

RIIO ED1 Outputs Working Group-Environment Impact		
Second meeting of stakeholders, DNOs and Ofgem to discuss actions from the last meeting and next steps	Date and time of Meeting	21 June, 11:00-15:00 Ofgem offices

1. Present

Attendee	Company
Clive Steed	UKPN
Eric McRory (teleconference)	SEPA
Giles Holford	DECC
Heather Bain	SSE
Jim Cardwell	Northern Power Grid
Jonathan Booth	ENWL
John Gray	SP
Paul Jewell	WPD
Ruth Bradshaw	Campaign for National Parks
Ruth Chambers	Wildlife Trust
Sam Peacock	SSE
Sheila Wren	John Muir Trust
Andy Cormie	Ofgem
Stacy Feldmann	Ofgem
Dora Guzeleva	Ofgem

2. Apologies

Tom Leveridge, Campaign to Protect Rural England, Ray Wright, SP

3. Undergrounding

Scope of the scheme

3.1. Summary of discussion

Ofgem summarised the issue and invited DNOs to verbally share their response to the actions under this item.

DNOs take a stakeholder-led prioritisation approach to this scheme which means that it is important to work with the right people. Some DNOs have processes in place for stakeholders to apply and outline their priorities. It was suggested that a standard and common approach to engagement and process may be helpful to assist with prioritisation of interest groups.

DNOs outlined the number of projects that had failed/were ineligible. It was pointed out that often, issues with the project were only discovered after the design phase, e.g. landowner way-leaves or archaeological concerns.

DNOs were questioned about the cost-benefit analysis they may consider when reviewing projects brought to them. Some DNOs felt that the allocation of the pot amongst the different DNOs indicated an expectation from Ofgem that there was some analysis of cost-benefit, whilst not undermining the objective of the scheme, i.e. visual amenity.

It was considered that this allocation of the undergrounding pot pointed to a notional split of each DNO's allocation amongst the different interest groups which indicated that cost-benefit analysis and prioritisation were in the hands of these groups. It was questioned whether stakeholders understood this in making their representations of specific projects.

There is a difference between the scope of the mechanism itself (which is being discussed within this item as this was brought as a concern at the last meeting) and geographic reach of the mechanism (concerning the use of the 10% allowance and undergrounding in other scenic areas).

It was agreed that the scope of the mechanism (i.e. boundaries, designations) seemed to be sufficient and it was pointed out that there was a clear legislative basis for specific designation and that National Scenic Areas in Scotland are now included within the guidance on this scheme.

The geographic reach of the scheme requires perhaps further consideration and Ofgem would consider issues associated with replacement programmes where undergrounding is requested by residents/local groups.

3.2. Agreed way forward/further actions

The group agreed to the proposed options to remedy this issue:

- Leave the scheme as it, including the 10% allowance

The consultation would also consider:

- Ask whether the scheme should be widened to accommodate specific designation issues in Scotland
- Provide clarity on the use of the 10% allowance

It was agreed that this closed this particular issue.

Resourcing

3.3. Summary of discussion

In response to the action from the last meeting, interest group representatives reported that interest groups do have issues with resourcing and priorities given recent cuts due to the recession and often a reliance on volunteers.

The proposal for this particular issue was for a portion of the overall pot to be allocated for DNOs to use to support interest groups in the delivery of projects.

Ofgem suggested that specifically this portion of the pot could be used to recruit project officers to support interest groups.

However there was general agreement that this would then require clarity on the role and function of a project officer.

The group advocated greater flexibility to use a portion of the pot where interest groups could indicate what support they needed. For instance, there was a suggestion that maybe smaller interest groups would benefit from a project officer but that larger interest groups might prefer a different method of support from the DNO.

3.4. Agreed way forward/further actions

The group agreed to the proposed options to remedy this issue:

- Require business plans to set out approach that DNOs intend to take to promote and support interest groups.
- Allow DNOs to use a portion of the pot to support interest groups, e.g. project officer

It is proposed that the consultation would also:

- Ask respondents about whether flexibility in supporting interest groups would be welcomed.

It was agreed that this closed this particular issue.

Peat

3.5. Summary of discussion

Sheila Wren provided a summary of the note she circulated. She verbally outlined that there appeared to be no guidelines specifically for undergrounding networks in peat but that there was technology available to reduce the carbon impact and damage and that it required careful consideration of all aspects of the project.

This is a regional issue specific to Scotland and caused issues both with overhead or underground lines.

DNOs indicated that they use the recommended equipment when undergrounding (i.e. a cable plough) and that for wind farms undergrounding is usually a condition of planning.

DNOS advocated that carbon emitted should be taken into account in such projects as they are taken account of in relation to wind projects. This was tied into the previous discussion of cost-benefit analysis, i.e. the cost-benefit associated with carbon mitigation.

3.6. Agreed way forward/further actions

The group agreed to the proposed options to remedy this issue:

- Require DNOs to provide details in their business plans regarding their approach to undergrounding in peat
- Extend scheme so that projects undergrounding in peat need to carry out a specific assessment of the impact on carbon/acknowledge broader environmental impact.

It was agreed that the consultation would also:

- Ask a question of respondents requesting details of any additional issues associated with peat which may need to be considered.

It was agreed that this closed this particular issue.

Action	Person – By
Consider the issues regarding replacement programmes where undergrounding is requested where there is only permission to replace 'as is' rather than any bigger changes.	Ofgem

4. Sulphur Hexafluoride 6

Scale of the problem

4.1. Summary of discussion

Ofgem summarised the issue and their findings when considering the regulatory approach to this issue.

Data provided by the DNOs in response to the actions from the last meeting indicated that the volume of SF6 would increase over time as more switchgear was installed onto the network.

The reported leakages were roughly the same across the DNOs, a total of approximately 3% per DNO taking account of an assumed constant leakage rate of 1%. DNOs also indicated that they all broadly projected a similar increase, ~30,000 kilograms by 2023, in the amount of SF6 on the system, i.e. SF6 bank.

Data is due from the DNOs in July within the revised V3 part of the Regulatory Reporting requirements.

Ofgem reported that they have found that there is a regulatory gap on monitoring and reporting of leakages. Ofgem reported of their intention to continue to monitor the scale of leakages as they will now be reported in greater detail.

4.2. Agreed way forward/further actions

The group agreed to the proposed options to remedy this issue:

- Develop specific requirements for SF6 within the BCF.
- Increase reporting requirements to include forecast data in RIGS

The proposals reflect the wish from Ofgem to get greater understanding of the scale of the issue and allow Ofgem to consider whether they needed to require further reporting and mitigation burden on DNOs regarding this emission under BCF.

It was agreed that this closed this particular issue.

Ofgem took an action to do some further work on understanding the carbon equivalent scale of SF6 emissions as compared to other emissions. There was also an action taken by Ofgem to consider the criteria with regard to further SF6 reporting requirements under the BCF.

Action	Person - By
Further work on understanding the carbon equivalent scale of SF6 emissions as compared to other emissions.	Ofgem
Consider the criteria with regard to further SF6 reporting requirements under the BCF.	Ofgem

5. Business Carbon Footprint

Scope and approach for scheme

5.1. Summary of discussion

There was general agreement that the reputational approach to this scheme was sufficient.

SSE proposed T1 approach of an Environmental Discretionary Reward Scheme. It was advocated as a method to integrate specific behaviour within the DNO business.

The group discussed this particular scheme and Ofgem suggested that this scheme was over-arching all activity of DNOs in seeking to address the broader role of DNOs in meeting the needs of a low carbon economy. Therefore it was suggested that it would be better considered as part of the Flexibility and Capacity working group. Ofgem noted that they would liaise with T1 colleagues and consider this scheme under the objectives of the Flexibility and Capacity group.

5.2. Agreed way forward/further actions

The group agreed to the proposed options to remedy this issue:

- Publish details of mitigation and improvements/innovations as part of BCF reporting in the league table
- Require DNOs to set out in Business Plans what action they intend to take on reducing BCF

It was agreed that this closed this particular issue.

Action	Person - By
Review the proposal for the Environmental Discretionary Reward Scheme proposed under RIIO T1 in light of objectives in the Flexibility and Capacity Workgroup.	Ofgem

6. Fluid Filled Cables

6.1. Summary of discussion

Ofgem summarised the issue:

- This issue would over time reduce as assets are replaced with more environmentally friendly methods of insulation.
- As the current assets age this may also lead to an increase in leakages.
- Further 'actuals' reporting requirements for this issue have been included as part of Regulatory Reporting requirements

Ofgem reported that they had spoken with the EA who had indicated broadly that they were happy with this framework and they requested that some questions be posed to the DNOs on their behalf as outlined in the slides presented by Ofgem.

It was agreed at the meeting that the DNOs would liaise directly with the EA regarding the questions they had posed.

6.2. Agreed way forward/further actions

The group agreed to the proposed options to remedy this issue:

- Require forecast data to be provided as part of RIGs

It was agreed that this closed this particular issue.