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Ofgem RIIO-2 Framework Consultation response – Cymdeithas Eryri the Snowdonia Society

The Snowdonia Society is a registered charity, established in 1967, which for over 50 years has contributed tirelessly to the work of protecting Snowdonia through practical conservation, policy work and campaigning. The Society's object is *'to protect and enhance the beauty and special qualities of Snowdonia and to promote their enjoyment in the interests of all who live in, work in or visit the area both now and in the future.'*

Some comments on the RIIO-2 process

We are a stakeholder in the implementation of the National Grid Visual Impact Provision (VIP) project on the Dwyryd estuary in Snowdonia National Park.

Ofgem has a statutory duty to have regard to the purposes of conserving and enhancing National Parks and AONBs when exercising or performing any functions affecting land within these areas. This duty also applies to activity undertaken outside the boundaries of designated landscapes which may affect land within them. When considering its approach to environmental outputs, Ofgem must act in accordance with its duties under Section 62 of the Environment Act 1995 and also Section 3A(5) of the Electricity Act 1989.

We have seen no convincing evidence in support of changing the existing outputs used in RIIO-1. We strongly believe that the existing environmental outputs relating to visual amenity should remain in place until proper evaluation of their real-world impacts has taken place. In the case of the Visual Impact Provision (VIP) programme, proper evaluation of the impacts of the first round of the programme will not be possible for several years yet.

In September 2017 we supported the response by Campaign for National Parks to an Ofgem open letter. That letter proposed as an overarching objective that: 'RIIO-2 will ensure regulated network companies deliver the value for money services that consumers want and need'. In the current consultation it is unclear whether Ofgem still intends to use this changed objective.

Cymdeithas Eryri the Snowdonia Society
1967 - 2017

Yn gwarchod, gwella a dathlu Eryri ers 50 mlynedd - Protecting, enhancing and celebrating Snowdonia for 50 years

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We see no reason to change the overarching objective used in RIIO-1, namely ‘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.’ **To reduce the scope of the overarching objective for RIIO-2 down to a focus solely on value for money to consumers will make it more difficult, if not impossible, to fulfil Ofgem’s statutory environmental duties in respect of designated landscapes.**

We strongly urge the retention of the overarching objective used for RIIO-1 as an established means to address Ofgem’s statutory duties, and to provide meaningful context for the delivery of ‘value to customers’ which balances benefits across environment, people and economy.

Responses to specific consultation questions

Q1. How can we enhance these models and strengthen the role of stakeholders in providing input and challenge to company plans? What are your views on the proposal to have Open Hearings on areas of contention that have been identified by the Groups?

It is a cause for serious concern that guidance on stakeholder engagement lacks any reference to the environment. How, for example are proposals relating to visual amenity to be addressed through this new process? It is not clear how environmental NGO stakeholders are to be involved - representation of environmental NGOs is needed in all three groups and at Open Hearings.

Q2. Do you agree with our preferred position to set the price control for a five-year period, but with the flexibility to set some allowances over a longer period, if companies can present a compelling justification, such as on innovation or efficiency grounds?

We do not agree with the proposal to use five-year price control periods. The multi-year lead-in time for developing undergrounding projects in designated landscapes under the VIP programme provides a clear example of why longer periods are necessary. We suggest that as a minimum an eight-year price control period is needed.

Q19. What views do you have on our proposed approach to specifying outputs and setting incentives?

Amongst our own membership and that of our partner organisations there is huge support for the pioneering work which has begun on undergrounding in designated landscapes. The existing outputs are appropriate and we see no compelling reason to change them. We wish to see the existing RIIO-1 environmental outputs retained as they appear in Figure 1 of the consultation document. We should continue working towards the goal of **National Parks free of overhead lines.**

Q20. What views do you have on our general approach to setting cost allowances?

The visual amenity allowance for distribution lines has made a difference in our designated landscapes since its introduction in the 2005-2010 price control period. The recent inclusion

of a scheme for transmission lines promises to have some truly transformational impacts as the projects come to fruition, not least of course in our own special landscapes here in Snowdonia.

Q48. Do you have any views on the issues highlighted that we will consider as we develop our sector-specific proposals?

it will be a number of years before projects under the National Grid VIP programme are implemented and longer still before their impacts can be evaluated. It is therefore a cause for concern to read in paragraph 8.17 that Ofgem ‘...will be considering whether outputs, outcomes and deliverables will continue to be fit for purpose as the industry evolves. For electricity transmission, this will include among other things our approach to environmental outputs (eg visual amenity).’

The RIIO-1 programme has potential to deliver huge benefits; those benefits will be amplified significantly by continuation of a visual amenity allowance for both transmission and distribution companies in RIIO-2.

We believe that visual impact provision should be continued so that the public and our irreplaceable National Parks and AONBs will ultimately enjoy the benefits of an ambitious programme with a clear and consistent vision.

With best wishes



John Harold
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Cymdeithas Eryri the Snowdonia Society