



Highlands and Islands Enterprise  
Iomairt na Gàidhealtachd 's nan Eilean

Office of Gas and Electricity Markets  
10 South Colonnade,  
Canary Wharf,  
London, E14 4PU

23 June 2021

By e-mail to [RIIOElectricityTransmission@ofgem.gov.uk](mailto:RIIOElectricityTransmission@ofgem.gov.uk)

To whom it may concern,

### **HIE Response to Ofgem's Consultation on the Eastern HVDC links Initial Needs Case**

Thank you for the opportunity to comment on these key proposals for the implementation of the Target Charging Review. Highlands and Islands Enterprise (HIE) is the economic and community development agency for the north and west of Scotland. We help build a prosperous, inclusive and sustainable economy across the Highlands and Islands, attracting more people to live, work, study, invest and visit.

We are supportive of Ofgem progressing these important projects to the Final Needs Case stage and ensuring that these projects progress in a timely way so as to minimise the constraints on the development of renewable energy in the Highlands and Islands.

Renewable energy access to the GB market is a key economic driver in the Highlands and Islands and we would encourage Ofgem to ensure that other transmission projects to facilitate access to these key transmission links are also expedited through the RIIO T2 process, for example the links to Shetland, Orkney and the Western Isles.

Yours sincerely

Audrey Maclver  
Director of Energy and Low Carbon

### **Section 3 Questions**

#### **Question 1: Do you agree that meeting the technical requirement with the two proposed HVDC links is appropriate?**

We support the ESO's selection of the options that, according to our understanding, meet the technical requirements and minimise the delivery timescale risks associated with a project(s) of this scale. It is important that the boundary constraints between areas of high resource availability and the main areas of demand are minimised.

#### **Question 2: Do you agree with our initial conclusions on the cost benefit assessment and the appropriateness of the options taken forward?**

We support Ofgem's assessment that the options favoured by the ESO are sufficiently robust to proceed to the Final Needs Case assessment.

#### **Question 3: Do you agree that on the balance evidence including CBA, recent FES and NOA documentation, that these investments appear low regret?**

We agree that these appear low regret, especially considering they appear low regret to the development of any Offshore transmission system.

#### **Question 4 : Are there any additional factors that we should consider as part of our Initial Needs Case assessment?**

Our understanding of cost benefit assessments is that the impact on constraint payments against the cost of the proposed infrastructure investments. We also note that the Peterhead link would be important in securing investment in the development of renewables in the Highlands and Islands and would likely have positive economic benefits for the region.

### **Section 4 Questions**

#### **Question 1: Do you agree with our proposal to make a final decision on delivery model at the FNC?**

We support the stated aim of ensuring that the project can progress without unnecessary delay if this is facilitated by making a decision at the FNC stage. If Ofgem are minded to adopt a CATO approach as the assets meet the criteria, we would support the early inclusion of potential providers in the development of the project at the earliest opportunity.

#### **Question 2: Do you consider there is likely to be any quantifiable consumer detriment if we defer our decision on competition until the FNC?**

Given the scale of constraint costs identified as the potential outcomes of delayed implementation, together with the potential economic benefits to the Highlands and Islands, we see little consumer detriment in making a later decision and would support Ofgem progressing this as quickly as possible.

