



Making a positive difference
for energy consumers

All interested stakeholders

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Date: 15 January 2021

Dear stakeholder,

Decision on Enhancing Pre-existing Infrastructure outputs and allowed expenditure adjustment within National Grid Electricity Transmission's RIIO ET1 price control (electricity transmission licence special condition 6G)

This letter sets out our¹ decision under paragraph 6G.14 of Special Condition (Mitigating the impact of Pre-existing Transmission Infrastructure on the visual amenity of Designated Areas) on new Enhancing Pre-existing Infrastructure (EPI) outputs and a related adjustment to National Grid Electricity Transmission's (NGET) allowed expenditure under the RIIO-ET1 price control. A notice is published alongside this decision setting out the proposed modifications to NGET's electricity transmission licence to implement this decision.

Background

In 2016, NGET introduced the Landscape Enhancement Initiative (LEI) as part of its Visual Impact Provision (VIP) policy.² Under the LEI, NGET invites applications for grants from local stakeholders for smaller visual improvement and landscape enhancement projects in National Parks and Areas of Outstanding Natural Beauty that are adversely affected by pre-

¹ The terms 'Ofgem', 'the Authority', 'we' and 'us' are used interchangeably in this document.

² For further information on NGET's VIP: <https://www.nationalgrid.com/uk/electricity-transmission/document/120581/download>

existing transmission infrastructure. Such projects might include landscaping to screen infrastructure, works to enhance the special landscape characteristics, and/or works to re-focus views.

NGET has requested a new allowance to fund the projects that meet the LEI criteria. The deliverables from these mitigation projects are EPI outputs.

Funding request

NGET has requested £1.876 million³ for 12 mitigation projects. The LEI projects are located in:

- Blackdown Hills Area of Outstanding Natural Beauty (AONB)
- Cotswolds AONB
- Forest of Bowland AONB
- Lake District National Park (NP)
- New Forest NP
- Northumberland NP
- Snowdonia NP
- Suffolk Coast and Heaths AONB

Appendix 1 contains more background information on NGET's VIP policy, the LEI and the 12 LEI projects.

Our review of NGET's EPI output and funding submission

To assess the EPI output and funding request we have reviewed NGET's project submissions, the project applications and supporting material from the project applicants.

For each project, we examined the application summary to verify the project meets the LEI project criteria set by NGET in its VIP policy. We then looked at the costs of the main activities and/or deliverables involved in each project to get a break down of total project costs to consider whether these are economical and efficient. Another aspect we reviewed is the match funding and in-kind contribution made by landowners and the AONB and National Park (NP) bodies to the total project costs.

³ All values are stated in 2019/20 prices unless otherwise stated differently.

Our decision

We are satisfied that the projects are consistent with NGET's VIP policy, and also meet the LEI project criteria. Accordingly, we consider the projects will benefit existing and future consumers by mitigating the impact of the existing transmission infrastructure on the highly valued landscape and visual amenities in the designated areas.

We note that many of the projects will also contribute more broadly in terms of benefiting local wildlife and ecology by increasing habitat connectivity and biodiversity. The projects also contribute to socio-economic objectives by increasing public accessibility to the designated areas, local sustainable development and offering training and volunteer opportunities.

We have completed our cost review. Based on the information provided we are satisfied that the estimated project costs for delivering the EPI outputs, £1.876 million, are economical and efficient. We also note that £1.006m will be incurred in the next price control period, RIIIO-2 (starting April 2021).

We have decided to adjust NGET's RIIIO-1 allowed expenditure for expenditure that will be incurred in this price control period by £0.87 million. We will adjust NGET's RIIIO-2 allowances by £1.006m in the first annual update of the RIIIO-2 price control financial model for the 12 LEI projects covered by this decision letter.

We are publishing a notice under Part C of Special Condition 6G setting out the proposed modifications to NGET's licence: adding new EPI outputs and increasing its RIIIO-1 price control allowance by £0.87 million⁴.

Next steps

Please send any representations in response to the aforementioned notice to anna.kulhavy@ofgem.gov.uk on or before 15 February 2021. We will consider responses to the consultation on the proposed licence modification before publishing a direction notice.

Yours faithfully,

Min Zhu

Deputy Director, Transmission, RIIIO

⁴Equivalent to £0.645m in 2009/10 prices.

Appendix

Background to the Landscape Enhancement Initiative

In 2014, NGET established the VIP Stakeholder Advisory Group in 2014 to advise it on EPI outputs to reduce the impacts of its pre-existing transmission lines in AONBs and NPs in England and Wales. In addition to a small number of major capital engineering projects, the VIP Stakeholder Advisory Group recommended to NGET that it should also progress smaller localised visual improvements and landscape enhancement projects.

The VIP Stakeholder Advisory Group championed the potential benefit of smaller projects to help lessen the impact of pre-existing transmission infrastructure. It is anticipated that these smaller, less capital-intensive projects will include a variety of mitigation works. For example, landscaping to screen infrastructure, works to enhance the special landscape characteristics of the area, works to re-focus park users' views, as well as works to increase public access to areas that are less adversely affected by transmission lines.

In 2015 NGET amended its VIP policy to include the LEI, which covers the criteria and process by which smaller mitigation projects, led by local stakeholders, can be funded and contribute EPI outputs. NGET launched the LEI in 2016.

NGET operates the LEI as a grant scheme. The initiative is only open to AONBs and NPs that contain or are affected by NGET's overhead electricity lines and were included in the landscape and visual impact assessment report NGET commissioned in 2014.

Applications are assessed against a set of LEI project criteria. All projects are expected to meet the primary criteria of reducing visual impacts of pre-existing transmission lines/and or enhancing the landscape in ways to shift the balance away from the impact of the overhead lines. The primary criteria also include compatibility with local landscape character and with AONB and NP management criteria. The applications are also assessed against secondary criteria, covering other environmental, social, economic and practical project factors.

The project applicants are required to match 25 per cent of the total project costs and there is a maximum limit on LEI funding of £200,000 per application. Up to £4 million per year is available for LEI projects until March 2021.

In accordance with its VIP policy, NGET appointed a grant administration specialist to administer the day to day running of the scheme. Applications are reviewed initially by a

grant officer and also by professional landscape assessors, who make a preliminary assessment of the project's merits against the scheme criteria and provide guidance to the LEI funding panel. The LEI funding panel, made up of an independent Chair Person and external experts from Cadw, Historic England, Natural England and Natural Resources Wales, review applications and make its recommendations to NGET on which projects to fund.

LEI projects covered by this decision

This decision has considered 12 projects in total, which the LEI panel recommended to NGET as suitable for funding under the LEI criteria. The tables below summarise the LEI projects and the proposed EPI outputs.

Please note that we have adjusted the delivery dates for the EPI outputs by two years because of the Covid-19 pandemic. This is because it has delayed our decision on NGET's LEI applications, and because the ongoing lockdown measures in 2021 could further slow or restrict the delivery of the projects.

1. Blackdown Hills AONB: Hillforts of the Hills

Project addresses the impacts of the overhead line by restoring and enhancing key features of the landscape that underpin the AONB's character.

Overhead line section	Impact of existing lines⁵	Proposed EPI output	Mitigation activity	Volume	Date
4YA.1	3	Landscape enhancement and reduced visual impact	Hedgerow laying	159m	2023
4YA.2	13		Hedgerow fencing	2.5 ha	2024
4YA.3	15		Scrub clearance	2.5 ha	2024
			Tree surgery	70 trees	2024
			Stock proof fencing and gates	1500m and 2 gates	2023
			Historic earthbank restoration	150m	2024

2. Cotswolds AONB: West of Winchcombe Landscape

Project reduces the visual and landscape impact of the transmission lines through dry stone wall restoration.

⁵ The impact scores are from National Grid's 2014 Landscape and Visual Impact Assessment report on pre-existing transmission lines. Line sections with a measure of 25 or greater denote very high impact, 20 to 24 is assessed as high impact, 10 to 19 as moderate impact and lines with a score of 10 or less have a lower impact.

Overhead line section	Impact of existing lines
ZF.2	24

Proposed EPI output	Mitigation activity	Volume	Date
Landscape enhancement and reduced visual impact	Dry stone wall restoration	1860m	2024

3. Cotswolds AONB: Restoring Cheltenham's Escarpment Grasslands

Project addresses the impacts of the overhead line by restoring and enhancing key features of the landscape that underpin the AONB's character.

Overhead line section	Impact of existing lines
ZF.2	24

Proposed EPI output	Mitigation activity	Volume	Date
Landscape enhancement and reduced visual impact	Dry stone wall restoration	120m	2023
	Grassland restoration through gorse management	14 ha	2027
	Grassland restoration through scrub clearance	2400 sq m	2024
	Selective tree felling	1.5 ha	2024
	Larch removal	1800 sq m	2024
	Veteran tree preservation	10 trees	2023
	Fencing	1000m	2023
	Footpath restoration	1000m	2023
	Monument restoration (lime kiln)	1	2023

4. Cotswolds AONB: Hampnett to Chedworth Boundary Restoration

Project addresses the impacts of the overhead line by restoring and enhancing key features of the landscape that underpin the AONB's character.

Overhead line section	Impact of existing lines
4TE.1	19

Proposed EPI output	Mitigation activity	Volume	Date
Landscape enhancement	Dry stone wall restoration	1712m	2025

and reduced visual impact			
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5. Forest of Bowland AONB: Quernmore and the Condor Valley Landscape Enhancement Initiative

Project addresses the impacts of the overhead line by restoring and enhancing key features of the landscape that underpin the AONB's character.

Overhead line section	Impact of existing lines	Proposed EPI output	Mitigation activity	Volume	Date
4TC	13	Landscape enhancement and reduced visual impact	Hedge creation	4137m	2025
ZX	13		Hedge restoration	1345m	2025
			Hedge laying	2608m	2025
			Tree cages	18	2025
			Woodland creation	1.08 ha	2025
			Drystone walling	304m	2025
			Standard hedgerow trees	165 trees	2025

6. Lake District National Park: Healing Valley Mires

Project addresses the impacts of the overhead line by restoring and enhancing key features of the landscape that underpin the NP's character.

Overhead line section	Impact of existing lines	Proposed EPI output	Mitigation activity	Volume	Date
ZX	18	Landscape enhancement and reduced visual impact	Upland wetland habitat improvements	222 ha	2023
			Wetland hydrological functioning improvements	222 ha	2023

7. Lake District National Park: Highlighting History at Lowther

Project addresses the impacts of the overhead line by restoring parkland features of the landscape.

Overhead line section	Impact of existing lines	Proposed EPI output	Mitigation activity	Volume	Date
ZX.1	24	Landscape enhancement	Restoration of parkland features	2 X limekilns 1 bridge	2025

and reduced visual impact		2 dewponds 1 drinking trough 1 hoggist Gate piers	
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8. New Forest National Park: Restoration of Franchises Lodge

Project addresses the impacts of the overhead line by enhancing key features of the landscape and increasing public access.

Overhead line section	Impact of existing lines	Proposed EPI output	Mitigation activity	Volume	Date
4YB.3	18	Landscape enhancement and reduced visual impact	Rhododendron removal	62 ha	2025
			Land restoration	150 ha	2025
			Tumuli restoration	1.2 ha	2023
			New footpaths	2040m	2025
			Rubbish removal	120 cubic metres	2023

9. Northumberland National Park: Hadrians Wall

Project addresses the impacts of the overhead line through the enhancement of the Hadrian's Wall National Trail and restoration of dry stone walling.

Overhead line section	Impact of existing lines	Proposed EPI output	Mitigation activity	Volume	Date
XB.1	12	Landscape enhancement and reduced visual impact	Enhancement of National Trail	980m	2023
XB.2	15		Dry stone wall restoration	432m	2025

10. Snowdonia National Park: Carneddau Connectivity

Project addresses the impacts of the overhead line by restoring and enhancing key features of the landscape that underpin the NP's character.

Overhead line section	Impact of existing lines	Proposed EPI output	Mitigation activity	Volume	Date
4ZB.1	19	Landscape enhancement and reduced visual impact	Hedgerow restoration	9000m	2025
4ZB.2	15		Tree planting	5927 trees	2025
4ZB.3	9		Woodland creation	2 ha	2025

	Invasive Rhododendron removal	26 ha	2025
	Meadow creation	3.5 ha	2025

11. Suffolk Coast and Heaths AONB: Suffolk Scenic Sights and Watery

Wilderness

Project addresses the impacts of the overhead line by restoring and enhancing key features of the landscape that underpin the AONB's character.

Overhead line section	Impact of existing lines	Proposed EPI output	Mitigation activity	Volume	Date
4ZW	21	Landscape enhancement and reduced visual impact	Hedgerow creation	700m	2025
4ZX	21		New viewpoint clearings	3	2025
			Native species underplanting	100 whips	2025
			New wetland scrapes	0.4 ha	2025
			New grips	353m	2025
			New scrape creation	0.34 ha	2025
			New sluices	15	2025
			New mobile electric fencing	700m	2025
			New livestock access bridge	1	2025

12. Suffolk Coast and Heaths AONB: Views of Minsmere

Project addresses the impacts of the overhead line by restoring and enhancing key features of the landscape that underpin the AONB's character.

Overhead line section	Impact of existing lines	Proposed EPI output	Mitigation activity	Volume	Date
4ZW	21	Landscape enhancement and reduced visual impact	New path creation	440m	2026
4ZX	21		Hide extension	4.5m	2026
			Additional little tern habitat	485 sq m	2027
			Improved lagoon habitat	24 ha	2027

	New viewing platform	1	2026
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