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Alex Thorne
Social and Environmental Affairs
Ofgem
London
SW1P 3GE

Dear Mr Thorne,

Electricity Act Schedule 9 Statement consultation.

Aquila Networks plc ("Aquila") is a member of the Electricity Association, and as such endorses the comments made in their response to the consultation paper.

Having reviewed the above consultation, I have set out below Aquila's response, structured in the order that the questions were asked.

⇒ Our key comments are that:

- The Schedule 9 statement should continue to be a statement of policy, principles and process with the purpose of setting out how a company will manage the impact it has on the environment.
- There is no justification for increasing environmental reporting above existing requirements and established processes.

4.4 Ofgem requests views from respondents on the following:

- 1. Whether the draft guidance is useful for those preparing statements.**
- 2. Whether having a model statement for use by smaller generators is useful
If so, whether the existing model statement needs updating, and if so
along what lines**

The guidance provided is easy to understand and provides a robust framework that encompasses the statutory requirements along with Ofgem's ideas for best practice. However new entrants and small generators need to be more clearly directed towards the statutory requirements to ensure compliance, and the draft guidance does not, at present, make this distinction.

The draft model statement for smaller generators serves as a good foundation that, over time can be built upon and amended as necessary. Greater consideration

needs to be given as to how this can be most practically implemented, monitored and reviewed whilst considering the financial constraints of a small generator. The cost of Ofgem advising new / smaller companies should be borne by them, rather than being absorbed into the regulatory process and borne by all companies and ultimately customers.

4.10 Ofgem seeks comments on the view that, within the framework of Schedule 9 and other relevant legislation, an important focus of Schedule 9 statement should continue to be activities and sites that are not specifically covered by planning consents and other regulations.

We agree that it is important for Schedule 9 to continue to focus on the areas of work not covered by existing consents and regulations for the following two reasons:

- it is essential that the regulatory burden is minimised through avoiding duplication; and
- smaller work and work not covered by consents and regulations elsewhere could have a significant cumulative effect if not carefully controlled.

4.14 Ofgem seeks comments on the view that the major focus of Schedule 9 statements should in practice continue to include direct impacts on flora, fauna and geological or physiographical features of special interest and of protecting sites, buildings and objects of architectural, historic and archaeological interest.

Where regulations and consents are not already in place we agree that Schedule 9 should focus on the areas mentioned in 4.14. As previously stated, we believe that the regulatory burden should be kept to a minimum. This is particularly relevant considering the electricity industry already has established processes to adhere to, in terms of environment reporting and awareness, which are rather more overarching than many other industries, e.g. Electricity Works (Environmental Impact Assessment)(England & Wales) Regulations 2000,

4.16 Views on the optimum length of time between updates to Schedule 9 statements are invited.

We support the Electricity Association's view that the Schedule 9 statement is a statement of policy and principles which sets out how a company proposes to address the preservation of amenity as defined in the legislation. We believe that it is in companies' best interests to amend the statement to reflect changes in legislation and organisational structure etc, in order to continue to gain support from consumers and other stakeholders. This would act as the driver for updates

and ensure that they are done in a regular and timely manner, rather than the need to adhere to a specific timeframe (e.g. three years).

4.19 Ofgem invites views on whether including this information in environmental reports would be a useful way of monitoring and reporting performance under Schedule 9.

Where environmental reports are being produced, this information will already be included. We do not support any move to increase environmental reporting over and above established processes that are deemed appropriate. Since the Schedule 9 process was introduced, areas such as stakeholder direction and environmental reporting have advanced considerably. Any move to make these areas a formal requirement could serve to negate the positive progress made to date. An example is that at present all stakeholders are asked for comments and opinions before and after environmental reports are produced. This strategy has been developed by companies to ensure that their report addresses the concerns held by the public, and to formalise this process could stop such innovation in the future.

4.24 Views are requested on whether Ofgem should continue to have a co-ordinating role for the Schedule 9 process and to carry out the activities listed above. Views are also requested on whether an annual workshop on Schedule 9 would be useful for licensees and statutory consultees.

Ofgem have a role in ensuring that licensees are aware of the requirements under the relevant legislation and licence conditions, and it would appear appropriate to continue in the role of co-ordinator.

We would view a yearly workshop session with stakeholder attendance as a useful mechanism for gaining a better understanding of what is required. We can envisage that these sessions will be of greater use to smaller generators, in order for them to prepare their initial statements at a reduced cost. Whether the workshops are structured for smaller generators or for established network operators, we agree with the Electricity Association's view that those partaking should fund them rather than via Ofgem's regulatory income.

I hope that you have found these comments useful, should you have any queries, please do not hesitate to contact myself or Andy Barr of my team.

Yours sincerely

Andy Phelps
Regulation Director