

Your Ref:
Our Ref:
Date: 03 March 2014
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Dear Anna

Consultation on our assessment of National Grid Electricity Transmission's proposed Visual Impact Provision policy

Thank you for the opportunity to comment on NGET's VIP policy. SCC did respond to NGET's consultation in the autumn last year and we are pleased to see that the simpler points have been addressed for the most part, though do suggest the policy would benefit from some further refinements. Those being;

1. Terminology

The policy uses the terms "landscape impact" and "visual impact" almost interchangeably, whereas they are quite different and are assessed in different ways. This is recognised in the supporting Landscape and Visual Impact (LVIA) Methodology, but not in the policy itself.

For example, the policy is entitled "*Visual Impact Provision*" and the introductory paragraph refers to improving *visual amenity* in our nationally protected landscapes. Slightly later on, the policy then states the objective is to "achieve the maximum *enhancement to the landscape*" and indeed the Guiding Principles do not directly refer to visual amenity at all. The process chart then states only sections having "the highest *visual impact* will be assessed".

It is important the policy is absolutely clear in its use of terminology and therefore purpose. Some mitigation schemes will perform better in terms of addressing landscape impacts, and others addressing visual impacts, so the distinction is relevant.

2. Scope of use of fund

We disagree that the VIP monies should be used on low cost solutions such as screening. National Grid should have been mitigating its infrastructure as a matter of course. Where screening can be delivered by National Grid on its own land, it should do so without recourse to VIP monies as a socially responsible developer using its own (unregulated) resources. We also note that the overall preference of those responding to the WTP survey was for undergrounding.

3. Economies of scale

We welcome the confirmation that “consideration will be given to possible cost savings resulting from coordination with planned works” and suggest that given the need for value for money/economic efficiency to be addressed this should be given a clear weighting in the selection process (see also Section 9 below).

4. Engagement

We agree with Ofgem that there needs to be more detail on how stakeholders outside the Advisory Group will be consulted. The process chart, at Stage 1, indicates an opportunity to “make cases for other transmission lines that lie adjacent and in reasonable proximity to a National Park or AONB to be included in the assessment”. It is not clear how, or to whom, one would make this case. It is further suggested that, to avoid excessive redundancy in evidence gathering, an early sieving process driven by expressions of local interest should be introduced (see Section 9 below).

5. “Efficiency filter”

We seek some clarity on how NGET, presumably, will determine “value for money”. What is being suggested is that NGET will be ruling as to whether the cost of a particular scheme delivers a commensurate landscape and visual benefit. It would be helpful to understand how NGET propose to come to a view on whether the qualitative improvement in landscape and visual impacts ‘is worth it’.

6. Scottish Transmission Owners

In our response to NGET, we noted that in the Business Plan submissions of the Scottish TOs they did not support a VIP allowance and, furthermore, that there is no WTP evidence to suggest that Scottish consumers are willing to pay to underground existing lines¹. Consequently, this raises questions over whether the allowance should indeed be available to Scottish schemes.

We note that Ofgem “would welcome further detail from the Scottish TOs about their plans for this area”. It is not clear whether that is likely to be forthcoming. We would therefore ask Ofgem to clarify how it would react to a request from NGET for funding of (a) scheme/s to the value of £500m? It is quite conceivable given the size of the allowance, that £500m could be used on a single scheme.

7. Landscape and Visual Impact Methodology

We welcome the appointment of Professor Swanwick and the intention to follow the approach set out in GLVIA 3. However, it remains somewhat unclear how comparisons of impact across schemes will be made.

There are too few scales of significance to meaningfully distinguish between so many potential schemes – Task 10 in the LVIA Methodology refers to a “scoring system” to combine landscape and visual impacts to establish a score for each project and ultimately a ranking. This needs to be better articulated.

The process of distinguishing between schemes should rely on objective evidence, such as other benefits accrued, not a very mechanistic scoring approach.

¹ SHETL suggested that visual amenity should have been dealt with adequately at the consenting stage, while equally Scottish Power did not support such an allowance
http://www.ssepd.co.uk/uploadedFiles/Controls/Lists/Resources/Transmission_price_control_review/Current_documents/SHETL_BusinessPlanUpdateJanuary2012.pdf Page 26
http://www.spenergynetworks.co.uk/serving_our_customers/pdf/Environment.pdf Page 21

We also note that an assessment needs to be made of the contribution of NGET's infrastructure to cumulative impacts in a given area and thus the extent to which undergrounding of NGET infrastructure might help mitigate the impacts of other infrastructure in the area, be it NGET's or other developers' (substations, energy generating plant etc).

Other matters

We raised some other issues in response to NGET's consultation that have not been addressed

8. Size of the allowance

The impasse that appears to have been reached between NGET and Ofgem on the need for further data to establish a median WTP is unfortunate (Consultation Report, Appendix A). We note NGET's possible intention to review the VIP policy in 2017. We suggest at that time the WTP data is also revisited and a methodology to do so agreed with Ofgem beforehand to ensure that this situation is not repeated.

9. Short-termism/redundancy

£500m is likely to provide for less than 50 kilometres of undergrounding. NGET currently has around 570km of lines within AONBs and National Parks across 51 schemes². The length of eligible lines in Scotland it is not clear. Additionally lines "adjacent and in reasonable proximity to a National Park or AONB" might also need to be evaluated.

So, the current allowance will be able to fund the undergrounding of only a small fraction of the existing lines within the current eight year period with which it is aligned; there will therefore be a significant amount of redundant analysis undertaken in the prioritisation process.

As Ofgem highlighted, NG propose to assess the impacts of all NGET infrastructure in designated areas (and potentially adjacent areas too). The accompanying LVIA methodology rightly notes the likely need to undertake "a fine grained assessment of the value of the landscape character areas in the designated areas"; so Ofgem should be aware that NG is embarking on a massive undertaking, which could take a significant amount of time and cost substantial sums of money in itself.

To address this issue of redundancy, we urge Ofgem to encourage NGET to take a much longer term perspective than the eight year window. There is a very real expectation that WTP will exist beyond the current price control, thus if NGET is to spend the VIP in the most "economic and efficient" manner, it should have regard to the longer time horizon, which is in line with the sentiments of RIIO-T1.

So, while we would support schemes that secure the maximum landscape benefit, this process should be initiated with a longer term ambition of undergrounding all existing lines in National Parks and AONBs over an extended period, thus if the relative costs of delivering certain schemes would decrease through time (for example the relevant line will need replacing anyway), that should be borne in mind.

² <http://files.opendebate.co.uk/files/nationalgrid/transmission/2-National%20Electricity%20Transmission%20System.pdf>

An alternative, or complementary, approach is for NGET to make the process more responsive to Expressions of Interest for the undertaking of a particular scheme. This is more akin to the approach undertaken by the DNOs and indeed other environmental improvement schemes, where the onus is on the 'bidders' to identify schemes for the funding party to evaluate, as opposed to the funding party evaluating every possible scheme that could come forward.

NGET could invite Expressions of Interest by a given date and invite parties to submit (1) a commitment to a local scheme (2) evidence of wider local support for a given scheme and (3) the evidence they already hold relating to the impact of the infrastructure in question and the benefits that would accrue from its mitigation. The strongest Expressions of Interest could then go forward for further analysis.

As ever, please feel free to contact me to discuss any matters arising from this letter.

Yours sincerely

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