

Ofgem

RIIO-2 consultations

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## **Ofgem RIIO-2 Sector Specific Methodology Consultation**

### **Response from Cymdeithas Eryri Snowdonia Society**

The Snowdonia Society is the registered charity which for more than 50 years has cared for and protected Snowdonia. Through advocacy and practical conservation we strive to meet the needs of people and nature through the work of nurturing one of our most inspiring National Park landscapes.

The landscapes of Snowdonia are the foundation for our work. Valued across society<sup>1</sup>, Snowdonia also provides the natural resources on which a great deal of the economy of North Wales is based.

### **Wider comments**

We work closely with Campaign for National Parks (CNP) and we strongly support their response to this consultation.

Ofgem is responsible for a key means of enhancing the landscape of our National Park, through RIIO-1 and its framing of National Grid's Visual Impact Provision (VIP) programme. We have closely followed and contributed to the VIP process through its stages of assessment, evaluation, selection and confirmation. Today we actively support the implementation stage of the Dwyryd estuary undergrounding project, as a proof of principle and also in the specifics of its execution. It is a project which chimes closely with our aims as an organization and offers important learning opportunities and lessons for future application.

Our experience of the VIP project so far suggests that the existing environmental outputs under RIIO-1 are appropriate and fit for purpose. With that in mind we are concerned that some of the changes proposed for RIIO-2 may weaken the focus on environmental protection and enhancement. The environmental outputs should in our view be retained as they are, as

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<sup>1</sup> <https://beta.gov.wales/written-statement-valued-and-resilient-welsh-governments-priorities-areas-outstanding-natural>

**Cymdeithas Eryri the Snowdonia Society**  
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a key mechanism for Ofgem to deliver its environmental responsibilities under the Electricity Act 1989 and its statutory duties relating to conserving and enhancing designated landscapes.

A further concern is with the overall objective for RIIO-2 to *'ensure that regulated network companies deliver the value for money services that both existing and future consumers need'* (para 2.9). This objective is a backwards step from RIIO-1 terms, which referred in its objectives to the delivery of a sustainable energy sector. Narrowing the focus onto value for money for customers, particularly where the customer voice is strengthened through the enhanced stakeholder engagement activity, will reduce the likelihood that a sustainable energy sector will be delivered. Keeping the objective as it is worded in RIIO-1 would better reflect Ofgem's statutory duties and provide the environmental sustainability context within which 'value to customers' should be delivered.

Failure to properly consider environmental issues at an early stage will inevitably increase opposition to proposals from environmental stakeholders. This in turn is likely to result in bigger costs and longer delays as issues will have to be addressed at more advanced stages of the process.

**ETQ45. We welcome views on incentivising the TOs' engagement with stakeholders on the development of new transmission projects through our stakeholder engagement proposals, for example through the use of a survey.**

We have found our consultations with National Grid over the Dwyrdd estuary project extremely useful. By extension therefore, we support measures which encourage transparency in TOs' dealings with stakeholders. The development of such major projects takes time and involves numerous stages of consultation, so it is important that stakeholders understand how decisions are made and how they can provide input to the decision process. Transmission projects which affect National Parks, which are national assets, require appropriate stakeholder engagement and consultation at the national level as well as locally.

We are concerned that the enhanced stakeholder engagement which has been put in place for RIIO-2 does not address environmental issues effectively and it is not clear how the process would address proposals relating to visual amenity.

**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?**

On behalf of our thousands of members and supporters we strongly urge that RIIO-2 retains, strengthens and lengthens the current scheme to mitigate the visual impact of pre-existing transmission infrastructure in designated areas. Across society there is a high level of support for removing electricity infrastructure from designated landscapes.

The RIIO-2 framework needs to retain provision for TOs to reduce the visual impacts of existing transmission and distribution infrastructure. We are delighted that this work is underway but there is a mountain to climb; many more precious National Park landscapes could be transformed by the removal of overhead lines.

As the scheme for transmission lines was only introduced in the current price control period, it has not yet had much impact on the ground. The work required to plan and implement the removal of transmission lines is immense. There is real potential to build on the work undertaken to date during future price control periods. For example, National Grid commissioned extensive research to assess the landscape and visual impacts of all the overhead transmission lines in designated landscapes in England and Wales.

The public is entitled to expect that its very finest landscapes to be free of visual intrusion. If they are significantly marred by electricity transmission infrastructure then the value of that loss of amenity is an externalised cost, imposed by the TO onto the public. The negative impact on amenity is a failure of market mechanisms to provide a public good. In such circumstances 'willingness to pay', a standard market device, is not the most appropriate method of measurement. Put simply it is like a thief asking their victim how much they will pay to get their belongings back. 'Willingness to pay' compounds the market error against the public interest rather than correcting it, and is likely to result in grave underestimates of the cost to the public of the amenity loss.

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

We support retaining the scope of the scheme on National Parks, AONBs and national scenic areas. The focus for now should be on ensuring successful delivery of the scheme for designated landscapes. Once a number of projects have been implemented it may be worthwhile to extend the scheme to other areas. When the benefits of this work are more visible, there is likely to be increased support from bill-payers for replicating it more widely.

We are concerned about the implications of moving to a five-year price control period. It takes time to develop and implement complex long-term projects, such as the removal of transmission lines from designated landscapes.

RIIO-2 should clarify and confirm that funding can be spent on reducing the impacts of infrastructure in the setting of designated landscapes. This was the case for RIIO-1 and for the allowances for distribution operators but does not currently appear to have been allowed for in RIIO-2. It is important that transmission and distribution lines which cross boundaries and continue outside designated areas can be addressed.

Finally, we believe it important that proposals relating to new transmission infrastructure consider the impact of projects on the setting of designated landscapes.

We are happy for this response to be made publicly available.

Yours

John Harold

Cyfarwyddwr- Director

Cymdeithas Eryri Snowdonia Society