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21 October 2022

**National Grid ESO response to the Argyll and Kintyre project - Initial Needs Case consultation**

Dear James,

Thank you for the opportunity to respond to your Argyll and Kintyre project - Initial Needs Case consultation.

As the Electricity System Operator (ESO) for Great Britain, we are in a privileged position at the heart of the energy system, balancing electricity supply and demand second by second. As the UK moves towards its 2050 net zero target, our mission is to enable the sustainable transformation of the energy system and ensure the delivery of reliable, affordable energy for all consumers.

We use our unique perspective and independent position to facilitate market-based solutions which deliver value for consumers. In our ESO role, we operate the Argyll and Kintyre networks with the assets belonging to SSE Networks Transmission, or in the case of the Dalmally to Windyhill 275 kV route, belonging to SPT. As such, the ESO has oversight of this network and is responsible for constraint management, connections and competition assessments.

We support investing in the transmission network in the Argyll and Kintyre area. We note that the elements of the works south of Inveraray are at an advanced stage with assets capable of 275 kV operation delivered already. I include more detail for your questions in the letter's appendix.

We welcome the opportunity to discuss any of the points raised within this response. Should you require further information or clarity please contact Kelvin Lambert, Power Systems Engineer (email [kelvin.lambert@nationalgrideso.com](mailto:kelvin.lambert@nationalgrideso.com)) in the first instance. Our response is not confidential.

Yours sincerely

Paul Wakeley

Strategic Network Development Manager

## Appendix 1 – Consultation Question Responses

### Question 1: Do you agree with the need for investment on the transmission network?

We agree with the need for investment in the transmission network. It is driven by increasing volumes of renewables generation in the Argyll and Kintyre area as you note in the consultation's paragraph 2.7 onwards.

### Question 2: Do you agree with our initial conclusions on the technical options considered?

We agree with the initial conclusions on the technical options considered. The TO considered several options representing combinations of projects including variations based on operating practices of different normally open points.

### Question 3: Do you agree with our initial conclusions on the cost benefit analysis and the appropriateness of the option taken forward?

We support the recommendation for Option 05, comprising DDNC1, DINC and DCUP2 which is the most economic combination that achieves compliance. The economic case was demonstrated in the independent analysis undertaken for the project by the ESO on behalf of the Transmission Owner.

Option 05 creates a 275 kV route along the Kintyre peninsula to Crossaig from the existing Windyhill – Inverarnan – Dalmally 275 kV. This combination has a better economic case than options involving additional subsea cable(s) between Kintyre and the network around Hunterston or Kilmarnock. It uses the current project to uprate the existing 132 kV network between Inveraray to Crossaig for 275 kV operation to provide capacity and compliance for renewables connections to export to the main interconnected network. It also provides operational flexibility with coupling points that can be operated open or closed at Crossaig and at Creag Dhubh to assist system security and flow control. As such, we support the proposed combination.

### Question 4: Do you agree with our minded-to view to retain the Argyll project within the LOTI arrangements under RIIO-2?

We support competition in onshore electricity transmission and note that we listed elements of the work as eligible in previous NOA reports. The project timescales are tight with construction intended to start in early 2024 and the new substation at Creag Dhubh and its 275 kV connections due to commission in 2026 and associated substation works on the route south to Crossaig due to be completed in 2027. On this basis, we accept that the project would face delays if it were not to be retained within the LOTI mechanism as the consultation's paragraph 3.16 mentions. It's important to note here that Ofgem's LOTI minded-to position applies to the Creag Dhubh substation and its 275 kV connections as some of the associated 275 kV work south of Inveraray down to Crossaig is already at an advanced stage with some having been delivered by now.

End.