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*Promoting choice and value for
all gas and electricity customers*

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Date: 28 May 2012

Dear Richard,

Proposed changes to network planning documents

In our letter of 10 May 2012¹, we noted that we would continue to work with NGET on the development of the Electricity Ten Year Statement (ETYS).

This letter sets out our suggestions for the development of the ETYS, stakeholder involvement in this development and some points on governance. Our suggestions are based on the evidence we have at this time; as such, they should not be seen as definitive proposals. It is important that NGET continues to engage with industry and Ofgem in this process.

Development of the ETYS

The current Seven Year Statement (SYS) and Offshore Development Information Statement (ODIS) documents are important documents for the purpose of informing stakeholders of the potential further development of the onshore and offshore electricity transmission networks. At its core, the ETYS should be no less informative, but should take an integrated view of the development of these networks. We suggest that the ETYS should form a guide rather than a blueprint or plan and should continue to include information to enable users to make informed decisions when connecting to the national electricity transmission system (NETS), including likely development of the NETS and feasible connection points.

Our preferred option is for the ETYS to be based on a number of scenarios, with one scenario that demonstrates a best view. We note a preference for the scenarios to be based on a timeframe of 10 years². We put forward a proposal that the first 5-6 years of each scenario could be based on detailed system analysis (i.e. annual voltage, load flow, fault level, stability) with "spot" analysis (i.e. fault level, voltage, load flow each year, plus view on system stability for alternate years) for future years up to 10 years. We would like NGET to consider the potential value and cost of having a forward look up to 20 years on the main scenarios but with less detailed (i.e. boundary load flows and limits) analysis given

¹

<http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=15&refer=Licensing/Work/Notices/Decisions>

² Responses to our consultation on potential measures to support efficient network coordination have indicated this preference.

the forward uncertainty. This may aid discussion and integration of views on longer term Pan-European interconnector development.

A further point to note is that there should be consistency between any national plans (including the ETYS) and the Ten Year Network Development Plan (TYNDP)³.

Stakeholder involvement

For each scenario, the ETYS should set out an overview of options for network development, including their relative merits. The ETYS should aim to provide more detail about the option that is the most economic and efficient in line with the SQSS design standards. This should involve consultation and input from other TOs, including OFTOs, to give a full co-ordinated view of the system development. We would welcome NGET's views on the role of TOs in the development of the ETYS. We consider that the high-level identification of anticipatory investment may be beneficial while ensuring that the risk of stranding is effectively managed.

We expect NGET to consider all third party developments when producing the ETYS and to adequately engage with all new and existing system users and transmission owners (including onshore TOs, OFTOs and interconnector developers). To ensure that all aspects of the GB system (onshore, offshore and cross border) are represented in any network plan. We would welcome NGET's views as to how it could reflect cross border developments.

We also expect that NGET will continue to consult with stakeholders in the development of the ETYS and would welcome NGET's views on who these stakeholders are and what level of consultation is appropriate for the ETYS.

Governance issues

We consider that the governance process for the development of the ETYS is very important. We continue to reserve the right to determine on any aspect of this process, and any proposals will not prejudice any future changes to the form or content of the ETYS. For example, the ETYS may require further development to incorporate the work being undertaken on the Integrated Transmission Planning and Regulation (ITPR)⁴ project.

As such, the suggestions set out in this letter should be considered alongside industry views and NGET's obligations to develop coordinated network planning documents.

Please contact me if you have any comments or questions on any aspects of this letter.

Yours sincerely



Yvonne Naughton
Senior Manager, Offshore Transmission

³ The Third package encourages long-term investment by requiring ENTSOs to publish non-binding Ten-year Network Development Plans (TYNDPs) every two years. National TSOs will also be required to individually publish national ten-year network development plans. The purpose of the Third Package is to further liberalise European energy markets.

⁴ Please see our open letter of 23 March 2012 for further information on ITPR.