

DPCR5 Response
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Thursday 3 September

Dear Ofgem

Electricity Distribution Price Control Review Initial Proposals Paper
Ref: 92/09 & 93/09

As noted in previous correspondence Friends of the Lake District (FLD) is a registered charity, established in 1934, with the objects of protecting and conserving the landscape of the Lake District and Cumbria. We have approximately 7000 members, represent the Campaign to Protect Rural England in Cumbria and are members of the Campaign for National Parks.

Retention of the allowance

FLD welcome the retention of the allowance for network undergrounding in National Parks and Areas of Outstanding Natural Beauty (AONBs). However we are disappointed that the opportunity to extend the scheme to other designated areas such as registered commons, registered village greens, conservation areas, heritage sites (as defined by English Heritage, Historic Scotland and Cadw) and heritage coasts has not been taken up.

Voltage caps

We also welcome the removal of the voltage caps with the retention of only the single overall cap.

Voluntary nature of the scheme

Ofgem justifies the voluntary nature of the scheme on the basis that the selection process for projects under the scheme should be driven by stakeholders rather than Ofgem. However we believe that this ought not be taken to imply that the key stakeholder, the DNO, can decide not to participate at all. That is we do not feel it is reasonable for a DNO to decide not to participate in the scheme if there is support for the scheme by a range of stakeholders in their area.

Preventing new overhead lines

We were disappointed that Ofgem remains of the view that newly built lines in National Parks and Areas of Outstanding Natural Beauty (AONBs) should continue to fall outside the scheme. Whilst planning regulations may be sufficient to address stakeholder concerns over new lines they do not allow for a level playing field. In our last response we gave as an example one instance where a farmer has received two quotes from a DNO - £30k for overhead and £53k for underground, over a

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length of 764m - and cannot understand why the balance of the cost cannot be met by the Ofgem scheme. A planning authority is in a difficult position – is it fair to expect this landowner to pay the difference for a scheme which is going to be of benefit to all who enjoy highly valued landscapes free of clutter? Ofgem have agreed that the undergrounding scheme can interact with normal replacement work and the allowance can be used to fund the cost difference between a normal overhead line replacement and a new underground cable. We do not see why the cost difference to place a new line underground rather than overhead where a new line would be highly detrimental to visual amenity cannot also be allowed.

Boundary issues

We were disappointed that Ofgem has decided not to allow the inclusion of overhead lines that lie outside of National Parks and AONBs under any circumstances. We do not agree that to do so would lead to misunderstandings or confusion amongst stakeholders. A common feature found in both regional and sub-regional planning policy is a regard for a designated area's setting. For example in the north west the North West Regional Spatial Strategy includes policy EM1 Integrated Enhancement and Protection of the Region's Environmental Assets. This policy advises that plans, strategies, proposals and schemes should include the protection and enhancement of natural, historic and other distinctive features that contribute to the character of landscapes and places within the North West. Further they should be informed by and recognise the importance of the special qualities of the environment associated with nationally designated areas and their settings. Thus as stakeholders we are comfortable with and work with the concept of settings all the time and we see no reason why the allowance for network undergrounding could not take setting into account.

Interaction with DPCR4 scheme

The decision to change the definition of the point of completion of undergrounding work and thus the ability to carry over an element of the DPCR4 allowance is welcome. However in reviewing the schemes that are currently being worked on in the Lake District National Park it is clear that a number will get to the stage immediately prior to release for construction (the point where all the initial assessment, planning, design and wayleaves has been completed and Electricity North West's internal approval process has given the go ahead) but it is unlikely that the actual work will be completed before 1st April 2010. We would ask Ofgem to consider a point of completion at the point where a scheme has reached the release for construction stage before 31st March 2010. Alternatively a proportion of the scheme costs be accepted as DPCR4 expenditure and the remainder allocated to DPCR5.

Allowance

We welcome the explanation of how the proposed allowances has been calculated which is much more transparent than DPCR4. The boundaries of both the Lake District National Park and the Yorkshire Dales National Park are under review and a decision on increasing their areas is likely to be made during the next DPCR period. When the result of this review is known we would like to know whether there would be any scope to adjust the allowance during the period to reflect an increased area, increased network length and increased customer base within each of these national parks.

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In conclusion

The undergrounding allowance has our overwhelming support. It is of great benefit to some of our finest landscapes. We welcome Ofgem's decision to continue it into DPCR5. However we still believe that the way the scheme operates can be improved upon and would hope that the comments we have made in this response will be given careful consideration by Ofgem.

Yours sincerely

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