

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

**THE WESTMINSTER CONFERENCE CENTRE, LONDON**

**1030 MONDAY 8<sup>th</sup> DECEMBER 2014**

**Present:**

**Co-Chairs (Rotating)**

DECC  
Ofgem

David Capper (Chair)  
Kersti Berge

**Members**

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

Mike Calviou  
Andrew Hiorns  
Lloyd Griffiths  
Dave Gardner  
Cathie Hill  
Barry Hatton  
Fruzsina Kemenes  
Paul Mott  
Patrick Smart  
Zoltan Zavody  
Paul Fidler  
Chuan Zhang  
Chris Stark  
Ron Loveland

**Also in Attendance**

Ofgem  
Ofgem  
DECC  
DECC

Adam Lacey  
Saad Mustafa  
Paul Hawker  
Giles Holford

**Apologies**

Northern Power Grid  
Transmission Investment LLP  
Scottish Renewables  
SSE Wholesale  
Vattenfall  
Centrica  
Scottish Hydro Electric Transmission plc

Mark Drye  
Chris Veal  
Michael Rieley  
Angus MacRae  
Robert Hensgens  
Fiona Navesey  
Andy Huthwaite

## **1. Welcome and Introduction including minutes and actions from last meeting**

1.1 The Chair welcomed participants to the meeting.

1.2 The meeting notes from the September ENSG had been agreed, circulated and published on the ENSG webpages. It was agreed that the administrative actions from the September meeting had been completed, although in the case of the actions covering supply chain: Action 1 *SHE Transmission and others to refine supply chain paper*; Action 2 *ENSG Secretariat to discuss with BIS relevant skills needs*; Action 3 *Skills and supply chain to be revisited at March ENSG*; these would be discussed under the AOB item.

## **2. Electricity Ten Year Statement**

2.1 National Grid presented the 2014 Electricity Ten Year Statement (ETYS) that had been published in November. Produced in its capacity as National Electricity Transmission System Operator, the ETYS presented the potential development of the GB Transmission system. Using the 2014 Future Energy Scenarios that National Grid had developed with stakeholders, the ETYS considered potential transmission network implications of future generation and demand scenarios, operation of the network and technology development.

2.2 Important points to note were the use of four energy scenarios compared to two in the 2013 ETYS; the latest contracted positions were reflected in contracted sensitivity studies (to ensure contracted commitments were met); a Network Development Policy Cost Benefit Analysis had been used to determine wider infrastructure schemes that needed to progress within the next 12 months; and Network Boundaries had been reviewed with a new one added in South Wales.

### Discussion

2.3 The following points were raised during the discussion:

2.4 Distributed generation had been taken into account in the development of the ETYS through assumptions on projected volumes of renewables in the Future Energy Scenarios;

2.5 It was suggested that it might be helpful as part of whole system modelling to address the issue of renewable developers' projects being deterred due to grid connection not being available.

2.6 It might be helpful to identify the network projects which were providing direct connections and which were wider works.

2.7 None of the scenarios was 'a base case'.

2.8 It was suggested that where project delivery or requirement dates had moved that the dates from the previous ETYS should be shown.

2.9 DECC and Ofgem were asked how the Future Energy Scenarios related to scenarios used by them. Ofgem explained that it used the scenarios when undertaking Cost Benefit Analysis of particular projects, so it looked at the scenarios at a more disaggregated level. DECC said that it liaised with National Grid on the scenarios when it developed its own scenarios for Electricity Market Reform analysis.

2.10 The impact of network projects contained in the ETYS on consumer bills was raised. National Grid stated that bills would reduce if projects were delayed, e.g. due to a changed needs case, as consumers would not be funding under-utilised assets. Ofgem added that it was currently examining the impact of future interconnection on consumers, including the costs of reinforcing the onshore transmission network to accommodate interconnector projects. It expected to publish this analysis before Christmas.

### **3. TO network development and discussion including TO major project updates**

3.1 A draft December TO major projects update had been circulated to attendees ahead of the meeting and was due to be published around 15 December. It was in a revised format to provide clearer information on developments since the previous update to ENSG and help wider stakeholders to track projects.

3.2 Major projects were generally progressing well, with overall 9.8GW of network capacity under construction for delivery by mid-2018, of which 5.1GW was due to be delivered within the next 12 months. Significant developments reported by the TOs:

- A delay to the Western HVDC project with completion now likely to be mid 2017;
- On the Eastern HVDC the TOs would be exploring alternative, incremental upgrades;
- National Grid had submitted its needs case for the Hinkley Point connection to Ofgem and the development consent order hearings would be in January 2015;
- As part of National Grid's 2014 ETYS a number of projects at an earlier stage had had their need cases pushed back (including the Eastern HVDC link, East Anglia-Bramford Twinstead, North Wales, Humber Killingholme, London upgrade) due to changes in generation timescales;
- The Scottish TOs expected to submit a needs case to Ofgem for the East Coast upgrade in the first half of 2015;
- The Shetland Link had moved back by nearly 2 years due to a Judicial Review appeal on the proposed windfarm.

## Discussion

3.3 The main points raised in discussion were:

3.4 The length of delay to the Shetland link was due to a number of reasons mainly impacts of the Judicial Review. The developer and other stakeholders were aware of the delay. SHE Transmission agreed to check the dates on this project before the December TO major projects update was published.

3.5 In response to a question about consenting challenges, SHE Transmission reported that the East Coast 400kV project was now likely to involve re-profiling the existing 275kV overhead line as a phase 1 stage of reinforcement which would reduce the likelihood of consenting issues. It was agreed that the project would be retitled on the TO Major Projects Update if and when the change was confirmed.

**Action 1: ENSG secretariat and SHE Transmission to clarify position on Shetland and East Coast 400kV upgrade projects for the December TO Major Projects Update.**

## **4. System Operability Framework**

4.1 National Grid presented a short update on its first System Operability Framework (SOF) report which formed a chapter in the 2014 ETYS. The SOF looked at the potential impacts of changes to the whole electricity system on the transmission network, and what might be done to manage these impacts. The SOF had been discussed at an ENSG Sub Group in November. The main issues identified by the SOF were:

- Demand side changes and impacts required further analysis including National Grid working more closely with DNOs particularly given the acceleration in deployment of solar PV;
- Using the existing system better to support network security and reliability e.g. wind farms, storage, demand side response and interconnectors;
- Longer term solutions would require incentives e.g. modifications to future generation plants could help the network but there was currently no means for network companies to fund generators to undertake this work;
- More detail was needed on the costs and timelines for action in order to produce a clear roadmap showing what action was required, by when, and at what cost to create new opportunities and solutions for whole system operability.

## Discussion

4.2 The following points were made during discussion:

4.3 The interaction between the SOF and the IET's proposals for a System Architect. National Grid explained that it had noted the IET's proposals and acknowledged the need to address some of the same issues. It considered that the SOF provided a suitable framework for this.

4.4 Ofgem was asked about the ITPR project and potential for a greater SO role. Ofgem explained that ITPR was not considering a system architect role as such but also agreed the need for a framework to address cross network issues.

4.5 A concern was raised over the timing of the proposed rollout of frequency containment in addressing system inertia. National Grid was of the view that 2018 was consistent with its scenarios and measures would be in place in time to deal with this.

4.6 The Chair added that there may be a need to consider any recommendations in this area from the House of Lords Science and Technology Committee inquiry into network resilience.

## **5. Work Programme**

5.1 The ENSG Secretariat proposed an approach to agreeing the ENSG's Forward Work Programme. This was based on a note circulated before the meeting setting out a process and timeline for identifying and proposing areas. The aim was to undertake as much work as possible on gathering ENSG members' thoughts and developing a Work Programme proposal to be discussed at the next ENSG.

### Discussion

5.2 The proposed approach was agreed. The Secretariat would issue a request before Christmas asking for suggestions for the Work Programme.

**Action 2: ENSG Secretariat to circulate a request for Work Programme suggestions.**

## **6. AOB and next meeting**

6.1 Ofgem gave a short update on its *Strategic Wider Works* (SWW) workshop, held on 4 December. There had been a useful discussion which had focused on Ofgem's assessment of the Needs Case and Project Assessment submissions, how Ofgem interacted with the TOs, lesson learned and how the SWW process was being streamlined, as well as wider policy issues e.g. links to the Scottish Islands.

6.2 Ofgem had already signalled that it would be updating its guidance, but wanted to do so in a manner that minimised duplication of effort. A lessons-learned exercise on the SWW project assessment would be held in January. Additionally, DECC's Strategy and Policy Statement (expected in March) and ITPR conclusions (expected in May) would all feed into Ofgem's thinking on how best to update its guidance. It was planned that the revised guidance should be published in June.

6.3 Ofgem had already noted a number of topics where stakeholders would appreciate greater clarity, including treatment of uncertainty, treatment of anticipatory investment, and wider benefits. Ofgem also took away an important point made at the workshop that there should be more transparency of when cases were submitted. Ofgem said that it would talk to the TOs about how best to achieve greater transparency. In addition, Ofgem suggested it would be helpful to have a two-page document setting out what ENSG members thought were the most important areas requiring further clarity in the updated guidance. It was agreed that Renewable-UK would lead on collating this feedback. Ofgem also confirmed it was not intending to consult on the guidance.

6.4 On *Supply Chain and Skills* the Chair gave a short update on DECC and Ofgem's discussions with BIS, following the previous ENSG meeting. BIS had been interested and it had been agreed to raise the issue with the ENA and network companies to gauge what appetite there was to explore the issue further. Ofgem added that it would be useful for all parties to understand areas where a step up in supply might be needed, including any timing/crunch points, and how they would be managed. This might particularly include skills and cabling. The Scottish Government thought this was an important issue, and agreed to convene a smaller group of the ENSG representatives to discuss whether there was any targeted work that could be undertaken. The outcomes of these actions could be discussed at a future ENSG meeting.

6.5 The Welsh Government noted that Innovate UK (previously the Technology Strategy Board) was planning to launch an *Energy Systems Catapult* in April 2015. As that was likely to consider some of the same areas as the ENSG, it was suggested that it would be useful to invite a representative from the Catapult to, ideally, the next ENSG meeting. It was agreed this would be considered alongside any other suggestions for the next ENSG meeting which ENSG members were encouraged to provide.

6.6 The Chair proposed the next ENSG meeting be either in mid-March or mid-April to avoid the Easter period. ENSG members were asked to inform the Secretariat of any dates around that time that would not be suitable.

**Action 3: Renewable-UK to coordinate input from ENSG members and draft a two-page document setting out and prioritising the issues that the revised SWW guidance should aim to address.**

**Action 4: Ofgem to agree with TOs an approach to increase transparency of SWW submissions.**

**Action 5: Scottish Government, with a smaller group of ENSG members to consider what, if any, further supply chain and skills work might be useful.**

**Action 6: ENSG Members to provide suggestions for the next ENSG meeting agenda.**

**Action 7: Next Meeting to be either in mid-March or mid-April 2015. ENSG members to inform the Secretariat of any dates that were not suitable. The Secretariat to circulate a date for the next meeting.**