

31 July 2013

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Dear Ms Rossington,

### **Friends of the Peak District comments on the DNOs' Business Plans for the RIIO-ED1 period 2015-23**

Friends of the Peak District (FPD) is the registered national park society for the Peak District National Park and is part of the Campaign for National Parks. We have over 1500 members and we are run and managed by the Peak District and South Yorkshire Branch of the CPRE. We are grateful to OfGEM for this opportunity to comment on the Business Plans of the Distribution Network Operators (DNOs) for the RIIO-ED1 period. As there are three DNOs that cover parts of the Peak District we have limited our comments to those three DNOs - Electricity North West Ltd (ENWL), Northern Powergrid (NPG) and Western Power Distribution (WPD).

#### ENWL

FPD welcomes ENWL's intention to invest the full OfGEM allowance of £9.1 million during RIIO-ED1 that is equivalent to approximately 80km of lines that are currently overhead. The ENWL Business Plan indicates that the expenditure is expected to be spread evenly through the 8-year period (RIIO-ED1 annual average of £1.1 million) but we were pleased to hear during a recent stakeholder meeting with ENWL that there are no time constraints on the investment - the main constraints are the number of schemes being proposed and the resources to assess and implement them.

#### NPG

FPD also welcomes NPG's intention to invest the full OfGEM allowance of £14 million during RIIO-ED1 that is equivalent to approximately 100 km of lines that are currently overhead despite the reported limited support for this from stakeholders. It is good that NPG has put this expenditure in context by reporting that it represents only 0.4% of its total costs. Taking account of vulnerability to vandalism and metal theft seems reasonable provided it is not used as the justification for rejecting schemes where the benefits are purely visual. We hope that the presentation of annual averages does not indicate an expectation that the investment will need to be spread evenly throughout the period.

#### WPD

FPD welcomes WPD's extensive discussion of its UVA work in the Stakeholder Engagement, Outputs and Expenditure sections of its Business Plan and the reported increase (35%) in the total length of power lines to be undergrounded in RIIO-ED1 compared to the current DPCR5 period. However, we are disappointed that the proposed investment is only £7.7 million in total, which is less than a quarter (23%) of the OfGEM allowance of £33.2 million, although this is slightly more than was proposed by WPD prior to its April-June 2013 consultation. In the light of the national willingness-to-pay (WTP) research conducted by OfGEM, the utilisation by the other DNOs of their full OfGEM allowances and the proportion of total costs represented by UVA work, we are very surprised that WPD's management has taken so much notice of those of its stakeholders that are not supporters of UVA work. We believe that their business plan has not justified why their own limited

President: [Julia Bradbury](#)

Friends of the Peak District represents CPRE (Campaign to Protect Rural England) in the Peak District. We are the national park society for the Peak District.

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stakeholder consultation trumps that conducted nationally by Ofgem, underpinning the Strategy Decision for RIIO-ED1. In particular, the national WTP conducted for Ofgem takes into accounts the national importance of national parks and AONBs for residents and visitors alike (the latter forming a constituency beyond the customer base of an individual DNO) and for this reason, we believe the stakeholder response from what will mainly be WPD customers is not valid and has been used perversely to undercut more validly conducted national WTP data. We also believe our views have not been satisfactorily reflected nor has the WTP data been given due weight in their business plan. Neither have these omissions been properly explained.

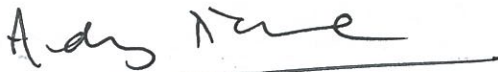
FPD is especially concerned that the annual average expenditure on UVA in WPD's West Midlands and East Midlands areas is to be reduced in comparison with expenditure during DPCR5 from £0.4 million to £0.3 million and £0.4 million to £0.1million respectively. This represents a considerable reduction in the length of overhead lines that will be undergrounded in the WPD area of the Peak District during 2015-23, particularly in the EM area (suffering a 75% cut). We do not understand the reasoning behind this (we can find no explanation for this within WPD's Business Plan) and ask that OfGEM insists on WPD maintaining at least the current level of annual expenditure in each of its areas during the RIIO-ED1 period.

We suggest that the above issues mean that the WPD business plan is not sufficiently well-justified and its quality is not high enough to have their price control agreed early. We therefore ask OfGEM not to fast-track WPD but instead ask them to resubmit an amended business plan that takes greater cognisance of our views and the RIIO-ED1 Strategy Decision undergrounding allocations for 2015-23.

Finally, if OfGEM does deem the WPD business plan of high enough quality to fast-track (with the currently low UVA allocations), FPD proposes that OfGEM should re-allocate the unutilised WPD allowance - currently £25.5million - to those DNOs that intend to invest their full OfGEM allowance on UVA work. This would ensure that the total expenditure that the public has indicated it is willing to pay would be utilised and the UK public would derive the full benefit from this, even though those in the WPD areas would get relatively less benefit.

Please do not hesitate to contact us if you have any queries or wish to clarify any of our comments.

*Yours sincerely,*



**Andy Tickle**  
Director

Cc: Martin Burfoot/Jane Chapman, Peak District National Park Authority  
Ruth Bradshaw, Campaign for National Parks  
Amanda McCleery, Friends of the Lake District