

FLD RESPONSE TO

OFGEM'S ED3 SECTOR SPECIFIC METHODOLOGY CONSULTATION

Friends of the Lake District (FLD) is a registered charity with more than 6,000 members. We represent the CPRE – the Countryside Charity in Cumbria and are a member of the Campaign for National Parks. We actively campaign to reduce the visual impact of all overhead wires on the landscape.

CH.3 INVESTING FOR THE ENERGY TRANSITION

Long-term integrated network development plans

Qu.1 – What are your views on our regulatory guiding principles that will inform the development of accountable investment planning and delivery? (p.34)

We are supportive of the following guiding principle...

- Integrated planning – where “DNOs must develop a single, co-ordinated network development plan that integrates all major investment drivers – including load-related reinforcement, asset health, climate resilience and environmental goals” (SSMC, page 24).

Qu.2 – Are the proposed objectives for the long-term integrated network development plans appropriate? (p.34)

We are supportive of the following proposed objectives for the long-term integrated plan...

- “A holistic and long-term view of network needs across multiple price control periods – to support proactive network investment aligned with strategic objectives to 2050” (SSMC, page 25) – because it is neither short term nor siloed.
- “Exploits synergies across different network investment drivers to optimise long-term value in delivering consumer outcomes for the energy transition, network resilience and the environment – into a single integrated plan” (SSMC, page 26) – because there is one plan and climate resilience and the environment are prioritised.

Qu.3 – What are your views of proposed structure and contents of the plan? (p.34)

We are supportive of Ofgem’s proposed structure and content for their long-term integrated network development plans (as outlined on pages 26 – 27 in Ofgem’s SSMC). From the example structure and content given, we are particularly pleased to see that Ofgem is proposing multiple references to climate resilience and asset health in these plans. We look forward to seeing further detail from Ofgem in ED3 Business Plan Guidance in Spring 2026.

Qu.5 – What are your views on the guidelines for proactive investment decision-making across all DNOs? (p.35)

We are very supportive of using “unacceptable risks to reliability and resilience due to ageing infrastructure, climate change” (SSMC, page 30) as a relevant indicator of network need for proactive investment opportunities, including we request undergrounding.

Qu.6 – Do you agree that LV network reinforcement... suitable area for a programmatic, area-based approach in ED3? Why or why not? (p.35)

YES. There seems considerable merit in DNOs adopting “a more programmatic approach to reinforcing the LV network” (SSMC, page 30), where delivery becomes more proactive, coordinated and embedded within long-term network planning. Such a structured approach, with “clear prioritisation, consistent funding and coordinated implementation” (SSMC, page 31) must “deliver sustained improvements in network resilience” (SSMC, page 31). LV assets in Cumbria are ageing - and all at a time when more people are moving to electric vehicles, heat pumps and solar panels. In this context, a “structured, area-based programme of reinforcement” (SSMC, page 31), based on asset condition and including undergrounding, seems an efficient way for ENW to deliver upgrades.

CH.4 RESPONSIBLE AND SUSTAINABLE BUSINESS

Energy efficiency

Qu.41 – Do you have any views on our proposal for DNOs to play a bigger role in the delivery of energy efficiency and low carbon measures? (p.78)

YES. Like most stakeholders responding to ED3 Framework Consultation (FLD letter of 6.1.25 – see below), we agree that there is “value in DNOs playing a greater role in supporting the rollout of energy efficiency measures” (SSMC, page 76). And we are “in favour of DNOs working in partnership with local and regional actors, such as local authorities and housing associations” (SSMC, page 76). We will look out for, and respond to, a separate consultation, over winter 2025/6, on the role of DNOs in supporting the roll out of energy efficiency and low carbon measures.

For information, in our letter of 6th January 2025 to Ofgem (ED3 Framework Consultation), we gave several reasons why DNOs should have a role in delivering energy efficiency to homes and businesses. One, regional electricity companies should be able to reach all homes and businesses, as we all use electricity and they have a monopoly; whereas we believe local councils and charities will not reach everyone. Two, as a private company, DNOs can potentially access significantly more money than local councils and charities. Three, we believe (from ENW stakeholder event, November 2024) that ENW, for example, already works with vulnerable customers, by helping them to pay their bills and giving low carbon advice. So, it seems sensible to expand that department in order to offer energy efficiency measures more widely.

We gave the example of Cumbria, where we feel ENW should partner with those organisations that have a long experience of delivering energy efficiency, namely Futureproof Cumbria, Westmorland and Furness Council and Cumberland Council. The current model does rely on home and business owners approaching those organisations, rather than the charities and councils reaching out to all. This tends to favour more pro-active and better-informed people – as they have to actively search out the energy efficiency advice. If DNOs are given a role in delivery energy efficiency measures to homes and businesses, then they should be able to approach everyone (as we are all their customers). This way, many more people will find out about all the help and advice on energy efficiency that is available. And, we believe that a national scheme is needed to allow energy efficiency to reach homes and businesses across the country, whether through funding from DNOs or direct from government.

Environmental framework

We are seeking views on whether UIOLI undergrounding allowance could be used more flexibly in ED3 to deliver a range of landscape enhancement measures to reduce the visual impact more efficiently. This could include:*

- *Partial undergrounding combined with habitat restoration*
- *Screening or planting schemes to soften the visual impact of retained infrastructure*
- *Nature-based solutions that integrate environmental and aesthetic benefits*

We welcome views on whether DNOs should have more flexibility to use the allowance for landscape and nature-based solutions (p.80).

We are against undergrounding allowance being used more flexibly in ED3.

Background - FLD was instrumental in getting an undergrounding allowance in the first place. We commissioned Cardiff University's "A Clear View" research in 2003 and then persistently lobbied Ofgem to introduce an allowance to reduce wire clutter in protected landscapes (that is National Parks and AONBs). We did this to remove man-made, negative detractors from our nationally important landscapes and to enhance their visual amenity. Since the Undergrounding for Visual Amenity (UVA) allowance started in DPCR4 in 2005, 145 kms of overhead lines have been removed by ENW in the NW region alone.

Request for expansion of undergrounding - Since then, we have always campaigned for undergrounding to be expanded for several reasons. There are direct benefits to both visual amenity and network resilience to extreme weather, more frequent with climate change. These were explained in some detail, with Storm Arwen as an example, in our 6th January 2025 letter to Ofgem (ED3 Framework Consultation). And undergrounding is a way of relevant authorities demonstrating that they are meeting the legal duty, strengthened under 2023 Levelling Up and Regeneration Act, to "seek to further" the statutory purposes of protected landscapes and their settings.

Indeed, in our response to ED3 Framework Consultation (FLD letter of 6.1.25), we requested that the undergrounding allowance is expanded to include:

- other heritage sites outside protected landscapes - such as registered commons and village greens, Conservation Areas, parkland, Heritage Coasts
- wider countryside - as landscape of high amenity value not just in National Parks and National Landscapes
- new lines and existing overhead lines identified for refurbishment - paying the differential cost between the cost of undergrounding and overhead line, rather than the full cost

Concerns about any of the existing UVA allowance (in RIIO-ED3) being used more flexibly - There were no examples in this consultation of what Ofgem means by "nature-based solutions that integrate environmental and aesthetic benefits" (SMCC, page 80). But even if that was clearer, we are still against any of the existing UVA allowance, in RIIO-ED3, going on such nature-based solutions, habitat restoration or screening and planting. Spend on these measures would mean less money for the physical removal of overhead lines and the laying of cables in the ground. As a result, the total length of electricity poles and wires taken down in our nationally protected landscapes (with all the associated visual amenity and climate resilience benefits) would be

reduced. After all undergrounding work, from design through wayleaves to construction, is expensive – especially as materials, fuel and labour have all increased significantly since 2020 – so all the UVA allowance is needed for actual undergrounding.

If, however, Ofgem’s proposal in this consultation could be to increase the undergrounding allowance, so that habitat restoration is possible in addition to full undergrounding, then we would be in favour.

Qu.42 – How should the EAP baseline expectations be revised to drive improved environmental outcomes in ED3 and beyond? (p.89)

We would like to see long-established undergrounding data (namely length of overhead line removed, length of underground cable installed and expenditure) continue to be collected in ED3. None of these are listed in the examples given for standardised metrics in this consultation (see SSMC baseline expectations – page 80) – and it is not clear why. We would like to see them included – and so we look forward to seeing further detail from Ofgem in ED3 Business Plan Guidance in Spring 2026.

Qu.43 – What criteria should be prioritised in a structured evaluation of DNOs’ EAP for ED3? (p.89)

Criteria - As a landscape charity, we are most interested in the criteria (listed by Ofgem - see SSMC prioritisation, page 82) to prioritise actions that further the undergrounding programme. In our NW region, we value and have long contributed to a UVA Steering Group of ENW and landscape stakeholders. This has worked well for many years. So, we are supportive of a stakeholder value criterion about if the “action aligns with stakeholder priorities” (SSMC, page 82). As previously stated, undergrounding benefits visual amenity and climate resilience and “seeks to further” the statutory purposes of protected landscapes. For these reasons therefore, we are also supportive of an alignment criterion about if the “action is consistent with broad environmental goals, local planning or legislative requirements” (SSMC, page 82).

Structured evaluation of EAPs - Similarly, in a structured evaluation of EAPs across DNOs, we are most interested in Ofgem considering how the plans align with environmental goals and stakeholders have been engaged (SSMC, page 83).

Qu.46 – How can tools like the AER be used to strengthen delivery and accountability of the EAPs in ED3? (p.90)

Currently, the only way to compare undergrounding data (across licensees, electricity companies and protected landscapes) is by looking at spreadsheets in an appendix to Ofgem’s RIIO-ED Annual Report. Assuming that undergrounding data (namely length of overhead line removed, length of underground cable installed and expenditure) continue to form part of Annual Environment Reports (AERs), then we would welcome an Ofgem-led annual review of the AERs. This should significantly “improve comparability” (SSMC, page 87) of undergrounding across licensees, electricity companies and protected landscapes. And assuming that they are accessible and easy to use for external stakeholders, then we would welcome the introduction

of a standardised dashboard for undergrounding. It should enable us and other stakeholders to “more easily assess progress and compare performance across DNOs” (SSMC, page 88).

Enhanced stakeholder engagement

Qu.48 – Do you have any comments on the proposed ISG guidance as set out in Appendix 4? (p.92)

YES. We have looked at Ofgem’s draft guidance on Independent Stakeholder Groups (ISGs) in Appendix 4. Currently, the guidance simply states that “membership of the ISG should include some level of technical knowledge, expertise on research and/or engagement, and a consumer champion” (SSMC, page 246). There is no mention that it should include members with environmental expertise. So, we request that the membership of the ISG is widened to include such environmental stakeholders.

CH.5 SMARTER NETWORKS

Innovation

As a landscape charity, we have general points on innovation, as stated in our letter of 6th January 2025 to Ofgem (ED3 Framework Consultation). We wrote that “some companies are already offering the technology to detect underground electrical faults, and smart monitoring is being used to great effect in the water industry, for example, to detect and fix leaks. As a result, FLD wants to see DNOs using AI to improve network insight and decision-making in the context of identifying faults on underground cables – thus removing one of the disbenefits of undergrounding (namely, the difficulty of locating faults on underground cables).

Assuming this is not already happening, we would like to see the ED3 framework getting those DNOs, who have more experience of using technology to find faults on underground cables, sharing their knowledge and lessons learnt with those DNOs who currently have less experience. That way all regions benefit from shared experience. This is in line with an Ofgem ambition for RIIO-ED3, whereby it is keen to ensure that innovation is shared and deployed across different networks and that it is transformative.”

CH.6 RESILIENT NETWORKS

Qu.85 – Are there additional risks, dependencies or policy areas that we should consider strengthening network resilience in ED3 beyond those set out in this chapter? (p.131)

YES. As stated in our response to Ofgem’s ED3 Framework Consultation (FLD letter of 6.1.25), a significant expansion of the undergrounding programme across Britain, both in protected landscapes and beyond (see earlier bullet points under Environmental Framework), would strengthen network resilience in ED3. As Ofgem states, “climate extremes are becoming more frequent and severe, testing the physical limits of networks built for a stabler past” (SSMC, page 130). There are major benefits, with such widespread undergrounding, in making the network more resilient to this extreme weather.

Network Asset Risk Metric (NARM)

Qu.87 – What are your views on our proposed approach to increasing our reporting on non-NARM assets to improve our understanding of asset health? (p.137)

FLD is supportive of an increase in reporting on non-NARM assets in order to improve overall understanding of asset health within the network. In our opinion, it is not enough for DNOs to only know the health of the above ground poles and wires. They also need to know the health of pole mounted switchgear and transformers and overhead conductors – all of which are referred to as non-NARM assets (SSMC, page 132).

Qu.90 – Do you agree with our approach to enabling the future effects of climate change on asset deterioration to be modelled in NARM? Why? (p.137)

NO. We feel that Ofgem's approach is too slow – and that the future effects of climate change on asset deterioration need to be explicitly included in ED3 (which is still 3 years away, starting in 2028). We support the recommendation of National Infrastructure Commission (NIC)'s report (published in 2024) that “NARM should account for increased asset deterioration caused by chronic stress linked to changing climate conditions” (SSMC, page 136).

FLD disagrees that “further work is needed to assess whether the impact of climate change upon asset deterioration is required” (SSMC, page 137). With strong winds, high precipitation (both rain and on occasions snow) and extreme heat (even wildfires) all affecting the above ground network in NW England at various times, it is clear that climate change is already having a direct impact upon asset deterioration. Instead, in ED3, Ofgem's focus should be on quantifying these effects.

Climate resilience

Though there are no general questions on climate resilience, the topic is so important to FLD that we want to re-iterate what we wrote in our 6th January 2025 letter to Ofgem (ED3 Framework Consultation).

We welcome the multiple references, in ED3 Framework document, for the need “to strengthen the distribution system's resilience to climate change” (page 20) – as “many more damaging storms (are) putting networks at risk” (page 10). Indeed, trends to “more frequent extreme weather events... (are) expected to continue due to historical and ongoing emissions” (page 20). We agree that “with increased demand and a greater reliance on electricity for essential services, including heating and transport, it will be critical that DNOs are focused on resilience in ED3 period and take a pro-active, risk-based approach to future proofing their networks” (page 7). Indeed, the Climate Change and National Infrastructure Committees have both recommended “urgent action to improve the resilience of the energy system to climate change” (page 95).

We are also pleased that, from RII-ED2, DNOs are now required “to submit Climate Resilience Strategy” (page 96). It is helpful that “detailed information on precipitation and flooding to justify future decisions” (page 95) already exists – but this now needs to be supplemented by modelled data for other “hazards like extreme heat” (page 95). Certainly, ENW has already started to consider extreme heat as an additional risk – both in terms of damage to overhead lines from wild fires and increased consumer demand (such as from air conditioning) (ENW stakeholder event, November 2024). In RII-ED3, we agree that there should be an emphasis on “how DNO climate resilient strategies...translate into action” (page 10). Key will be “effectively identify(ing) climate-specific needs and embed(ding) them into the investment decision process” (page 96).

Having cables underground is better protection against extreme weather events (which are increasing in severity and frequency), especially strong winds. Ofgem itself acknowledges that “the amount of above ground network owned and operated by the DNOs means that they face particularly acute challenges from the risks of extreme weather. In the period of September 2023 to August 2024 alone there were 12 named storms” (page 92). Similarly, ENW states that “the effects of climate change have led to some dramatic weather patterns in recent years... we are committed to making our network more resilient to climate change” (ENW, 2023/4 Environment Report, page 24). Being unaffected by rough weather and strong sunlight, underground cables can be sustained over a longer period of time and outages and maintenance requirements are reduced.

Further information on the havoc wrought, across northern England and southern Scotland, by Storm Arwen in November 2021 is given below, by way of an example...

- *Winds up to 98 mph, and widely over 69 mph, caused more than 9,700 faults in England and Scotland, with more than 1 million customers losing power and 4,000 customers were without power for more than one week. Ofgem’s own report stated that “a large number of customer faults (were) caused by high winds or trees being uprooted, falling into overhead lines and snapping or pulling poles down” (Ofgem, June 2022, page 20). In recognition of extensive damage of its network in the storm, ENW has just been awarded £30.4 million by Ofgem, through its RIIO-2 re-opener application process, for six projects, including one to deliver targeted HV undergrounding in order to strengthen the network.*

Reliability

Qu.98 – What is the impact of short interruptions on consumers and are certain regions or customer groups more affected? Do you expect the severity of these impacts to change over the ED3 period? If so, in what way and why? (p.162)

The impact of frequent, short interruptions on consumers is inconvenience, even if each interruption is less than 3 minutes. The impact on critical service providers (such as utility companies and emergency services) is operational disruption. Here in Cumbria this includes all the mountain rescue teams that are increasingly busy throughout the year these days – so even short interruptions can still bring a risk to life.

YES. We expect the severity of these impacts to increase over the ED3 period. More consumers will become reliant on electricity for heating and transport (in addition to lighting and IT), so the impact of these short interruptions will become “more pronounced” (SSMC, page 151). And climate change is “expected to lead to more frequent and severe weather events impacting network stability” (SSMC, page 151).

Qu.99 – What drives short interruptions and how can these be reduced? Could innovation, data analytics and enhanced network visibility play a role in reducing the frequency and impact of short interruptions? If so, how? (p.162)

Climate change will contribute to an increase in the frequency of short-term interruptions in the coming years – as more frequent and severe weather events impact network stability (SSMC, page 151). Undergrounding therefore can play a vital role in reducing the frequency and impact of such short interruptions – because it is the overhead lines that are more vulnerable to strong winds, high precipitation and extreme heat.

Qu.101 – Are long-duration outages becoming a more significant concern, and could a targeted IIS incentive or penalty for 12+ hour events effectively address this? How could such a mechanism work and are there systems or data barriers to implementing it? (p.162)

YES. Like Ofgem states, “as electricity becomes increasingly integral to daily life, interruptions exceeding 12 hours now pose a greater risk to consumers, not only in terms of inconvenience but also to health, safety and economic activity. These risks are particularly acute for... those in poorly served areas” (SSMC, page 152) – which is the case in parts of Cumbria, with its isolated communities and challenging terrain. So, we support regional electricity companies being incentivised to “invest in infrastructure and operational strategies that enhance resilience” (SSMC, page 152).

Climate change is bringing more frequent and severe weather events – and storms, for example, can cause customers to be without power for several days. In November 2021, 4,000 customers were without power for more than one week following Storm Arwen, when strong winds (over 69 mph) and trees being uprooted brought down power lines. Again, undergrounding can play a key role in reducing the impact of these longer, unplanned interruptions – because it is the overhead lines that are more vulnerable to strong winds, high precipitation and extreme heat.

Qu.102 – How should multiple unplanned interruptions be defined (qualifying criteria similar to WSC?) and monitored over time, and could targeted incentives or reputational tools help improve outcomes for customers who are persistently affected? (p.162)

We agree that customers suffering repeated unplanned interruptions are often living in: “rural and remote communities, where network typology and access constraints pose challenges; areas with ageing...infrastructure” (SSMC, page 153). This can be the case for parts of Cumbria. We wonder if the formal criteria for classification as Worst Served Customers should be widened – in order to include these customers “who are consistently poorly served but do not meet the formal criteria for classification as WSCs” (SSMC, page 153) currently.

We support “targeted investment in network reinforcement” (SSMC, page 153) in order to reduce the number of customers experiencing multiple, unplanned interruptions. Once again, undergrounding can play an important role in reducing the impact of these multiple, unplanned interruptions – because it is the overhead lines that are more vulnerable to strong winds, high precipitation and extreme heat.

Qu.103 – Do you agree we should review the extreme weather event thresholds for IIS to determine whether they are still appropriate in light of the changing climate? If so, do you have a view on the possible approaches we have set out, and why? (p.162)

YES. We support a review of severe weather event thresholds, for example integrating weather data and aligning with wider resilience strategy and climate projections. We agree that severe storms (for example Storms Darragh and Eowyn both occurred during winter 2024/5) should no longer be considered rare.

We are pleased that Ofgem expects “DNOs to go further in effort to mitigate the effect of severe weather by strengthening network resilience” (SSMC, page 154), through increasing “investment

for resilience actions” (SSMC, page 155), such as protecting assets – and so we would like to see the undergrounding programme expanded as part of this.

Qu. 106 – Beyond the UIOLI mechanism, what additional regulatory or operational measures could be introduced to ensure sustained and equitable improvements for WSCs? (p. 163)

Undergrounding is a measure that could be expanded to ensure sustained improvements for Worst Served Customers (WSC). We are pleased that Ofgem is retaining the UIOLI mechanism, in recognition that “some customers, particularly in the rural and remote areas, continue to experience disproportionately poor service” (SSMC, p.159). This is certainly true of parts of Cumbria. So much so that some of Ofgem’s £94 million budget to support improvements for WSCs in RIIO-ED2 was allocated to the regional electricity company for NW England. ENW is currently addressing “those experiencing frequent interruptions or located in remote areas where network investment has historically been limited” (SSMC, page 160), for example with undergrounding planned in the villages of Lindale, Torver and Blindcrake in Lake District National Park. And now we look forward to more remote, rural communities in Cumbria being helped in ED3, especially through undergrounding.

Qu. 107 – Is the current threshold for defining WSCs still appropriate? If not, what principles should guide any revision to ensure it remains fit for purpose? (p. 163)

NO. As previously written (in answer to Qu.102), we wonder if the formal criteria for classification as Worst Served Customers should be widened – in order to include these customers, with multiple unplanned interruptions, “who are consistently poorly served but do not meet the formal criteria for classification as WSCs” (SSMC, page 153) currently.

Resilience re-opener

Qu. 109 – Do you agree with our proposal approach to introduce a resilience re-opener? Why? (p. 165)*

YES. We strongly support Ofgem in introducing a resilience re-opener. It would allow companies to submit proposals, during the price control period, in response to emerging or unforeseen developments relating to system resilience... reliability (SSMC, page 185). And it would allow “adjustments to allowances where government requires new activities to enhance resilience that were not planned for at the time ED3 allowances are set” (SSMC, page 163). For example, there is “a significant body of work underway by Ofgem, DESNZ and others, relating to climate resilience standards for utilities” (SSMC, page 164) and further clarity is only expected on such climate resilience standards during ED3. New climate science could also emerge during the five years of ED3, such as “updated UK climate projections or significant revisions to the expected frequency and severity of extreme weather events” (SSMC, page 165). And there might be integration of national climate risk assessments into “actionable investment or planning decisions” (SSMC, page 165). We agree that having a resilience re-opener “supports the delivery of long-term climate adaptation strategies and ensures networks remain responsive to evolving evidence and policy” (SSMC, page 165). We request that undergrounding forms an

important part of the scope of this resilience re-opener, with storm events (like 2021 Storm Arwen) forming part of the triggers.

CH.7 MANAGING UNCERTAINTY AND ADAPTATION

Re-openers

Qu.122 – Do you agree with our proposals to consolidate re-openers relating to resilience...? (p.187)*

YES. We strongly support Ofgem in introducing a single, consolidated resilience re-opener. It would allow “companies to submit proposals, during the price control period, in response to emerging or unforeseen developments” (SSMC, page 185) relating to system resilience and reliability. It makes sense to bring together unforeseen “material changes in risk or policy” (SSMC, page 185) into one consolidated re-opener for resilience. We feel that it might be “appropriate for some specific elements of the Resilience re-opener to be company triggered” (SSMC, page 186), such as extreme weather events like Storm Arwen in 2021 (which led to its own re-opener in RIIO-ED2).

Qu.123 – Do you agree that costs associated with Wayleaves and Diversions...should be included in baseline allowances? Why? (p.187)

YES. RIIO-ED3 has “a greater focus on a longer-term, more strategic and programmatic approach to network investment” (SSMC, page 187). As part of which Ofgem is expecting companies to bring forward forecasts of the associated costs of wayleaves and diversions. Ofgem is therefore exploring replacing the Wayleaves and Diversions re-opener (that was new in RIIO-ED2) and instead including funding for these activities in baseline allowances. We would welcome this - if it meant there would be additional staff in the land consent departments of regional electricity companies. There are few staff in DNOs dealing with these complex landowner negotiations - and so inevitably this delays the actual construction of designed undergrounding schemes.