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Dear RIIO-2 Team,

RIIO-2 Sector Specific Methodology Consultation February 2018

Friends of the Peak District welcome the opportunity to respond to this consultation. We are the national park society for the Peak District and represent the Campaign to Protect Rural England (CPRE) in the Peak District National Park and some surrounding areas. We are also a part of the Campaign for National Parks (CNP). Our aim is for a living, working Peak District that changes with time but remains beautiful forever.

In summary, we strongly support the proposal to continue to mitigate the visual impact of existing transmission lines in designated landscapes. The wider environment should be reinstated as a headline output for RIIO-2.

Our background

We have a long history of involvement in issues of powerlines (both transmission and distribution), visual amenity and landscape protection. We work closely with national CNP and CPRE and others (CPRW, NAAONB, John Muir Trust and Friends of the Lake District) to advocate for more sustainable landscape outcomes in relation to the existing electricity distribution and transmission network and new lines, where proposed.

We also work with DNOs on the OfGEM Undergrounding for Visual Amenity (UVA) scheme. We were involved with the NG-ET stakeholder consultation on the options for the long term future of the Stalybridge to Woodhead 400 kV line. More recently we have been involved in the stakeholder consultation on development of NG-ET's Visual Impact Provision (VIP) as applied in the Peak District: i.e. the Dunford East section of the Stalybridge to Woodhead line for undergrounding and the Landscape Enhancement Initiative (LEI) in Longdendale. We responded to OfGEM's open letter in 2017, which launched the consultation on RIIO-2, and to the Framework Consultation in March 2018.

President: Dame Fiona Reynolds

CPRE South Yorkshire and Friends of the Peak District are run by the Campaign to Protect Rural England, Peak District and South Yorkshire
for the countryside, for communities, for the future

As our key concern is the environment, predominantly in relation to the issue of visual amenity and public engagement, and our experience is with existing lines, our response focuses on questions CSQ2, CSQ3, ETQ29, ETQ34, ETQ46-ETQ48.

RIIO-2 objective

We are disappointed to read that the objective for RIIO-2 still makes no reference to the fundamental role of companies to deliver a sustainable energy network - *'RIIO-2 will ensure regulated network companies deliver the value for money services that consumers want and need'*. The objective of RIIO-1 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'*¹. Such an outcome should be overarching, not sit alongside transition to a low carbon, consumer focused system as it now does. We see no reason to change the overarching objective and, although we appear to be in a minority², **we re-iterate that in order to reflect OfGEM's duties under the Electricity Act 1989 section 3A (5) and give the context within which value to customers should be delivered, OfGEM should retain RIIO-1's objective for RIIO-2.**

CSQ2. Do you agree with our proposed three new output categories?

CSQ3. Are there any other outcomes currently not captured within the three output categories which we should consider including?

In RIIO-1 the six headline outputs were safety; reliability; availability; customer satisfaction; connections; and environment³. These six have been consolidated into three proposed outcomes for RIIO-2⁴, which are intended to place the consumer experience at the heart of RIIO-2 (outcomes are used, confusingly for us, interchangeably with outputs). They are:

- *Improving the consumer and network user experience: Network companies must deliver a high quality and reliable service to all network users and consumers, including those who are in vulnerable situations.*
- *Supporting the energy system transition: Network companies must enable the transition to a low carbon, consumer-focused energy system.*
- *Improving the network and its operation: Network companies must deliver a safe, sustainable and resilient network that is more responsive to change.*

Consolidation may have rationalised the outcomes for some elements of a sustainable network, but appropriate emphasis on the environment has been lost. There is now no explicit link between these three high level outcomes and the potential outputs of what is called *'an environmentally sustainable network'* in Chapter 4 in the Annex. A low carbon system is essential but it is not a proxy for other environmental impacts. The definition of a sustainable energy sector includes *'delivers a low carbon economy and associated environmental targets'*⁵ but these could be interpreted narrowly as those associated with a low carbon economy. Indeed, the proposed environmental output measures⁶ focus wholly on carbon footprint, SF6 leakage and visual amenity of pre-existing infrastructure in designated areas (see our answer to ETQ34 below). **The word 'environmentally' should be inserted before the word 'sustainable'.**

¹ RIIO-T1: Final Proposals for National Grid Electricity Transmission and National Grid, Overview document, OfGEM, Executive Summary, 17th December 2012

² RIIO-2 Framework Decision, Appendix 6, OfGEM, July 2018

³ RIIO-T1: Final Proposals for National Grid Electricity Transmission and National Grid, Overview document Table 3.1, OfGEM, 17th December 2012

⁴ RIIO-2 Sector Specific Methodology Dec 2018 OfGEM, para 4.6

⁵ RIIO-2 Sector Specific Methodology Dec 2018 OfGEM, Appendix 7 Glossary

⁶ Consultation RIIO-2 Sector Specific Methodology Annex: Electricity Transmission, Table 7, OfGEM, Dec 2018

ETQ29 What are your views on the overall outputs package considered for this output category (deliver an environmentally sustainable network)?

Annex ET⁷ Chapter 4 para 4.9 and Table 6 present potential ‘specific outputs’ to ‘deliver an environmentally sustainable network for the environment’ and to be included in business plans. We do not support the proposed visual amenity output, as worded. It has been revised from ‘*to efficiently meet planning requirements for new infrastructure and deliver visual amenity outputs by mitigating impacts of existing infrastructure when it is located in designated areas*’ in RIIO-T1⁸ to ‘*mitigating visual amenity impacts in designated areas*’ in RIIO-2. The output no longer addresses the impact of new infrastructure, the visual amenity of which would be a crucial impact of substantial import given the need for new infrastructure throughout the UK. The visual amenity output as presented in RIIO-T1 should be used in RIIO-2.

The importance of the setting of nationally designated landscapes is recognised in national policy⁹ and should be reflected in the wording of the visual amenity output by adding the words ‘and their setting’ to the end of the RIIO-T1 output. The ultimate long-term goal (outcome) for visual amenity in these areas should be that, where practically feasible, all new and existing distribution and transmission lines are underground through, or avoid, designated landscapes and their setting.

ETQ34. We invite views on whether the proposed environmental impact categories are appropriate areas to focus on. Are there any areas that should be excluded and/or other areas that should be covered? We also invite views on the potential indicators and/ or metrics that are appropriate for each environmental impact category.

The broader environmental impacts as presented in para 4.20 (resource use and waste management; biodiversity and natural capital) should be captured by the TOs in their business plans. The Natural Capital committee methodology provides potential indicators for the environment¹⁰.

ETQ46. Do you have views on the retaining the existing scheme to mitigate the visual impact of pre-existing transmission infrastructure in designated areas? Do you agree that any decision to implement new funding arrangements should be subject to updated analysis around willingness to pay?

It is essential that the existing scheme to mitigate the visual impact of existing transmission infrastructure in designated areas is retained. The enthusiasm and commitment of the bodies (which represent a sizeable chunk of civil society) on the National Grid’s Stakeholder Advisory Group for the VIP demonstrates the wide support for this element of the environment. The approach towards the distribution system has matured over two price control periods and brought substantial benefits which OfGEM will be aware of. However, assessment of the VIP of the Transmission Operators in RIIO-T1 is premature. VIP was an innovation for RIIO-T1 and is still in its development phase. None of the four shortlisted VIP candidates has reached a stage where assessment of the outcome (removal of pylons and overhead wires) can be made. The application of the Landscape Enhancement Initiative, although at a smaller scale, will take some years to achieve its results. It is therefore crucial that the VIP continues beyond RIIO-T1 in order that the project potential is fully realised, the most intrusive pylon lines in National Parks and AONBs are removed, and that demonstrable public preferences for landscape enhancement are met.

⁷ Consultation RIIO-2 Sector Specific Methodology Annex: Electricity Transmission, OfGEM, Dec 2018

⁸ RIIO-T1: Final Proposals for National Grid Electricity Transmission and National Grid, Overview document Table 3.1, OfGEM, 17th December 2012

⁹ Overarching National Policy Statement for Energy (EN-1), 2011, DECC, 5.9.9-5.9.11

¹⁰ How to do it: a natural capital workbook, Natural Capital Committee, Annex 4, April 2017

However, from our knowledge of the Dunford East scheme we would suggest that the choice of schemes and their length should be re-considered in relation to a RIIO-2 VIP. These issues would include whether a narrow focus on the highest assessed intrusiveness is the best option, when it potentially then causes additional intrusion (within a sensitive area) with the introduction of new infrastructure (in the form of a sealing end compound). The potential outcome at Dunford East raises the substantive issue of whether doing fewer but more comprehensive schemes would lead to greater overall (net) landscape amelioration.

We do not believe further studies of WTP are required at this stage. Before this is necessary the VIP must first show concrete results on the ground that can be appreciated and considered by the public. National Grid's recent commissioned work on acceptability of the VIP¹¹ showed strong support from consumers to pay for removal of overhead transmission wires, which reinforces that it is acceptable to charge consumers for such benefits. However, greater transparency that this occurs would be welcome.

ETQ47. Do you agree with our proposals to modify the implementation process by which funding requests for mitigation projects are submitted and approved?

OfGEM proposes that mitigation projects should be submitted as part of RIIO-ET2 business plan submission. In principle we *might* agree. It would mainstream visual impact to 'business as usual' if mitigation of existing lines is in the plan, in the same way that new transmission lines are, rather than being a separate project. National Grid has undertaken substantial and robust assessment of its overhead transmission lines in designated areas, and would therefore be able to plan ahead, although we are not aware that other TOs have such a comprehensive understanding of future potential projects¹².

For RIIO-2 VIP, National Grid's guiding principles for scheme selection¹³ coupled with the data and experience that has accrued through the RIIO-T1 should allow future outputs to be constructed and an appropriate allowance to be made. Such an approach sits well with the Natural Capital Committee's *'two simple guidelines for natural capital investments: (1) Decision makers should consider the benefits of alternative options for using the resources available to them; (2) The overall stock of natural assets should be improved. Taking these two rules together can help ensure good value for money for taxpayers who fund public investment'*¹⁴.

The risks, uncertainty and costs attached to mitigating existing lines, coupled with some ambivalence towards the presence of electricity infrastructure in the countryside uncovered in National Grid's VIP acceptability report, may increase the level of challenge by the TOs' User Group for such projects. This could result in a situation where there is clear support for an expenditure allowance as evidenced by consumer WTP research but the TOs are challenged later with the business plans. If this happened, OfGEM and the TOs would be failing to meet the statutory responsibilities towards designated landscapes which led to the creation of the allowance in the first place. We suggest that if visual impact mitigation is to appear in the business plan it must be presented as the statutory duty it is, equivalent to other statutory duties placed on the TOs.

Welcome though the LEI is we are concerned that low cost solutions should not undermine the long term goal of removal of all transmission lines in designated areas wherever appropriate. If a

¹¹ VIP Acceptability, National Grid commissioned report by Accent April 2018

¹² Visual Impact of Scottish Transmission Assets (VISTA) | December 2016

¹³ Visual Impact Provision, how we intend to reduce the visual impact of electricity transmission lines in national parks and AONBs, National Grid, 2013

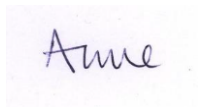
¹⁴ How to do it: a natural capital workbook, Natural Capital Committee, Annex 4, April 2017

small allocation is to continue for the LEI, it should be focused on those stretches of overhead lines where undergrounding would be unlikely in the short-medium term.

ETQ48. We welcome stakeholders' views on any other considerations they think are relevant to policy development for visual amenity issues in RIIO-ET2.

As we wrote previously, we do not support reverting to 5-year price control periods. A longer period is essential to develop and implement long term plans, as the current VIP process during an 8-yr period has shown. For example, the undergrounding of overhead high voltage lines in designated landscapes requires several years development before a project is ready to enter the statutory processes. If the period does revert to five years, we suggest that mitigating visual impact should be planned over two price control periods which would give a time frame of 10 years.

Yours sincerely

A handwritten signature in blue ink that reads "Anne". The signature is written in a cursive, flowing style.

Anne Robinson
Campaigner