

# Friends of the Peak District's comments on OfGEM's "RIIO-ED1 Business Plan assessment and fast-tracked consultation"

21 January 2014

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Anna Rossington  
Head of RIIO-ED1  
OfGEM  
9 Millbank  
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Dear Ms Rossington

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 1100 members and we are run and managed by the Peak District and South Yorkshire Branch of the CPRE.

FPD is grateful to OfGEM for this opportunity to input into its "RIIO-ED1 Business Plan assessment and fast-tracked consultation". As there are only 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).

This letter follows on from our earlier comments on the DNOs' Business Plans submitted at the end of July 2013 in which we supported the Business Plans proposed by ENWL and NPg but criticised WPD's Business Plan. FPD is very concerned that the outcome of OfGEM's analysis on which it is now consulting is the direct opposite of FPD's position.

## WPD

FPD recognises that OfGEM has undertaken a detailed analysis covering many aspects of WPD's Business Plan that are beyond our environmental, social and sustainability concerns, but we believe that OfGEM has taken too much account of WPD's proposal to reduce its costs and has not challenged sufficiently strongly its assertions regarding lack of stakeholder support for the full utilisation of its undergrounding allowance. It is not credible to FPD that the stakeholders in the WPD area should have such different views to those in the ENWL and NPg areas or indeed those in the whole country that were involved in OfGEM's own consultation on support for undergrounding. Although OfGEM's assessment mentions (on page 28) our previous reference to this issue and our recommendation that WPD should not be fast-tracked and also states (on page 53): "*There is limited transparency on its process for project prioritisation and for ongoing stakeholder involvement*" and WPD's "*approach to undergrounding would benefit from greater justification regarding its decision not to spend its total allowance*", OfGEM does not explain why it does not consider this lack of information and justification for decisions to be an impediment to fast-tracking. The FPD considers this to be a serious omission from OfGEM's report.

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FPD rejects fast-tracking for WPD when its Business Plan includes the use of such unsubstantiated assertions to limit expenditure on improvements to the environment and landscape. And we cannot understand how fast-tracking for WPD could be consistent with OfGEM's published procedures when its own analysis has identified, but not explained, this lack of transparency and justification in WPD's proposals.

### ENWL and NPg

FPD repeats its support for ENWL's intention to invest the full OfGEM allowance of £9.1million and for NPg's intention to invest the full OfGEM allowance of £14million during the RIIO-ED1 period. It seems perverse, and potentially inequitable with its treatment of WPD, that OfGEM has decided not to fast-track ENWL or NPg on the grounds that their respective costs are slightly higher than the benchmark that OfGEM has itself determined. For FPD, the certainty regarding investment associated with fast-tracking far outweighs any benefits relating to revising these Business Plans to produce lower forecasts of costs for which additional immediate resource expenditure will be necessary.

Finally, in its previous comments FPD and, we understand, other interested parties proposed that, if WPD is fast-tracked, OfGEM should re-allocate all of the unutilised WPD undergrounding allowance – currently £25.5million – to those DNOs that intend to invest their full OfGEM allowance on UVA work. The OfGEM assessment and current consultation do not appear to provide any response to this proposal. Nor have we received any separate response. It is not acceptable that such a serious proposal should be ignored. OfGEM should consider this, respond to those who made the proposal, and immediately instruct the slow-tracked DNOs accordingly so that they have time to determine how much of this increased allowance they can utilise.

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

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