

*Sent by email: [Sheona.mackenzie@ofgem.gov.uk](mailto:Sheona.mackenzie@ofgem.gov.uk)*

Date: 13 June 2013

By e-mail: [nik.perepelov@RenewableUK.com](mailto:nik.perepelov@RenewableUK.com)

Dear Sheona,

**RenewableUK consultation response on the needs case for the proposed Kintyre-Hunterston transmission reinforcement under the RIIO-T1 Strategic Wider Works process**

We welcome the opportunity to comment the needs case for these works, and are pleased to see progress is being made under the revised arrangements for regulatory approval under RIIO T1. Our response is attached. We also have some further general observations on the process which we shall share with Ofgem in due course.

If there any queries on the submission, please contact Nik Perepelov, [Nik.Perepelov@RenewableUK.com](mailto:Nik.Perepelov@RenewableUK.com) or 0207 901 3046

Yours Sincerely,

Nik Perepelov  
Onshore Wind Development Manager

## **Consultation Response**

### **1 Introduction**

RenewableUK is the trade and professional body for the UK wind and marine renewables industries. Formed in 1978, and with over 660 corporate members, RenewableUK is the leading renewable energy trade association in the UK, representing the large majority of the UK's wind, wave, and tidal energy companies.

The association's response aims to represent these industries, aided by the expertise and knowledge of our members. The priority of the renewables sector we represent is to be able to connect to the network confidently, quickly, and at best value.

### **2. Preliminary observations**

2.1 RenewableUK broadly welcomes any progress in grid expansion and network upgrades. Access to grid consistently ranks among the chief concerns for developers of renewable energy generating infrastructure. Insufficient timely expansion of network capacity could seriously undermine the achievability of our legally binding carbon reduction targets and in so doing limit the vast regional and national economic benefits associated with renewable energy.

2.2 We further note that this is the first project to undertake regulatory assessment under the RIIO T1 Strategic Wider Works (SWWs) process. The timely delivery of approval for an appropriate project under this process will give confidence to developers and the wider energy industry that the aims of RIIO are well served under this process. We therefore welcome progress made to date and request that lessons learned from the K to H assessment are fed back into the process with a view to ongoing refinement and increased efficiency.

2.3 Our detailed points are limited to areas directly affecting the interests of our developer members, particularly with respect to forecast demand. Some of the points raised are generic, and we would wish for them to be considered in light of the nascent regime as much as the specifics of the K to H proposal.

### **3 The proposal**

3.1 The needs case for K to H is driven primarily by increased demand on the local network due to new onshore wind projects. SHE-T were granted a SQSS derogation on previous work in the area (in the previous price control period) and the K to H link is proposed to effectively close this derogation down.

3.2 The proposal is for 2x 220kV AC subsea cables from Crossaig to an existing SP substation in Hunterston, with onshore works including replacement of 13km of 132kV OHLs and a new

substation at Crossaig. The CAPEX spend is expected to be in the order of £226.6 with a completion date of October 2016.

3.3 All but one relevant consents are in place though Poyry note risks of delay relating to supply chain for some of the onshore work and manufacture and installation delay in the case of the subsea elements.

3.4 Notwithstanding some ancillary concerns, and following further information provided by SHE-T, Poyry conclude that the needs case for the K to H project is justified and the proposal can move to the next phase assessment. Ofgem accept this position.

#### **4 Generation background**

4.1 The needs case is assessed against an expected generation background of 454.5 MW, 177 MW of which is yet to be connected. SHE-T and Poyry acknowledge the possibility of more generation than this coming forward within the relevant timeframe, but view the project as part of an 'incremental pathway', with future generation connected under connect and manage pending further upgrade works. On the assumption that the later works can be accommodated in a timely fashion, RenewableUK agrees that this way forward strikes an appropriate balance between the needs of generators and protecting the consumer from premature overspend.

4.2 We were, however, concerned to read on p.21 that media reports of a cessation of Governmental financial support after 2020 had been given weight in the decision. Whilst we are not of the view that this consideration would have materially affected the needs case in this instance, it is not, to the best of our knowledge, in line with Government policy and we do not feel that citing 'media sources' is appropriate in this instance. The Government is currently promoting the Energy Bill through Parliament, which among other things establishes long term support for renewables by means of a feed in tariff with Contracts for Difference (CfDs). A levy control framework allocation of £7.6bn by 2020 to fund the support has already been agreed, with details for competitive award of CfDs thereafter currently being finalised. Given the clear commitment to ongoing support to renewables, soon to be enshrined in statute and policy, we would urge that future needs case assessments resist citing speculation as to future Government actions.