

Response to open letter on the RIIO-2 Framework

September 2017

This response is supported by the 15 organisations listed below:

- Association for the Protection of Rural Scotland
- Campaign for National Parks
- Campaign for the Protection of Rural Wales
- Campaign to Protect Rural England
- Cymdeithas Eryri - Snowdonia Society
- Dartmoor Preservation Association
- Friends of the Dales
- Friends of the Lake District
- Friends of the New Forest
- Friends of the Peak District
- Friends of the Pembrokeshire Coast National Park
- John Muir Trust
- National Association of Areas of Outstanding Natural Beauty
- South Downs Society
- The Broads Society

Many of our organisations have been represented on the stakeholder groups responsible for the implementation of the visual amenity allowances included in the current price controls for both electricity distribution and transmission. We are keen to ensure that the framework for RIIO-2 allows for similar allowances to be included in the next set of price controls. The work undertaken during the preparation of the current price controls demonstrated consumers' willingness to pay for the undergrounding of overhead lines in designated landscapes. While much has already been done to reduce the visual impact of electricity infrastructure, there are still many more parts of our National Parks, Areas of Outstanding Natural Beauty (AONBs) and National Scenic Areas (NSAs) which could benefit from the removal of overhead lines.

The visual amenity allowance for distribution lines was first introduced in the 2005-2010 price control period and there are now a number of very successful examples of the positive impact this scheme has had on our most inspiring landscapes. For example, by the time the current 8 year programme finishes in 2023, over 40 km of electricity power lines will have been undergrounded within the two National Parks and three AONBs of Cumbria. The process also demonstrates the strong desire for undergrounding in designated landscapes as prioritisation is largely stakeholder-led, with some interest groups using surveys of local people to identify potential projects to be funded.

The equivalent scheme for electricity transmission lines has only been running since 2013 and the scale of the work required to plan and implement the removal of transmission lines is significantly greater so there has not yet been as much opportunity to deliver completed projects. However, there is also huge potential for this work to result in significant benefits in the future. Ensuring the allowance is available in the next price control period will maximize the benefits from the preparatory work that has already been undertaken, such as the research National Grid commissioned to assess the landscape and visual impacts of all the overhead transmission lines in designated landscapes in England and Wales. There is also strong support for this work as demonstrated by the commitment of the organisations represented on the Stakeholder Advisory Groups for National Grid's Visual Impact Provision

and on SSE's Visual Impact of Scottish Transmission Assets and SP's Visual Impact of Existing Wirescape projects in Scotland.

We would remind Ofgem of the statutory duties for all relevant authorities to have regard to the purpose of conserving and enhancing National Parks and AONBs when exercising or performing any functions affecting land within these areas¹. Development in the setting of designated landscapes can have a negative impact on their special qualities and it is important to remember that these duties also apply to activities undertaken outside the boundaries of designated landscapes which may affect land within them. In addition, section 3A(5) of the *Electricity Act 1989* requires Ofgem to carry out its functions in a manner which is best calculated to contribute to the achievement of sustainable development and also have regard to the effect on the environment of activities connected with the generation, transmission, distribution or supply of electricity. We are, therefore, very concerned that there is so little reference to the environment in the open letter published on 12 July 2017. This is a significant omission given Ofgem's statutory duties relating to the environment.

Unfortunately we do not agree with the proposed overarching objective that '*RIO-2 will ensure regulated network companies deliver the value for money services that consumers want and need*'. This makes no mention of the fundamental role of these companies to deliver a sustainable energy network. We see no reason to change the overarching objective from the one used for RIO-1 which is '*to encourage network companies to play a full role in the delivery of a sustainable energy sector, and to do so in a way that delivers value for money for existing and future consumers*.' A narrow focus on value to customers, particularly if customers are to have a stronger voice, will not automatically deliver a sustainable energy sector. Keeping the overarching objective as it is for RIO-1 would better reflect Ofgem's statutory duties and provide the context within which the 'value to customers' should be delivered. In this way the importance of the environment would be made explicit alongside the benefits to society and the economy.

We are also concerned at the reference to simplifying the price controls by focusing on items of greatest value to consumers and removing elements which add complexity. Such an approach fails to take account of other important reasons for including particular elements within the price controls, such as Ofgem's statutory duties. We would like reassurance that this principle will not be used to remove the visual amenity allowances from future price controls.

We are happy for this response to be made publicly available. Please contact Ruth Bradshaw (email: ruthb@cnp.org.uk, tel: 020 7981 0896) if you would like any further information about any of the points raised in this response. All of our organisations are also keen to be involved in further stages of developing the next round of price controls.

¹ These duties are set out in the *Environment Act 1995* (for National Parks in England and Wales), the *Countryside and Rights of Way Act 2000* (for Areas of Outstanding Natural Beauty) and *National Parks (Scotland) Act 2000*.