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Ms A Rossington
RIIO-ED1
9, Millbank
London
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Dear Ms Rossington

Strategy consultation for the RIIO-ED1 electricity distribution price control

Friends of the Lake District (FLD) is a registered charity with more than 6,000 members. We represent the Campaign to Protect Rural England in Cumbria, and are a member of the Campaign for National Parks. Issues relating to the overhead wires and the telecommunications industry have featured throughout our history. Recently, we have been campaigning more actively to reduce the visual impact of all overhead wires on the landscape.

A. OVERVIEW DOCUMENT

There is much that we support in this overview document:

- i) investments to meet “environmental challenges” (p.5) - with environmental impact as one of the 6 primary output categories (“key areas of delivery for network companies” p.23). The idea of minimising the “environmental impact of the company’s activities by managing...visual amenity” (p.24).
- ii) an 8 year period (2015 to 2023) - enabling distribution network operators (DNOs) to agree long term strategies, whilst establishing a mid-period review of outputs (in 2018) to reflect “changes in government policy” or the “needs of consumers” (p.41).
- iii) stakeholder involvement - with Ofgem expecting DNOs business plans to reflect feedback from stakeholders; that stakeholders are familiar with policy documents (p.16); and that DNOs are engaging with stakeholders on an ongoing basis.
- iv) monitoring – of outputs through the Electricity Distribution Annual Report (p.25).



As an organisation that campaigns for landscape protection, we are interested in undergrounding and therefore have views on Chapter 5 Ensuring Output Delivery, specifically the section under “Other environmental impacts” (p.28). From our experience as being part of the NW Undergrounding for Visual Amenity Steering Group, we agree that the Distribution Price Control Review 5 has “strong stakeholder support” and activities are “prioritised by local groups.” However, we disagree with Ofgem’s statement to retain the allowance for undergrounding of overhead lines “with few changes” (p.28) for the reasons outlined over the page.

In answer to Question 3: Do you have any views on the proposed outputs and incentives? (p.23) Yes - Friends of the Lake District has views on the undergrounding allowance as one incentive of the visual amenity aspect of the environmental output. We reiterate our request (our letter to Rachel Fletcher on “open letter consultation on the way forward”, 16th March 2012) that the undergrounding allowance should be extended and guaranteed in several ways...

1. As a minimum, the undergrounding allowance should be increased to enable undergrounding at other heritage sites, *outside* National Parks and Areas of Outstanding Natural Beauty, for example: registered commons; registered village greens; Conservation areas (in villages); heritage sites (such as parkland of stately homes), as defined by English Heritage, Historic Scotland or Cadw; and Heritage Coasts.
2. Even better, if the allowance is increased substantially to enable undergrounding in the wider countryside, recognising that landscape can still be of high amenity value outside National Parks and Areas of Outstanding Natural Beauty.
3. The allowance should be extended to include new lines, and also overhead lines *identified* for refurbishment - paying the differential between the cost of undergrounding and overhead line only, not the full cost. Currently, if an overhead line is scheduled for replacement, it is not eligible for the undergrounding allowance.
4. The allowance should become core business, rather than having to make the case each review period.
5. The allowance should become compulsory on the part of the DNOs.

It is also worth stating that the current scheme does not allow for undergrounding lines with plant attached. This is because the cost of establishing ground stations is prohibitive. If a line is undergrounded but leaves a pole mounted transformer above ground on a solitary pole, then clearly some of the landscape benefit from the line being undergrounded is lost. It would be useful therefore (during RIIO-ED1) for the regulator, DNOs and environmental stakeholders to explore if there are any possible alternatives to this scenario.

We acknowledge that “willingness to pay” surveys are important in providing evidence that individual customers are willing to see investment in undergrounding. But, we are fearful that customers will naturally be less willing to pay at the moment, whilst the economy is struggling and household incomes are falling, and the allowance could be reduced accordingly. We feel that other measures should also be used to make value judgements on the societal benefits of undergrounding (for example reports of findings from surveys on attitudes to overhead lines, engaging with other stakeholders etc).

B. OUTPUTS, INCENTIVES & INNOVATION – SUPPLEMENTARY ANNEX

As previously stated, we support the RIIO-ED1 proposal that the “allowance for undergrounding overhead lines in Areas of Outstanding Natural Beauty (AONB) and National Parks” should be maintained (p.7). Though – as explained above – we want the allowance to be extended geographically and guaranteed. Friends of the Lake District is one of those stakeholders for which “visual amenity continues to be important” (p.47) and the undergrounding scheme allows us, as stated, to: “influence the process, prioritise specific projects within the designations and realise the protection of visual amenity through engagement with the DNOs” (p.47).

We support the proposal that “lines in areas that are given either AONB or National Park status *during* RIIO-ED1 will become eligible” for this undergrounding scheme. This is particularly pertinent in Cumbria as Natural England is proposing to extend both the Lake District and Yorkshire Dales National Parks, with a decision by the government expected in 2013. We also support the continuation of the “10% allowance” (ie. up to 10% of allowance on undergrounding overhead lines that are located *outside* the boundaries of National Parks and AONBs). It fits well with the increasing support in the public sector for landscape-scale planning. In Cumbria, whole valley planning is being developed, and in some valleys, there will be overhead lines the length of the valley, which will go beyond a National Park boundary, so it would not make any sense to only underground the sections of the line within the National Park.

Several of the questions posed (on page 37) in Chapter 5 on Environmental Impacts relate to undergrounding, and so to take these in turn...

Question 4: Do you think that further guidance should be provided with regard to the use of the “10% allowance” for undergrounding? If so, what form should this guidance take? Yes – Friends of the Lake District does believe that further guidance should be provided, and we suggest that the guidance is based on best practice case studies, rather than stating a particular distance (say 2 km from a designated area boundary). The problem with stating a particular distance is that it will not suit certain landscape types, for example high fells with distant views or flat, expansive moorland, where the visual impact of overhead lines could extend far beyond the prescribed short distance. The advantage of best practice case

studies is that DNOs and stakeholders can read actual examples where the “10% allowance” has been used successfully in the past, and draw on those examples for their own areas and landscape type.

Question 5: Are National Scenic Areas (NSAs) sufficient to allow for effective use of the scheme in Scotland in the protection of visual amenity? Yes – Friends of the Lake District believes that NSAs are sufficient to allow for effective use of the scheme in Scotland, based on the assumption that NSAs are a comparable designation to AONBs. The main problem will lie with the fact that some NSAs have land *within* one of the two Scottish National Parks, and so there will need to be accurate record keeping of undergrounding projects to avoid double counting.

We support the method of calculating the DPCR5 funding pot (as explained on pages 48-49) being continued for RIIO-ED1. Our main concern is if customers are no longer willing to pay 46p per year (page 48) for undergrounding 1.5% of overhead lines in National Parks and AONBs and wish to pay less, as Britain continues to recover from a prolonged recession. Ofgem states that it may take the results of a “willingness to pay” survey (currently being carried out for RIIO-T1) into account “in calculating the funding pot for RIIO-ED1” (page 49), but we would strongly argue for the undergrounding allowance being maintained at current levels, or even increased.

Question 6: Do you agree with our proposals with regard to DNO assessment and stakeholder engagement within the undergrounding scheme? Yes, and we have the following comments to make...

Assessment – We support the scheme’s continued flexibility, whereby there is not eligible and ineligible terrain. We welcome each undergrounding proposal being “considered on a case-by-case basis” (page 49), and agree that prescriptive guidance on DNO’s approach to undergrounding is not necessary. However, we would be happy to support the proposal that each DNO produce a *policy* outlining “their approach to assessing undergrounding projects” (page 50), which is then issued to stakeholders. The policy would need to concentrate on stages of the process (perhaps in the form of a flow chart) from initial proposal to site restoration after undergrounding, rather than prescribing suitable and unsuitable terrain type.

Stakeholder participation – It is true that National Park Authorities, Local Authorities (including AONBs) and voluntary sector organisations (eg. Friends of groups) are all experiencing decreasing budgets and staff redundancies for the foreseeable future. As a result, staff time available for proposing, assessing and monitoring projects is reducing. We support therefore the proposal that DNOs produce a policy on their approach to supporting interest groups. Ideas might include contribution to salaries, travel costs, or even a co-ordinator salary (whether within a DNO itself as happens in South East and East region, or within a group of National Parks and AONBS as happens in the South West region). The policy must also include the format for stakeholders to request support (eg. a grant application form, automatic percentage of staff time as agreed in advance).

We hope you will take our comments into account. If you have any queries or seek further information, do not hesitate to contact us.

Yours sincerely,

A handwritten signature in blue ink that reads "Amanda McCleery". The signature is written in a cursive style with a light blue background behind it.

Amanda McCleery

Ovehead Wires Project Officer