

Hannah Nixon  
Partner, Transmission  
Office of Gas and Electricity Markets (Ofgem)  
9 Millbank  
London SW1P 3GE  
(by e-mail)

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Dear Hannah

**Open letter consultation on Transmission Price Control Review 5 (TPCR5) – the way forward**

The Campaign to Protect Rural England (CPRE) welcomes the opportunity to respond to Ofgem's initial thinking on the forthcoming Transmission Price Control Review (TPCR5). We are the leading voluntary organisation engaged in both shaping and engaging with the spatial planning system at all levels. Our network of branches, which cover every county, district and regional groups participate in the planning process on a daily basis, and a number have had direct involvement with proposals to develop new transmission lines or place existing lines underground. We have 57,000 members and supporters.

We have always taken a close interest in the visual impact of electricity networks since our formation in 1926, and have been closely involved in current debates over the future of electricity transmission in England. We are participants in the environmental issues working group recently set up by Ofgem to prepare for TPCR5, and we have regular meetings with National Grid's Land and Development Team. Our current policy on electricity transmission is set out in the briefing *A Countryside Friendly Smart Grid* (available from our website), issued jointly with the Campaign for National Parks (CNP), Campaign for the Protection of Rural Wales (CPRW) and the National Association for Areas of Outstanding Natural Beauty (NA AONB). We also issued full responses to both (i) the suite of draft National Policy Statements on energy issued by DECC for consultation in November 2009, and (ii) the DECC consultation on the role of Ofgem, which closed on 24 September 2010. Points from both these responses that are relevant to this consultation are re-stated here.

This submission centres on two of the issues that Ofgem has particularly requested views on in the open letter:

- the proposed approach for taking forward the development of outputs and initial thoughts on primary outputs (Annex A of the Ofgem letter), and

- the proposed approach to stakeholder engagement including our draft terms of reference for the Price Control Review Forum (Annex B).

### **Outputs (Annex A of the letter)**

Since Ofgem was established, Government energy policy has changed dramatically to incorporate climate change goals as expressed in the Climate Change Act 2008. Action to tackle climate change is necessarily a long-term task. We are concerned that the present regulatory structure does not adequately incentivise investment and business models which would be justified in the context of the Committee on Climate Change's recommendation that the power sector be largely decarbonised by 2030. TPCR outputs should include incentives for investment that addresses long-term carbon-cutting goals and strategy, as well as other important issues in network development such as visual impact. Such investments, such as the proposed sub-sea Scotland-England High Voltage Direct Current (HVDC) connections proposed by the Electricity Networks Strategy Group (ENSG), will require significant upfront investment over a number of price control review periods.

CPRE welcomes the statement in the open letter that 'output measures may be in appropriate...in addressing noise pollution and visual amenity considerations'. National Parks, the Broads and AONBs have been confirmed by the Government as having the highest status of protection in relation to landscape and scenic beauty. Each of these designated areas has specific statutory purposes, in all cases including conservation and enhancement of natural beauty, which help ensure their continued protection. Recent guidance from Defra ([www.defra.gov.uk/rural/documents/protected/npaonb-duties-guide.pdf](http://www.defra.gov.uk/rural/documents/protected/npaonb-duties-guide.pdf)) has confirmed that Ofgem is bound by the duties in Section 11A(2) of the National Parks and Access to the Countryside Act 1949 (in relation to National Parks), Section 17A of the Norfolk and Suffolk Broads Act 1988 (in relation to The Broads) and Section 85 of the Countryside and Rights of Way Act 2000 (in relation to AONBs). Specifically, they state that, "in exercising or performing any functions in relation to, or so as to affect, land" in these areas, relevant authorities "shall have regard" to their purposes. Nationally designated areas of landscape continue to perform vital roles in relation to public access, health, culture, and ecology.

DECC's social and environmental guidance to Ofgem, as currently drafted, shows no recognition of this duty. This is despite Defra's guidance that '*Relevant authorities are expected to be able to demonstrate that they have fulfilled these duties. Where their decisions may affect National Parks, AONBs or the Broads, they should be able to clearly show how they have considered the purposes of these areas in their decision making*'. We urge that this omission is rectified as a matter of urgency, and believe that the TPCR5 process is the most appropriate vehicle for doing so.

The need for Ofgem to fulfil its responsibilities under this duty has assumed a particular prominence at present. The recent reports of the ENSG, sponsored by both DECC and Ofgem, confirm that there is likely to be major development of the onshore as well as offshore electricity transmission network, on a scale not seen since the 1960s. At the back of the report is a map of possible new schemes, two of which (in Suffolk and Somerset) are being consulted on by National Grid at the time of writing. Both schemes, if carried onshore on overhead lines and pylons as National Grid currently proposes, would have a direct and highly damaging impact on the visual quality of two Areas of Outstanding Natural Beauty. A number of other schemes mooted by ENSG would also have similar impacts on AONBs and National Parks in other parts of England and Wales. Yet there is no mention of this anywhere in the ENSG report. This raises serious questions, in CPRE's view, as to the possibility of Ofgem being in breach of its duties.

CPRE therefore recommends that an output of the TPCR5 process should be a scheme for managing and reducing the visual impact of the electricity transmission network on valued areas of landscape. Currently, there are 420 miles of overhead transmission lines (around 10% of the overall network) in nationally designated landscapes. A necessary activity to achieve this output, in CPRE's view, is a full Strategic Environmental Assessment (SEA) of both the existing transmission network and the proposals for development mooted by ENSG. Such an SEA has already been carried for the development of offshore wind in the UK but, as National Grid pointed out in its input, this did not directly address issues relating to the onshore transmission network.

There is a model and precedent for addressing the issue in the allowance for undergrounding that has operated under the two most recent Distribution Price Control Reviews (DPCR). The allowance has resulted in 78 miles of overhead distribution lines being placed underground in National Parks and AONBs in the past five years. If the lessons learnt from the early stages of this initiative are acted upon by Ofgem and the distribution network operators, the allowance could in future be used to bring about considerably greater achievements addressing the impact of the 27,000 miles of overhead distribution lines currently found in nationally designated areas.

We are aware, from our involvement in the process thus far, of an identified need for underpinning evidence for an undergrounding allowance for transmission. Two areas which may merit further consideration are, respectively, the effect of the transmission network on countryside quality, and public willingness to pay for undergrounding.

CPRE's research on rural tranquillity is increasingly used by public authorities involved in the management and enhancement of nationally designated and other landscapes. A key stage of this research, conducted by Northumbria and Newcastle Universities, was to discover what rural tranquillity meant to members of the public. 'Seeing a natural landscape' was the top response as to what tranquillity was, and 'seeing overhead power lines' was among the top 10 responses as to what detracted from a sense of tranquillity. Alongside this we have also produced data on visual intrusion into landscapes. Both the tranquillity and intrusion data may be useful data for an SEA of onshore electricity transmission and in designing a future scheme of undergrounding those existing and proposed lines that cause the most visual intrusion. We can supply further details to Ofgem on request.

CPRE notes that Ofgem will be undertaking research 'to establish consumers' views and willingness to pay on a range of issues'. The undergrounding allowance for distribution network operators has been informed by Ofgem studies of public willingness to pay for the removal and undergrounding of overhead lines. CPRE endorses the conclusions of a paper produced by Dr Richard Cowell of Cardiff University, produced for and referenced by Friends of the Lake District (which represents CPRE in Cumbria) in its 2006 submission to TPCR4.

In particular, successive studies have shown a positive public willingness to pay for visual amenity improvements to overhead electricity networks beyond those that benefit people's own property. For designated landscape areas, it would reflect national policy to regard the relevant constituency for valuation as national, and the electricity transmission network is also a national (rather than local distributional) asset. Millions of UK residents and foreign tourists visit National Parks each year, with the quality of the landscape being an important factor in their choice. It can thus be seen that aggregating a modest, average willingness to pay, per person, across England, Wales and Scotland, can readily justify a sum for undergrounding, spread over a number of price control periods. We urge Ofgem to take these issues into account, should it choose to design research on public willingness to pay for reducing the visual impact of the network.

**Stakeholder engagement (Annex B)**

CPRE welcomes the commitment to enhanced engagement and considers that the Price Control Review Forum should contain adequate representation from groups concerned with landscape and visual amenity issues. We reiterate the point made by CNP in its response to this consultation that, in the light of Ofgem's own duty to pursue sustainable development, that the Forum's terms of reference should acknowledge the need to integrate the wide range of environmental, social and economic interests that different organisations represent, rather than seek to trade them off. This would be in accordance with the UK Sustainable Development Strategy.

In terms of the information asked in support of a nomination at Annex B, we have supplied information on who we represent, our interest in TPCR5, and what we can bring elsewhere in this response. Our staff have extensive experience in both chairing and supporting various working groups organised by Wildlife & Countryside Link ([www.wcl.org.uk](http://www.wcl.org.uk)). We would be happy to sit on the forum or to share a rotating seat with the other national bodies with which we work in partnership on this issue (CNP, CPRW, or NA AONB). We also would like to see recognition given by the Forum to the expertise and contribution of local CPRE representatives, in particular Friends of the Lake District and Friends of the Peak District, both of which have provided significant input to the design and implementation of the undergrounding allowance for distribution lines.

Yours sincerely



Paul Miner MRTPI  
Senior Planning Officer