



RIIO-2 Sector Specific Methodology

Annex: Electricity Transmission

Response submitted by the National Trust to Ofgem

14 March 2019

The National Trust is a charity founded in 1895 by three people who saw the importance of our nation's heritage and open spaces and wanted to preserve them for everyone to enjoy. More than 120 years later, these values are still at the heart of everything we do. We look after special places throughout England, Wales and Northern Ireland for ever, for everyone.

Visual amenity impacts of transmission infrastructure

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.

The National Trust are pleased that Ofgem recognises the importance of engaging with stakeholders and has stated that it expects transmission owners to put stakeholder interests at the heart of their activities. We welcome measures and incentives that would encourage transmission owners to engage effectively with stakeholders on the development of new transmission projects, which will reduce their impacts and make the planning process smoother.

Transmission owners are responsible for substantial pieces of infrastructure that have a significant direct and indirect impact on the landscape. It is notable that major energy projects currently represent one of the largest single categories of development activity likely to result in a major or high risk impact to National Trust property. It is vital that transmission owners engage effectively with organisations, groups and individuals who understand the landscape and the ecological and archaeological concerns of areas in which they operate.

In recent years National Grid has increasingly developed a positive relationship the Trust in connection to new transmission projects. Notably, the Trust was a stakeholder for the North Wales Connection, where we experienced good communication and engagement on project development. National Grid have highlighted that during eight years of work on the project, they considered over 5,000 pieces of feedback, hosted 70 consultation events, and undertook thousands of assessments which resulted in hundreds of changes to their proposals.

We found the technical staff from National Grid to be visible and transparent, providing regular update briefings, and available to answer general and technical questions. This

considerably helped work during the pre-application stage and enabled informed internal understanding of the project within the National Trust, as well as driving an appropriate scheme design for our property at Plas Newydd.

This way of partnership working for the North Wales Connection project was one of its key strengths. Contrasted with the experience of the North West Coast Connection, where stakeholders felt there was a lack of collaboration, it can be seen how working together with stakeholders and allowing open communication and input from the beginning means that the process is a lot less disruptive. This allows for planning considerations to be understood with concerns raised and resolved early, resulting in fewer objections later in the process.

With major energy projects a running interest for the National Trust, we frequently engage with National Grid on new infrastructure projects. This positive way of working has grown out of the strong set of relationships built in the VIP project and has progressed into a mutual understanding that has allowed for an openness in communication beyond just this project.

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?

We strongly support the retention of the existing scheme to mitigate the visual impact of pre-existing transmission infrastructure in designated areas.

There is a significant public benefit that is delivered from a reduction of the visual impacts of existing transmission lines in National Parks and Areas of Outstanding Natural Beauty (AONBs). AONBs and National Parks welcome more than 260 million visitors annually, who spend in excess of £6bn and support thousands of jobs and businesses. These landscapes are highly valued by both local communities comprising of energy consumers, and tourists. Pylons and overhead lines have a noticeable detrimental visual impact and affect enjoyment of these treasured landscapes.

The National Trust recognises the need to balance preserving the visual amenity of landscapes and the transmission owners' statutory duty to deliver projects in an economical and efficient way. Ofgem also has a statutory duty in regard to the effect on the environment of energy network activities and to the purposes of National Parks, The Broads and Areas of Outstanding Natural Beauty, to conserving biodiversity, and the interests of individuals residing in rural areas.

The consultation document recognises that there may be pre-existing transmission lines that have adverse visual impacts, and which may be considered unacceptable by today's planning standards. Retaining the existing scheme to mitigate the visual impact of transmission infrastructure, backed up by the consumer willingness to pay, is a highly effective way of balancing these statutory duties and reducing the adverse visual impact of schemes that might not be granted planning permission under existing standards.

In National Grid's 2012 Willingness to pay survey for the RIIO-ET1 price control period, nearly 80% of respondents in the quantitative survey indicated a willingness to pay to mitigate the visual impact of transmission infrastructure. This indicates a strong directive from consumers to support mitigation projects that reduce the impact of transmission infrastructure on designated landscapes.

Whilst the National Trust understands that National Grid is already undertaking its own willingness to pay exercise for the new price control period, we would like to see a higher ambition for funding. The willingness to pay analysis for the RIIO-ET1 price control period recommended an allowance of £1.1bn, with £500m then allocated. This was a significant and strong step towards looking after some of the country's most prized landscapes, however we now believe there is an opportunity to be even more ambitious. The projects already underway have demonstrated success and alongside the projects' learning there is reason to increase the scheme's funding to match the consumer's appetite to reduce the impact of transmission infrastructure.

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

The National Trust supports some of the proposals to modify the implementation process by which funding requests for mitigation projects are submitted and approved.

We agree in principle that transmission owners should include proposals for mitigation projects before the RIIO-ET2 period starts. However, we are concerned that including these in the business plan submissions for RIIO-ET2 would not allow enough time for stakeholder engagement. The National Trust understands this would require transmission owners to submit major transmission infrastructure project proposals before June of this year. Given that Ofgem have expressed their desire for transmission owners to put stakeholders at the heart of their activities, it does not seem appropriate to leave transmission owners with too little time to communicate effectively with stakeholders, allowing them to assess the most suitable projects.

The National Trust works as part of the Stakeholder Advisory Group for the VIP project and will work closely with National Grid to put forward submissions for RIIO-ET2. We would support the submission of mitigation projects to be due during 2020, allowing enough time for transmission owners to engage effectively with stakeholders.

The National Trust supports that new mitigation projects involving engineering solutions should be categorised as price control deliverables. We also support the retention of the assessment of efficient costs, as undertaken in RIIO-ET1, for determining the adjustment made to transmission owners allowed expenditure for a high value mitigation project in RIIO-ET2.

Currently the process for allocating and releasing funds for low cost solutions as part of the Landscape Enhancement Initiative takes a lengthy amount of time, with delays of up to 12 months. This can be frustrating for the projects which have been agreed funding, as the

initial application process only takes a few months. We believe that streamlining the process through the administration of a pre-agreed fund by an independent panel would be appropriate, and would significantly speed up this process by reducing the regulatory duty on Ofgem.

However, the National Trust does not support the expenditure cap for low cost solutions being set at 2.5% of overall consumer willingness to pay within RIIO-ET2. We believe that this figure would be too low and does not accurately reflect the uptake of the schemes. As the scheme further develops and settles, and considering the proposals for streamlining the funding process, it is anticipated that more applications will be submitted and therefore the 2.5% will not be able to match the ambition.

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

As part of the UNESCO World Heritage Convention, the Government and its bodies have a duty to protect and conserve World Heritage Sites.

World Heritage Sites are by their very nature of international and national importance. Whilst in connection with the VIP a large proportion of these sites are already within designated areas covered by the scheme, there are many sites affected by smaller Distribution Network Operators (DNO) infrastructure in the UK. The UK government still has an explicit obligation to protect and maintain World Heritage Sites and it is vital that communications around why they are not currently relevant for the RIIO-ET2 scheme does not create a disincentive for DNOs and other bodies to look after them.

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