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for energy consumers

To:

Generators, Customers,
Transmission System Owners,
System Operator, and other
interested stakeholders

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Date: 30 January 2018

Dear colleague

Assessment of SP Transmission's Visual Impact of Existing Wirescape Policy

The RIIO-T1 price control includes a provision for the electricity transmission owners (TO) to reduce the effects of existing transmission infrastructure on the visual amenity of National Parks, Areas of Outstanding Natural Beauty and National Scenic Areas. Before a TO can request funding for a specific project, it must have a policy about how it will work with stakeholders to identify projects. In this letter, we set out our views on Scottish Power (SP) Transmission's Visual Impact of Existing Wirescape (VIEW) policy, which it has submitted for our review.¹

Following this review, we have assessed that the VIEW policy meets the requirements set out in SP Transmission's licence and we do not intend directing any changes to it. We are not consulting on our assessment of SP Transmission's VIEW policy because it is not a specific funding decision. We also note that it is similar to SHE Transmission's VISTA policy, which stakeholders did not make any representations on when we consulted on in 2016.² Overall, we consider SP Transmission should proceed with implementing its VIEW policy.

Purpose of the VIEW policy

In 2012, we finalised the RIIO-T1 price control for the three TOs: Scottish Hydro Electric Transmission (SHE Transmission), SP Transmission, and National Grid Electricity Transmission (National Grid). This included a new provision for the TOs to reduce the visual impact of pre-existing infrastructure³ in designated areas.⁴ The total value of all projects that can come forward under the scheme during the RIIO-T1 price control is capped at £500 million (2009/10 prices).⁵

¹ A copy of SP Transmission's VIEW policy is available at

https://www.spenergynetworks.co.uk/userfiles/file/A4_SPEN_Changing_the_View_v6.pdf

² A copy of our 2016 consultation on SHE Transmission's VISTA policy is available at:

https://www.ofgem.gov.uk/system/files/docs/2016/05/consultation_on_our_assessment_of_she_transmissions_proposed_visual_impact_of_scottish_transmission_assets_policy_0.pdf

³ Pre-existing Transmission Infrastructure is defined in Special Condition 1A of SP Transmission's licence (SpC 1A) as network equipment, such as lines and towers, which are part of the licensee's transmission network as at April 2013.

⁴ Designated Areas is defined in SpC 1A. The policy applies to pre-existing transmission infrastructure in areas designated as National Parks, Areas of Outstanding Natural Beauty and National Scenic Areas.

⁵ The level of the expenditure cap was informed by a survey of households on the amount they would be willing to pay to reduce the effects of pre-existing transmission infrastructure on the visual amenity of designated areas.

During the RIIO-T1 price control period (2013-2021), the TOs can request additional funding for eligible projects in their respective transmission areas. However, before a TO can ask us to approve funding for a specific project, it must submit a Mitigating Pre-existing Infrastructure Policy to Ofgem. The requirement to have a policy is to ensure that each TO follows a robust and transparent process for identifying the parts of its transmission network in the designated areas that would yield visual amenity improvements. It must also involve stakeholders in prioritising mitigation projects.

After a TO has an approved policy, and has implemented it with stakeholders to identify and prioritise projects to mitigate visual impacts, a TO can request an adjustment to its price control allowed expenditure for the efficient costs of delivering these projects.

The price control provision for reducing the visual impact of pre-existing transmission infrastructure in designated areas does not apply to the construction of new transmission lines or to other new electricity transmission infrastructure. The impacts of new developments are considered on a case-by-case basis in the planning and consent processes before the infrastructure is constructed. There are separate provisions in the RIIO-T1 price control to fund new transmission infrastructure proposals, including additional mitigation technologies if these are needed for achieving planning consent.

SP Transmission's VIEW policy

SP Transmission will apply its VIEW policy to reduce the visual impact of pre-existing transmission infrastructure within and in close proximity to the designated areas in its licence area in central and southern Scotland. These are: Loch Lomond and The Trossachs National Park (encompassing Loch Lomond National Scenic Area) and the Eildon and Leaderfoot National Scenic Area in the Scottish Borders.

SP Transmission has commissioned landscape professionals to identify and classify the landscape and visual impacts from its pre-existing transmission infrastructure. SP Transmission is also engaging with a range of stakeholders to help it review potential projects that could reduce the visual impacts and to prioritise these projects. The prioritisation and selection process covers the scope for visual improvement, other environmental and social impacts, and also whether the projects are economically efficient.

As well as working with stakeholders, SP Transmission is working with SHE Transmission to identify potential mitigation projects in Loch Lomond and The Trossachs National Park, in which both companies have transmission lines. SP Transmission is also engaging with National Grid, which is also implementing a visual impact policy for England and Wales.

SP Transmission consulted on its draft VIEW policy and a technical annex in early 2015. Responses to the consultation supported the policy and the establishment of the Stakeholder Partnership Group to collaborate with SP Transmission at key stages in this process.⁶

Our views on the VIEW policy

We have reviewed the VIEW policy against the requirements in paragraphs 6G.6(a) to (f) of Special Condition 6G (Mitigating the impact of Pre-existing Transmission Infrastructure on the visual amenity of Designated Areas) of SP Transmission's licence. The licence requirements include involving stakeholders in selecting mitigation projects; proposing a method for assessing mitigation opportunities; prioritising projects by considering the projects' potential for visual amenity improvements, environmental impacts, economic efficiency and other such factors that stakeholders think are relevant such as cultural, historical and ecological considerations.

⁶ See Appendix 3 for a summary of the stakeholder engagement undertaken by SP Transmission: https://www.spenergynetworks.co.uk/userfiles/file/Changing_the_VIEW_Stage_1-2_Appendices_20161215.pdf

We have assessed that SP Transmission's policy meets the requirements set out in Special Condition 6G.6. Further detail on our review of the VIEW policy is set out in Appendix 1 to this letter. We consider that the implementation of the policy will help make transparent the process SP Transmission and its stakeholders follow in selecting and prioritising projects. The different aspects of the process should also ensure that mitigation projects represent good value for money for consumers.

Based on our review, the support stakeholders have given for the VIEW policy in response to SP Transmission's consultation, and our principal objective and statutory duties, we do not intend to direct any changes to it.

If stakeholders have comments about the contents of this letter please email these to anna.kulhavy@ofgem.gov.uk.

Yours faithfully,

Steven McMahon,
Associate Partner, RIIO Networks, Electricity

Appendix 1 - Our assessment of SP Transmission's VIEW policy

We have assessed SP Transmission's VIEW policy against the requirements specified in Special Condition 6G.6 of the electricity transmission licence that came into force on 1 April 2013. Our assessment covers the following sections:

- 1) policy objective
- 2) stakeholder engagement
- 3) identification and assessment method
- 4) prioritisation criteria
- 5) scope and measures
- 6) policy review

1. Requirement 6G.6(a): *To specify SP Transmission's policy objective*

In its VIEW policy, SP Transmission states the overriding objective is to achieve the maximum enhancement to the designated landscapes from the allocation of funds, whilst minimising adverse impacts, which could arise from mitigation or enhancement measures. The policy also commits SP Transmission to identifying locations where pre-existing transmission infrastructure has the greatest impact on nationally designated, protected landscapes, and where there is greatest opportunity for successful mitigation proposals to enhance the natural beauty of the landscape where this technically feasible and achieves value for money.

Our views

SP Transmission's objective for its VIEW policy is consistent with its broader statutory duties and licence obligations. The most relevant of these are: its duty to maintain its network in an economical and efficient way; having regard to the preservation of visual amenity; and having regard to the conservation and enhancement of the natural beauty, wildlife and cultural heritage of designated areas.

2. Requirement 6G.6(b): *To explain how SP Transmission intends to work with stakeholders on prioritising projects*

SP Transmission says that engaging key stakeholders is essential to successfully achieving the objectives of its VIEW policy. SP Transmission has formed a Stakeholder Partnership Group comprising representatives from twelve groups and organisations with a national or regional interest in the protection, enhancement and use of Scottish designated areas in order to draw upon local expertise and knowledge on the protected landscapes in its licence area. SP Transmission is also engaging with the wider public through local stakeholder workshops.

SP Transmission is also working with SHE Transmission to engage in a joined up way with stakeholders on the opportunities in Loch Lomond and The Trossachs National Park, where part of both companies' transmission networks are located. Lastly, SP Transmission is exchanging updates with National Grid to share best practice and ensure their respective policy initiatives are working together to maximise the benefit from the capped expenditure fund.

Our views

Stakeholder input is essential to get best value from the relevant funding provision in RIIO-T1. We think SP Transmission's initiative to set up the Stakeholder Partnership Group and local workshops to involve relevant stakeholders at key stages in the development and prioritisation of projects will help achieve meaningful stakeholder engagement on the programme and meets the licence requirement for stakeholder engagement.

3. Requirement in paragraph 6G.6(c): *To specify SP Transmission's methodology for identifying and assessing candidate projects for visual impact improvements*

SP Transmission outlines a process and methodology in its VIEW policy for identifying and assessing mitigation projects. It also explains how stakeholders will be involved at various stages of the process. SP Transmission's annex to its VIEW policy gives further detail on the key stages it will follow to identify and assess projects that offer the greatest opportunities for improvement in National Parks and National Scenic Areas.

SP Transmission has commissioned qualified landscape architects to assess the impacts of its transmission infrastructure in designated areas using the assessment framework in the Guidelines to Landscape and Visual Impact Assessment (GLVIA3).⁷ This involves a 'reverse' assessment of the impacts arising from pre-existing transmission infrastructure instead of applying the framework to assess the potential impacts of a proposed scheme or development that does not exist. It also covers the impacts on the landscape as well as on visual amenity. This assessment has been presented to the Stakeholder Partnership Group, along with a variety of potential mitigation options, to get stakeholder input on preferred project priorities. SP Transmission has undertaken a more detailed assessment of the shortlisted projects. This includes looking at the potential visual improvement of different mitigation options, technical feasibility, possible harm to other environmental features and land use, and overall value for money.

Our views

We support SP Transmission's approach of commissioning a professional landscape assessment (by a single provider) of the impacts of its pre-existing transmission infrastructure on landscape and visual amenity of the designated areas in its transmission area. We also support the use of the GLVIA3 assessment approach. We think this is appropriate as the GLVIA3 is widely recognised as industry standard for assessing landscape and visual amenity impacts and is recommended as good practice by relevant professional institutes. The approach is also consistent with the assessments undertaken by National Grid and SHE Transmission in their respective transmission areas.

We also support the input of stakeholders through the Stakeholder Partnership Group and local workshops to help shape the project shortlist and mitigation options. Overall, we consider SP Transmission's approach is a pragmatic way to identify and assess opportunities to address the visual impacts of its transmission infrastructure.

4. Requirement in paragraph 6G.6(d): *To set out the criteria SP Transmission will apply to prioritise projects*

SP Transmission states that it will prioritise mitigation projects which:

- result in the most effective landscape enhancements benefits
- result in the greatest opportunities to conserve and enhance natural beauty, wildlife and cultural heritage whilst minimising unacceptable environmental impacts
- represent opportunities for recreational, educational or social initiatives associated with the use and visual experience of the National Parks and National Scenic Areas, particularly paths and green networks
- are technically feasible in the context of the wider transmission system, and
- are economical and efficient and include ways of engaging other stakeholders

⁷ The third edition of Guidelines for Landscape and Visual Impact Assessment (GLVIA3) was published jointly by the Landscape Institute and the Institute of Environmental Management & Assessment

Our views

We consider the prioritisation criteria are consistent with the objectives of the VIEW policy and reflect SP Transmission's statutory duties and licence obligations. In any subsequent funding requests for projects, SP Transmission will need to explain the project selection with reference to the criteria set out in its policy.

5. Requirement in paragraph 6G.6(e): *To outline the potential measures SP Transmission will consider for reducing visual impacts*

SP Transmission outlines three overarching policy principles for mitigation: remove; reduce; and refocus. The types of measures that may be considered include: landscape enhancements; screening of lines; re-routing of lines; replacement of existing lines with underground cables; and other innovative techniques to reduce visual impact e.g. painting of pylons.

Our views

We consider SP Transmission has adequately described the range of measures it could potentially use in mitigation projects.

6. Requirement in paragraph 6G.6(f): *To outline when SP Transmission will review its VIEW policy*

Our views

We agree with SP Transmission that it should review its policy in light of its experience from implementing the policy in RIIO-T1. We also support SP Transmission's intention to get the Stakeholder Partnership Group to input into the review of the VIEW policy.