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Distribution Network Operators,
Developers (Generators, Demand
Customers), and interested
parties

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Dear Colleague

Long Term Development Statements for Electricity Distribution Networks – Consultation on the Form of Statement

This letter initiates a consultation process on the Form of Statement (“FoS”)¹ for the Distribution Network Operators’ (“DNOs”) Long Term Development Statements (“LTDS”).

Introduction

In August 2002, the Gas and Electricity Markets Authority (“the Authority”) issued a formal direction to DNOs, requiring them to each prepare an LTDS on an annual basis. The direction requires the structure and content of the LTDS to be in accordance with a defined FoS published by Ofgem, and Standard Licence Condition 25 (“SLC 25”) 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.

In 2005, we carried out a consultation to assess how well the LTDSs were meeting the needs of existing and potential network users. There were 13 responses to the consultation, 11 of which were from non-DNOs. Based on the consultation responses, we concluded that the LTDSs were broadly satisfying the intent of the licence requirement. We decided to leave the FoS unchanged but noted the areas where further developments of the LTDSs were most requested. The full decision letter is available on our website².

In the 5th Distribution Price Control Review (“DPCR5”) process we looked again at the role that the LTDSs are playing, particularly in relation to the connection of distributed generation. We sought views on the LTDSs through the DPCR5 consultation process and held a Distributed Generation Workshop in October 2008. As a result of this process, we decided that the LTDS should remain a technical document, limited in scope to the extra high voltage (“EHV”) network, as set out in our Final Proposals published on 7 December 2009³. We were not convinced that it would be appropriate to mandate the extension of the LTDS to the 11kV network. However, under Standard Licence Condition 25A of the Electricity Distribution Licence we put in place requirements which came into effect on 1

¹ <http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=5&refer=Networks/Techn/NetwrkSupp/LongTermDS>

² <http://www.ofgem.gov.uk/Networks/Techn/NetwrkSupp/LongTermDS/Documents1/Decision%20letter.pdf>

³ <http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=348&refer=Networks/ElecDist/PriceCntrl/DPCR5>

April 2010 for DNOs to produce a connections guide for distributed generation ("the DG Connections Guide") and a wider information strategy to assist the connection process at lower voltages.

We also committed in those Final Proposals to consulting stakeholders on potential improvements to the consistency, clarity and availability of the current LTDS FoS with a view to making revisions if appropriate. This letter initiates that consultation process which will lead to us issuing a Direction in late summer 2010 for the preparation of a revised LTDS.

LTDS/FoS Consultation

This letter is intended to seek views from users and other interested parties on the current LTDS FoS. Users and other interested parties are encouraged to suggest ways in which the FoS could be changed to deliver LTDSs that are more useful to those they are intended to help, namely people who might wish to enter into arrangements with a DNO relating to use of the DNO's distribution system for the distribution of electricity, or connections. The resource implications for DNOs resulting from FoS changes will also need to be fully taken into account and we invite feedback in this respect. Examples of the issues that we would like to consider include:

- The actual data (geographic and electrical) that the FoS requires the LTDS to contain, its scope and level of detail;
- The format of the data and its usability;
- The consistency of approach between DNOs in meeting the requirements of the FoS; and
- The structure of the LTDS that is required by the FoS.

Based on the ideas put forward during the DPCR5 consultation process we consider that there may be a case for the FoS to require DNOs to make LTDS network data available in a common electronic format. Some DNOs already do this and it would seem appropriate to establish a common approach here. We would welcome views on this proposal, in particular how it might best be implemented.

Currently, the FoS does not impose how DNOs should publish their LTDSs and we are aware that different approaches are adopted by different DNOs. We would welcome views on this situation and, if considered necessary, suggestions as to how it might be changed. Pending responses to this consultation, we are minded to require each DNO to make their LTDS available on their website, downloadable at no charge. We also invite views on whether DNOs should implement a registration system so that there is a record of all parties that download an LTDS.

We are also aware that the FoS does not require DNOs to provide a schedule of the generators connected to their networks. We consider that it might be appropriate to provide this information, subject to any confidentiality constraints. Again, we would welcome views on this proposal, in particular how it might best be implemented.

Finally, we would like to consider whether there might be occasions when all or part of the LTDS should be updated more frequently than the current annual basis. As the connection of a new load or generator can materially affect the further connection opportunities in relation to a section of a distribution network, it would seem to be appropriate for users of the LTDS to be made aware of significant network changes as soon as they are implemented, rather than waiting for the next annual version of the LTDS to be produced. We would welcome views on this proposal.

We would ask that all detailed comments about the FoS follow a standard format as follows:

Comment number	FoS Change Proposal	Need for Required LTDS Output
1		
2		
3		
n		

The purpose of this approach is to ensure that we understand the reason for a proposed change to an existing FoS requirement or a new requirement in terms of the LTDS output required and the need for it. More general comments will be welcomed in any appropriate format.

Consultation Workshop

We believe that there could be value in bringing stakeholders together to discuss the development of the FoS. We would be very pleased to arrange a workshop to do this if there is sufficient demand. We would therefore ask stakeholders that would like to attend a workshop to contact us (please see contact details below) by 18 June 2010. It would also be very useful if suggestions could be made for the issues that you would particularly like the workshop to address.

Period for responses

All responses to this consultation should be submitted in writing or electronically to arrive at the following address by 20 July 2010. Consultation responses may be published unless clearly marked as being confidential.

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Ofgem intends to publish its conclusions from this consultation as soon as possible after the consultation closes. This will allow any changes that might be made to the FoS to be effective so that they apply to the 2010 LTDSs.

If you have any questions about the contents of this letter please do not hesitate to get in touch with me.

Yours faithfully

Gareth Evans

Head of Profession - Engineering