

David Hunt
Senior Manager – Electricity Transmission Policy
Office of Gas and Electricity Markets
9 Millbank
LONDON
SW1P 3GE

Our Ref: JDR/EB
Your Ref:
Date: 18 July 2007

Dear Mr Hunt

INCOME ADJUSTING EVENT FOR THE BEAULY-DENNY PUBLIC INQUIRY

The Highland Council wishes to respond to your letter dated 25 June 2007.

As you will be aware the Council has objected to Scottish Hydro Electric Transmission Ltd's (SHETL's) application for the proposed 400kV Beaulay – Denny overhead transmission line. Although the proposed line passes through a substantial length of the Council area, the Council's objection is to selected parts of the overhead route on social, economic and environmental grounds. The Council does not contest the need for an upgrade which will allow connection of future renewable electricity generation in the Highlands to centres of population further south.

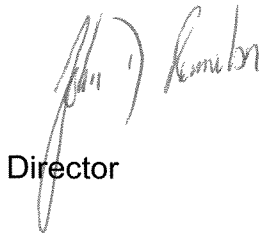
Throughout the pre-application discussions, the consideration of the Section 37 application and now the Public Inquiry proceedings, the Council has been disappointed and frustrated that SHETL has failed to address the concerns of the Council. Given this stance, it is of considerable irritation to the Council (and I'm sure to the other Councils, Cairngorm National Park Authority, Scottish Natural Heritage and the private lobby groups/individuals) that SHETL are seeking to recover £7m (including over £2m legal costs and £2m on environmental consultancy costs) having failed to sit round the table and negotiate with consultees and interested parties. You will be aware that it is generally accepted that parties to a public local inquiry or written representations appeal bear their own costs unless the conduct of one party has been unreasonable (Circular 6/1990). Such an arrangement, in the view of the Council, should apply in this case.

The Council has, out of financial necessity, sought to keep its costs to a minimum. It has employed an advocate (junior Counsel) in order to present its case and a consultant engineer to provide advice on specific electrical issues. For the strategy session of the Inquiry (3 months in Perth) these costs were divided between the Highland Council, Cairngorms National Park Authority, Perth and Kinross Council and Stirling Council as this was considered to be the best use of resources. All the other Council evidence to the

Inquiry has come from officers who have worked excessive hours to prepare and present the Council's case.

There have already been criticisms from third party objectors about the conduct of the Inquiry on the grounds that it has not been a level playing field between the parties. For SHETL to expect to recoup their considerable costs from consumers, through Ofgem, sends absolutely the wrong message about an open, transparent and independent Inquiry process.

Yours sincerely

A handwritten signature in black ink, appearing to read 'John D Rennilson', written over the printed name 'Director'.

Director

