Dear RIIO-ED2 Team

I am writing in response to the RIIO-ED2 draft determinations consultation. I apologise for the late submission, which is the result of my being on annual leave last week, but hope that these comments can still be taken into consideration as decisions are taken about next steps.

It will not surprise you to learn that I meet regularly with and receive updates from SSEN in relation to the grid network in Orkney. As an island community, we have unique characteristics and requirements which I believe require to be taken into account when determining investment decisions around our future electricity network.

In common with other off-gas grid areas, however, Orkney is far more reliant on electricity and oil as sources of energy. This, in part, helps explain the disproportionately and unacceptably high rates of fuel poverty and extreme furl poverty that we see in our islands, some of the highest in the country and set to get considerably worse over the upcoming winter months.

At the same time, Orkney makes an enormous contribution to renewable energy production and is a world-leader in renewable energy innovation. I am concerned, however, that Orkney's ability to lead the way in efforts to decarbonise could be hindered as a result of Ofgem's proposals. Indeed, SSEN’s analysis appears to show that Ofgem’s proposals would lead to a 30% reduction in the number of low carbon technologies supported compared to its original plan. That cannot be an acceptable direction of travel in the midst of a climate emergency and the requirement to meet our statutory targets.

We need to see greater investment in the electricity network of our islands and across the North of Scotland to ensure we take full advantage of the immense opportunity places such as Orkney can play in the journey to net-zero. Significant investment is also needed to future-proof the existing network in the islands and deliver greater resilience as well as security of supply.

It is welcome that Ofgem has allowed an Orkney re-opener within SSEN Distribution’s business plan for RIIO-ED2. This will enable SSEN to bring forward funding for subsea cables if a further whole system assessment justifies the need. However, it is disappointing that Ofgem has reduced subsea cable baseline allowances overall for Scottish islands by a significant 26%.

This has the potential to impact severely on Orkney's ability to export renewable generation, as well as maintaining security of supply for local homes and businesses. In particular, it is disappointing that Ofgem appears resistant to proposals for a proactive replacement of the existing Hoy—Flotta cable. While critical to ensuring security of supply and network resilience, it is also essential for supporting the proposals to transform the Flotta Oil Terminal into a hydrogen production hub.

Overall, I support the position and recommendations of SSEN and would urge Ofgem to look again at the investment required in the North of Scotland ahead of its Final Determination in November.

Kind regards, Liam

**Liam McArthur MSP**    
**Liberal Democrat, Orkney**