

Dear Lesley

I refer to Stuart Cook's letter of 16 September regarding connecting the Scottish Islands to support the development of renewable energy projects.

As we have detailed in previous correspondence we believe that a competitive approach to the provision of sub sea transmission connections to the Scottish Islands will be in the best interests of consumers. The connection of Scottish Islands to enable export of renewable energy that requires sub sea transmission circuits should, in principle be placed within the Offshore Transmission regulatory regime. This would provide a consistent approach for high cost sub sea connections and deal with the likes of system security.

To prevent delays and allow SHETL to proceed with the Western Isles connection we feel that a transitional regime could have been implemented. For offshore wind farm projects the need for a transitional mechanism within the offshore transmission regime was recognised, the implementation of this transitional regime has enabled offshore wind farm developers to proceed with the design and construction of their projects. For the Western Isles connection a similar mechanism would have given SHETL the confidence to proceed whilst the most effective regime to deal with future developments was finalised.

In relation to the legislative and licence framework, it is unclear whether the proposed high capacity (transmission) connections facilitating the export of renewable energy from the Scottish Islands is within the scope of SHETL's current transmission licence, as it is our understanding that SHETL's specified area is set out in the Electricity Act 1989 ( North of Scotland Specified Area) Order 1990 (1990 SI 506). This Specified Area is clearly delineated on The Electricity Act 1989 North of Scotland Specified Area Order 1990 Map as the mainland regions north of the Fife and Central areas. In any event any route that passes through territorial seas and beyond is clearly outwith SHETL's licensed area. Accordingly, these connections should be accommodated within an appropriate offshore transmission regime .

Having said all of this we do recognise the importance of the Western Isles connection and the renewable energy that this connection will release. In view of this we would in this case support Ofgem's proposal of allowing SHETL to develop the Western Isles sub sea connection by re-opening SHETL's price control, and making any one off exemption that this may require. It is however essential that this is an exception and does not set a precedent for other connections, including the Shetland connection. In the latter case, particularly given the distances involved to provide a connection to the mainland, we do not see a strong case for departing from the competitive regulatory framework.

We look forward to participating in the development of an appropriate scheme for future connections.

I would be grateful if you could confirm receipt of this email.

Yours sincerely,

Peter Roper  
Offshore Transmission