

Email to:
RIIOElectricityTransmission@ofgem.gov.uk

20 January 2022

Dear James Norman,

Isle of Skye project – Initial Needs Case consultation

Wind 2 is a specialist onshore wind energy developer. The company was founded in 2016 by Gerry and Paula Jewson, former owners and founders of West Coast Energy, and partners in RDC, which have both successfully developed numerous sites in the UK.

Wind2 Ltd have a particular interest in the Isle of Skye project as we are developing two of the projects listed in the Contracted generation in Appendix 3. We very much welcome Ofgem's conclusions and specifically, that Wind2 Ltd are also in agreement with:

- That there's sufficient evidence of a clear needs case for the Skye Project;
- that asset intervention is required;
- that the cost benefit analysis supports the need for the Skye Project;
- that Ofgem agree that SHET's preferred option is reasonable and likely to provide the optimal solution given the background generation assumptions.

We also support Ofgem's wish to see progress of generation schemes at FNC stage before deciding on option 4a versus option 1(b). Wind2 Ltd strongly believe that option 4a will remain the optimal solution for the Skye Network and intend to fully engage with SHET to update understanding on current contracted and future generation capacity requirements.

We have two main comments which we would like to share in relation to the Initial Needs Case Consultation (INC).

1. Para 2.3 of the INC lists three key drivers for the Skye project, which includes "ii) Need for additional capacity to allow new generation to connect (load related driver)". Para 2.10 to 2.15 then describes the analysis carried out by SHET to assess how much generation is likely to come forward in addition to the contracted background. Wind2 Ltd suggest that there is no mention within the key drivers or more broadly in the INC of the policy background supporting the growth of renewable generation in the UK and the remit of Ofgem to consider Net Zero objectives in its decision making.

The three noted drivers for the Skye project include the replacement of infrastructure at the end of its operational life and the need to improve security of supply for 32,000 homes in an exposed area susceptible to storm damage. These would seem to be compelling reasons - in their own right, an unstable or uncertain local electricity distribution supply could negatively impact the adoption of low carbon technologies. With regard to the second driver to facilitate additional generation capacity, the INC highlights the potential for the Skye project to facilitate a significant amount of new renewable generation and Wind2 Ltd believe that

this should be considered as a key grid infrastructure project to help towards UK Net Zero objectives.

2. The Executive Summary includes a para titled “Assessment of suitability for late competition models”. This section mentions that the Skye project meets “the criteria for delivery via a late model competition” and that given uncertainty around timing and the potential impact on timely delivery of the Skye project, Ofgem will defer their competition decision until Sept 22. Section 3 of the consultation looks at the Competition model in more detail. Whilst Wind2 Ltd supports the concept of increasing competition in grid connections to help maximise value to consumers, we would simply like Ofgem to ensure that the introduction of competition does not delay timely delivery of the Skye project, so that the contracted generation projects referenced in Appendix 3, can be built out within their contracted connection dates.

Wind2 Ltd have also added some brief comments on the seven questions posed by Ofgem in italics on the following page.

Yours sincerely,

Ewan Eley
Project Manager
Wind 2 Limited
2 Walker Street
Edinburgh, EH3 7LP
M: 07741738189
W: www.wind2.co.uk
E: ewan.eley@wind2.co.uk

Question 1: Do you agree with the technical need for investment on the transmission network? *Yes, Wind2 Ltd agree with Ofgem's conclusion of sufficient evidence of a clear needs case for the Skye project.*

Question 2: Do you agree with our initial conclusions on the three drivers for the Skye project? *Yes, but with reference to point 1 above our suggestion is that the rationale for driver ii) can be strengthened by reference to meeting Net Zero objectives. Wind2 also feel that the benefits that the Skye Project will offer in terms of improved security of supply to the 32,000 affected homes and businesses, are slightly downplayed in the INC document as it is clearly a very positive long term benefit to not have to rely on back up diesel generation, and a significant financial and environmental benefit.*

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

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

Question 5: Are there any additional factors that we should consider as part of our Initial Needs Case assessment? *See our point 1 above regarding consideration of Net Zero objectives.*

Question 6: Do you agree with our proposal to make a decision on use of the CATO model before the invitation to tender stage of SHET's proposed procurement of the supply chain for delivery of the Skye project? If not, do you have views on an alternative appropriate timing for that decision? *As noted in our point 2 above we welcome the introduction of increased competition but our concern that this should not be at the cost of delaying the envisaged programme for the Skye project. If CATO legislation is not in place by Sept 22 then we would expect that Ofgem would allow the project to go ahead without that option.*

Question 7: Do you have a view on the consumer impact of delay to delivery of the Skye project and how any detriment could be quantified? *Again Wind2 Ltd would reference the need to consider Net Zero objectives and the cost of delaying measures to decarbonise UK generation. Further to this, an unstable or uncertain local electricity distribution supply could negatively impact the adoption of low carbon technologies such as electric vehicles and heat pumps.*