

OFGEM/KH/IK

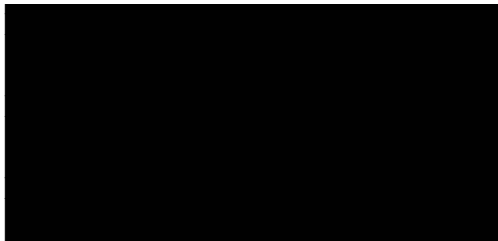
**OFGEM REGULATORY FUNDING AND APPROVAL FRAMEWORK  
CONSULTATION**

**RESPONSE**

**on behalf of**



Submitted: by email only by deadline of 30<sup>th</sup> August 2024



## **Background**

1. This response in respect of the OFGEM regulatory and funding framework consultation document is formally submitted on behalf of Ms Kathrin Haltiner, Dale House, Westerdale, Caithness – simply referred to as the responder for the purposes of this submission.
2. The responder owns land and property in central Caithness that is directly and indirectly affected by current and future renewable energy projects. As a key overriding issue, she has very significant concerns about the adverse effects of the destruction of the unique Caithness physical and cultural landscape that are the result of current, consented and proposed renewable energy infrastructure where proposals are considered in isolation with no overarching planning or environmental framework.
3. This response has been prepared by Ian Kelly MRTPI a chartered professional planner with some 47 years professional planning experience in all forms of planning related statutory procedures including Electricity Act procedures. He has specialised in renewable energy related advice for the last 20 years.

## **Initial Key Considerations**

4. There are a number of key considerations that impact on the limited set of comments that are subsequently made in respect of the individual chapters in the consultation document, and these are set out below. The first bullet point and its subpoints is the most important overarching key consideration:
  - Content context – this OFGEM consultation document, like every other document or plan that it references and like other OFGEM consultations, has been produced in total isolation from the established and clearly understood consenting systems under the Electricity Act and the Local Development Planning and Development Management systems under the Planning (Scotland) Act for the assessment and consideration of proposals. That fundamental omission has six serious consequences:

- I. Most Local Authority Councillors and Planning Officers, most people working for NatureScot and SEPA, the affected local communities and landowning interests are completely unaware of what is being proposed and/or consulted on.
  - II. As a result, community interests, statutory planning policy, and environmental assessment requirements (including SEA) are totally ignored.
  - III. There is a failure to properly consider and evaluate project need cases and alternatives.
  - IV. The risks that come with early and very narrowly based OFGEM approvals (as partly considered in the recent Dalmally OHL case – ECU Ref: 00002199) such as claims that a project has already been approved resulting in inadequate consenting assessments for highly speculative projects, are not recognised.
  - V. The inability of local people to be able to hear evidence from and then cross examine any witnesses from OFGEM at such Public Inquiries despite requests being made of the Reporter and despite it being perfectly obvious, from the other evidence, that both the initial needs case and its assessment by OFGEM were flawed. This should not be allowed to happen in the future.
  - VI. The misallocation of funding risks, and the associated disbenefits to the consumers, that arise from the likely technological, regulatory, and demand/supply management systems changes over the long term periods being considered are insufficiently recognised.
- Document context – the consultation document references a considerable number of other documents and plans produced by OFGEM, the ESO, and the TOs, some that exist and some that are yet to be produced, but how all of these documents are to fit together into a coherent plan for the future supply and distribution of electricity, now and in the future, is not explained

- The language used in the document is clearly directed at what might be referred to as insiders within the system making it very challenging for the any interested and informed member of the public to understand what is being said and yet it is the public who will pay for all of this infrastructure and who will be directly and indirectly impacted by it
5. Taking account of the above points comments are set out below on some of the individual chapters and proposals in the consultation.

### **Executive Summary**

6. There are two key elements that are not referenced in the Executive Summary and those are a resume of the serious risk factors that could lead to inefficient or unneeded expenditure and how the differential classification of projects that is set out in the main chapters then fits those projects into the consenting systems.

### **Section 2 Background**

7. There are many differing ways to reach net zero and there are even alternatives to the current concept of net zero (which largely envisages offshoring of emissions rather than avoidance of emissions). It is not necessary to either assume that we will double our electricity consumption (OFGEM projections) or to derive that electricity from locations that are 500 to 600 miles away from the main markets. These alternative concepts and processes will have profound and differing effects on the demand for electricity and this should at least be considered in the context of regulatory approvals.
8. Given that historically it has taken up to 14 years to deliver large onshore transmission projects and given the current example of SSEN running behind schedule for the Spittal to Beaulieu infrastructure applications, there needs to be a more serious attempt to evaluate whether or not decarbonisation of the energy sector by 2030 is remotely feasible. Addressing that question will then, in turn, lead to serious questions around both the prioritisation of projects and the related funding processes.

9. The holistic approach to network planning, although a sound objective in itself, has absolutely no links whatsoever to or place within the Development Plan land use planning system as well as having no links to the consenting processes (see para 4 above). That materially undermines both the potential value of holistic network planning and the public's trust in the process.

### **Section 3 Provisional Assessment of the ESO tCSNP2 (sic)**

10. This section does recognise a series of profound risks affecting a total of 46 onshore transmission projects as identified by the ESO (including the effects of regulatory change and system management change). In particular, it is noted that in OFGEM's view "there remains significant uncertainty about the design, costs, delivery timings, and certainty of need for the majority of network reinforcements recommended." This is exactly what the objectors in the Dalmally OHL case sought to argue but were met with the response from SSEN that "the project has been approved by OFGEM".
11. Following on from the above, it is also noted that OFGEM state "we consider that there could be significant risks to consumers from locking in immature project designs and delivery dates, before there is certainty of need and the optimal design has been identified." Again, this was exactly the situation that was discovered, in the questioning of SSEN at the Dalmally OHL Public Inquiry, where a new OHL of massive capacity was being proposed in the context of the current need being two relatively small wind farms awaiting connection. Again the response that was given by SSEN was that "the project had been approved by OFGEM".

### **Section 4 Proposed Regulatory Framework**

12. The structured approach that is suggested does seem reasonable but again it suffers from the absence of any connection with the land use planning and consenting systems meaning that community and environmental interest are not considered at the strategic planning and evaluation stages. This aspect seems to be one that is to be passed down the line to later stages for consideration by the TOs (see para 4.19 in the consultation document). It is submitted that these key aspects need to be addressed at a far earlier stage.

## **Section 5 Application of Regulatory Framework to Projects**

13. The reasoning behind allocating projects into different “tracks” in terms of a series of criteria is considered to be perfectly sound. However, it is submitted that the stage that has been reached in the development and assessment of the need case, including the consideration of alternatives as well as public consultation, should be included in the criteria.
14. For example, in Table 8 there is the project DSUP which relates to increased connection capacity between Dounreay, Spittal and Thurso for delivery by 2034 (more detail of what is involved is given in Appendix 1 of the consultation). However, the need case in terms of exactly what generation sources this upgrade is meant to serve is totally absent. Equally absent is any indication of how this project fits with every other aspect of generation, transmission and storage infrastructure that is being proposed, by multiple other parties, in this broad locality. Earlier and more transparent consideration of the asserted need case would be of considerable value in situations like this.
15. Similarly, when considering the Shetland to Coachford link (para 5.19 onwards) a transparent consideration of need might well then be followed by consideration of an offshore link directly to Peterhead, possibly linking in with other offshore wind farms that actually proceed. This should all be done before any significant expenditure is approved.
16. This also seems an appropriate point in the response to ask for some information relating to SSEN. Can OFGEM please provide a list of the projects where requests for infrastructure expenditure submitted by or on behalf of SSEN have been refused. This information request is submitted on the basis that the impression locally is that OFGEM always accedes, and accedes quite quickly with minimal consultation, to what SSEN asks for. The Skye OHL project is a good example given that, so far as is known, none of the wind farms it is designed to connect has yet secured consent. Indeed, the Highland Council, as the Relevant Planning Authority has objected to the

first two of the Skye wind farms to be reported to Committee. If the subsequent statutory Public Inquiries result in these wind farms being refused consent, then the needs case, that OFGEM has already approved, would be fatally undermined.

## **Remaining Sections**

17. The remaining sections of the consultation are directed at what is expected from the TOs and the ESO. The only comment that is made in this response is the need for transparent and honest community consultation around the need case and options at both strategic planning and the individual project levels.

## **Appendix 2**

18. This ESO network plan diagram is one of the most useful parts of the consultation document (noting that it was published before the announcement of the decision to approve the funding of an offshore grid connection from Peterhead to Drax). There are a number of key lessons that can be taken from what is shown. These are as below:

- The absolute folly, the unnecessary infrastructure requirements, and the resultant unnecessary costs to consumers of looking to generate so much of the future supply of electricity in locations so far from the market is obvious from just looking at the diagram. About 60% of the planned infrastructure is located in Scotland or in Scottish waters where there is only 10% of the UK's population and hence only 10% of future electricity demand. The ratios would be even more stark if only the Highland Council area was considered.
- The diagram confirms what SSEN have tried to play down in community consultation and that is that the proposed grid investments are all about connecting offshore wind farms to the market in the south with SSEN trying to imply that onshore wind farms are an integral part of the picture.
- Related to the above point, it is of considerable importance to local people to note that there are in fact no proposals for new onshore network infrastructure

or for voltage increases or for existing network upgrades anywhere in the Highland Council area.

- The vast majority of the Scottish offshore wind farms are at the scoping stage and therefore, there is a risk that not all will either be consented or proceed following a consent.
- In turn that must mean that any advance provision of infrastructure runs the risk of being highly speculative and poor value for money for consumers.
- Nonetheless, the plan shows that with the distribution of possible offshore wind farms it would be possible to consider an offshore cable connection running along the Pentland Firth and then south to Peterhead to link in with the subsea link that has recently been approved and without any associated onshore elements in the far north of Scotland.

19. The above comments lead into the conclusions below.

## **Conclusions**

20. Ultimately the key response issue is that this consultation document lacks the proper context as set out earlier in paragraph 4 in this response document. It is considered absolutely fundamental that the consultation, planning and regulatory work that is undertaken by OFGEM is, as soon as possible, formally integrated into the land use development planning and the consenting systems so that there is absolute transparency for the affected public and the eventual project decision makers in terms of need, alternatives and effects.
21. What the responder would like to see is a simple draft holistic plan for the whole of the UK that starts from a serious assessment of our future electricity needs in a sustainability focussed context, and then evaluates the strategic options for the least costly and the least environmentally harmful way of delivering that draft plan, in the long term, followed by proper community based consultation on that draft plan all within the formal land use planning system.



22. It might be that the current OFGEM Regional Planning consultation document might be a start to that process. A response will be submitted on that consultation in due course.

**Future Stages Contact**

23. All future contact should initially be to Ian Kelly MRTPI using the email address provided.

[END]