



The
countryside
charity

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3 September 2020

RIIO Team
Network Price Controls
Ofgem

Dear RIIO Team

Consultation: RIIO-2 Draft Determinations - responses by CPRE, the countryside charity to Electricity Transmission Annex & Core Document

Introduction

CPRE is the countryside charity that campaigns to promote, enhance and protect the countryside for everyone's benefit, wherever they live. We welcome the opportunity to respond to this consultation.

With a local CPRE in every county in England, we work with communities, businesses and government, nationally and locally, to find positive and lasting ways to help the countryside thrive.

A key part of our vision is a low carbon countryside that mitigates and adapts to the impacts of the climate emergency. We are calling for a transition to a decentralised, zero carbon energy system that empowers and benefits local communities, and is delivered in harmony with our natural environment and landscapes.

In respect of the RIIO-2 DD consultation, we are responding particularly to **ETQ7** in the Electricity Transmission Annex – which bears strongly on our desire to see an electricity transmission system in harmony with our finest landscapes.



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We also make additional comments on **ETQ4** and **ETQ5** in relation to the proposed 'Project delay charge' and finally, and more widely on the **Core Document** section on Net Zero and innovation, highlighting the case for innovation in approaches to 'anticipatory investment' (**Q21 and Q22**).

Electricity Transmission Annex

The expenditure cap for visual amenity

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

In conjunction with allied organisations in England, Wales and Scotland, we have commissioned an analysis of the three expenditure cap options and the methodologies that lie behind the cap calculations (notably the Willingness to Pay work). This has been carried out by Professor Richard Cowell of Cardiff University, whose work also contributed to our thinking on RIIO-T1 when the visual amenity provision was first mooted. His current report is attached to this submission; it should be read in conjunction with this submission and forms an equal part of it.

In summary, we believe that the preferred expenditure cap is far too low. It is poorly justified in terms of methodology nor do the caveats presented (in relation to pipeline of projects, additional costs associated with net zero transition, plus Covid-related economic shocks) carry much force. Furthermore, it does not cover the current potential pipeline of projects anticipated in the TOs' business plans. These points are dealt with in detail in Professor Cowell's report, which we submit as powerful evidence in support of Option 2 as a minimum.

We believe that greater ambition can be brought to the number and scope of projects undertaken by the TOs, based on the valuable experience gained within the current price period (T1). Given that the main underpinning work to identify the most intrusive lines has now been completed, we suggest that faster progress should be made in RIIO-2 and that is the public expectation, as evidenced by the Willingness to Pay (WTP) data.

A larger provision, but still with an acceptable impact on bills (within median WTP), would allow for more meaningful delivery of the environmental obligations (incumbent on transmission operators) statutorily required in National Parks, Areas of Outstanding Natural Beauty, and National Scenic Areas.

In particular, there is a need for enhanced delivery ambition to address key challenges that have emerged through the experience of the T1 schemes. The ambition should encompass and address:

- Increased volume and spatial coverage of schemes: although a promising start has been made across England and Scotland, schemes have not always mitigated the full landscape impact. Though we are aware that progress can only be made incrementally and should clearly be focused on the worst impacts on visual amenity (as the schemes have done to date), some areas (notably central and southern Scotland: SPN TO area) are lagging for want of TO 'buy-in';
- Particular large, high impact schemes have been 'left on the shelf' in T1 because of budget constraints. Thus a low budget cap has the capability to distort what is delivered - as it is



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insufficient to address large schemes with the highest impact rating that are the overwhelming priority of stakeholders. Such schemes would provide the substantial mitigation and welfare benefits that the WTP studies show a strong appetite for;

- As a subset of the above point, a pragmatic, (low) budget-driven approach to schemes, also creates issues with new infrastructure infrastructure (such as sealing end compounds) being re-located within sensitive landscapes. Longer, more ambitious schemes, can avoid this issue by beginning and/or terminating within less sensitive areas.

Thus enhanced ambition includes delivering the current pipeline of projects or more, but crucially also allowing re-consideration of high impact schemes (e.g. Longdendale/‘Peak West’ in the Peak District National Park) or enhanced outcomes on current schemes by extending the length of transmission line undergrounded.

We therefore propose setting the expenditure cap at Option 2 or higher to enable operators to better meet stakeholder/public expectation and their statutory duties under both the Electricity and Environment Acts.

The ‘project delay charge’

ETQ4. *Do you agree with our proposed LPD mechanisms and do you agree with the criterion that we are proposing to use for our LPD mechanisms?*

We are concerned that the proposed ‘project delay charge’ may have unintended negative outcomes, depending on what is considered to be ‘delay’. We would wish to receive clarification that the time taken by aspects of the planning process such as vital pre-application engagement are not included in the calculations of ‘delay’, as doing so risks incentivising reduced consultation and potentially poorer schemes.

ETQ5. *What are your views on applying our LPD mechanisms to some or all of the projects identified at paragraph 2.74?*

Though we do not wish to make project-specific comments, we would observe that penalizing delays that have their roots in early stage considerations of project alternatives (which may include more landscape-friendly options) could again be counter to delivering an environmentally sustainable network.

Core Document (CD)
Net zero and innovation

Q21. *Do you agree with our overall approach to meeting Net Zero at lowest cost to consumers? Specifically, do you agree with our approach to fund known and justified Net Zero investment needs in the baseline, and to use uncertainty mechanisms to provide funding in-period for Net Zero investment when the need becomes clearer?*



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We commend the key focus on net zero and innovation within RIIO-2 but would wish to refine the proposed approach with the aim of improving outcomes for visual amenity, notably in relation to onshore infrastructure (including its avoidance). Our premise is underpinned by two principles:

1. the urgency of meeting net carbon zero;
2. planning 'friction' (relating to the unacceptable visual impacts of new transmission infrastructure) will be reduced by enhanced landscape mitigation, thus leading to faster delivery.

We believe that supporting enhanced investment in innovation and best practice in landscape mitigation is key to the ambition you set out in CD para.8.3, viz. - 'to ensure there is a coordinated, whole system approach to solving Net Zero system challenges'. We believe this accords with your concept of 'anticipatory investment' as described in paras 8.6 and 8.7.

If we understand your reference in 8.7 to 'loop circuits along the East Coast of England' as one form of anticipatory investment (akin to NOA's 'strategic wider works') that reduces onshore transmission infrastructure impacts, then this is not a novel paradigm. However, we wish to see further innovation in the regulatory investment framework such that best practice in landscape and ecological mitigation is supported more widely – to ensure more timely and efficient delivery of net zero, in addition to wider countryside protection.

Therefore in relation to the RIIO-2 uncertainty mechanisms (UMs) for net zero anticipatory investment, we ask that sufficient flexibility of approach is embedded to support TOs in delivering new landscape-friendly projects.

Q22. *Do you think the package of cross sector and sector-specific UMs provides the appropriate balance to ensure there is sufficient flexibility and coverage to facilitate the potential need for additional Net Zero funding during RIIO-2?*

Yes, if the proposed flexibility in anticipatory investment (going beyond what is currently considered 'strategic wide works') is implemented.

Please do hesitate to contact us if you require clarification of our comments or any further information (please direct to andy.tickle@cpresouthyorks.org.uk).

Yours faithfully,

Tom Fyans
Director of Campaigns and Policy

Attached: 'RIIO-2: Price control expenditure cap for visual amenity improvements in designated landscapes'. Report by Professor Richard Cowell, Cardiff University, August 2020. Pp.6.

