

ELECTRICITY NETWORKS STRATEGY GROUP (ENSG) UPDATE PAPER FOR RIIO PRICE CONTROL REVIEW FORUM

What is the ENSG?

The Electricity Networks Strategy Group (ENSG) is a high level forum which brings together key stakeholders in electricity networks that work together to support Government in meeting the long-term energy challenges of tackling climate change and ensuring secure, clean and affordable energy. These include network companies, generators, Trade Associations and Devolved Administrations.

The Group is jointly chaired by the Department of Energy and Climate Change (DECC) and Office of Gas and Electricity Markets (Ofgem) and its broad aim is to identify, and co-ordinate work to help address key strategic issues that affect the electricity networks in the transition to a low-carbon future. Work undertaken by the ENSG has included, for example, publishing a smart grid Vision and Routemap outlining a potential path to test the feasibility, costs and benefits of smart grid technology and the means by which the UK could realise the smart grid Vision.

What isn't the ENSG?

The ENSG does not approve funding of transmission network investments, that is a matter for Ofgem. It also does not approve planning applications for transmission networks, that is a matter for the Infrastructure Planning Commission.

The ENSG 2020 Vision

Ofgem and Government convened a joint Transmission Access Review (TAR) of the current framework for access to the GB transmission system with the chief aim of better supporting the delivery of renewable energy 2020 targets. The TAR final report published in 2008¹ set out details of studies to be undertaken by the Transmission Network System Operator and Transmission Owners (TOs) in order to develop the investment plans needed to meet the UK's share of the EU 2020 renewable energy target. Government and Ofgem recognised that the potentially long lead times for expanding transmission capacity could prevent the meeting of targets and therefore asked the ENSG to bring together these studies in order to ensure that they provided a robust, transparent and authoritative basis for developing these investment programmes.

The ENSG published its 2020 Vision report in March 2009². The report set out the TOs' view of the likely extra network investment required to ensure that new generation necessary to meet the UK's 2020 renewable energy targets could connect to the system. This amounted to an estimated £4.7bn of extra transmission network investment.

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<http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=128&refer=Networks/Trans/ElecTransPolicy/tar>

² http://www.ensg.gov.uk/assets/1696-01-ensg_vision2020.pdf

The ENSG 2020 Vision was crucial in building an understanding of what investment is likely to be needed in the network to facilitate the UK meeting its 2020 renewables targets while continuing to provide secure and affordable electricity. It also identified initial target timeframes for development and delivery of key reinforcements.

The ENSG 2020 Vision is not a plan or programme. It set out where and when new generation was likely to connect and what network investment would be needed to connect it. It showed the likely extra flows of electricity onto the system for example from the north of Scotland to England. The report was a technical and economic analysis and should not be read as assuming that any individual project referred to will be funded, receive planning consent or be constructed in the way suggested by the report, or even at all.

Since the report was published TOs have begun to put forward their priority investment plans for consideration by Ofgem resulting in the approval of £426m of investment so far.

Future Work Programme of the ENSG

The ENSG met on 14 February 2011 to consider its future work programme and has initiated three work streams.

i) ENSG 2020 Vision Refresh

There have been several developments since the ENSG 2020 Vision was published, such as the implementation of 'connect and manage' which is bringing new generation onto the network more quickly and more ambitious offshore wind generation plans which have potentially significant impact on the transmission network. The ENSG has decided that the 2020 Vision report requires a refresh to ensure it remains robust and reflects the ongoing evolution of the TOs' investment plans as individual projects are developed in more detail. The approach to, and timing of, the refresh is being considered. In the meantime TOs are developing their RIIO Business Plans including potential new network investments. The Business Plans and TO stakeholder engagement in developing them will make a key contribution to the ENSG refresh.

ii) Monitoring of Transmission Network Proposals and Projects

TOs present useful updates on their network plans at ENSG meetings. However, there is no mechanism to capture all of this information in one place and at a high level. The ENSG has therefore decided that a simple monitoring report should be drafted to contain key information on the location, size, progress and challenges facing transmission investment projects and proposals. This will help ENSG members to identify particular projects or issues they would like to discuss, and potentially take action to help address. The first monitoring report is being populated by TOs. The ENSG will then need to approve its format. It is envisaged that the monitoring report will be updated quarterly once approval has been received.

iii) Post 2020 Generation Scenarios and Network Requirements

The ENSG recognises that the development of the transmission network does not stop in 2020 and that it will continue to play an important role in the achievement of longer term decarbonisation goals. It is therefore also scoping the possibility of undertaking longer term scenario planning (to 2030) to consider potential impacts on pre-2020 transmission network investment and also on post-2020 transmission network development. The scope, approach to, and timescales for this work are being explored.

DECC

13 May 2011