



**Friends of the  
Peak District**

**CPRE**

Council for the Protection of Rural England

*Peak District & South Yorkshire Branch*

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11 April 2003

Adrienne Monroe,  
Manager, Price Control Review,  
OFGEM,  
9 Millbank  
London  
SW1P 3GE

Dear Ms Munroe

**Developing Network Monopoly Price Controls – Update Document**

The Council for the Protection of Rural England (CPRE) Peak District and South Yorkshire Branch is an independent environmental charity that exists to promote the beauty, tranquillity and diversity of South Yorkshire and the Peak District by encouraging the sustainable use of land and other natural resources in both town and country.

In the Peak District we are recognised as the official National Park Society under our 'Friends of the Peak District' banner and have a history of successful campaigning to protect the countryside of the national park.

We are responding to the consultation on monopoly price controls for the following reasons:

- (1) electricity companies have a duty under Section 62 of the Environment Act 1995 to respect National Park purposes;
- (2) serious damage has been caused to Peak District National Park landscapes from electricity infrastructure in contravention of this duty; and
- (3) this issue is related to pricing because electricity companies need to pay the costs of addressing environmental damage in national parks and must take this into account in pricing policies.

Utility companies' duties under Section 62 of the Environment Act 1995 oblige them to observe National Park purposes, which are:

1. conserving and enhancing the natural beauty, wildlife and cultural heritage of the areas;
2. promoting opportunities for the understanding and enjoyment of the special qualities of those areas by the public.

At odds with this duty is the damage caused by electricity infrastructure in the Peak District National Park. Just one example of this is the pylons and power lines in the Longdendale Valley in the North West of the Park which blight the natural beauty of the area and consequently its enjoyment by the public.

**President: Lord Hardy of Wath, DL**

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To enable utility companies to fulfil their Section 62 duty we would strongly urge that pricing policy includes an element to pay for the extra environmental costs of electricity infrastructure in sensitive areas and that a fund be established to pay for environmental enhancement works such as undergrounding in areas like the ones described above.

With reference to your consultation document on monopoly price controls we have the following specific comments to make.

#### **Chapter 4 : Assessing costs and incentives for efficiency**

The current focus on efficiency means there is a tendency for the lowest cost routes for power lines being adopted, rather than those with the least visual intrusion. It is imperative that the costing of work in designated landscapes, takes into account the extra costs of work to minimise natural beauty, maximise public enjoyment and thus ensure that OFGEM and DNOs meet the statutory purposes of the National Parks.

#### **Chapter 5 : Developing the overall incentive and price control framework**

##### Consumer survey

We strongly welcome OFGEM's proposal to survey consumers' preferences and willingness to pay for environmental and social improvements (para 4.6 appendix). In our view it is important that the survey solicits views on a wider range of issues than the quality and security of power supply and that the following are also addressed:

1. the survey should be wider than just consumers; in particular the views of visitors to national parks should be sought since they are 'the public' whose interests are protected by National Park purposes;
2. the survey should separate the views of urban and rural dwellers and national park visitors and their attitudes re urban, rural and designated (e.g national park) areas, since environmental impacts are very different in each type of landscape and since people apply different standards to each;
3. it should specifically ask about landscape quality and visual intrusion issues;
4. it should ask specific questions about the acceptability of environmental surcharges and ways of spending the additional resources;
5. a range of choices should be given about what people might be prepared to pay in extra costs (e.g. £1-2 a year);
6. examples should be given of the sort of work which might result e.g. undergrounding schemes or other enhancement works;
7. it should ask about priorities for targeting the money.

##### Incentives, outputs and targets

Whilst recognising that it is not OFGEM's role to set environmental policy, we agree with the Friends of the Lake District proposal that DNOs be required to collaborate with National Park Authorities to develop targets that would remove overhead lines in sensitive landscapes within a timeframe of 10 – 20 years. This would build on the 1994 Position Statement of the then Countryside Commission, and give tangible effect to the duties on electricity companies and OFGEM towards National Parks. The cost implications of these targets could then be included in the DNO business plans for consideration in DPCR. This relates back to para 5.14 where it is



recognised that OFGEM “will also need to consider whether it is appropriate to provide DNOs with incentives in any other areas including on the environment” and to para 4.6 in the appendix:

**Developing the regulatory framework for distributed generation**

We also endorse the Friends of the Lakes suggestion regarding DUOS rebates - that where DNOs recover more revenue than is allowed under the price control, that the additional revenue should go to an environmental fund to fund enhancement works in designated landscapes.

We support OFGEM’s intention to produce impact assessments for any significant new policies, including effects on the environment (para 7.9).

We hope that our comments are helpful and will be taken into account.

Yours sincerely

A handwritten signature in black ink that reads "Dot McGahan". The signature is written in a cursive style with a large initial "D" and "M".

Dot McGahan  
Director

