Distribution Networks. We welcome the recent clarification of the scope of the Transmission IFI funding to cover relevant NETSO functions, however we believe that additional funding, consistent with the aspirations of the Distribution LCN Fund, should be considered to enable Transmission and end to end supply chain initiatives to be developed. We therefore would welcome consideration of these aspects during the forthcoming Transmission TPCR4 – Adapted Roll over (2012/13) and subsequent TPCR5.

Yours sincerely

*[By e-mail]*

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