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Dear Mrs Monroe,

### **Developing network monopoly price controls – update document**

The Snowdonia Society, which has approximately 2,700 members, is the premier charitable organisation working to protect the Snowdonia National Park. Our members have been working over years against the negative impact of overhead power lines on the visual amenity of the National Park and for laying power lines under ground where ever practicable.

We would like to make the following comments on the document:

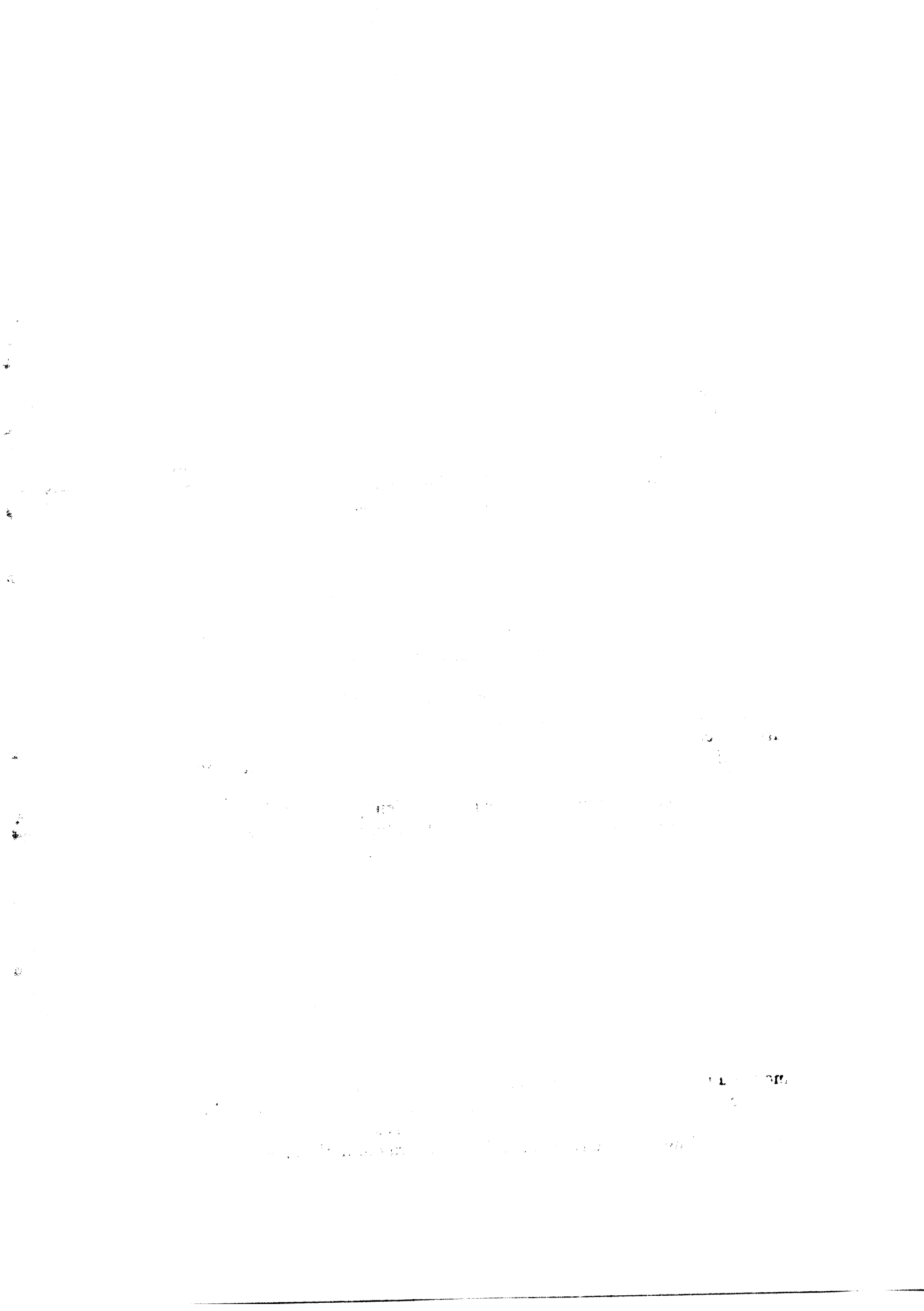
#### **Chapter 4 : Assessing costs and incentives for efficiency**

- An over dominant focus on efficiency is leading to less environmental enhancement work and to the lowest cost routes for power lines being adopted, rather than those with the least visual intrusion. When cost assessments are made, there is a need to consider the extra costs of works in designated landscapes, especially those which are uplands, and the need for OFGEM and DNOs to meet the statutory purposes of the National Parks and AONBs.

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

- **Consumer survey**

With reference to the proposed assessment of consumers' preferences and willingness to pay, we are delighted that OFGEM are proposing to undertake such a study, and that it may refer to environmental and social issues and to the views of consumers on the impact of overhead lines on visual amenity and willingness to pay (para 4.6 appendix).



The study should focus not just on quality and security of supply issues, but also issues of landscape quality and the visual intrusion of electricity infrastructure in rural areas. The survey should focus not on electricity consumers alone, but on public attitudes in general. Consumers can be asked key questions such as the acceptability of environmental surcharges and ways of spending the additional resources which should include spending on low voltage undergrounding schemes or other enhancement works. Public attitudes in general would focus more on issues such as the concern about the presence of overhead power lines in the countryside; the relative merits of different constructions ie poles, pylons etc; whether there should be a different approach to such constructions in designated landscapes such as AONBs and National Parks. Surveys should not simply seek the consumers' attitude to willingness to pay for a big investment plan for undergrounding, but should assess attitudes to overhead lines in the landscape in general, willingness to pay (e.g. £1 - £2 a year), and where they would like the money targeted. In addition, unless clear questions and examples are given about what is meant by environmental and landscape issues, it will be easy to mislead or confuse the public.

Care must be taken to assess the views of the 'urban' population and the 'rural' population separately. For example, as the majority of underground lines are in urban areas, questions of line intrusivity are not really an issue to the urban population. However, to rural dwellers and countryside users, intrusive wires could be an important issue, as is the higher cost of undergrounding, etc. A survey could easily be biased if it is not sufficiently structured to reflect the different issues in rural and urban areas. Stage three must involve consumers/the public in a range of countryside areas and designated landscapes.

- **Incentives, outputs and targets**

We recognise that it is not OFGEM's role to set environmental policy in this area. One effective strategy would be to require DNOs to collaborate with NPAs and AONBs to develop a series of 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 and AONBs. 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:



## **Chapter 7 : The next DNO price control review**

- We note that the only reference to OFGEM's statutory responsibilities to National Parks is in Para 7.7. We hope that these statutory duties will be fully recognised during the process of the price control review and OFGEM will outline how it intends to meet them. However, it should also pointed out that OFGEM also has a statutory responsibility to Areas of Outstanding Natural Beauty (s85 of the CROW Act 2000) and we are disappointed that this has been omitted. We hope the section 85 duty will be added to future documents.
- We were also surprised that the DTI letter on social and environmental responsibilities did not refer to the requirement on all Government departments and bodies to show that their policies have been subject to the Rural Proofing Checklist. Good practice would suggest that OFGEM should consider the Rural Proofing Checklist when developing policies, and in particular points 3, 14 and 15 of the checklist.

## **Developing the regulatory framework for distributed generation**

- In terms of rebates for DUOS, we would suggest that where DNOs recover more revenue than is allowed under the price control, that the additional revenue could go into an environmental fund to fund environmental enhancement works in designated landscapes, e.g. more undergrounding. This is referred to in the recently published report by Friends of the Lake District : A Clear View, Reducing the Impact of Overhead Wires.
- 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,



Marika Fusser  
Policy Director

