

NORTH UIST DEVELOPMENT COMPANY
Scottish Charity SC 041709
www.isleofnorthuist.com



FAO: RIIO-ED2 Team
10 South Colonnade,
Canary Wharf,
London
E14 4PU

25 August 2022

Dear Sir/Madam,

Re: RIIO-ED2 SSEN Draft Determination for Skye-Uist subsea cable infrastructure

This covering note explains the relationship between North Uist Development Company – a local Scottish charity which initiated the Renewables Wind Turbine Project which is now operational and called Uist Wind.

North Uist Development Company (NUDC) was set up in 2010 to promote the social, educational, cultural, economic, and environmental wellbeing of the people in North Uist.

NUDC's main activities are developing community projects and managing and supporting a variety of local groups and projects including a 1.8MW wind farm which is now delivered and operational. They also support archaeology, woodlands and a local community centre.

NUDC completely supports the case made out in the letter by Uist Wind NUDC-T - and would also emphasise its own role in the future administration of all community benefit funding. The case for approving the subsea cable will be vital to the success of our community benefit aspirations.

Yours faithfully,

Ada H Campbell
Secretary/Director
North Uist Development Company - NUDC

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25/08/2022

Dear Sir/Madam,

Re: RIIO-ED2 SSEN Draft Determination for Skye-Uist subsea cable infrastructure

We are writing to you in response to OFGEM's Draft Determination of SSEN's RIIO-ED2 Business plan regarding the rejection of proposals to improve the Uist transmission and distribution infrastructure, to express our deep concerns. This draft determination raises questions about OFGEM's commitment to Net Zero and a just transition. The impact of this decision could have significant consequences on Uist communities which clearly have not been considered.

Following several years of discussions with SSEN about necessary infrastructure improvements for the Scottish islands of Uist, Barra, and the entire Western Isles, including working closely with organisations across the islands for the submission of evidence for the development of the ED2 business plan¹, we were alarmed and considerably disappointed OFGEM had rejected proposals to build resilience into the constrained fragile network and mitigate the increasing high risk associated with the rapidly aging Skye-Uist subsea cable.

UistWind is a community owned and operated 1.8MW wind farm in North Uist which has been operational since 2019 following many years of challenges. The project provides direct and indirect benefits including building resilience in the local economy through local community investor returns, crofter payments associated with land rent, which is calculated according to export income received, proactive use of local contractors, locally supported jobs, and the project is working towards the development of a community benefit fund. However, following the Harris-Skye subsea cable failure which appears to have been a turning point for insurers, UistWind can no longer claim for any losses associated with subsea cable failure. This insurance exclusion puts added pressure on a project that is in its early years of operation, meaning funds must be directed towards building up a reserve to protect against this risk, rather than directing such to the growth of community benefit funds.

The Skye-Uist cable has been noted by SSEN to need urgent replacement. The SSEN supporting Engineering Justification Paper² states "The existing Skye - South Uist 33 kV subsea cable is 46.17km in length and has been in service for 31 years. The probability of Failure is 1.8858 in 2023/24 rising to 6.1268 by the end of ED2, 2028. The Skye - Harris 33 kV

subsea cable had a Probability of Failure of 1.3126 and failed in October 2020. This provides a reference of the potential for failure of this critical cable.” This places cable failure as high risk for island communities and businesses reliant on this cable. Following the publication of the SSEN business plan we were delighted to see plans to replace the existing high risk subsea cable and to construct an additional subsea cable from Skye to North Uist to build resilience and support increasing load, which UistWind had hoped would reduce the associated risks and so the mitigating reserve could be reduced accordingly.

This leaves UistWind with a high-risk at a relatively early stage of the project, when the project is working hard towards maximising income for its community benefit aims. Increasing financial reserves to mitigate this risk will inevitably delay the realisation of these wider benefits. The project is centred upon the principles and practices of the Scottish Government Community Wealth Building policy, while supporting the energy transition, as a community owned and operated renewable energy project, and OFGEM decision-making should aim to support such projects rather than increasing challenges and roadblocks.

Communities should not be subject to such challenges due to inadequate transmission and distribution infrastructure and OFGEM, alongside Distribution Network Operators, should work hand in hand with communities to support their present and future needs. Given the rejections of proposals to remedy these risks in ED2, are OFGEM willing to act as underwriters so community generators are protected against potential losses should the Skye-Uist cable fail?

Scotland’s Just Transition Commission’s latest report ‘Making the Future’ provided several key strategic priorities pertinent to this issue:

“One of the weaknesses of the current financial system is its lack of responsiveness to local needs and priorities. The place-based nature of the just transition makes it essential that public and private finance become more attuned to local needs across the country.”

“The long-term success of a just transition will critically depend on delivering high quality investment of at least 2 per cent of GDP per annum to create jobs, tackle inequality, and build the resilient social and physical infrastructure needed for a net zero economy in a climate-changed world” and,

“Rapid and substantial investment is required in transmission and distribution infrastructure across the country. Both industry-led and community-led renewable energy projects are being held back by infrastructure constraints and energy market design”.

The need for significant transmission and distribution investment, frontloading such to support rapid decarbonisation and the need for place-based decision-making does not appear to have been considered within the draft determination and clearly neither has OFGEM considered the needs of remote island communities nor the transmission and distribution challenges they already face.

Uist is a chain of islands subjected to high electricity costs, curtailed local generation and a fragile network. There is limited capacity for meeting increasing demand, but nonetheless community aspire to increase renewable generation to make full use of the extensive renewable resources. Initial modelling studies estimated the energy demand in Uist may increase by over 50% to 2050, when compared to the current baseline, with increased

electrification and decarbonisation of heat and transport. Grid resilient transmission and distribution infrastructure to meet this increased demand will be imperative. To note, following the connection of UistWind, no further energy generation developments can be realised due to a the heavily constrained grid and network improvements are needed on the mainland and between Skye and Uist to remove this roadblock.

Uist experiences numerous faults and outages, and each day the islands are 'islanded', the diesel power stations generate significant quantities of CO₂. Lochcarnan power station uses approximately 18,823.53 litres per day of diesel, producing c.5,361.69 kg CO₂e. Building a reinforced resilient and effective grid, including replacement of aging subsea cables and installing new subsea cables would reduce the likelihood and impacts of faults and

outages, which is not just important to Uist and the Western Isles, but the entire world to mitigate climate change.

The Climate Change Act 2019 commits Scotland to net-zero emissions of all greenhouse gases by 2045. Should the Skye-Uist cable fail, the islands would be dependent on diesel back-up generators to power the islands, such as happened when the Skye-Harris cable failed, and subsea cable replacement can take up to 12 months for procurement and installation³. The social impacts of this would be considerable for a tenuous local island economy increasingly impacted by the growing cost of living crisis. At the same time, the UK-wide benefits of renewable energy currently generated and exported to the national grid from the Western Isles would be considerably reduced at a time when urgent increased action is required to decarbonise.

Given these islands are already experiencing the impacts of climate change, local communities are passionate about driving forward the energy transition, as represented within the community led Uist Local Energy Plan which is currently being finalised. Prioritised projects include renewables for each township, increasing individual and community based electric vehicles and increasing renewable based heating systems. Fuel costs are 50% higher than on the mainland and there are negative health impacts on householders who still rely on solid fuel heating, therefore alternative heating options are welcomed. However, communities are also concerned about the fragility of the existing transmission and distribution network and what impact this may have on vulnerable householders if they become reliant on electrified heat. This highlights one example of a current dilemma communities in the islands are facing - a dilemma caused by a weak insufficient grid.

Island communities are frequently cited as shining examples of innovation, with endless possibilities for islands to act as testbeds for emerging technologies. Consequently, earlier this year the Scottish Government announced The Carbon Neutral Islands project to support islands to become carbon neutral by 2040: one of these islands is the Isle of Barra, also directly impacted by this draft decision. To become carbon neutral, realise decarbonisation ambitions, and act as test beds for innovation (which could include technologies such as smart grid systems and battery storage reinforcement), resilient effective grid infrastructure is imperative. There are numerous sustainable island changes that could be supported by a reinforced network, yet many opportunities have not and cannot be pursued (therefore,


have no reference) due to current limitations. Ideally solutions would include additional interconnectors e.g., Skye-North Uist, Berneray-Harris, upgraded connections e.g., South Uist-Barra and storage solutions to reduce or remove the reliance on diesel generators, to build capacity and resilience for the evolving decarbonised future. However, of utmost importance is a solution to replace the Skye-Uist subsea cable which needs to be urgently agreed.

We therefore ask OFGEM to reconsider their draft determination and urge OFGEM to include the replacement of the Skye-Uist cable in baseline investment for this crucial cable within ED2 and support SSEN to start plans for the installation as a matter of urgency. The draft determination also leaves a single point of failure in a fragile network with frequent outages; hence we also ask OFGEM to reconsider proposals for building resilience in our fragile network, and to work closely with SSEN and island communities to co-design solutions to support and enable our communities to realise their decarbonisation ambitions.

We welcome a meeting with OFGEM to enhance its understanding of island needs and priorities and ask OFGEM to find a solution as soon as possible, providing a detailed response describing the proposed solution and the opportunity for feedback from the communities served.

Please see covering note of the role of North Uist Development Company alongside Uist Wind (NorthUist Development Company Trading)

Yours faithfully,



Ada H Campbell
Secretary/Director
North Uist Development Company - NUDC

1 <https://ssenfuture.co.uk/wp-content/uploads/2021/12/24645-SSEN-ED2-Final-Business-Plan-Website.pdf>

2 458_SHEPD_SUBSEA_SKYS_UIST__SOUTH_CLEANFINAL_REDACTED.docx
(ssenfuture.co.uk)

3 Community Energy Scotland estimated the Skye-Harris cable failure resulted in use of between 70 and 90,000 litres of diesel per day while islanded which was estimated to generate over 200 tonnes of carbon dioxide per day.