

11 February 2004

Nienke Hendriks
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By email and first class post

Dear Nienke Hendriks

ELECTRICITY DISTRIBUTION PRICE CONTROL REVIEW

The Council for National Parks (CNP) welcomes the opportunity to respond to the Second Consultation on the Electricity Distribution Price Control Review (DPCR). 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.

General comments

CNP welcomes the document's recognition of the statutory duties of Ofgem and the DNOs in relation to National Parks.

CNP remains concerned about the lack of detail in the document on how landscape and amenity issues should be considered in the next DPCR. This would be largely addressed if Ofgem were to set out in detail how it intends to meet its statutory duty to have regard to National Park purposes under Section 62 of the 1995 Environment Act and how it expects DNOs to meet their Section 62 responsibilities. This would be a good opportunity to highlight potential targets and outputs for landscape and amenity.

Investment flexibility

CNP welcomes and supports the document's suggestion that investment flexibility should be allowed where this would deliver environmental objectives.

Environmental outputs

The first sentence of para 4.38 is considered to be misleading and as it does not accurately reflect the consultants' summary of consumer attitudes to undergrounding.

CNP notes that 80% of domestic consumers and 77% of business consumers want more cables placed underground and 89% of domestic consumers and 80% of business consumers want wires put underground in National Parks and AONBs. The survey results also demonstrated that 40% of consumers were willing to pay an average of £30 per annum for undergrounding. The significance of these figures should be properly reflected in any future reference to the consumer survey.

Given Ofgem's objective to 'protect the interests of consumers', and the above-mentioned strong consumer support for undergrounding wires, CNP anticipates that undergrounding will feature more prominently in future DPCRs and in associated guidance to DNOs. The last sentence of para 4.38 is noted in this regard.

CNP welcomes the suggestion in para 4.39 that Ofgem will consider how to provide a framework for reporting environmental outputs on a consistent basis across all DNOs. This work should commence at the earliest opportunity as there is substantial inconsistency in the DNOs' current approach to this and a paucity of data collection and analysis in relation to DNOs' Section 62 responsibilities.

CNP would welcome Ofgem providing encouragement to DNOs to report on specific ways in which they have met their statutory responsibilities under Section 62, including public consultations undertaken, number of lines placed underground and measures implemented to reduce visual intrusion.

Undergrounding

CNP notes that many DNOs have claimed that as undergrounding costs more than placing lines overhead and as they are subject to budgetary constraints they cannot afford to place lines underground. This needs to be viewed in the context set in the data and cost commentary appendix which reveals an 11.8% underspend on allowances during DPCR3.

It would therefore seem reasonable to assume that:

- more money could have been spent on undergrounding during DPCR3
- greater encouragement needs to be given to companies to achieve a higher level of undergrounding, in terms of rewards/incentives and penalties relating to undergrounding for amenity reasons. We understand that this is supported by at least one of the DNOs and strongly encourage Ofgem to take this forward through the next stage of the DPCR

Conclusion

CNP welcomes the progress which Ofgem has made in integrating landscape and amenity considerations more fully into its decision making and the operational practices of the DNOs. In order to continue this positive direction, CNP commends the above suggestions for incorporation in the next DPCR and associated guidance.

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

Yours sincerely

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