

Mr Steven McMahon  
Deputy Director  
Electricity Distribution Price Controls and Cross Sector Policy

22<sup>nd</sup> August 2022

Subject: SSEN ED2 -Letter of support

Dear Steven

My name is Mary Nulty and I am Key Account Manager with Kyte Powertech Ltd, Ireland. SSEN passed on your contact details and requested a letter of support for the consultation period on the Draft Determinations.

First established in Cavan Ireland in 1977, Kyte Powertech Ltd has grown through major expansions, to become a market leader in the manufacture of Distribution units for the Utility Market. We currently have Framework Contracts & Manufacture Single Phase, Three Phase Polemount & Groundmount Transformers for all Utilities in the UK & Ireland along with Belgium & The Netherlands.

Kyte Powertech Ltd have worked in collaboration with Utilities on Product Development to future proof the networks with the development of Sustainable Peak Load Transformers, Distribution Transformers with ON-LOAD Tap-changers, using Alternative Environmentally Friendly Cooling Liquids & currently working on a single-phase Optimal Design Project which will reduce material variants and quantities across all Single Phase units that meets ENATS standards along with reducing transformer losses on the grid.

We supply a large and diverse range of Distribution Transformer products and services from our 17,500sqm manufacturing facility where we have the capability of manufacturing 6,500MVA annually. This equates to just over 16,000 transformers. We are a global supplier to international specifications (IEC, ANSI, BS, UL, ENATS) and our facility is strategically located close to our main markets of Ireland, the United Kingdom and Western Europe.

Kyte Powertech Ltd along with other transformer manufacturers are experiencing unprecedented Supply Chain Issues. Electrical Steel Producers worldwide are reducing their production capacity for the GOES high grade steel with the cost increasing by 45%. There has been major price inflation from July 2021 on all materials used in the manufacture of distribution transformers and this increase is now reflected in the prices that Utilities will have to pay. Other significant supply chain problems have emerged from Covid lockdowns due to labour shortages, depleted inventory levels and increased freight costs which have further impacted the Transformer Industry. It is crucial that the supply chain and Industry work hand in

hand to efficiently plan by investing to maintain a safe, reliable, and resilient network while delivering a high-quality service.

Kyte Powertech are at the heart of enabling Net Zero (decarbonization) by 2050 and are committed to sustainable manufacturing and recognize the significant opportunity to meet the needs of the present with minimal impact on future generations to meet their own needs. Kyte Powertech started the journey many years ago with initial focus on energy reduction, carbon footprint and waste reduction. We have already reduced their Scope 1 & 2 annual carbon footprint by 48% and an energy reduction per unit KVA produced of over 70% since a baseline year 2009 through focused teams and projects. In 2013 Kyte Powertech was first transformer manufacture to be accredited to ISO50001 energy management standard. In 2014 Kyte Powertech won an SEAI better energy award for heat recovery project reducing energy consumption of a significant energy user by over 50%. In 2022 Kyte Powertech will be commissioning an on-site roof-top 1 MW solar project to further reduce their impact on natural resources on the journey to net zero emissions.

Although sustainability has become quite a vague term. We have committed to integrate the SDG's (Sustainable Development Goals) as part of a comprehensive business development plan to provide the most sustainable product and achieve a better future for all.

We're actively working with industry to facilitate the change. Kyte Powertech will issue their sustainability report in quarter 4 2022 and this report will be shared with all Utilities. To achieve Net Zero, significant distribution network reinforcements will be required to navigate a growing demand for electricity with the rise of low carbon technologies. We would therefore encourage Ofgem to reconsider its decision to revert to the relatively conservative Future Energy Scenario, System Transformation, and make further cuts to baseline allowances. We are concerned that this approach will exacerbate deliverability issues and constrain the networks from ensuring timely and efficient investment to support for higher levels of demand growth. Therefore significant investment is now required in Electricity Networks so that we at Kyte Powertech can work in partnership with Utilities to facilitate the Net Zero transition by 2050. Respectively we urge Ofgem to review again their approach to delivering the funding that the networks require to support Net Zero.

Your Faithfully

A handwritten signature in black ink, appearing to read 'Mary Nulty', is written over a horizontal line.

Mary Nulty  
Key Account Manager – UK Utilities