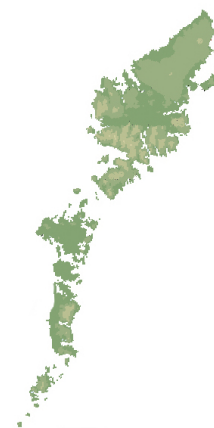




The Scottish Parliament
Pàrlamaid na h-Alba

ALASDAIR ALLAN

MSP for the Western Isles - BPA airson nan Eilean Siar



Office of Gas and Electricity Markets
9 Millbank
London
SW1P 3GE

Our Ref: AA8559

25 August 2022

Dear RIIO-ED2 Team,

Re: RIIO-ED2 Draft Determinations

I would like to thank Ofgem for this opportunity to submit views to their important consultation into the RIIO-ED2 Draft Determinations Consultation. I am responding in my capacity as the Member of Scottish Parliament for Na h-Eileanan an Iar constituency. I have been contacted by a number of constituents raising their concerns regarding the Draft Determinations and my submission will reflect these concerns as well as my own.

The main area of concern identified in the Draft Determinations surrounds the lifeline undersea cables bringing electricity to the Western Isles, particularly the link serving Uist.

As you will be aware, Lewis and Harris are connected to the GB-wide electricity network through a single 33kV 30-year-old subsea cable running from Ardmore in Skye to Stockinish in Harris.

In October 2020, this cable failed without warning, leaving Lewis and Harris totally reliant on local diesel generation for a period of ten months. This happened despite an end-to-end subsea survey of the cable being undertaken in August 2020 which did not identify any material concerns requiring attention. Community-owned generators' suffered severely during this period, with many good causes in the community losing income.

At present, Uist and Barra are supplied through a similar, single 31 year old 33kV cable running from Ardmore in Skye to Lochcarnan in South Uist. The risk of this cable suffering a failure in the short to medium term has been assessed as high. It is vital steps are taken to ensure a similar outage does not occur on this lifeline link.

In its business plan for the period 2023 to 2028, SSEN Distribution put forward proposals to decommission the existing Skye to Uist cable to be replaced by two new subsea cables installed between Ardmore in Skye and Clachan in North Uist and, between Dunvegan in Skye and Lochcarnan in South Uist. In its draft determination of SSEN Distribution's business plan, OFGEM has rejected this option and even rejected replacement of the existing cable.

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Rejecting these options will have a clear, negative impact on the resilience of Uist and Barra. It will also constrain the further development of the renewables sector in Uist and Barra, despite significant interest from community groups and industry.

Despite suffering from the highest rates of fuel poverty, households in the Western Isles face energy bills that are on average 26% higher than the current energy cap. This inherently unfair situation will be compounded if they cannot rely on a resilient and robust network that virtually every other part of the country would expect.

I therefore find it inexplicable that Ofgem has reduced subsea cable baseline allowances overall for Scottish Islands by ~26% and has rejected the funding request for replacing the existing Skye-Uist cable.

I also object to Ofgem's decision to reject SSEN's proposed 'fix-on-fail' Uncertainty Mechanism. If something like this had been present in ED1, Lewis and Harris would likely have faced a much shorter outage during the 2020 cable break.

The second area of concern raised was regarding the funding to replace four of the diesel generators at Battery point on Stornoway also being rejected. During the aforementioned ten-month outage, many local residents contacted me raising concerns at Battery Point having to run constantly. The requirement to burn tens of thousands of litres of diesel per day led to significant emissions and increased air pollution.

Ofgem's decision to reject this option is also extremely disappointing. Many of my constituents have expressed a view that Ofgem simply does not understand the unique challenges faced by SSEN in delivering and maintaining a reliable distribution network in the Western Isles. Others have taken the view it simply does not care.

The unique characteristics and requirements of the North of Scotland require a bespoke approach. Scotland has set a legally binding 2045 net zero target, five years ahead of the rest of the UK. This can only be achieved by accelerating electrification and greater investment is required in both network capacity and reliability to facilitate decarbonisation, and support an ever-increasing reliance on the electricity network.

Ofgem's Draft Determinations mean major reductions in SSEN's Load Related Expenditure proposal as a result of applying top-down modelling adjustments. This will lead to a 30% shortfall in the number of low carbon technologies (LCT) supported over the ED2 period, making SSEN's baseline plan net zero non-compliant. Ofgem's Draft Determination cuts to strategic investment could mean delays of up to 2 years for LCT connections.

It is imperative Ofgem urgently reconsiders their Draft Determinations affecting the Western Isles. Islander consumers should have access to as reliable and resilient a network as the consumers on the mainland. I believe Ofgem is failing in its duty as a regulator if it cannot ensure that.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Alasdair Allan', with a horizontal line underneath.

Alasdair Allan MSP