

RIIO ED2 Engineering Justification Paper (EJP)

Visual Amenity

Investment Reference No: 16/SSEPD/ENV/AMENITY



ED2 Visual Amenity High-Level Summary

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1 Executive Summary

Our ***Environmental Action Plan (EAP) (Annex 13.1)*** sets out our methodology that we propose to undertake during the RIIO-ED2 period in response to increasingly ambitious environmental drivers and stakeholder expectations. Ofgem have introduced a requirement to prepare an Environmental Action Plan as part of our RIIO-ED2 submission and setting a Science Based Target (SBT) is one of these minimum requirements for the EAP.

This paper sets out our plans for our Visual Amenity scheme over the RIIO-ED2 period in response to increasingly ambitious environmental drivers and stakeholder expectations. The paper also includes our approach and costings for undergrounding. The primary driver for this scheme in Stakeholder input.

We have identified the need for possible intervention of 70km of overhead lines across SHEPD (North) and SEPD (South), depending on stakeholder requests.

The scheme will cost £■■■■m and could deliver the following outputs and benefits during the RIIO-ED2 period.

- Improved Customer Satisfaction
- Network Improvement

2 Summary Table

Name of Programme	Visual Amenity			
Primary Investment Driver	Stakeholder Engagement			
Reporting Table	CV20 – Visual Amenity			
Outputs in RIIO ED1 Business Plan?	Underground 90km of overhead lines (48km North / 42km South)			
Scheme category	Visual Amenity			
Output type	16/SSEPD/ENV/AMENITY This links to EAP Output table S9 and is UIOLI			
Cost	£■			
Spend Allocation	Licenced Area	ED1 (£m)	ED2 (£m)	ED3+ (£m)
	SEPD	-	■	-
	SHEPD	-	■	-
Delivery Year	RIIO ED2 (2024 – 2028)			

3 Introduction

The ED2 Regulatory team have confirmed we do not need an IDP or EJP for Visual Amenity for two reasons; currently, we are only spending around 20% of the funding for visual amenity in ED1 and it is a use it or lose it pot funded through our baseline allowance, and also Ofgem set the funding pot for DNOs through a methodology that we have no control over – WTP, length of network which could be undergrounded, and number of customers.

4 ED1

Our target, over the ED1 period, is to underground 90 km of Distribution overhead lines in Areas of Outstanding Natural Beauty, National Parks and National Scenic Areas. SSEN are investing £■■■■m.

SHEPD currently have 671 km of 11kV and 282 km of 33kV in the Natural Scenic areas. The ED1 commitment was 48 km and they have done 14.88 km so far.

SEPD currently have 6069.5 km of 11kV in Areas of Outstanding Natural Beauty, National Parks. The ED1 commitment was 42 km and they have done 17.2 km of 11kV so far. In 21/22 we are looking at spending £■■■■ million which will remove 11.545km of overhead line and install 13.165km of cable.

5 ED2

Undergrounding allowances have been worked out by dividing total funding pot by DNO's; first by number of customers and then by number overhead lines. Calculated by average of both resulting in; £■■■■ in the North and £■■■■ in the South. This is the same calculation used by Ofgem in ED1.

- North: We are requesting £■■■■ to underground 30 km in the North, this equates to £0.8m per year in ED2. The proposed rate for ED2 in the North is £■■■■ per km. (£■■■■ / 30km).
- South: £■■■■ is being requested for the South to underground 40 km, this equates to £■■■■ per year. In ED1 the average unit rate was £■■■■ per metre, this figure is based on a lot of cable ploughing, however, as we wish to focus our Visual Amenity engagement in our worst served areas, this would need to increase. The proposed rate for ED2 in the South is £■■■■ per km. (£■■■■ / 40km).

For both North and South, we have worked with BAU to establish the above unit rates based on previous completed schemes. These costs will ensure we are ambitious with our ED2 targets and develop our ED1 stakeholder engagement.

Allocation of funds have been split equally in the document however actual allocation of funds will be reported on completion of schemes and we plan to use the maximum funds available to us.

We are confident we will deliver on this target as there was minimal stakeholder engagement in ED1. We plan to engage with a wide range of stakeholders, focussing our efforts with those in our worst served areas.

6 Our Approach

We have mapped out Network across our AONB, NP's and NSA and plan in ED2 is to hold engagement events to raise the awareness of the Visual Amenity scheme in these areas. We then aim to overlay our available funds and prioritise schemes with our Stakeholders.

We have carried out initial Stakeholder Engagement at a recent virtual webinar where Stakeholders were overall supportive of SSEN continuing Visual Amenity schemes in ED2.

In conclusion, we aim to underground 70 km (30 km in North and 40 km in South) of overhead lines in AONB and NSA across our Network. We intend to hugely increase stakeholder engagement to deliver this target as the Visual Amenity scheme is stakeholder lead.

We are requesting £■■■■m to complete the above, £■■■■m in the North and £■■■■m in the South.

Our draft RIIO ED2 Business Plan costs are derived from our outturn RIIO ED1 expenditure. We have modified costs per activity, capturing and reporting those adjustments in our cost-book. By tying our costs back to reported, outturn, real life data this approach provides multiple data points on which both the Regulator and we can benchmark cost efficiency. It provides a high level of cost confidence in our Business Plan cost forecast for RIIO ED2.

Through our benchmarking analysis, we recognised that not all Non-Load related RIIO-ED1 actual unit costs sit within the upper quartile efficiency band. Where this is the case, we have applied a catch-up efficiency to those cost categories. Further detail on our unit cost approach, cost efficiency and cost confidence for RIIO-ED2 can be found within our ***Cost & Efficiency (Annex 15.1)***.

We expect that as our Business Plan continues to develop, project scopes and costs will be refined, especially with valuable stakeholder feedback on our draft proposals. In our final Business Plan submission in December our cost forecasts will contain that refinement and the changes captured within our supporting Plan documentation. Development of our Commercial Strategy is expected to drive much of this refinement