



**National
Trust**

Ingrid.samuel@nationaltrust.org.uk
Direct line: +44 07919 419999
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James Norman
Ofgem
9 Millbank
London
SW1P 3GE

Dear James,

Extending competition in electricity transmission: arrangements to introduce onshore tenders

The National Trust is pleased to offer the following response to Ofgem's consultation paper on extending competition in electricity transmission to onshore tenders.

About the National Trust

The National Trust is Europe's largest conservation charity with more than 4.5 million members and an annual turnover of £450 million. Established over 115 years ago, our primary purpose is to promote the preservation of special places for the benefit of the nation. To achieve this aim we manage over 250,000 hectares of countryside, 3,620 listed buildings, and 700 miles of coastline across England, Wales and Northern Ireland. We are the largest private landowner in the UK. We have special legal powers to declare land inalienable to prevent it from being sold or mortgaged against the Trust's wishes without special parliamentary procedure, and to hold covenants on land not owned by the Trust. Given the range of our activities, we are in a position to comment both from the perspective of a landowner and as a major conservation organisation responsible for safeguarding the nation's natural and historic assets. We hope that this will be the start of a process of ongoing engagement and wider consultation.

The impact of any kind of infrastructure on the natural and historic environment is always of keen interest to the National Trust. We recognise the vital importance to society of both energy production and its efficient transmission, and understand that introducing competition

National Trust
Heelis
Kemble Drive, Swindon
Wiltshire SN2 2NA
Tel: +44 (0)1793 817400
Fax: +44 (0)1793 817401
www.nationaltrust.org.uk

President: HRH The Prince of Wales
Chairman: Tim Parker
Director-General: Dame Helen Ghosh DCB

Registered office:
Heelis, Kemble Drive, Swindon, Wiltshire SN2 2NA
Registered charity number 205846

into the market may be an appropriate way to deliver value to consumers. However the benefits of increased competition must continue to be weighed against any potentially negative impacts, particularly the impact on sensitive landscapes, which also provide benefit to the nation and are always at risk of being taken for granted. We believe that it is of paramount importance that current proposals are subject to a robust regulatory impact assessment that considers not only consumer but also broader public interests. The Trust feels there is additional work to do in this respect. Impact assessment to date appears to draw heavily on the experience of Offshore Transmission Owners, without adequately accounting for environmental and other differences between the onshore and offshore regime.

Additional points that we would like to see considered as the proposals are developed are set out below:

Overall objectives for competitive tendering. Firstly, we note that the objectives given for the scheme (set out in para 1.6) do not consider the wider environmental and social impacts of the proposed change. A wider sustainable development approach which considers economic, environmental and social impacts from the outset would be more appropriate and a better guide to development, than leaving these considerations to be picked up when individual proposals proceed through the planning system.

Length of contract. We believe that shorter contracts with the new competitively appointed transmission owners (CATOs) may well be a concern. Our understanding is that in the current context, assets are managed and maintained for 40-60 years. It is not clear to us what will happen to assets in the future when the newly proposed 25 year contract period expires. CATOs need to know what is expected from them from the outset, and we believe that Ofgem should expect tender companies to take a whole life view of the investment, including decommission and disposal.

Focus on cost. Competitive tendering (particularly given the objectives as currently proposed) is bound to focus on price, and CATOs will produce competitive proposals by excluding perceived non-priority elements to the contracts. We would like to understand

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what will not be done that is being done today under the current system in order to reduce costs. What is considered 'non-priority'?

Clearer bid criteria as they relate to impacts on the natural and historical environment would be helpful. We hope Ofgem will engage with non-industry participants (environmental NGOs, community groups) in the development of bid criteria. We would expect to see an appropriate weighting for environmental and social benefit, including visual amenity.

The consultation document points to innovation as a beneficial outcome of competition. However the Trust believes that without the right bid criteria, there is a risk that in order to win the work bidders will find themselves unable to take a progressive approach. An example might be the T-Pylon, which was designed in order to reduce visual impact. It costs more than normal pylons, which still meet the required standard. Bid criteria and tender assessment should allow for consideration of options like this where most appropriate. The risk of negative impact lies in the discretionary elements of delivery, which cumulatively may still add up to environmental harm.

In addition to impacting the environment, it is possible that moving to competitive tendering may also have a social impact on communities. One possible risk may arise from the shorter contracts. Will these weaken transmission owners relationship with, and commitment to, the communities/ environments in which their assets sit?

Finally, the Trust would also like to see further clarification regarding enforcement and who will ensure commitments are delivered upon. The obvious answer is that conditions will form part of the consent order, and the CATO will be bound by the bid process. But an equally obvious point is that different parties can interpret commitments differently. And the consent order may not cover everything in absolute detail. One example of this might be how the land is rejuvenated post construction.

It is notable that major energy projects currently represent the largest single category of development activity likely to result in a major or high risk impact to National Trust property. Recognising this challenge, National Grid and the National Trust have built a positive relationship in recent years, in connection to both new transmission infrastructure and the

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current Visual Impact Provision programme. The Trust would welcome a similarly productive relationship with new CATOs, and hope that any tender system will be constituted in such a way as to assist us in making this happen.

In conclusion, we look forward to engaging with Ofgem as these proposals are further advanced.

Yours sincerely

Dr Ingrid Samuel
Historic Environment Director

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