



Garth Wind Limited

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Enterprise**Initiative****Self-Help**

Ofgem

Access and forward-looking Charges Significant Code review: Consultation on Minded to positions

Garth Wind farm

Garth Wind is a community owned wind farm situated in Yell, Shetland. The company operates solely for the benefit of the community of North Yell, with profits transferred to the North Yell Development Council, a locally based charitable development group. These funds are then redistributed to projects benefiting the local community, including further renewables development, ensuring that income generated within an extremely peripheral and fragile island area, are used solely for the strengthening and enhancement of that area.

Garth has a capacity of 4.5MW and has a non firm connection to the Shetland grid. The wind farm is constrained by means of an Active Network Management system (ANM). Constraint losses are about 16% annually, and no constraint compensation is received for this. At present the Shetland grid is not connected to a transmission link. This will change when the Shetland interconnector is complete, probably in 2024. As there is currently no transmission link, the wind farm exports to the Shetland distribution system and was designed to do so. It will continue to operate on a non firm basis after the interconnector is established. It is also understood that Garth Wind Farm will form part of the back up plans should there be a failure of the interconnector. Its ANM control system will allow it to operate in conjunction with Lerwick Power Station in the same way it currently does.

Both Garth Wind Ltd and North Yell Development Council have serious concerns about the possibility of paying transmission charges in the future. Our concern is two fold. Firstly this represents yet another example of public sector moving of goal posts, which will have a significantly detrimental impact on the sustainability of both our wind farm and community. Secondly, as the level of charges are unclear, these could affect the viability of our wind farm to the point that it becomes uneconomic. Which would in fact lead to a reduction in renewable capacity, and would not be consistent with the UK transition to net zero.

The impact of these charges on relatively small scale community energy production within Shetland, requires to be fully considered prior to completion of the interconnector cable. We therefore wish to respond to your consultation, in particular Section 5 TNUoS Charges for SDG

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5. TNUoS charges for SDG

Question 5a: Do you have any evidence that SDG does not contribute to flows in the same way as large generation and, therefore, should not be charged on a consistent basis?

In our case, we will clearly continue to supply the Shetland Distribution network after the establishment of an interconnector as we do at present. The interconnector transmission link is mainly designed for the much larger commercial windfarms planned for Shetland and also to replace the Lerwick Power Station. In fact, without these large-scale commercial windfarms the interconnector would not be required. In addition, the levels of both output and resulting income from these commercial windfarms, will be on a scale far beyond anything our small community project can produce.

Question 5b: Do you agree with our threshold for applying TNUoS generation charges of 1MW? If not, what would be a better threshold and why?

We think this threshold is too low, and unfairly penalises small community based windfarms such as Garth. 10MW would be a more reasonable output threshold, as this would encourage local and community renewable generation and ownership, which will help achieve net zero in fragile remote areas such as Yell. Small community owners are more likely to establish wind generation in areas where large commercial companies may be reluctant to invest due to smaller scale and returns.

Question 5c: Do you have any evidence that distribution connected generation at a grid supply point has a different impact than directly connected generation?

We have never considered any other option as the only one on offer when the wind farm was planned was a non firm connection to the local distribution network.

Question 5d: Do you have a preference for one of our options for addressing the local charging distortion? If so, please indicate which option and provide your reasons. Are there any options we have missed?

No preference for any of the options proposed, as we believe all would unfairly penalise our small community based windfarm. We would like to see the threshold for option 1b raised to 10 MW.

Question 5e: Do you support our position that we should consider transitional arrangements? If so, do you have a preferred option and evidence to support the benefits or risks associated with each option?

We think that remote generators under 10MW, particularly in island communities, should be exempted from transmission charges. This will encourage renewable developments in peripheral fragile areas, considered uneconomic by large-scale commercial operators, and assist with the UK transition to net zero.

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Question 5f: Have we identified all the options for administering TNUoS generation charges for SDG? If not, what options have we missed, and why would they be preferable to those we have identified? Can you provide any evidence regarding the implications of the different administrative options for your business?

This is a complex subject and as a small community group we do not have the capacity to respond. However, we do not feel that the options put forward take account of small scale rural and community renewable energy generation, and we feel that this is yet another example of the public sector moving the goal posts, for both ourselves and other established non-commercial providers.

Question 5g: Are there any specific issues you think we need to consider, as part of our work on the future role of network charges? Why are these important to consider?

Ofgem should consider exempting under 10MW remote, island and community owned generators from transmission charges, in order to promote renewable development within these areas, and assist the UK transition to net zero. We believe it is important to consider this in terms of the viability of these operations, both existing and in the future, as well as the communities which they serve, and where they generate both economic benefit and employment.

Yours Truly,

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(Andrew Nisbet, Director Garth Wind Ltd.)