

Mr Jonathan Brearley  
Chief Executive: OFGEM  
10 South Colonnade  
Canary Wharf  
LONDON  
E14 4PU

24/08/22

Dear My Brearley,

### **OFGEM's RIIO-ED2 Draft Determination**

This letter is being sent in response to OFGEM's Draft Determination of SSEN's RIIO-ED2 Business Plan. We write to you as Community Power Outer Hebrides (CPOH), a collective of community generators situated throughout the Outer Hebrides and facilitated by Community Energy Scotland. This letter is centred around our deep concerns regarding the removal of the proposed subsea cable upgrade from Uist to Skye from the Business Plan. As a collective of generators, each of whom represents communities across the isles, we see this link as of crucial importance to the UK networks, and something which needs targeted investment now through baseline allowance mechanisms.

SSEN in their Engineering Justification Paper are quoted as saying *"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. For reference the Skye - Harris 33 kV subsea cable which runs from Ardmere Grid north to Harris as shown in Figure 5 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."* We do not feel the Probability of Failure figures can be relied upon as we have been informed that the cable lifespan was estimated at 20 years, back in 1991 when it was installed. As has been proven by the Harris to Skye subsea cable failure these probability figures are of no comfort whatsoever and we do not believe that they should be factored into any decision making linked to this investment.

In 2020 four of our members, totalling 13.5MW of generation capacity, suffered significant losses from the failure of the Harris to Skye subsea cable. This cable was down for a total of ten months and within that time the generators claimed a combined £2million from their respective insurance companies. Over and above that total was a shortfall/outright loss to the community generators of £1.3million. This had a drastic impact on communities with the charitable payments from the turbines out to the wider community being frozen. These payments are targeted at essential services such as social care provision, education and training schemes, health and wellbeing initiatives as well as funds for lifeline services such as community shops and transport.

Although this situation was serious and had far reaching impacts, the Lewis and Harris projects were able to rely on some insurance support to see them through the worst of the cable failure. Since this failure in 2020 no island based generator has been able to source insurance cover for subsea cable failure, leaving the Uist and Barra generators without any cover for this eventuality. We estimate that if the Uist-Skye cable were to fail now the loss to the projects on Uist and Barra, totalling 10.5MW, would be in the region of £3million. The funds being generated by our community energy projects are for the primary purpose of serving our communities with all the profits being allocated to worthy causes. This decision puts not only the CPOH organisations at risk but also the organisations they support, the people they employ and the environment they care for. The resilience of the grid network is a vital and essential concern, but the resilience of our community to cope with an unplanned cable failure is just as significant. In small remote communities such as ours we cannot afford decisions such as these to be delayed, with a potential loss of £3million causing job losses, project development delays and housing support delays to name but a few sectors.

We are also being told that the islands are being seen by Government as critical to meeting Net Zero Targets. This decision seems to us to be in opposition to this message, as in all likelihood it would leave the Uists and Barra reliant on diesel generation for up to eighteen months if an interim repair is ruled out and an end to end replacement is required as happened in Lewis/Harris. Not only does it not make sense from an environmental position it is also the least effective solution from an economic perspective with the cost of diesel having increased dramatically, especially in more remote locations such as ours. We are currently working with our communities to explore decarbonisation projects, a lot of which are centred around Electric Vehicles, Heatpumps and other localised electricity dependant options. In order to progress these types of projects and support Government targets around a Just Transition we need comfort that the grid is resilient – comfort we currently do not have with the existing infrastructure well past it's estimated lifespan and the only back up option being old, unsustainable diesel powered generators. This is very concerning for us and for all the customers across our islands which may be affected by this decision.

We are also aware of the proposal SSEN submitted to have two subsea cables connected to Uist in the future. We support all improvements to the resilience of our network but we believe that a replacement to the existing cable needs to be installed now, irrespective of any decisions around the second cable. We would urge OFGEM to include a replacement cable in the baseline allowance and support SSEN to start plans for this work immediately. Not to do so, in our opinion is an unacceptable risk to our island communities. In the meantime, we would happily offer our support to SSEN and OFGEM to look at future proposals around a second cable as currently this draft determination seems to be removing opportunities for future resilience, whilst also putting the current resilience of our isles at increased risk.

In summary we believe that this decision questions the Government and OFGEM's commitment to Net Zero and decarbonisation targets, as well as the importance they place on remote communities within the network. The overall drastic impact this decision could have on the quality of life of the communities these networks serve should not be underestimated. We ask that OFGEM work with SSEN to find a solution to this issue as soon as possible, and we would welcome a response to detail how this can be done.

Kind Regards

Urras Oighreachd Ghabhsainn

Point and Sandwich Development Trust

Tolsta Community Development

Horshader Community Development

Storas Uibhist (South Uist Renewable Energy Ltd)

Barra and Vatersay Community Limited

Uist Wind

Community Energy Scotland