

**MINUTES OF THE  
ELECTRICITY NETWORKS STRATEGY GROUP (ENSG)**

**OFGEM , 9 MILLBANK, LONDON**

**2PM MONDAY 9 DECEMBER 2013**

**Present:**

**Co-Chairs (rotating)**

DECC  
Ofgem

Sandy Sheard  
Kersti Berge (chair)

**Members**

National Grid  
National Grid  
Scottish Hydro Electric Transmission plc  
Scottish Hydro Electric Transmission plc  
Scottish Power Transmission Limited  
Northern Power Grid  
UK Power Networks  
EDF  
Renewable-UK  
The Crown Estate  
Energy Networks Association  
Renewable Energy Systems  
Transmission Investment LLP  
RWE  
Scottish Renewables  
Welsh Government  
Scottish Government

Mike Calviou  
Andrew Hiorns  
Mike Barlow  
David Gardner  
Alan Michie  
Mark Drye  
Barry Hatton  
Paul Mott (for Mark Cox)  
Zoltan Zavody  
Chuan Zhang  
Paul Fidler (for David Smith)  
Joe Duddy (for Patrick Smart)  
Chris Veal  
Charles Ruffell  
Michael Rieley  
Ron Loveland  
Dermot Rhatigan

**Also in Attendance**

Ofgem  
Ofgem  
Ofgem  
Ofgem

Geoff Randall  
Jon Parker  
Adam Lacey  
Reuben Aitkin

**Apologies**

Centrica  
Vattenfall

Philip Davies  
Robert Hensgens

## 1. Welcome and Introduction. Actions from previous meeting.

- 1.1 Kersti Berge welcomed the participants to the meeting. All actions from the previous meeting had either been completed or would be covered later in the agenda. The minutes of the last meeting had been published on the ENSG part of the Government website.

## 2 Generation and Network Development

- 2.1 Andy Hiorns discussed some of the processes behind National Grid's (NG's) approach to understanding the need for, and timing of, wider network infrastructure. He covered a range of issues including uncertainties behind generation, and how NG had tried to manage them. He described some of the tools that NG deploys such as the Network Development Plan and Future Energy Scenarios, and how these were applied to different regions in GB.
- 2.2 He argued that there was a role for ENSG in a number of relevant areas. It was important that ENSG continued to monitor the development of major transmission investments. The Quarterly Transmission Owner Major Project Updates should also include all major schemes identified in NG's Electricity Ten Year Statement as well as all major drivers for investment for each scheme. Andy also mentioned NG's concern that a lot of the generation behind the need for reinforcements seemed to be slipping back (i.e. coming on line at a later date, pushing back the need for the reinforcement). He also asked whether NG had the right generation scenarios.
- 2.3 Regarding Andy's point on some Offshore Wind Round 3 connections being delayed from 2016 to 2026, Chuan Zhang commented that the delay of early phases was from 2016 to 2018 and the delay of later phases was from 2021 to 2026.
- 2.4 Mike Calviou highlighted that from around 100GW of contracted generation, only 30 GW tended to materialise. Knowing where that 30 GW would be built was the real challenge for NG, because there was significant uncertainty. Ron Loveland said that it wouldn't be appropriate to rely on the two quite extreme scenarios, as there could be high economic growth but a moderate carbon target. Mike Calviou agreed that two scenarios were probably not enough, which is why NG might look to adopt three or more scenarios next year. Alan Michie added that in some parts of South West Scotland the contracted wind generation was holding up fairly well. Zoltan Zavody said that the Gone Green scenario should be seen as a central case, as it was required to meet the Government targets. The real question was what we needed to do to ensure we reached them. He then gave the example of a hypothetical reinforcement in which there was only £1m difference between delivering it at the economically optimal year and delivering it one year earlier. He asked the ENSG, if this was a real example, would it be appropriate to delay the reinforcement to the economically optimal year? He asked whether aspects such as the supply chain, impact on generation, and competition should also be considered.

- 2.5 Alan Michie then provided an update of Scottish Power Transmission's network reinforcements, and discussed the growth of generation in South West Scotland. He was followed by Mike Barlow, who provided an update of SHE Transmission's reinforcements. He thought that, in addition to the projects that were under way (e.g. Beaulieu Mossford, Kintyre-Hunterston); there were two categories of project in SHE Transmission's area. One type was the island links (e.g. Shetland, Western Isles) where the need cases still had to be established. The other being the Caithness-Moray and the East Coast reinforcement, where he perceived that the need was clearer; it was more a matter of timing. He said that there would be benefit in spending more of ENSG's time focusing on the interactions between transmission and generation.
- 2.6 Alan Michie provided an update on the proposed Eastern High Voltage Direct Current (HVDC) Link. Chris Veal said that while he could understand that there was considerable uncertainty around the options for the Eastern Link, would it be possible to undertake some of the pre-construction work now. Alan Michie mentioned that the Transmission Owners (TOs) had undertaken quite a lot of this work to date (e.g. where to place substations). Moreover, Ofgem had been very helpful in providing financial assistance to undertake this important work. Chris Veal asked whether the reinforcement would be delivered? Mike Calviou responded that an HVDC element would probably be needed at some point. Two years ago, NG would probably have expected the project to be ramping up by now. However, as things stood there wasn't a clear needs case. Andy Hiorns stressed that as far as HVDC element of this reinforcement was concerned, the TOs were still in the optioneering stage. A position supported by Mike Barlow.

### **3 ENSG Sub Group, Work Programme, and Network Codes**

- 3.1 Andy Hiorns provided some background on the first report by the ENSG Sub Group looking at how TOs and developers could work together more effectively. Referring to having a closer working relationship between the TOs and others (e.g. developers and energy trade associations), Joe Duddy asked what additional information could this bring to the table. He thought that it was probably the case that NG account managers had closer relationships with individual developers. Mike Barlow thought that the value would be at a more strategic level (e.g. relating to the Electricity Market Reform debates), rather than on a project level. Geoff Randall said that such co-operation would be useful to the extent that information is not captured elsewhere.
- 3.2 Ron Loveland thought that there might be some benefit to having a transmission industry council (he sits on the nuclear and offshore wind equivalents). He thought it would be useful to know what the latest spend is by TO, and their supply chain plans. He suggested a possible next step would be to discuss options with BIS. Sandy Sheard agreed that there would be some benefit at looking at what the industry councils do, but pointed out that there are differences between the regulated TOs and commercial businesses. Returning to the wider debate, she said that she agreed with Geoff Randall that there would be limited benefit from tracking individual

projects, but understanding the drivers behind investment would be useful. Mike Calviou said that the views of energy associations and The Crown Estate, among others, would be really useful in providing a reality check. He did however share the same concern about how such co-operation might work in practice.

**ACTION 1: RUK and Scottish Renewables to work even closer with TOs.**

- 3.3 Zoltan Zavody talked in some detail about the proposed End2End review. He mentioned that he found the experience of interacting with the TOs enjoyable, and he saw an important part of their role as getting things moving in the right direction. It was clear that RIIO-T1 was now bedding down. More clarity about the whole process was needed for industry now. For example, clarity around the interactions between the regulatory and planning process. More information about generation uncertainty. In essence some gap analysis followed by practical solutions to the underlying issues.
- 3.4 Barry Hatton questioned how this work would move things forward. He also was concerned about how the project would be funded. Zoltan Zavody responded that it would help to clarify the process for everyone involved and help to locate delays in the process. Geoff Randall asked whether RIIO-T1 was in scope. Zoltan Zavody said this wasn't the case. It was more of an analysis of how RIIO interacted with all of the other processes. Michael Rieley stated that the Scottish Government had undertaken similar work, and identified some gaps and easy wins. Geoff Randall asked whether ENSG was the right vehicle for such work, and whether the TOs weren't best placed to learn from each other. Sandy Sheard thought there wasn't clarity behind exactly what the problem was. She said that if transparency of the process was the issue, it might be sensible initially to set out the process. Additional work could follow if there was a problem to be solved. David Gardner added that between the System Operator (SO) and TOs they should be able to clearly define the process. He couldn't see a need for the work. Mike Calviou also wanted to know how the project work would be funded. He also suggested that ENSG need to consider what it wanted to do, and whether it should do it. Paul Mott thought it was a good proposal given that the rules weren't as clear as they could be. Zoltan Zavody said that they could meet with a number of people from the companies. The ENSG agreed that for the time being it should work within existing systems and processes.

**ACTION 2: Zoltan Zavody to work with The Crown Estate, TOs, Offshore Transmission Owners, Developers and others as deemed appropriate, to identify 2-5 specific issues to be fed back to the ENSG at the next meeting**

- 3.5 Prior to the meeting the ENSG Secretariat had collected views on what could be included in the future work programme. A list compiling feedback to date was circulated amongst the attendees for a discussion as to the merits of each option and whether certain options should be prioritised.

- 3.6 Geoff Randall said that the Institution of Engineering and Technology (IET) study was probably of most interest. Sandy Sheard commented on links to the ENSG's cross networks project and noted that it had not identified a gap – she asked if that was because the IET work was thought to be filling the space. Mike Calviou agreed that there were links to the cross networks project, and there were certainly a number of areas that NG could look at in a more holistic way. Kersti Berge said that the list of ideas under the future work plan was quite limited and needed fuller input from ENSG members.

**ACTION 3: Andy Hiorns and the ENSG group that led work on the cross networks project to consider IET work, discern how real the problems are, and whether there are systems in place to tackle the problems identified. To report back at the next ENSG.**

**ACTION 4: ENSG members to provide comments on the Work Programme proposals to help inform a more detailed paper on the options to be drafted by the ENSG Secretariat. This paper to be circulated to ENSG members for comment and online voting. ENSG Secretariat to draft a firmer proposal with recommended short-list to be tabled for agreement at the next ENSG meeting.**

- 3.7 Mike Calviou gave a quick update on the different EU Network Codes. He asked that if members of the group had any questions, that they should feel free to contact NG. Reuben Aitken noted that there were some risks around the discrimination between technologies (i.e. HVDC (Voltage Source Converter) and HVDC (Line Commutated Converters)), and would welcome input from ENSG members into the process.

#### **4 Integrated Transmission Planning and Regulation (ITPR) and Smart Grids**

- 4.1 Jon Parker provided an update on recent developments in ITPR. He stressed that he was keen to get views and feedback from ENSG members as part of the consultation.
- 4.2 Andy Hiorns mentioned that in the past, in published documents, NG treated interconnectors as generators. Going forward NG would need to consider them equivalent to Transmission System Operators. Zoltan Zavody asked with respect to the enhanced SO, whether there was a process for providing further input. Kersti Berge said that it would still be useful to have bilaterals if stakeholders wished to make additional points.
- 4.3 Sandy Sheard gave an update on the Smart Grids Forum (SGF). She noted that there was to be a refresh of the SGF Vision and Route Map for Smart Grids, and the SGF planned to publish this in the new year. In addition, there was work being undertaken on commercial and regulatory barriers with a particular emphasis on consumer engagement, and how to deliver Demand Side Response. A UK smart grids information portal was also being developed. It was aiming to capture information from Low Carbon Networks

Fund projects and other smart grids activities to aid learning and make it more accessible to interested stakeholders. A prototype could be ready for the next SGF meeting on 23 January 2014.

## **5 AOB and Next Meeting**

- 5.1 There were no substantive points under AOB. It was agreed that the next meeting would be held in late March 2014.