

Response to Ofgem ED3 Framework Consultation

January 2025

Introduction

1. Campaign for National Parks is the independent voice for National Parks in England and Wales. Our independence from Government means we can speak out for Protected Landscapes when no-one else can. Founded in 1936, we bring together a campaigning collective of organisations and individuals from all walks of life, united in common cause. Our first campaigns resulted in the creation of our National Parks. Now, inspired by our past, we fight for the future.
2. We want a world where nature and people are thriving in our National Parks, where wildlife is wild and natural beauty is protected for generations to come; where everyone, no matter their age or background, can access, feel inspired by and fight to protect the future of these truly amazing landscapes. With National Parks at the heart of everything we do, we are here to unite, inspire and empower everyone to take action.
3. This response starts with some general comments about the ED3 Framework and then sets out responses to some of the consultation questions. Our comments focus primarily on National Parks in line with our remit. However, many of the points we raise would also apply to National Landscapes (previously known as Areas of Outstanding Natural Beauty or AONBs).

Developing the ED3 Framework

4. We have a long-standing interest in the price control process having been closely involved, alongside other environmental NGOs, in the development and implementation of the visual amenity allowances for both electricity transmission and distribution operators.
5. All relevant authorities, including Ofgem and utilities providers such as the DNOs, have statutory duties relating to National Parks and National Landscapes (collectively known as Protected Landscapes). These duties have recently been significantly strengthened following the passing of the Levelling Up and Regeneration Act 2023 (LURA 2023). Section 245 of LURA 2023, which came into force on 26 December

2023, requires that relevant authorities now ‘seek to further’ the purposes of conserving and enhancing Protected Landscapes when exercising or performing any functions affecting land within these areas. Development in the setting of Protected Landscapes can have a negative impact on their special qualities and it is important to remember that these duties also apply to activities undertaken outside the boundaries of Protected Landscapes which may affect land within them.

6. Defra has recently published [guidance](#) on the implementation of the strengthened duties which sets out what relevant authorities should be doing to comply with them, making it very clear, for example, that relevant authorities need to have documented evidence of “the measures to which consideration has been given when seeking to further the statutory purposes of Protected Landscapes”. It also clearly states that the duty applies to activities undertaken outside the boundary of a Protected Landscape which have an impact within it.
7. The need to demonstrate compliance with the specific duties relating to Protected Landscapes played an important role in the creation of the visual amenity allowance for both distribution and transmission operators and the fact that these duties have now been strengthened means there is an even stronger justification for continuing this allowance now.
8. In addition, section 3A(5) of the Electricity Act 1989 requires Ofgem to have regard to the effect on the environment of activities connected with the generation, transmission, distribution or supply of electricity. Ofgem must ensure that it takes this requirement into account when considering its approach to environmental outputs. We do not believe that any changes are needed to the existing outputs and would like the existing environmental outputs, including the one relating to visual amenity, to remain as they are.

Responses to selected questions

Q2. What are your views on our overarching objective and proposed consumer outcomes?

9. We are broadly supportive of most of the proposed overarching objective for ED3 but would like to see the removal of the reference to ‘at least cost’ as a narrow focus on keeping costs down fails to take account of the fact that there are situations where additional expenditure may be appropriate in order to meet statutory requirements or

to deliver wider benefits. We would also like to see the addition of wording which makes it clear that decarbonisation is not the only environmental issue of relevance to the electricity network. We therefore propose that the overarching objective be amended to the following '*the price control should ensure that current and future consumers' interests are met by electricity distribution networks providing the necessary network capacity, to enable decarbonisation goals and to deliver other environmental benefits, based on whole system value*'. This will ensure that the full importance of delivering benefits to the environment is made explicit alongside the benefits to society and the economy.

10. We would also like to see slight a revision to the second of the proposed consumer outcomes to make it clear that responsible businesses should be placing a strong emphasis on delivering environmental benefits. Although the first part of this outcome refers to 'social, environmental and economic outcomes', the later part focuses almost exclusively on economic issues, thereby downplaying the importance of the environment.

Q27. Do you consider that ISGs alone are sufficient to ensure high quality and effective consumer and stakeholder engagement throughout the ED3 price control? What alternative or complementary approaches should we consider?

11. We welcome Ofgem's intention to enhance stakeholder engagement in ED3 and we are broadly supportive of the requirement for companies to set up Independent Stakeholder Groups (ISGs) to challenge them as they develop their business plans. Environmental NGOs should be represented on these groups and this needs to be made explicit in the Business Plan guidance which provides further details on them as, at present, it is not clear how environmental NGOs would be involved nor how proposals relating to visual amenity would be addressed through this new process.
12. It also needs to be clear that the ISGs should not be a substitute for company engagement with end users or stakeholders, such as environmental NGOs, as it will be necessary to ensure that proper account is also taken of the views of those who are not represented on the ISG. It is unclear exactly what time commitment would be expected from members of the ISG, but it is potentially a significant one and this is likely to have an impact on how representative the groups are, given that not all potential participants will be able to devote the time needed to get involved.

13. Furthermore, it is not clear whether these ISGs replace the Customer Engagement Groups established, under ED2, to 'provide challenge to DNOs on whether their Business Plans addressed the needs and preferences of consumers' (p56) – or whether both groups will exist and therefore how they will interact with each other. If these ISGs do replace the Customer Engagement Groups, then a review of the latter should be undertaken, so that any lessons learnt can inform the guidance for the new ISGs.
14. It is also important to highlight that stakeholder engagement should not end once business plans have been approved by Ofgem. There should be an on-going relationship between environmental stakeholders and the companies.

Q60. Do stakeholders agree with retaining and strengthening the main components of the environmental framework from RIIO-ED2?

15. We welcome Ofgem's proposal on p99 'to retain the main components of the environmental framework from RIIO-ED2' and the Annual Environment Report (AER). The environmental reporting for ED2 included reporting on progress with undergrounding and visual amenity activities and this element of the environmental framework should definitely be retained for ED3.
16. There is a strong level of support for undergrounding in Protected Landscapes. The long-term goal for visual amenity should be that, where practically feasible, all new and existing distribution and transmission lines run underground through Protected Landscapes or avoid these areas altogether. It is therefore essential that ED3 requires visual amenity allowances to be included in the DNOs business plans for the next price control period.
17. There is now a significant body of evidence to demonstrate consumers' willingness to pay for the undergrounding of overhead lines in Protected Landscapes. Consideration should also be given to the growing body of evidence about the value of National Parks to the rural economy. There are around 100 million visitors to National Parks in England and Wales and many of these visitors are specifically attracted to these areas by the natural beauty of the landscape.
18. While much has already been done to reduce the visual impact of DNOs' electricity infrastructure, there are still many more parts of our National Parks which could benefit from the removal of overhead lines.

19. The visual amenity allowance for distribution lines was first introduced in the 2005-2010 price control period and there are now a number of very successful examples of the positive impact this scheme has had on our most inspiring landscapes. For example, Electricity North West report that 145 kms of overhead lines have been removed, as part of their undergrounding and visual amenity programme, in the North West region alone in the last twenty years. The process also demonstrates the strong desire for undergrounding in designated landscapes as prioritisation is largely stakeholder-led, with some interest groups using surveys of local people to identify potential projects to be funded. There is huge opportunity to build on the work that has been undertaken to date during future price control periods.
20. We would also remind Ofgem of the statutory duties we highlighted at the start of this response, and, in particular, the strengthened duties introduced through s245 of LURA 2023 which require both Ofgem and the electricity companies to demonstrate how they have sought to further the purposes of Protected Landscapes.

We are happy for this response to be made publicly available. Please contact Ruth Bradshaw, Policy and Research Manager, (email: ruthb@cnp.org.uk) if you would like any further information about any of the points raised in this response.