

## **Fort Augustus to Skye Consultation**

### **Response from Point and Sandwick Trust.**

**21 January 2022**

#### **Question 1: Do you agree with the technical need for investment on the transmission network?**

Point and Sandwick Trust owns and operates the 9MW Beinn Ghrideag wind farm on Lewis which is 100% community-owned. Like other local community generators, we wish to develop new community generation but have been unable to move forward with these plans due to long-standing capacity constraints on the grid.

We therefore agree with that there is both a technical and an environmental and socio-economic need for investment in the transmission network, and we support all the points made by Community Power Outer Hebrides (CPOH) in their submission to this question.

We would like to add that we believe that Ofgem's current system for assessing the need and economics of grid upgrades is inherently discriminatory against community-owned generation, and that simply looking at the connection and planning queues for the new projects does not present an accurate or fair picture of the constrained development potential in an area, in that it inevitably excludes potential community projects.

The reason for this exclusion is that community projects do not have the finances to embark on speculative and expensive planning or grid connection applications when there is no imminent prospect of getting connected. Large companies can do so because their business models include starting with a large number of speculative projects knowing that if a certain percentage is successful, the economic returns will more than cover the speculative investment. Community generators, in contrast, are typically interested in developing in their local areas only and they do not have a 'speculation budget' from which they can draw, knowing that a certain percentage of success will be sufficient to cover the initial costs.

Because of this communities can only proceed with planning and grid connection studies when there is a realistic chance of being able to deliver their projects within a foreseeable timeline. In Lewis and Harris, since the approval of the Beinn Ghrideag project, there has been no such realistic prospect. Consequently, other communities wishing to build on the success of the early wave of community projects have been forced to wait for new grid capacity to be approved, whether through the existing export route through Skye or via a new export route through an HVDC link, before they can even begin the development process. It means that none of these projects can be counted in the calculation of the need for the Skye upgrade. It also means that when new generation capacity does become a realistic possibility, community generators start their projects later than speculative developers and therefore usually end up at the back of a long connection queue.

We believe that this is a major flaw in the current system, as exemplified by the dearth of community projects being considered in the current consultation process, and that Ofgem should look into this problem as a matter of urgency so that a genuinely level playing field can be created between the community and the corporate sectors in the UK energy market.

**Question 2: Do you agree with our initial conclusions on the three drivers for the Skye project?**

Yes. Like CPOH, we believe that the connection needs of Western Isles generators and, specifically, of Western Isles community generators (for the reason set out in 1 above), should be considered in assessing the Skye upgrade.

**Question 3: Do you agree with our initial conclusions on the technical options considered?**

No, and we fully support the case made in the CPOH submission for including the promised Plan B study.

**Question 4: Do you agree with our initial conclusions on the cost benefit analysis and the appropriateness of the option taken forward?**

No. As before, we strongly agree with the points made in the CPOH submission in response to this question.

**Question 5: Are there any additional factors that we should consider as part of our Initial Needs Case assessment?**

We support the appeal made by CPOH in its response to this question and we would, again, urge Ofgem to set up a specific review into the way that the current grid rules, regulations and modes of operating discriminate in practise against the interest of community projects and in favour of large companies, even when this was not the intention behind the rules.