



Making a positive difference
for energy consumers

All interested stakeholders

Email: Min.Zhu@ofgem.gov.uk

Date: 21 September 2021

Dear stakeholder,

Decision on adding Enhancing Pre-existing Infrastructure Projects to National Grid Electricity Transmission's RIIO ET2 price control

Following our consultation in July 2021¹, this letter sets out our² decision under paragraph 3.10.15 of Special Condition 3.10 (Visual Impact Mitigation Re-opener and Price Control Deliverable and Enhancing Pre-existing Infrastructure Projects allowance (VIMREt and EPIIt)) on new Enhancing Pre-existing Infrastructure (EPI) outputs and a related adjustment to National Grid Electricity Transmission's (NGET) allowed expenditure under the RIIO-ET2 price control. The direction to NGET's electricity transmission licence to implement this decision is set out in Appendix 1 to this letter.

Background to funding request and consultation

In March 2021, NGET requested £1.084 million³ for seven landscape enhancement initiative (LEI) projects in National Parks and Areas of Outstanding Natural Beauty that are adversely affected by pre-existing transmission infrastructure. The LEI projects are located in:

- Clwydian Range and Dee Valley Area of Outstanding Natural Beauty (AONB)

¹ Proposed decision on adding Enhancing Pre-existing Infrastructure Projects to National Grid Electricity Transmission's RIIO ET2 price control <https://www.ofgem.gov.uk/sites/default/files/2021-07/Proposed%20Decision%20letter%20Final.pdf>

² The terms 'Ofgem', 'the Authority', 'we' and 'us' are used interchangeably in this document.

³ All values are stated in 2019/20 prices unless otherwise stated differently.

- Dorset National Park (NP)
- Lake District NP
- New Forest NP
- Southdowns NP

In July 2021, we consulted on our assessment of the LEI projects proposed by NGET.⁴ We proposed to approve NGET's request and we also published a proposed direction to NGET's licence to add new EPI projects and an £1.084 million increase to NGET's RIIO-ET2 price control allowances.⁵

We received only one response to the consultation from NGET. NGET noted in its response that four deliverables had not been included in the proposed direction for the 'Hidden from View' project.

We confirm that we inadvertently omitted the additional deliverables for the 'Hidden from View' project. Consequently, we have amended the licence direction to include these.

Our decision

We are satisfied that the projects, including the four deliverables mentioned above, are consistent with NGET's VIP policy, and also meet the LEI project criteria. We are also satisfied that the estimated project costs for delivering the EPI outputs are economical and efficient. Therefore, we have decided to adjust NGET's RIIO-ET2 allowed expenditure for this amount.

In accordance with paragraph 3.10.15 of Special Condition 3.10, we have set out the direction to NGET's licence in the Appendix 1 to this letter. The direction adds new EPI projects and an £1.084 million increase to NGET's RIIO-ET2 price control allowances.⁶

Yours faithfully,

Min Zhu

Deputy Director, Transmission, RIIO

⁴ For further information on our assessment: <https://www.ofgem.gov.uk/sites/default/files/2021-07/Proposed%20Decision%20letter%20Final.pdf>

⁵Equivalent to £1.052m in 2018/19 prices. We convert project costs into the price base that is used in the financial model for the price control period in which project costs will be incurred. In RIIO-T2 the price base of the financial model is set in 2018/19 prices.

⁶Equivalent to £1.052m in 2018/19 prices.

Appendix 1

Direction under paragraph 3.10.15 of Special Condition 3.10 (Visual Impact Mitigation Re-opener and Price Control Deliverable and Enhancing Pre-existing Infrastructure Projects allowance) of National Grid Electricity Transmission's licence to add Enhancing Pre-existing Infrastructure Projects

1. National Grid Electricity Transmission plc ('the Licensee') is the holder of an electricity transmission licence granted or treated as granted under section 6(1)(b) of the Electricity Act 1989 ('the Licence').
2. In accordance with paragraph 3.10.21 of Special Condition 3.10 (Visual Impact Mitigation Re-opener and Price Control Deliverable and Enhancing Pre-existing Infrastructure Projects allowance), on 7 July 2021 the Gas and Electricity Markets Authority ('the Authority')¹ published on its website the text of the proposed direction, the reasons for the proposed direction and stated that representations must be made on or before 5 August 2021.
3. We received one non-confidential response from the Licensee, and have placed it on our website. Having considered that response we have decided to proceed with the direction with the following modifications.
4. The licensee noted in its response that four mitigations were omitted from the proposed direction for the 'Hidden from View' project in the Clwydian Range and Dee Valley Area of Outstanding Natural Beauty. We have amended the text of the direction to add these. The new text since the July consultation is shown in double underline.
5. The reason for the direction is to amend the Licence to add seven new Enhancing Pre-existing Infrastructure Projects to Appendix 3 to Special Condition 3.10, to specify the deliverables of each project that the Licensee is required to deliver and to specify the associated additional allowance for those projects, which is £1.052m in 18/19 prices.
6. Further information on our assessment of these projects can be found in our July consultation letter.²
7. This direction is our notice of reasons for the purposes of section 49A of the Electricity Act 1989.
8. Now the Authority pursuant to the provisions of Special Condition 3.10 hereby directs that Appendix 3 to that condition of the Licence is amended as set out in Annex 1 to

¹ The terms "the Authority", "we" and "us" are used interchangeably in this document.

² <https://www.ofgem.gov.uk/sites/default/files/2021-07/Proposed%20Decision%20letter%20Final.pdf>

this direction with new text shown in single and double underline and deletions in strikethrough.

Min Zhu

**Duly authorised on behalf of the
Gas and Electricity Markets Authority**

21 September 2021

Annex 1

Appendix 3

Enhancing Pre-existing Infrastructure Project allowance

Project name and Designated Area	Allowance (£m)					All years
	21/22	22/23	23/24	24/25	25/26	
Dorset AONB Mitigation Project	12.545	0.587				13.132
LEI projects:	0.031	0.016	0.025	0.0	0.0	0.072
Cannock Chase AONB, Gentleshaw Common into the Future Blackdown Hills AONB, Enhancing the Hills High Weald AONB, Beautiful Boundaries II and Wonderful Woodlands New Forest NP, Landford Bog Nature Reserve North York Moors AONB, Kipwich Landscape Restoration Project Tamar Valley AONB, South Hooe Restoring and Enhancing Watery Landscapes						
<u>LEI projects:</u>	<u>0.633</u>	<u>0.223</u>	<u>0.195</u>	<u>0.0</u>	<u>0.0</u>	<u>1.052</u>
<u>Clwydian Range and Dee Valley AONB, Hidden from view Dorset AONB, Linking chalk, river and vale Lake District NP, Breast High Road Borrowdale restoration oroject</u>						

Lake District NP, Breast
High Road Bretherdale
restoration project
New Forest NP,
Landscape and access
enhancements
Southdowns NP,
Revealing Grandfather's
Bottom
Southdowns NP, Historic
boundaries of
Woolbeding Estate

Project name	Description of project	Delivery date
Dorset AONB Mitigation Project	Replace a 8.25 km section of a 400kV double circuit overhead line, known as the 4YA, with 8.8 km underground cable in the Dorset AONB area. The overhead line runs from northwest of Winterborne Abbas to south of Friar Waddon Hill inside the boundary of the Dorset AONB. Install two new sealing end compounds to connect the new section of underground cable to the existing overhead line. Install 2 x 200 MVAR reactive compensation equipment at the existing Chickerell substation to manage voltage issues and increasing capacitance from the underground cables. Underground diversion of the western 33kV distribution circuit near the southern sealing end compounds for safety reasons and associated fibre optics cable.	2022
Gentleshaw Common into the Future	60 ha bracken and scrub control 7 ha purple moor grass cutting 80 m footpath upgrading 38 m broadwalk installation	2021
Enhancing the Hills	865 m hedgerow creation and management 1.2 ha traditional orchard restoration 5 ha meadow creation and improvement	2021
Beautiful Boundaries II	3,776 m coppice gap up and fencing 1,435 m ancient woodland fencing 2,774 m new hedge and fencing 884 m hedge laying and fencing 0.4 ha woodland planting 0.16 ha wetland habitat restoration	2021
Wonderful Woodlands	2,056 m2 all-weather access improvement 5.5 ha woodland habitat restoration 5.6 ha ground flora restoration 3 pond habitat restoration	2023
Landford Bog Nature Reserve	35 m2 all-weather access improvement 1,370 m boundary improvement 2 leaky log dam installations 0.7 ha rotational pollarding	2021

Kipwich Landscape Restoration Project	9.8 ha native woodland creation 7.4 ha wood pasture creation 12 ha open habitat creation with trees 37 ha SSI grassland and heathland restoration 5.6 ha ancient woodland restoration 19.6 ha woodland restoration 6.7 ha native woodland restoration	2024
South Hooe Restoring and Enhancing Watery Landscapes	385 m reinstatement of historic field boundaries 345 m new hedgerow planting 4,200 woodland tree planting 840 m hedgerow management 5 gates for improved access to circular walk 450 m2 scrub clearance 2,014 m new boundary fencing and access	2024
<u>Hidden from view</u>	<u>150 m woodland thinning</u> <u>8 pond/scrape creation</u> <u>8.5 ha wildflower meadow creation</u> <u>1500 m2 woodland glade creation</u> <u>100 m non-native tree removal</u> <u>100m hedgerow creation</u> <u>826 m2 vehicular access improvements</u> <u>800 m pedestrian access surface improvement</u> <u>20 pieces pedestrian access infrastructure</u> <u>improvements</u> <u>62 m edge definement – off road prevention</u> <u>174 m drystone wall features, including ha ha walls</u> <u>145 m ditch creation and restoration</u> <u>5 boulders – off road prevention</u>	<u>2024</u>
<u>Linking chalk, river and vale</u>	<u>1270 m hedgerow tree planting</u> <u>1270 m hedge laying</u> <u>140 m drystone wall restoration</u> <u>7.0 ha grassland restoration</u> <u>4.7 ha scrub management</u> <u>10 ponds pond restoration</u> <u>0.75 ha create wildlife corridors</u>	<u>2024</u>
<u>Breast High Road</u> <u>Borrowdale</u> <u>restoration</u> <u>project</u>	<u>1208 m reinstate and clear existing drainage gully lines</u> <u>2 maintain and repair existing culverts</u> <u>5 replace broken culverts</u> <u>1 route alignment</u> <u>1 install a pitched ford</u> <u>1 repair an existing traditional stone culvert</u> <u>580 m2 reprofiling and realignment of track</u> <u>1100 m soil inversion (subsoiling) and addition of</u> <u>aggregate material</u> <u>150 m create aggregate ditch</u> <u>9 removal of, reinstatement of, or creation of new cross</u> <u>drains/surface draining features</u> <u>40 native tree planting</u>	<u>2022</u>
<u>Breast High Road</u> <u>Bretherdale</u> <u>restoration</u> <u>project</u>	<u>510 m reinstate and clear existing drainage gullies</u> <u>3 replace and widen existing culverts</u> <u>2 install steel and plaswood bridges</u> <u>3 install pitched fords/wath areas</u> <u>3 reinstate and maintain existing aggregate waths</u> <u>3 clear and maintain existing culverts</u> <u>12 m2 surface gateway</u>	<u>2022</u>

	<u>2 m install revetment</u>	
	<u>42 m restore dry stone wall</u>	
<u>Landscape and</u>	<u>300 m plant and maintain hedgerows</u>	<u>2027</u>
<u>access</u>	<u>40 trees planted</u>	
<u>enhancements</u>	<u>1950 m route improvements</u>	
	<u>14 gates installed</u>	
	<u>77 signposts installed</u>	
	<u>20 ha improve habitat</u>	
<u>Revealing</u>	<u>6.99 ha clear scrub</u>	<u>2023</u>
<u>Grandfather's</u>	<u>1.6 ha restore chalk heath</u>	
<u>Bottom</u>	<u>2.2 km new access route through yew woodland</u>	
	<u>380 m improved access at Grandfather's Bottom</u>	
	<u>2293 m stock fencing</u>	
	<u>1 drinking trough installed</u>	
	<u>0.3 ha car park surfacing</u>	
	<u>30 signs installed</u>	
	<u>10 mature trees planted</u>	
<u>Historic</u>	<u>300 trees planted (wood pasture)</u>	<u>2025</u>
<u>boundaries of</u>	<u>5000 trees planted (shaw)</u>	
<u>Woolbeding</u>	<u>1600 m hedgerow planted</u>	
<u>Estate</u>	<u>3550 m fencing (wood pasture)</u>	
	<u>1600 m fencing (shaw and hedgerow)</u>	
	<u>60 acres grassland seeding</u>	
	<u>2 trees removal of diseased ash and replace with new</u>	
	<u>standard trees</u>	
	<u>3 troughs water troughs installed</u>	
	<u>600 m water infrastructure (pipes) installed</u>	
