

23 June 2008

Our ref: RHughes

Your ref:



Rachel Fletcher  
Director, Electricity Distribution  
Office of Gas and Electricity Markets  
9 Millbank  
London  
SW1P 3GE

Northminster House  
Peterborough  
PE1 1UA

T 01733 455305  
F 01733 568834

e-mail: [DPCR5.reply@ofgem.gov.uk](mailto:DPCR5.reply@ofgem.gov.uk)

Dear Rachel

### **Electricity Distribution Price Control Review**

Attached is Natural England's response to the Electricity Distribution Price Control Review.

Natural England welcomes our developing relationship with Ofgem, and we look forward to providing further expert advice to you on the distribution network over the time of this forthcoming price control review.

Please contact Rachel Hughes, Energy Specialist at [Rachel.Hughes@naturalengland.org.uk](mailto:Rachel.Hughes@naturalengland.org.uk) (Tel: 01270 754271) if you wish to discuss any aspect of this response.

Yours sincerely

A handwritten signature in black ink, appearing to read "Rob Cooke".

Rob Cooke  
Director Policy

## Electricity Distribution Price Control Review Office of Gas and Electricity Markets

### Response from Natural England

#### Background

1. Natural England was established under the Natural Environment and Rural Communities Act 2006. It is a non-departmental public body. It was formed by bringing together English Nature and parts of the Rural Development Service and the Countryside Agency.
2. Natural England is charged with the responsibility to ensure that England's unique natural environment including its flora and fauna, land and seascapes, geology and soils are protected and improved.
3. Natural England's purpose as outlined in the Act is to ensure that the natural environment is conserved, enhanced, and managed for the benefit of present and future generations, thereby contributing to sustainable development.

#### General Comments

4. Our comments are specific to Chapter 2 on Environmental Issues. We are therefore providing general comments to the details in this chapter, rather than answers to the specific questions given.

#### Climate change mitigation

5. Natural England believes that climate change represents the most serious long term threat to the natural environment. We believe that there is an urgent need to reduce greenhouse gas pollution if we are to avoid potentially catastrophic impacts on the natural environment. A particular challenge is the necessity for the United Kingdom to move towards becoming a low carbon economy, as this will entail the need to develop clean energy supplies whilst ensuring that the natural environment is not irreversibly damaged by such developments.
6. We therefore welcome and encourage the measures set out in the document that will contribute towards these goals. We support the uptake and development of distributed generation. The reduction in transmission losses and greater and easier access to the network for microgenerators are, in Natural England's view, a recognition of the necessity to make changes in order to achieve a reduction in greenhouse gas emissions within the distribution network.

#### Wider environmental considerations

7. We recognise that climate change mitigation and energy efficiency are two factors contributing to the development of environmentally sustainable energy distribution networks. However, in aiming towards true sustainable development, we believe that all environmental considerations must be factored into the price control mechanisms, particularly the impacts upon the terrestrial and marine environment from the provision and operation of cabling and other associated infrastructure. We would stress that care needs to be taken to ensure no harm is also caused to species protected under the Conservation (Natural Habitats &c.) Regulations and Wildlife and Countryside Act and their habitats during undergrounding of cables and the construction of infrastructure in particular.
8. We believe that failure to consider these full environmental impacts could render projects environmentally unsustainable and engender unforeseen economic cost implications for the DNOs, consumers and government. Assumptions should not be made that the most direct cable routes or network alterations are the most environmentally benign, purely in climate change mitigation terms.
9. Leakage of insulating oil in fluid-filled cables is an area that Natural England believes requires further regulation. We agree with the Environment Agency's views over the need to avoid leakage in sensitive areas. This includes areas where polluted groundwater is likely to flow into a river protected as a Special Area of Conservation (SAC), or upstream from such a river. Regulation might

include putting measures in place to avoid leakage in these areas, mitigation measures where leakage occurs and incentives to avoid leakage altogether. We would recommend that Ofgem require data on leakages to be collected in areas where ground water pollution from such leakages are likely to cause harm to a river SAC.

## Undergrounding

10. Natural England notes that Ofgem intend to provide an early commitment on the continuation of the undergrounding scheme. We welcome this and believe that the scheme should continue on a permanent basis, as the scheme has brought significant improvements to landscape quality, the quality of life for residents and the quality of experience for visitors in those protected landscapes where schemes have already gone ahead. There has been strong local support for those schemes that have been implemented.
11. We would recommend the following changes to the scheme:
  - a. The allowance per kilometre should be increased and made more flexible. This would allow for higher costs for working in conditions with difficult topography or geology, or allow for road, rail and river crossings or other more complex schemes, or for thorough ecological surveys and mitigation measures to be put in place where protected species are discovered. It could also allow for higher voltage wires to be moved underground if landscape character appraisal identified that significant gains in landscape quality would be made. It would also recognise the additional costs of associated infrastructure that can be needed.
  - b. The wider benefits to the natural environment are recognised. Improvements to 'visual amenity' are highlighted in the document, but there are also others such as reduced bird strikes.
  - c. The scheme should operate in all DNO regions given that take up has been variable across the country so far. The best practice example of the South East and East steering group of Protected Landscapes, which is chaired by Natural England and has worked with EDF Energy provides a model for other regions. Critical to the success of the scheme has been EDF Energy's active support and also their practical support of the appointment of a project officer.
  - d. Some flexibility in the scheme would be useful given regional variability, but not flexibility to opt out entirely.
  - e. There needs to be further joined-up working with Ofcom and BT Openreach, to ensure undergrounding of communication lines are in conjunction with that of electricity network companies. This should be at a strategic level to avoid the patchiness of present working and dependence on local circumstances and to ensure schemes are not ruled out where poles carry both electricity and BT cables.
  - f. The need for any new overhead power lines in protected landscapes should be subject to vigorous examination.
12. We have good evidence of the success of scheme in many regions. We will be supplying evidence, letters of support and more detailed comments on the undergrounding scheme in our local response on behalf of the South East and East regions Protected Landscapes Undergrounding Steering Group. We also have considerable support from MPs, key stakeholders and partner organisations who will also be supporting the continuation of this scheme.