

Long Term Development Statement 2014 Summary

Wales & West Utilities Limited

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Foreword

The 2014 Long Term Development Statement is published in accordance with Standard Special Condition D3 of our Gas Transporters Licence and Section O4.1 of the Uniform Network Code (UNC) Transportation Principal Document (TPD). These require that a Long Term Development Statement is published annually. The Statement provides an indication of the usage for our pipeline system and likely developments. Companies that are contemplating connecting to our system or entering into transportation arrangements can use the statement to help identify and evaluate opportunities. It has been published at the end of the 2014 planning process following a reappraisal of our analysis of the market and demands on our Network within the South West (SW), Wales North (WN) and Wales South (WS) Local Distribution Zones (LDZs).

The Statement contains information on actual volumes, the process for planning the development of the system, including demand and supply forecasts, system reinforcement projects and associated investment.

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Wales & West Utilities Limited



Disclaimer

This Long Term Development Statement is produced for the purpose of and in accordance with Wales & West Utilities' obligations under the Standard Special Condition D3 of the Gas Transporters Licence and Section O 4.1 of the Uniform Network Code in reliance on information provided pursuant to Section O of the Uniform Network Code. Section O 1.3 applies to any estimate, forecast or other information contained in this Statement. Wales & West Utilities' Long Term Development Statement is not intended to have any legal force or to imply any legal obligations as regards capacity planning, future investment and the resulting capacity.

1 Executive Summary

The purpose of this document is to outline our assessment of the future use of our gas distribution network and highlight any investment requirements. The assessment is based on our annual and peak supply and demand forecasts for gas usage in Wales and the South West of England.

Data and analysis is provided for the three local distribution zones (LDZs) that constitute the Wales & West Distribution Network (WWU). The three LDZs are:

- South West
- Wales South
- Wales North

The Wales & West gas distribution network is supplied by seventeen National Transmission System (NTS) Offtakes with two non-NTS feeds into the South West LDZ.

1.1 Context

This document contains the Wales & West Utilities annual and peak demand and supply forecasts which have been developed in conjunction with National Grid UK Transmission (UKT), Delta EE and WWU local knowledge.

1.2 Demand and Supply Outlook

Our current annual demand forecast indicates that after 2014 there will be a steady decrease in total annual gas demand for the whole network resulting in a 3.1% decrease by 2023. This decrease is influenced by factors such as an increase in general fuel prices, coupled with increased energy efficiency measures.

South West LDZ is predicted to decrease in annual demand by 4.2% from 2014 to 2023, compared with last year's forecast of 4.3%.

Wales South LDZ is predicted to decrease in annual demand by 5.0% from 2014 to 2023, compared with last year's forecast of 4.7%.

Wales North LDZ is predicted to decrease in annual demand by 6.6% from 2014 to 2023, compared with last year's forecast of 7.3%.

Despite this forecast reduction in Annual demand, Peak demand for WWU is considered to remain flat for the 10 year horizon and is at a similar level to that predicted last year.

1.3 Investment Implications

When demands have been seen to decrease overall, we often see some localised growth in some areas across the network and we do have a number of Power Station and Biomethane enquiries in progress. However, as it stands, no new load growth investment has been confirmed for this forecast period.

1.4 Industry Development

The UK is now committed to legally binding environmental targets to deliver a sustainable future. We have environmental targets to achieve at 2020 and 2050. We must achieve these targets but we must also recognise the requirements to ensure security of supply within an uncertain economic climate and rising fuel poverty.

There are a number of key industry developments to note:

- A new eight year price control period (RIIO GD1) began in April 2013. This includes some significant changes to networks allowances and network requirements such as:
 - Networks to engage more with stakeholders
 - Networks to be rewarded for delivery of Outputs
 - Networks to deliver innovative solutions to promote a sustainable energy sector

- There is a growing requirement to facilitate Renewable and other forms of gas into the Gas Network.

- The increase in renewable generation on the electricity system is leading to more variable flows at embedded, Gas Fired Power Stations

Our work to develop the network and to support development of industry arrangements must therefore incorporate these important developments. More information on these key developments, can be found on the [WWU](#), [Joint Office](#) and [Ofgem](#) websites

1.5 Next Steps

This Long Term Development Statement Summary will be published on the WWU website ([WWU - Long Term Development Statement](#)). WWU actively solicit views and comments from interested parties.