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Wind2 Ltd, Skye Final Needs Case Response – June 2023

Wind2 Ltd is a specialist onshore wind energy developer. The company was founded in 2016 by Gerry and Paula Jewson, former owners and founders of West Coast Energy, and partners in RDC, which have both successfully developed numerous sites totalling approximately 1GW in the UK.

Wind2 Ltd have a particular interest in the Isle of Skye project as we are, for EDPR, developing two of the projects with contracted capacity on Skye, circa 10% of the Initial Needs Capacity quoted in early 2022.

The following are answers from Wind2 Ltd to the questions posed in the Final Needs Case consultation document, dated 12th May 2023.

1. Do you agree with the need for investment on the transmission network?

Wind2 Ltd agree with the need for investment on the transmission network and have fully supported the INC consultation. This support is focused on the need for additional capacity to allow new generation to connect (load related driver) as commented in section 2.3 of the INC. Wind2 Ltd have maintained through these consultations that this investment should be considered as a key grid infrastructure project to help towards UK Net Zero objectives. We believe in the benefit and necessity of taking a long term view when it comes to helping achieve Net Zero objectives at least cost to the consumer. We note that since the INC consultation there has been widespread recognition of the challenge of reinforcing the grid in a timely fashion to allow early connection of renewable generation projects, and the need to accelerate grid connection timescales, which we believe further reinforces the need for the Skye project investment case. We also note that the investment case is also supported by i) the Asset Health Condition of the existing line and ii) security of supply considerations to customers on Skye and the Western Isles. The reinforcement will help alleviate current and future constraints.

2. Do you agree with our conclusions on the technical options considered?

Wind2 Ltd have supported option 4a throughout the INC and now FNC, agreeing with SHET and now Ofgem's conclusions. We note that SHET have identified an increase of 38% in total generation potential since the INC, which provides further support for this option compared to the lower cost, lower capacity options. As a more general comment we believe that it is

important that the replacement 132kV line anticipates renewable generation which will be connected in the future, which avoids an iterative approach to grid reinforcement which will be more expensive and more time consuming. We believe that the choice of option 4a achieves this. With the ever increasing generation capacity demands from new renewable energy project on Skye, Option 4a should be viewed as a no-regrets option. We also note that the Isle of Skye is located in a particularly windy area, so that wind farms located there benefit from high capacity factors compared to other locations in the UK, making it an attractive area for wind farm development and investment.

3. Do you agree with our conclusions on the CBA?

Wind2 Ltd fully agree with Ofgem's conclusion on the proactive approach taken by SHET. Even with the additional Capex applied to their modelling (20%, as quoted), 4a was still the solution of least regret. This has allowed exploration and commitment to underground a key visual element of the route and has been a clear and sensible modelling exercise for all interested parties. The proposal to underground 24km of the line increases the likelihood of achieving planning consent and achieving the target completion date.

4. Do you agree with our minded-to proposal to retain the Skye project within the LOTI arrangements under RIIO-2?

Wind2 Ltd fully agree with the decision to retain the Skye project within the LOTI arrangements. As fully documented in the FNC consultation, it can be seen that both CATO and SPV competition models would likely extend the project delivery timescale, slowing down the ability to reach important Net Zero targets. Wind2 Ltd believe that maintaining progress toward the SHET delivery date of late 2026 for the Skye project supersedes any potentially negligible benefit to consumers, as mentioned in the Ofgem FNC conclusions.

5. Do you agree with our proposed approach to LPD for the Skye project?

We agree with the proposed approach to LPD of applying a penalty ("PDC") to the licensee for late delivery. This is beneficial to consumers in terms of minimising disruption to their supply and timely delivery of a more secure and reliable supply. It's also beneficial to developers constructing renewable energy projects to be connected to the new reinforced 132kV line as they are at risk to delays in the delivery of the Skye project which will make an important contribution to the UK Net Zero objectives and supply green power at a time of heightened energy costs which are a result of over reliance on imported fossil fuels.

Yours sincerely



Sarah Smith

Managing Director