

21 July 2003

Cemil Altin  
Head of Price Control Review  
Ofgem  
9 Millbank  
London  
SW1P 3GE

*By email and first class post*

Dear Cemil Altin

Electricity Distribution Price Control Review – initial consultation document

The Council for National Parks (CNP) welcomes the opportunity to respond to the first consultation paper on the fourth distribution price control review, which is due to take effect from 1 April 2005. CNP is the national charity which works to protect and enhance the National Parks of England and Wales and areas that merit National Park status and promote understanding and quiet enjoyment of them for the benefit of all.

CNP welcomes one of the main objectives for the Review being to reflect Ofgem's responsibilities with regard to environmental and social issues. CNP also welcomes the recognition in paragraph 4.12 that environmental issues may include amenity issues. Amenity issues, which include the delivery of National Park statutory purposes<sup>1</sup>, should therefore be included in the scope of the output measures.

CNP considers that the Review should make reference to the statutory requirement<sup>2</sup> placed on Ofgem to have regard to National Park statutory purposes, which include the conservation and enhancement of natural beauty. The lack of reference to this statutory responsibility is of concern and CNP urges Ofgem to take greater cognisance of its duty with regard to National Parks.

CNP notes that in paragraph 3.17, Ofgem states its initial view, which is that requests to underground overhead cables should continue to be excluded from the price control. CNP considers it essential that Ofgem investigates ways in which electricity distribution companies are allowed to direct more expenditure to undergrounding and CNP encourages Ofgem to identify mechanisms that would achieve this in practice.

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<sup>1</sup> Section 5 of the 1949 National Parks and Access to the Countryside Act, as amended by Section 61 of the 1995 Environment Act

<sup>2</sup> Section 11A of the 1949 National Parks and Access to the Countryside Act, as amended by Section 62 of the 1995 Environment Act

For example, further investigation should be made of the following possibilities:

- a standard increase in the average electricity bill, to be set aside as an environmental fund;
- a standard increase in the Distribution Use of System charge, to be set aside as an environmental fund
- the Belgian scheme, where the Regulator allowed a 'pass through' of a kWh charge on all customers to cover the costs of an undergrounding and re-routeing programme

CNP notes that paragraph 4.37 commits Ofgem to requesting and reviewing information on the costs and benefits of selective undergrounding based on risk assessment. This is welcome and CNP considers that this provides an opportunity for Ofgem to discharge its responsibility to National Park purposes. CNP suggests that the risk assessment includes an assessment of the risk to National Park purposes from overhead lines and the benefits to the purposes that would result from selective undergrounding of cables. This could be accompanied by the setting of targets for each electricity distribution company for the undergrounding of a certain % of the electricity distribution networks in National Parks.

**In conclusion, CNP asks Ofgem actively to consider ways to allow electricity companies to direct more expenditure to reducing the landscape impact of new or refurbished overhead lines by placing them underground. This is essential if Ofgem is to be able to demonstrate that it has fulfilled its duty to have regard to National Park purposes, as required by paragraph 19 of Circular 12/96.**

CNP hopes that the above response is helpful and has no objection to it being made available for public inspection.

Please do not hesitate to contact me should you require clarification of any of the above or any further information.

Yours sincerely

Ruth Chambers  
Deputy Chief Executive  
Tel 020 7924 4077 ext. 222  
Email [ruth@cnp.org.uk](mailto:ruth@cnp.org.uk)