



Ref: Utilities/NP/RIIO-ED1/Consultation
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Chief Executive (National Park Officer): Tony Gates

Anna Rossington
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Dear Anna,

RIIO-ED1: Electricity Distribution Networks Operators' resubmitted business plans – publication, views and next steps

I welcome the opportunity to comment on the revised RIIO-ED1 business plans for the Distribution Network Operators (DNOs) covering the period 2015 – 2023. I will say from the onset that Northumberland National Park is fortunate enough to be covered by only one of the six DNO organisations covering the country, that being Northern Powergrid (NPG). As such the comments below refer solely to their revised business plan and relate primarily to two key areas of work where the interests of our respective organisations overlap, namely that of the undergrounding incentive scheme for existing overhead lines in National Parks and Areas of Outstanding Beauty and that of the DNOs social obligation, specifically addressing fuel poverty for off-grid (electricity) properties.

I appreciate that Ofgem are drawing ever closer to the conclusion of what has been a comprehensive and lengthy price control review and I would like to acknowledge our gratitude that Ofgem has seen fit to retain the undergrounding overhead lines incentive within this process. Not only does this deliver on the public's wishes as identified in the willingness to pay research but also helps the DNOs deliver on their environmental statutory duties, recently summarised in Ofgem's fact sheet 109 – [Electricity Networks and Conserving Natural Beauty](#). In addition we are also pleased to see a greater emphasis placed on the need for DNOs to look in more depth at their social obligations and the role that they can play in helping to address issues such as fuel poverty.

The observations that I would like to make in relation to Northern Powergrid's revised Business Plan (March 2014) are:-

Undergrounding in Areas of Outstanding Natural Beauty and National Parks

I welcome Northern Powergrid's intention to fully utilise the undergrounding allowance identified on page 50 of Ofgem's [Strategy decision for the RIIO-ED1 electricity distribution price control response](#) of March 2013, initially indicating that they intend to underground 100km of overhead line at a cost of £14m. I note the amendment made in the revised business plan and that after 'real price effect' adjustment this figure will actually be £14.6m. rounded up to £15m. The explanation of this change has been set out in paragraph 4.1 of their [Plan Resubmission Changes document](#) and the acknowledgement of their initial oversight and openness of their response is appreciated.

Table 1 of [Annex 2.10](#) of the NPG business plan identifies that of the 45.4 km to be undergrounded under DCPR5, 32.4 km has been delivered with 13 km outstanding. I believe that Northern Powergrid are a trusted partner when it comes to delivering on this area of work, often thinking outside the box. One request that I would make is that the joint stakeholder project working group and the various departments at NPG need to 'hit the road running' when delivering the RIIO-ED1 projects and not leave everything to the last minute.

Social Obligations

I note from the March 2013 copy of the NPG business plan that there is the intention to 'apply their expertise to help make communities more energy efficient.' One of the means to achieve this is 'by exploring solutions to connect rural communities to our network'. There is also a commitment to 'work with local communities and organisations to develop connections providing low-cost energy solutions' and these actions have been rolled over into the revised plan.

I welcome these proposals, the time and commitment that Northern Powergrid have already shown over recent months in seeking solutions to the off grid issues that we face here in Northumberland. As was highlighted in the [English National Park Authorities Association response](#) to the RIIO-ED1 consultation 122/12, 100% of the properties in the National Park are off-grid (gas) and 10% off-grid (electricity) and it is thought that Northumberland has the largest number of off-grid properties anywhere in the country. Studies have also shown that diesel generation of electricity is not only four times more expensive than that for grid connected customers, the carbon emissions associated with this type of electricity generation are also significantly increased. Many locally feel that since the electricity distribution network was practically invented here in the north-east that it is ironic that the same part of the country is last to be fully connected to the national grid. Current initiatives mean that some properties are more likely to have access to super-fast broadband before they get mains electricity! Still it is hoped that with the intentions identified by NPG in their business plan and with support from others, including Ofgem, solutions can be found to this problem over the RIIO-ED1 contract period. A recent example of NPG's commitment to this area of work has been the [Community Energy Events](#) that they held in Leeds and Newcastle at the end of April 2014.

Environmental Legislation

I note and welcome the amendments made to Annex 2.13 of the Business Plan relating to environmental legislation and in particular the inclusion of references to The National Parks and Access to the Countryside Act 1949, The Countryside and Rights of Way Act 2000 and The Natural Environment and Rural Communities Act 2006.

General Observation

I welcome the statement made by Northern Powergrid's CEO Phil Jones that "Since last summer, when we first published our plan, we have been working to make our plan even stronger. There are no parts of our plan where we have increased the underlying controllable cost estimates we published in June 2013. And in a number of areas we have added in extra deliverables or have simply reduced the cost projections for the work we had already identified." More for less with no backward steps.

I also welcome the investment that Northern Powergrid have clearly put in over the past few years in delivering the DCPR5 outputs. It has been noticeable that there has been a significant investment in upgrading the existing overhead line network covering much of the National Park. It is recognised that this service is vital to the sustainability of our rural communities and the investment has not only improved the reliability of the network for our residents meaning fewer power cuts, but also made the network more resilient to the extreme weather events that we are all too aware of these days.

I would also like to note the recent improvements that have been made to the NPG website over the last year. This has led to easier access to information for customers and the setting up of various stakeholder forums to enable a modern means of engagement, enabling direct feedback. I understand that this work is ongoing but in my mind this demonstrates a desire to communicate and engage with their customers and stakeholders in a smarter and more efficient way. I also understand that a proportion of the savings made as a result of this initiative will be retained to ensure that more traditional means of communication will remain in place for those customers that either do not have access to broadband or simply prefer traditional means of communication. This is important for National Park residents since the average age of farmers in the National Park is currently in the late 50s.

Quality of the plans

I have to admit that I have not read each detailed section of the NPG plan and accompanying appendices cover to cover however, having had sight of the Executive Summary, Plan in Brief, The Guide to Our Plan and the Annual Stakeholders Report as well as delving into the web version of the Plan with its links to various appendices I do find the documents informative, well structured and illustrated, providing the level of detail that I require for the subjects identified above. I believe that the 2014 Annual Stakeholders Report was a frank and honest reflection of where the company is now and where it intends to be in the next 12 months.

Whether the plans reflect what customers value and stakeholder engagement

Both via the website and the Plan in Brief document there is evidence of the organisation seeking stakeholder feedback and using this to align its work priorities for the key delivery areas. Personally I am aware of the extensive opportunities that have been made available for stakeholder engagement either at specific events, via the website forums or face to face depending on the subject matter concerned. I would suggest that NPG intention to spend the full allocation set aside for the undergrounding of overhead lines in AONBs and NPs and engagement through regular meetings of a project working group supplemented by one to one meetings when and as required, demonstrates their commitment to listening and engaging with their stakeholders..

Whether the DNO's have clearly identified and justified their operating and capital expenditure requirements to deliver the required outputs

For the undergrounding of overhead lines work, the headline figure and approximate total length of line to be undergrounded within the 8 year RIIO-ED1 period are identified in the business plan. I understand the capital expenditure is fixed but due to the different costs associated with undergrounding low voltage (240v) and High voltage (20kv) lines and the uncertainty as to how much of each type will be prioritised by the key stakeholder partners from the AONB's and NP's, then it is not possible to give a precise total length at this point in time. It would have been useful to see the suggested allocation per protected area but I accept that this level of detail is probably inappropriate for a top level business plan to cover. Historically this information and the ongoing detailed project expenditure forecasts for each of the protected area projects is presented at least twice a year to steering group members. Under spends have been re-allocated where necessary and the information provided to date has been sufficient for our needs.

I believe that Northern Powergrid have taken time to engage with their stakeholders and initially cast the net quite wide when exploring which stakeholders they looked to work with going forward. They have listened to and incorporated reference to the points raised by the National Park Authority in their revised 2015 – 2023 business plan, some specific comments and other more generalised. I do believe that the plan is ambitious, comprehensive and identifies the implications of a rapidly changing environment for the electricity distribution market, much of which is being driven by the low carbon agenda.



Both in reading the plan and when working with NPG staff I do feel that they appreciate that there is a great deal to be done over the next eight years but that they are a 'can do' organisation seeking to work smarter, more efficiently in order to deliver their remit more cost effectively for the benefit of us all.

Thank you once again for the opportunity to comment and if you would like to discuss any of the responses in more detail please do not hesitate to contact me.

Yours sincerely

A handwritten signature in black ink, appearing to read 'R. S. Mayhew', with a long horizontal flourish underneath.

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