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Chair: Frank Hay
Hellister, Weisdale.

28th September 2021

James Norman,
Head of Electricity Transmission Investment,
Ofgem

Dear Mr Norman,

Shetland HVDC Link Project Assessment - Consultation.

I wish to respond to this consultation on Behalf of Sustainable Shetland. We have been an interested party in the various consultations leading up to Ofgem's approval of the Shetland Link.

It would appear that, belatedly, Ofgem are somewhat concerned about the high cost of the link and are now seeking to lessen the impact on energy consumers. We note that this consultation does not include other necessary costs on the Shetland Islands required to make the system operate as intended. In September 2021 SSEN held consultations about grid upgrades required to connect additional wind farms to the converter station and a connection from Kergord to the power station in Lerwick.

To enable these connections, the following 132kV transmission infrastructure is planned:

1. A new 132kV Switching Station located on Yell to connect Energy Isles and Beaw Field Wind Farms;
2. A new 132kV connections from the proposed Yell Switching Station to Energy Isles and Beaw Field Wind Farms using a combination of Overhead Line (OHL) and Underground Cable (UGC);
3. A new 132kV transmission connection from Yell Switching Station to Kergord 132kV Substation and HVDC Converter Station. This will consist of a combination of 132kV UGC, OHL and a subsea cable between Yell and mainland Shetland;
4. A combination of new 132kV UGC and OHL to connect Gremista GSP to Kergord; and
5. A new 132kV UGC to connect Mossy Hill Wind Farm to one of the Gremista connections to form a teeconnection

It is therefore certain that SSEN will be coming back to Ofgem seeking approval for additional expenditure; this is likely to be substantial.

Extra expenditure is unlikely to stop there. On 25th August 2021 Energy Voice reported that unexploded ordnance had been found along the planned route of the subsea cable.

In the consultation document there is discussion of options for penalties if the project is not completed on time. Given the possibility of bad weather, particularly during crane operations delays are very likely. The project has been favoured by reasonable weather since it commenced but may well encounter severe weather in the future. It is therefore wise to discuss financial penalty options for late delivery of the project.

If Ofgem is looking for ways to save money on the Shetland Link and associated Viking Wind Farm you might want to ask SSE why they persist in producing glossy brochures extolling the supposed virtues of their project and distributing them free with the local paper. There have been at least four of these in the past year and, in our view, they are completely unnecessary

It was clear that an inadequate cost benefit analysis (CBA) for the Shetland Link was done in the lead up to its approval. The entire cost of the whole project should have been taken into account and the Link Project Assessment continues to fail to do that.

The cost and method of providing a back-up power supply for Shetland did not appear in the CBA. It was only in June 2021 that it was confirmed by SSEN that Lerwick Power Station (LPS) would revert to back-up mode until 2035. Within the consultation document this information appears not to have been communicated to Ofgem since closure of LPS is stated to be in 2025. The cost of keeping LPS open, even in stand-by mode, will be substantial.

Value for money to energy consumers appeared to be of secondary importance when the link was approved and the suggested savings seem like a rather pathetic gesture towards consumers, now facing rapid rises in their bills. The Shetland debacle is likely to be just another millstone for consumers to bear and will do little towards providing energy security. We hope that, eventually, we will see a full appraisal of the cost of the Shetland Link and associated works.

Frank Hay

Chairman, Sustainable Shetland.