

Deepak Mistry
National Grid
Transmission Asset Management
National Grid House
Warwick Technology Park
Gallows Hill
Warwick CV34 6DA

2nd August 2012

Dear Deepak,

Consultation on the Transmission Planning Code

We welcome the opportunity to respond to the National Grid Gas (NGG) consultation on the Transmission Planning Code. We understand that the primary amendments in the document are to reflect the Planning Act 2008 and the Industrial Emissions Directive and develop a document that provides consistency of approach to generic gas connection projects. We also believe that your amendments also need to be considered in the context of RIIO, developments in Europe, in particular the Capacity Allocation Mechanism (CAM) under the 3rd Energy package and the Connecting Europe Facility (CEF) and our reply considers these factors.

We consider that National Grid Gas's stance is far too conservative, fails to meet your customers' expectations on connections and is not in keeping with the spirit of RIIO. As a consequence of your ultra cautious approach, you will drive prospective infrastructure investments away from our market and jeopardise GB's future gas security of supply.

There is certainly no evidence of "innovation" being applied to deliver connections as quickly as possible. With up to 84 months being quoted for incremental capacity (and we've actually heard 8 years or 96 months being quoted at times), transmission connections now become the bottleneck in getting new upstream investments online and this situation is even less acceptable where it concerns incremental upgrades to existing transmission lines. The "one size fits all" approach is not our preferred approach given the material differences in projects, but it is certainly the case that expanding along an existing route should not take as long as developing a total "greenfield" new route.

We accept that getting projects through the Planning Act 2008 is new territory, but with the National Policy Statements (and potentially as a Project of Common Interest under CEF) for energy projects, there is a presumption for consent unless outweighed by local issues. We agree the new process is more front-end loaded and having discussed the issues directly with PINS we have a good understanding of the issues both in pre-application and getting it through the application process. Indeed, assuming a Development Consent Order (DCO) is required, the Planning Act 2008 only requires a minimum statutory consultation period of 28 days - the key to successful applications appears to be ensuring that respondents feedback is duly taken into account. In this light, the 4.5 years that NGG are proposing prior to the project going to the Planning Inspectorate is excessive and does not eliminate the risk of rejection at pre-examination or examination stages.

We are yet to see NGG's approach on gas connections (although we are aware of the issues raised in the Hinkley-Seabank application and assume the stance taken in this Planning code as indicative), but we believe that it should be highly customer focused. There is a perfectly credible and robust approach to getting a project of national significance delivered (from concept to the constructions being commissioned) within 4 to 5 years if you really applied resources to it. But with NGG unwilling to accept incentives on the front end delivery, GB will continue to have infrastructure being delivered in sub-optimal time frames. There should be the clear ability for customers and NGG to agree on a faster, but slightly riskier (eg 85% vs 95% confidence) approach to getting the front end process delivered, particularly when getting that last 10% level of assurance appears to be doubling the length of time necessary.

We are still waiting to see NGG's IECR consultation proposals for the revised "PCA" approach, but we believe it is a mistake to reform the existing integrated approach to the release of existing and incremental capacity. It is designed in the current way for specific economic benefits (showing economic justification for the investment in User willingness to pay and acting as a "price relief valve") and the proposed reform is contrary to the direction of travel under the 3rd Energy Package, where ACER and the Commission are now considering how incremental entry capacity can be integrated into the CAM process (as GB's approach has led the way to date).

In conclusion, we believe that NGG should face explicit incentives under RIIO for the planning process. Not just the two season build process. We believe that the 84 month process is excessively long and most projects should be capable of delivery within 60 months, even under the Planning Act 2008. We expect customer choice in the delivery of the planning application. We hope that NGG are able to innovate in this important area of connections, because without doing so, supply infrastructure investments will be driven to the European continent.

We will continue to look at this area closely and will respond to consultations on IECR and RIIO as they become available. We trust that you will adapt both this document and the general approach to planning in light of these comments.

Yours sincerely

Mark Dalton
European Regulation Manager
mark.dalton@bg-group.com
07747455711