

General Manager: Ann Black
Financial Controller: Jeff Goddard

Anna Rossington
Ofgem
Distribution Policy

By e-mail

22-24 North Road
Lerwick
Shetland
ZE1 0NQ

Telephone: 01595 744994
Fax: 01595 744999
mail@shetlandcharitabletrust.co.uk
www.shetlandcharitabletrust.co.uk

If calling please ask for:

Direct Dial: 01595 744990

Date: 02 September 2011

Dear Ms Rossington

Response to Shetland Northern Isles New Energy Solutions (NINES) Project Consultation

Thank you for the opportunity to comment on this project on behalf of Shetland Charitable Trust.

Shetland Charitable Trust contributes £11 million pa to the Shetland economy through supporting charities and charitable activities. The funding comes from the returns on our investments. Shetland is fortunate to have World Class wind and other renewable energy sources. The Trust would like the opportunity to investigate the investment potential of renewable energy generation in Shetland, often in collaboration with partners from both the private sector and the public sector. However, the local grid cannot support connections from any further generators using renewables at present, so we see the NINES/'Smart' Grid project as an essential step forward.

Addressing the four specific questions in the consultation:

Question 1 Do you agree that NINES can potentially reduce the cost of ensuring a secure, environmentally compliant electricity supply compared with the option of replacing LPS with a like-for-like power station? **Yes**

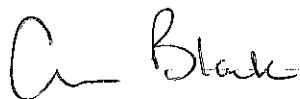
Question 2 Do you agree with our proposal to change SHEPD's licence to enable the NINES proposal to be submitted as part of the Integrated Plan? **Yes**

Question 3 Do you agree with our proposal to finance NINES using a totex approach and to classify it as Integrated Plan Costs? **Yes**

Question 4 Do you agree that the risks to the project have been mitigated, and that the potential benefits from the project outweigh the risks? **Yes**

It is clear that there is not a do nothing option. NINES offers an opportunity to improve the operation of the Shetland Grid ('Smart' Grid management of peaks and troughs) whilst at the same time permitting further renewable generators to connect to the grid. This will allow exciting projects to proceed.

Yours sincerely

A handwritten signature in black ink, appearing to read 'A Black', written over a horizontal dotted line.

Dr Ann Black
General Manager