For every minute of every day, ENA members ensure that the lights stay on and the UK and Ireland keep working.
Chief Executive’s statement

A busy year for ENA

Addressing the challenges of energy and climate change is undoubtedly one of the most significant the UK and Ireland face. Over the past year we’ve seen a change of government in the UK and Ireland, the challenges of economic recovery persist and the implications of more austere times starting to become clear. One thing is certain, however, the central role of the energy networks will be vital in the future.

Playing our part in a once in a generation shift in energy thinking, ENA’s work has continued to cut across a range of key issues that will affect how our energy networks operate. With the energy market reform, the roll out of smart meters and the need to cater for a more diverse energy mix, ENA and our members remain at the heart of things.

ENA continues to grow and last year we welcomed Bord Gáis as new members, extending the work of ENA to the Republic of Ireland. Network Rail and AMT Sybex also joined us as affiliates.

Being part of the Electricity Networks Strategy Group, our work for the Low Carbon Network Fund and our expertise with over 600 engineering documents guiding and setting standards for the industry enables ENA to play a key role in shaping how energy policy moves forward.

Meanwhile all this work must be seen against the backdrop of ensuring a safe, sustainable and healthy environment for our industry’s workers and the public. This is delivered through initiatives such as Powering Improvement and our annual Safety, Health and Environment Conference.

The past year has been a busy one of adapting to changes and we anticipate 2011 will be a year of substantial decisions for our energy future. ENA will continue to play a central role in this and delivering for our members.

David Smith
Chief Executive
Energy Networks Association
At the heart of policy making

As the challenges grow so too does the importance of ongoing and effective relationships with politicians and policy makers. 2010 has been a successful year for our engagement with those making the decisions on how we move forward.

The year opened with a private dinner for the then Shadow Energy Minister, Charles Hendry MP and following the election he returned to make his first speech as Energy Minister at our first Well Connected reception of the year on the Commons Terrace. The second Well Connected event of the year took us to Cardiff and was hosted by the Leader of the Welsh Liberal Democrats. We also heard from the Welsh Energy Minister Jane Davidson AM, and guests included the Leader of the Welsh Conservatives and the Plaid Cymru energy spokesperson.

Later in the year, Charles Hendry MP returned to speak at our launch event for a major ENA report on the future of gas, reinforcing his belief in its ongoing role within the UK energy mix. This was a very well attended event and we heard from Nick Winser of National Grid and James Smith of Shell UK alongside the Minister.

We also heard from Transport Minister Norman Baker MP when he attended an event on street works, an issue that generates both political interest and social impact at this time of increased infrastructure investment. ENA has continued to represent members on street works with interviews on BBC TV and Radio as well as ITV.

ENA built on its ongoing policy discussions when we were called to give evidence to the Energy & Climate Change Select Committee, as well as in-depth briefings with the new Shadow Energy Minister, the new DECC Minister in the House of Lords and other Peers.

Efforts to raise our profile have significantly increased our media presence with features and quotes in the Sunday Telegraph, Financial Times, Guardian and Reuters on issues such as our gas report launch, the new price structure known as RIIO and Ofgem requests for derogation from licence conditions. Coverage of the problems of metal theft has risen considerably and with interviews on BBC Breakfast News, Radio 5 Live and regional BBC Radio, ENA has established itself as one of the key voices for providing a national context for this crime. We were also quoted in a House of Commons debate on the issue.

Looking forward to 2011, we will be hearing from the Shadow Energy Minister at our next Well Connected event and will be hosting a House of Lords Reception to focus on Powering Improvement where we will hear from Government Ministers and the Shadow DECC Spokesperson in the House of Lords.
Energy safety, security and sustainability is our critical path.
Over the year the government and Ofgem have continued to emphasise the vital role that networks will play in the solutions for our energy future. Through the formation and subsequent work of the Electricity Networks and Futures Group and the Gas Futures Group, ENA has taken a leading role in strategic thinking associated with intelligent electricity networks and the future opportunities for gas networks.

As part of this work, ENA is recognised as the organisation to contact regarding smart grids and gas futures – two increasingly significant elements of our energy future. This strategy of leadership and influence has resulted in important contributions to high level discussions in government. The Smart Metering Implementation Programme and the DECC Smart Metering Prospectus recognised this contribution from network companies including almost all of ENA’s recommendations.

Looking ahead to 2011, ENA’s influence in smart grid strategic thinking will be even more significant as we coordinate the learning points generated by the Low Carbon Network Fund pilots and support members as they plan their submissions to the gas and electricity price review mechanisms.

Addressing the skills challenge

Ensuring the safety, efficiency and future proofing of the industry is an important challenge and one that is going to play a significant role in delivering our energy future. ENA is represented on the Strategic Steering Group of the National Skills Academy for Power (NSAP) to help develop and support its framework and strategy.

**500,000**

miles of cables transport electricity and gas is delivered through 180,000 miles of pipes across UK energy networks.
Operations
Engineering
the future

ENA's expertise in engineering is one of its most valuable assets and is respected by Government, regulators and policy makers alike. ENA and its members continue to provide advice on a wide range of government work with DECC, Ofgem, Defra, BIS and the Environment Agency.

ENA continues to be best-placed to address the crucial issues surrounding the integration of smart metering and the development of a smart grid. The ENA Smart Metering Operations Group have agreed a framework with Ofgem on the issues and plans of action for the electricity and gas networks to ensure that a smooth roll out of smart meters can be achieved.

Adapting the way we live and work to help reduce the impact of climate change will not be the easiest of challenges, but it is a vital one. ENA has set up a task group specifically to assist members in compiling their individual responses to Defra on adaptation plans. The task group’s ‘core’ report, due to be completed in the Spring of 2011, has been developed with representation and input from DECC, Ofgem, the Environment Agency and the Met Office. This report will be of vital importance when the networks come to prepare their individual responses to Defra and will ensure a considered and consistent message is delivered to Government on the technical challenges posed by adaptation to climate change.

Efforts to mitigate the effects of climate change are driving the move to low carbon energy and low carbon networks. The introduction of “feed in tariffs” (FITs) is designed to encourage investment in small scale renewable energy systems in the form of distributed generation from renewable sources, such as solar panels and wind turbines. This presents challenges for the distribution networks as it will involve connecting these sources to the low-voltage networks in order that customers can export their renewable energy and receive an income.

As with any equipment that is connected to transmission or distribution networks, it is essential that it meets agreed standards and the connection is carried out safely and in accordance with nationally agreed procedures. ENA has been at the forefront of developing these standards and also producing a new and innovative guide to connecting distributed generation that is written in a straightforward, non-technical manner. This work was very well received by government and Ofgem expressed their thanks for the contribution to the project.

The winter months in 2010 saw some extreme weather conditions, and as a testament to the resilience of the network, the issues and areas affected were minimised. ENA continues to work closely with DECC and Ofgem, feeding into the highest levels of government through the Energy Executive Committee. The areas covered range from exercises dealing with potential disruption to gas/electricity supplies and a telecommunications failure, through to the impact of solar flares, known as space weather.

Looking forward to 2011 it is clear that the low carbon agenda is set to continue at the forefront of our activities. Smart grids and smart metering, distributed generation and integrating renewable heat are all going to see developments through engineering standards, reports and equipment evaluations.
Electricity transmission and distribution networks are over 99% reliable.
Scenarios that retain gas within the UK energy mix to 2050 could save £700 billion.
In 2010 ENA extended its work and reach into the Republic of Ireland, welcoming Bord Gáis as a new member company. The challenge the UK and Ireland face of meeting climate change targets whilst delivering on our energy needs in the future is considerable. The ENA Gas Futures group, supported by the gas team, commissioned a study by Redpoint Consulting to carry out a scenario-based analysis into the future role of gas in the energy mix. This considered if gas could be used to meet the climate change objectives out to 2050 and what implications this would have on cost and availability of supply.

The study found that by retaining gas as part of the UK energy mix up to and beyond 2050 there can be a secure, cost-effective and reliable route to a low-carbon future. In addition the results of this report showed that scenarios involving gas can save up to £700bn compared with fully electrified alternatives. That’s the equivalent of £20,000 per household or £500 per year over 40 years.

Our gas network has a vital role to play now and in the future.
ENA believes in an all-encompassing energy solution to address the climate change challenges – not just a gas or electricity one. As ENA represents electricity and gas network companies we are ideally placed to help the government address the infrastructure and connection challenges of our energy future.

We believe that we can work with Government and energy sector regulators to ensure that gas is recognised for the important role it plays in the UK and Ireland economies, as the fuel of choice for more than 26 million households, and supporting many energy intensive industrial processes.

Equally we will continue to work with key stakeholders in developing green gas solutions through biomethane injection into the grid.

We see the work on Carbon Capture and Storage (CCS) transportation, integration of significant sources of biomethane and heat network development as being key project areas in 2011.

ENA continues to work closely with DECC, Ofgem and HSE, not just on energy futures, but also price control, innovation and emergency planning, as part of ensuring we maintain the highly reliable network our members are proud to provide.

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**Gas bill**

1. Meter provision 2%
2. Environment 2%
3. Transmission 2%
4. Distribution 15%
5. VAT 5%
6. Energy, supply costs and margin 74%

Source: Ofgem
Of the average household gas bill, the networks account for only 17%.
Long-term clarity, certainty and support from government and regulators is hugely important for our future energy needs.
Regulation
Creating the right framework for change

Getting the regulatory framework right will be essential to support a low carbon future. Following a two and a half year consultation, Ofgem’s new approach to regulating the energy networks was launched in 2010. Throughout this process ENA played a significant role acting on behalf of members – lobbying stakeholders, engaging in extensive discussions and preparing submissions to the review.

The recommendations of this new pricing framework, RIIO (Revenue=Incentives+Innovation +Outputs), were broadly welcomed by ENA and its members. However, members have significant concerns over Ofgem’s proposals for the financing of future investment in the networks. Investors are ultimately free to choose from global opportunities in energy and other infrastructure sectors, many with higher returns than those currently allowed in the UK. It will therefore be important that we continue to lobby Ofgem on this issue if the networks are to secure the investment needed to deliver improvements to Great Britain’s infrastructure.

Through 2011 ENA will continue to provide extensive support to its members and contributions on a number of key regulatory issues including the transmission and gas distribution price control reviews, offshore transmission, DECC’s review of the role of Ofgem, proposals for the Electricity Market Reform, an integrated smart metering programme and the regulatory impact of the implementation of the European third energy package.
Regulation

Moving to an integrated and interconnected Europe

The European element to our energy future is playing an increasingly significant role with the potential for a single European wide energy market, a European super grid and achieving the EU climate change targets.

ENA’s focus was on the implementation of the EU’s third energy package, designed to help harmonise the co-operation between energy regulators and Transmission System Operators (TSOs) across all the member states. This approach is something ENA welcomes strongly, and we are working closely with DECC and Ofgem to ensure that the new bodies and processes set up to guide its implementation achieve the best outcomes possible for our members.

We held a number of very successful events that sought to bring our members closer to the policy makers in Brussels. Our yearly members’ visit to Brussels coincided with the finalisation of the new EU Infrastructure Blueprint, and we were able to engage directly with those responsible for writing it. We also met representatives from the new European TSO organisations ENTSO-E and ENTSO-G, as well as the Commission team communicating the new 2020 Energy Strategy – reaffirming Europe’s commitment to liberalisation, competitiveness and security of energy supply.

ENA hosted its first European Orientation Training Day, inviting speakers from the main Brussels institutions to our Westminster offices. Those speaking on the day included representatives from the Commission, UK Government representation in Brussels and the UK Office of the European Parliament. This event helped build on the working relationships already established between ENA members and the main European bodies to further improve how members interact with the EU. We are looking forward to the success of this event being repeated this year.

As part of its role to engage with EU energy organisations such as Eurelectric and GEODE, ENA is seeking to raise the public profile and presence of Distribution System Operators. We encouraged Eurelectric to establish a Directors Gathering composed of the most senior networks executives in Europe to boost the voice the distribution operators have.

One issue that will see further work throughout 2011 is the development of workable harmonised technical codes for the networks. This forms part of the 3rd energy package implementation and looks at how best to standardise technical aspects of the network across the EU. These new EU grid codes will need to balance the benefits of harmonisation against the potential costs of any changes, which will ultimately fall on the consumer.
We continue to bring our members closer to policy makers in Brussels through successful events.
A safe, healthy and competent workforce is good for individuals, businesses and the public.
For effective, long-term improvement in health and safety a partnership approach is essential. From its launch in 2000, the SAFELEC 2010 strategy brought together our members, other industry bodies, trade unions and the Health and Safety Executive with the aim of reducing the number of days lost in our sector due to work-related injury and ill-health.

A safe, healthy and competent workforce is good for individuals and good for business. So rather than resting on previous achievements, we built on its success by launching Powering Improvement in 2010 – the industry’s plan to be a world leader in health and safety performance by 2015. The launch of the delivery plan for 2011 saw its champions, John Crackett, MD of Central Networks and Jane Willis, HSE Director speak of the importance of occupational health and well-being throughout the industry.

Over its five years, this strategy will look at the whole spectrum of our industry from leadership of companies through to the personal responsibility of the workforce. By developing a deeper awareness of risks, competence can be improved and everybody can be involved and engaged in achieving better occupational health and workplace safety.

2010 also saw the continued success of the Annual SHE Management Conference. The 21st Annual Conference covered key topics such as process safety and heard from Geoffrey Podger, Chief Executive of HSE. With over 200 delegates from the industry, unions and HSE the commitment to health and safety is clearly a strong one. The 2011 conference will hear from Dame Carol Black on the importance of occupational health.

ENA’s Public Safety Committee reconfirmed its strategy “Our Commitment to Public Safety” which continues their focus on reducing incidents where public come into contact with members’ assets. The work during 2011 will include continued efforts to maintain awareness of the danger of angling close to overhead power lines as well as renewing the public safety leaflets for those carrying out work or recreational activities in the vicinity of them.

EMFs – keeping the public informed

ENA has also played a key role in the production of the second and final stage of the work of the Department of Health-led Stakeholder Advisory Group on EMFs (Electric and Magnetic Fields). The report presented options to Government of affordable measures that minimise the effects of EMF fields around electricity networks. This has been a success for the industry and provides sensible, proportionate measures that minimise risk whilst being cost effective.
For effective and long-term improvements, a partnership approach is essential.

Protecting our environment

As well as delivering a network that is fit for our low-carbon future, ENA members work hard to minimise their impact on the environments they operate in. A positive step in this work is the signing of a partnership agreement between ENA and the Environment Agency looking at how the networks will work to reduce the risk of environmental damage. This covers a wide range of issues such as fluid-filled cables, waste management and flood risk management. As part of this work a new Fluid-Filled Cable Operating Code is being revised and further work has taken place with the networks and the Environment Agency to train those working in the area in new best practice.

Combating metal theft

In 2010, the problem of metal theft continued to grow and those affected decided that a combined effort would deliver better results. Through a task force set up by the Association of Chief Police Officers, ENA works alongside the British Transport Police, Network Rail and Openreach to look at how the Police, utilities and transport companies can tackle this dangerous and costly crime.

ENA is holding a workshop with the Health and Safety Executive to look at the problem of metal theft and has continued to raise awareness of the issue through extensive media coverage and political lobbying such as national and regional BBC, ITV and radio as well as a Westminster Hall Debate in the House of Commons. The impact and damage of metal theft goes beyond just the financial cost to companies, it harms lives and the environment too. Work on this issue will develop further in 2011 with a planned Parliamentary briefing event for MPs and a meeting with the Crime Prevention Minister.
There were 4000 incidents of metal theft in 2010. January 2011 saw double the number of metal theft crimes than January 2010.
Board members

The following directors held office during 2010:

**Mark Mathieson (Chairman)**
Scottish and Southern Energy

**Mike Barlow**
Scottish and Southern Energy

**John Barry**
Bord Gais
(Appointed 26/11/10)

**Mark Drye**
CE Electric UK

**John Barnett**
CE Electric UK

**John Glasgow**
Central Networks

**Jonathan Ashcroft**
Central Networks

**Barry Hatton**
EDF Energy

**Paul Delamare**
EDF Energy
(Resigned 8/10/10)

**Keith Hutton**
EDF Energy
(Appointed 11/10/10)

**Steve Johnson**
Electricity North West

**Paul Bircham**
Electricity North West

**Brian Popplestone**
Fulcrum Group Holdings
(Resigned 09/03/10)

**Stephen Murray**
Fulcrum Group Holdings
(Resigned 01/07/10)

**Ian Foster**
Fulcrum Group Holdings
(appointed 20/09/10)

**Stephen Morris**
Inexus

**Robert Murray**
Inexus

**Chris Murray**
National Grid
(Resigned 30/4/10)

**Mike Calviou**
National Grid
(Appointed 1/5/10)

**Jeremy Bending**
National Grid

**Stephen Parker**
Northern Gas Networks

**John O’Grady**
Northern Gas Networks

**Con Feeney**
Northern Ireland Electricity

**Jim Sutherland**
Scottish Power

**Guy Jefferson**
Scottish Power
(Appointed 09/09/10)

**Steven Edwards**
Wales & West Utilities

**Chris Clarke**
Wales & West Utilities

**Nigel Turvey**
Western Power Distribution

**Alison Sleightholm**
Western Power Distribution

**David Smith – Energy Networks Association**