

## National Infrastructure Commission

### RTPI Evidence On Energy

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8 January 2016

#### Introduction

The Royal Town Planning Institute (RTPI) has over 23,000 members who work in the public, private, voluntary and education sectors. It is a charity whose purpose is to develop the art and science of town planning for the benefit of the public. The RTPI develops and shapes policy affecting the built environment, works to raise professional standards and supports members through continuous education, practice advice, training and development.

#### Consultation Questions and Answers

#### ***1. What changes may need to be made to the electricity market to ensure that supply and demand are balanced, whilst minimising cost to consumers, over the long-term?***

The RTPI is not normally involved in energy regulation. However an issue of increasing concern to our members is the approach of the regulator to new housing development. At present the 5 year plans for electricity DNOs require that every housing development anticipated in the next five years has planning permission at the time that the DNOs' plans are submitted to OFGEM. This is a powerful constraint on housing supply. It assumes that the local planning process for housing development can be timed to fit in with OFGEM's plans, which is an extraordinary approach to take, given the multiplicity of infrastructure providers relevant to new housing development, all of which have their own plans and timescales (including gas DNOs under OFGEM's own purview).

The (in our view) over emphasis on "minimising cost to consumers" is holding back housing development. A more flexible approach is necessary to avoid long disputes between developers and electricity companies over who is responsible for financing additional upstream sub stations and cables. It is reasonable for developers to pay for immediate connections: it is not reasonable for them to have to foot the bill for wider demand, especially in cases where this is not solely due to their own development.

If it is acceptable for all water rate payers to pay for, for example, improving the quality of the river Thames, why is general population increase not a responsibility of a wider group than simply the purchasers of new homes?

The solution would either be for there to be a proper means of financing new development's impact on wider electricity distribution when this arises outside the very strict timetables set by OFGEM (alone, and with no reference to local authorities). Or, a more flexible approach needs to be adopted by OFGEM in regard to housing developments which are planned but not permitted. It is not acceptable to insist on the grant of planning permission before any funding of additional infrastructure is authorised in price settlements. It makes the local planning process rather redundant if draft or final allocation in a plan means nothing at all to the regulator.

IF OFGEM and OFWAT had "supporting housing growth" as part of their objectives set by ministers, it would be more helpful.

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