

5 November 2004

Martin Crouch  
Director, Distribution  
Ofgem  
9 Millbank  
London  
SW1P 3GE

*By first class post and email*

Dear Mr Crouch

#### Distribution Price Control Review

The Council for National Parks (CNP) welcomes the opportunity to respond to the Update Paper 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. We are grateful to the extension to the consultation deadline agreed with Paul O'Donovan earlier this week and hope that the following comments can be conveyed to the Board of the Authority in advance of its final consideration of the DPCR later this month. The points below have previously been conveyed to David Gray, Managing Director, Networks, in September.

We note that the Energy Act 2004 now requires the Secretary of State and the Authority to carry out their respective functions under Part 1 of the Electricity Act 1989 and the Gas Act 1986 in such a manner as to ensure the contribution to the achievement of sustainable development. One of the key principles of sustainable development as set out in the recently published PPS7 on Sustainable Development in Rural Areas is "the effective protection and enhancement of the environment". In National Parks the first statutory purpose is the conservation and enhancement of natural beauty, wildlife and cultural heritage and in AONBs the statutory purpose is the conservation and enhancement of the natural beauty of the landscape, which is defined in the Wildlife and Countryside Act in a similar way to the National Park purpose.

The new duty on sustainable development should in our view be considered alongside the Authority's responsibilities to have regard to National Park purposes under Section 62 of the Environment Act 1995 and AONBs under Section 85 of the Countryside and Rights of Way Act 2000.

The combination of a statutory responsibility for sustainable development (which includes environmental protection and enhancement) and a statutory responsibility to have regard to National Park and AONB purposes is a compelling one and in our view sets an important context within which the DPCR is being considered.

While we welcome the Authority's commitment to include activities in relation to landscape issues in the Environmental Action Plan annual reviews and note that the preparation of Regulatory Impact Assessments will include environmental appraisals, we would welcome a clearer steer from the Authority to DNOs on the possibilities for environmental expenditure within DPCR. In our view such a steer to DNOs would be consistent with the Authority's responsibilities under the Energy and Environment Acts and also with the Secretary of State's environmental and social guidance.

Specifically we would ask, as a minimum, that in publishing the final DPCR you clarify the following:

- It is not unlawful for DNOs to allocate expenditure to environmental improvement work
- Environmental improvement work is also not necessarily incompatible with the Secretary of State's guidance to the Authority on social and environmental matters – this should be considered on a case by case basis
- The Authority will not disallow any expenditure on environmental work – the priority for expenditure will rightly be set by DNOs
- In the Authority's view, DNOs could set targets for undergrounding in sensitive landscapes (with associated expenditure) if they so desired – the choice is theirs

In summary, we would ask you to consider most carefully the wording of this element of the Price Control Review in order to ensure that the Authority does not unwittingly discourage DNOs which would wish to attach priority to environmental improvement work from so doing.

I can confirm that CNP has no objection to this response being made publicly available in Ofgem's library or on the website.

Please do not hesitate to contact me if you would like clarification of any of the above or any further information.

Yours sincerely

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