



To: RIIO2@ofgem.gov.uk

Cc: South East and East of England Regions Protected Landscapes: Undergrounding of Overhead Lines Project Steering Group.

SENT BY EMAIL

30th September 2020

Dear Sir/Madam,

Re: RIIO-ED2 Sector Specific Methodology Consultation

I am writing to you in my capacity as Chair of the South East and East of England Regions Protected Landscapes: Undergrounding of Overhead Lines Project Steering Group.

This Group's objective is to agree a portfolio of undergrounding projects within the protected landscapes contained within the UK Power Networks licence areas, and in doing so make maximum use of the Ofgem undergrounding allowance for the current period.

The Group involves representatives from the following protected landscapes:

- South Downs National Park
- The Broads National Park
- The Chilterns Conservation Board
- Kent Downs Area of Outstanding Natural Beauty
- Suffolk Coast & Heaths Area of Outstanding Natural Beauty
- Dedham Vale Area of Outstanding Natural Beauty
- Norfolk Coast Area of Outstanding Natural Beauty
- Surrey Hills Area of Outstanding Natural Beauty
- High Weald Area of Outstanding Natural Beauty

Following a Steering Group discussion of the RIIO-ED2 Methodology Consultation, in particular the Environmental Proposals in Annex 1 relating to **Undergrounding in areas of outstanding natural beauty and national parks** (pg. 151-154) we have the following comments for your consideration:

Consultation Question OUTQ62. Do you agree with our proposal to retain the visual impact allowance for RIIO-ED2?

Yes, the Steering Group strongly supports the retention of the visual impact allowance for RIIO-ED2.

Overhead electricity infrastructure is a key detractor from the natural beauty of our nationally important landscapes. Investment to remove pre-existing overhead lines enhances both the landscape and the visual amenity for those who live in, work in and visit these outstanding places.

Working with landowners, local stakeholders and UK Power Networks the Steering Group has delivered tremendous undergrounding schemes during ED1. We witness first-hand the positive effects this work has on local people and hear statements such as:

Catherine Lindsay-Davies from Shingle Street in Suffolk Coast & Heaths AONB cried with happiness whilst watching the last pole being removed saying *"The residents of Shingle Street are delighted that this project has been completed and that the landscape has been restored to its natural and unspoiled beauty, and for the beneficial impact on our wildlife"*

We feel it important to note that although there currently appears to be an underspend in our DNO portion of the allowance, the ED1 fund has been fully allocated to undergrounding projects which UK Power Networks and local stakeholders are fully committed to deliver by the end of ED1.

Consultation Question OUTQ63. Do you agree with our proposed approach to setting a funding pot for the visual impact allowance for RIIO-ED2?

Yes, the Steering Group supports the proposed approach to setting a funding pot for the visual impact allowance for RIIO-ED2. However, we do have some additional points for your consideration:

1. We would ask if the steadily rising costs of delivering undergrounding projects could be reflected in the total visual impact allowance offered in ED2? This increased allowance would help ensure that going forward, at least equal amounts of excellent projects can continue to be delivered.
2. We would ask if multiple DNO's are in one ownership (in our case, SPN and EPN in the ownership of UK Power Networks) whether there could be some level of flexibility or fluidity of an agreed portion of the allowance (for example, 20%) between those DNOs if agreed by the local stakeholder / Steering Group?
3. Further to the above, we would ask whether it is possible to have some level of flexibility of an agreed portion of the allowance (for example, 30%) between DNOs in differing ownership should it look like the allowance will not be spent in that DNO within ED2 and if agreed by the affected local stakeholder / Steering Group? As the allowance is a 'use it or lose it' an underspend would be triggered at a set time before the end of the allowance period to avoid the allowance being lost altogether. We believe this fluidity is justified as we know that the general public travels considerable distance from elsewhere within England to visit and holiday in our National Parks and AONBs.
4. To date the majority of the Ofgem allowance has been spent on undergrounding 11kv, low voltage plus much smaller lengths of 33kv network. However, our protected landscapes are also impacted by higher voltage wires including 132kv wires on large steel towers which have widespread landscape impacts and affect the

visual amenity for a large number of people. There is a great aspiration to remove sections of the existing 132kV network but the costs associated with undergrounding this higher voltage network are considerably higher per km than the 11kV network. Progressing one 132kV scheme in just one protected landscape could potentially use the majority of the ED2 allowance for the whole DNO. We would therefore ask if an additional allowance could be specifically allocated by Ofgem to remove 132kV network in our nationally important landscapes.

5. Steering Group members invest significant amounts of staff time in developing and implementing undergrounding schemes. To date, these staff costs have not been included in the costs that are recovered through the allocation. We would ask if these staff costs could be included, to reflect the costs borne by the Steering Group member organisations.
6. As the consultation document states, DNOs recover the costs of undergrounding projects at the end of the price control period. We do have a concern that the inevitable time lag between incurring costs and recovery may limit the amount of work that can be achieved during the ED2 period. We would ask that consideration be given to allowing earlier recovery of costs where this would help ensure full use of the allowance.

Thank you for the opportunity to comment on your proposals. The Steering Group would be happy to discuss these issues with you further should you wish. I am confident also that, when Covid-19 restrictions allow, Steering Group members would be very willing to host your staff in visiting some of these outstanding landscapes and showing you planned and completed undergrounding schemes that the allowance has enabled to go ahead.

Yours faithfully



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