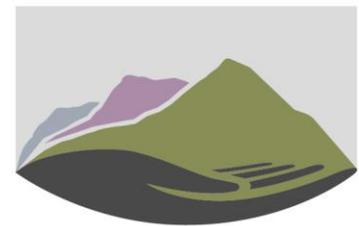


Ofgem

By email: RIIO2@ofgem.gov.uk

September 3rd 2020



**Cymdeithas Eryri
Snowdonia Society**

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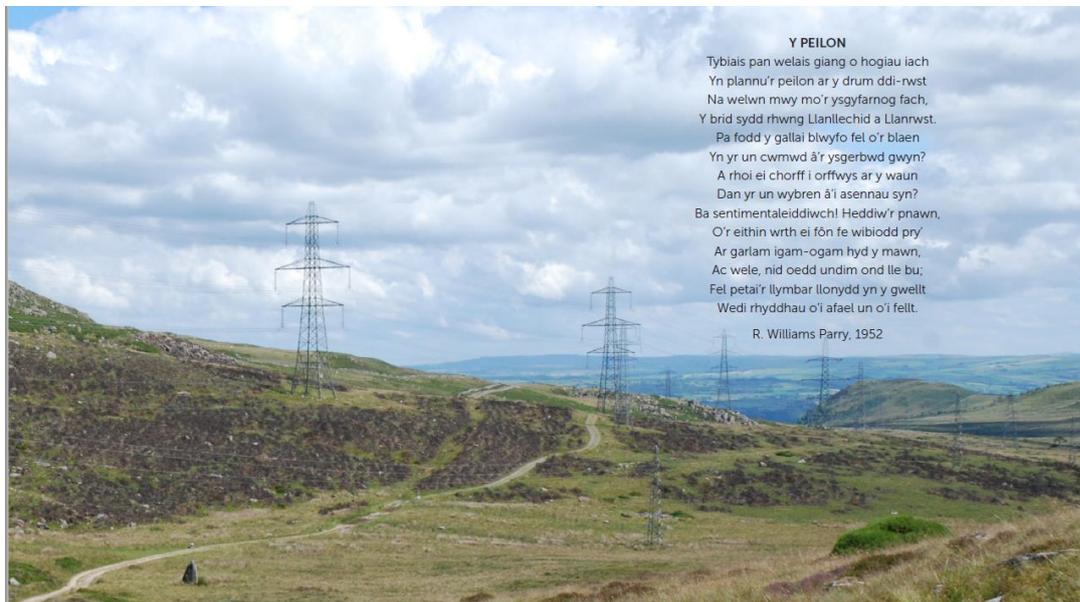
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Cymdeithas Eryri Snowdonia Society

Consultation Response: Ofgem draft determination for RIIO-2



Bwch y Ddeufaen ('pass of the two stones') neolithic standing stones in Snowdonia National Park, from p.64 of the Landscape Conservation Action Plan for the Carneddau Landscape Partnership Project, a five-year project funded by National Lottery Heritage Fund.

ETQ7. What are your views on our consultation position for setting the expenditure cap for visual amenity mitigation projects in RIIO-2?

As a tool for positive change at the landscape scale we enthusiastically welcome the retention of the Visual Amenity Allowance in RIIO-2.

The evidence from RIIO-1 projects progressing on the ground is compelling.

In our own communities in Snowdonia the Dwyryd estuary project is inspiring local communities, who see the transformational change on its way; change that would have been unimaginable before the Visual Amenity programme.

Cymdeithas Eryri the Snowdonia Society
1967 - 2017

Yn gwarchod, gwella a dathlu Eryri ers 50 mlynedd - Protecting, enhancing and celebrating Snowdonia for 50 years

Elusen gofrestredig rhif/Registered Charity no: 1155401

As part of a wide-ranging group of environmental organisations we have commissioned the attached report¹ by Professor Richard Cowell of Cardiff University.

We strongly support Professor Cowell’s recommendation that the expenditure cap should be increased to at least £725 million – Option 2 in Ofgem’s draft determination for RIIO-2.

Ofgem proposes £465 million as its preferred expenditure cap (Ofgem 2020a, p.46). We think this is inappropriate. This position skews the evaluation by taking the lowest option from the WTP methodology that inherently underestimates the costs of pylon-landscape impacts to the public.

We have previously challenged the use of ‘Willingness- to-Pay’ (WTP) as the methodology for this assessment, and argued instead that ‘Willingness-to-Accept’ (WTA) is a more appropriate assessment where public goods like landscape and visual amenity are at stake.

We summarised this in a previous submission (dated 13th March 2019) to Ofgem’s consultation on RIIO-2 Sector Specific Methodology:

The public is entitled to expect that its very finest landscapes to be free of visual intrusion. If they are significantly marred by electricity transmission infrastructure then the value of that loss of amenity is an externalised cost, imposed by the TO onto the public. The negative impact on amenity is a failure of market mechanisms to provide a public good. In such circumstances ‘willingness to pay’, a standard market device, is not the most appropriate method of measurement. Put simply it is like a thief asking their victim how much they will pay to get their belongings back. ‘Willingness to pay’ compounds the market error against the public interest rather than correcting it, and is likely to result in grave underestimates of the cost to the public of the amenity loss.

The use of WTP formalises a view that the public has no entitlement to a particular level of environmental quality unless they are prepared to pay for it. This cannot be appropriate in the context of designated landscapes.

More widely, there are strong arguments for spending money on visual amenity projects as part of a post-Covid 19 green recovery. Such projects will bring economic benefits to areas that are likely to have suffered particularly severely from the lockdown due to their high reliance on tourism. Not only will there be increased employment opportunities during construction but the areas that benefit will be able to capture higher value tourism (and tourism with higher values) once the pylons have been removed.

In conclusion, we fully support the continuation of an allowance for visual amenity mitigation projects but we do not support the approach that Ofgem has adopted to setting

¹ RIIO-2: Price control expenditure cap for visual amenity improvements in designated landscapes. 2020 Prof. Richard Cowell, School of Geography and Planning, Cardiff University.

the size of this allowance. We believe there are strong justifications for setting the cap at a higher level. At a minimum this should be the £725 million proposed in option 2 in the consultation document.

John Harold

Director, Cymdeithas Eryri Snowdonia Society



The North Wales Coast path above Llanfairfechan in Snowdonia National Park.



Coedydd Aber SSSI in Snowdonia National Park, below Aber Falls.



Near Trawsfynydd, Snowdonia National Park.