

OFGEM
The Office of Gas and Electricity Market
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UK

Your ref.:
Cathryn Scott

Our ref.:
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Date:
2020-02-10

► **Response to SWW Final Needs Case for the Shetland electricity project and potential next steps letter - reminder.**

Dear Ms Scott,

We responded to the invitation in your "*Update on the SWW Final Needs Case for the Shetland electricity transmission project and potential next steps*" by describing an alternative solution for Shetland (attached) comprising:

- an LNG importing terminal at Lerwick's Port,
- an appropriately sized thermal power station comprising highly efficient, Rolls-Royce gas engines, possibly also delivering heat to Lerwick's district heating system
- and a large, long duration, "expandable" modular battery that will allow the further expansion of the Islands' wind turbines and other renewable power stations.

The expected capital costs of this option will be less than 10% of the £709 million widely quoted for SSE's new revised proposal, as described at <https://www.vikingenergy.co.uk/the-project> and in newspaper and other reports.

As mentioned, the LNG terminal will create new jobs and business opportunities, including the bunkering of the North Sea's growing fleet of LNG-powered ships. The fuel will also give Shetland residents badly needed alternatives to petrol and ultra-low sulphur but very expensive diesel fuel.

We note that Shetland suffers unusually high levels of fuel poverty, relative to the rest of the UK.

In any case, SSE's solution will necessarily need a standby power plant and fuel store to be available at ultra-short notice in case there is a disruption in the supply of electricity from the mainland and the wind fails.

For these reasons, we believe and hope that OFGEM should allow our case to be thoroughly examined.



Best regards