



DPCR5 Response
Electricity Distribution
Office of Gas and Electricity Markets
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By email to: DPCR5.reply@ofgem.gov.uk

13th February 2009

Dear Ofgem

Electricity Distribution Price Control Review Policy Paper
Ref: 159/08 & 159a/08
A joint response by the English National Park Authorities Association and the
Welsh Association of National Park Authorities

Introduction

The English National Park Authorities Association (ENPAA) exists to provide a collective voice for the nine English National Park Authorities, and the Welsh Association of National Park Authorities (WANPA) does likewise for the three Welsh National Park Authorities. Both organisations are governed by the Chairs of the Authorities. Our response represents the collective view of officers who are working within the policies established by the National Park Authorities (NPAs). Individual National Park Authorities may submit separate comments, which will draw on the specific issues for their particular area.

Both ENPAA and WANPA welcome this consultation which considers issues raised by stakeholders (including ENPAA and WANPA) in response to the Initial Consultation Document. We welcome the continuing recognition by Ofgem and the Distribution Network Operators (DNOs) of the importance of sustainable and appropriate electricity generation and distribution in National Parks.

We would like to take this opportunity to thank Non Governmental Organisations, particularly Friends of the Lake District and Friends of the Peak District, for their continuing commitment to and engagement with these schemes.

Our responses to the views expressed in the consultation on refinements to the current undergrounding scheme are set out below.

English National Park Authorities Association

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Undergrounding in AONBs and National Parks

Continuation of the allowance to underground overhead electricity lines (para 2.113)

We very much welcome Ofgem's confirmation of the continuation of the scheme into the next price control review period.

Extending the scheme to other areas (para 1.80)

We would not want any extension of the scheme to result in reduced funding available for AONBs and National Parks. We believe, however, that consideration should be given to extending the scheme to other protected or conservation areas. This would demonstrate a commitment by Ofgem to its wider environmental responsibilities. If the funding allowance was increased pro rata with the length of network brought into the scheme, an extension could be achieved without reducing resources available to National Parks and AONBs.

Funding of the scheme (para 1.82)

We believe from experience that it is currently unrealistic to expect or rely on matching funding from DNOs and alternative funding sources. There is a considerable amount of officer time and effort involved in identifying and securing suitable funding sources.

Our preferred option to revising the caps would be removing the voltage caps altogether while maintaining the overall cap. The revised caps do not allow scope for addressing some of the main issues that National Parks face, such as difficult terrain and environmental constraints such as archaeology. In these landscapes the underground route may need to be significantly longer than the overhead route, and problems arise from the voltage caps which do not allow for this or for the removal of over ground plants. The overall cap approach would enable stakeholders and DNOs to agree best value for money in terms of amenity value of schemes.

We note that customer willingness to pay is still the primary driver in determining the financial allowances for undergrounding. The allowance is one way that Ofgem discharges its environmental duties, which includes the duty to have regard to National Park purposes under Section 62 of the *Environment Act (1995)*. We believe that in discharging its environmental duties Ofgem should demonstrate a desire to act in the collective national interest regarding designated landscapes and the environment more generally, and not base its measure of value solely on individuals' willingness to pay.

Preventing new overhead lines (para 1.86)

We believe that DNOs and stakeholders should be able to consider on a case by case basis whether to use the allowance to top up the difference in costs between new construction and undergrounding. DNOs and stakeholders could assess proposed overhead lines against the amenity criteria and prioritise spending allocated to each area between existing lines and proposed new lines based on amenity priority. We would welcome guidance for the scheme reiterating the strong safeguards in planning which we hope would lead to a presumption of undergrounding in nationally protected landscapes.

Boundary issues (para 1.87)

We would encourage Ofgem to reconsider this issue at a future date, when a greater proportion of lines inside National Park and AONB boundaries will have been undergrounded.

Interactions with normal replacement work (para 1.88)

We welcome the decision to allow the undergrounding allowance to be used to fund the cost difference between normal replacement work and the new underground solution, where driven principally by visual amenity benefits.

DPCR4/5 overlap (para 1.89)

We would urge Ofgem to reconsider the decision not to allow overspill into DPCR5 for projects begun in the DPCR4 period. Experience has shown that project development and lead in times for undergrounding schemes are substantial, and we would like to see DPCR4 allowance carried forward (under DPCR4 rules and caps) for projects started during DPCR4 and completed during the early part of DPCR5.

Project officer funding (para 1.90)

We would support DNOs in seeking funding for a project officer to work on the scheme, where this is considered efficient and adds value to existing resources.

Proposed allowances (para 1.91)

We welcome the proposed allowances for undergrounding in AONBs and National Parks during DPCR5. We would like to see greater transparency in explaining the process by which the proposed allowances are arrived at, in order to enable comparisons to be made between companies and rounds of DPCR.

Lower carbon economy

We would like to take this opportunity to reiterate our comments regarding DNOs' role in a lower carbon economy, as made in response to the Initial Consultation Document. We welcome Ofgem supporting DNOs in enabling customers to manage their demand more effectively. We also support Ofgem in encouraging innovation by DNOs, particularly in maximising the potential contribution of small scale renewable electricity generation.

Improving service to the worst-served customers

Most of the populations of the English National Parks are considered worst-served customers, on mixed or overhead networks. We would welcome Ofgem using this price review to increase DNOs focus on these customers. Undergrounding benefits worst-served customers both in terms of landscape character and security of supply.

ENPAA is happy for our response to be made publicly available. Please do not hesitate to get in touch if we can help.

Yours sincerely



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