

Consultation on Scottish Hydro Electric Transmission's proposed transmission project between Caithness and Moray in northern Scotland

OFGEM SWW Process:

<https://www.ofgem.gov.uk/ofgem-publications/83945/guidanceonthestategicwiderworksarrangementsinriiot1.pdf>

Consultation questions

1. Do you consider SHE Transmission's proposed standalone subsea cable project to reinforce the transmission system in northern Scotland is an appropriate option for consumers at this stage? Please explain the reasons behind your views.
2. What are your views on the timing and scale of SHE Transmission's proposed subsea link to reinforce the transmission system in the Caithness Moray area?
3. What are your views on the future costs of generation constraints in northern Scotland?
4. What are your views on the potential wider benefits of SHE Transmission's proposed subsea link? How should wider benefits be measured and evaluated in the Needs Case assessment for a proposed transmission project?
5. Do you consider we (and our consultants) have identified the relevant issues to the Needs Case assessment for SHE Transmission's proposal? Are there any other factors you think we should examine in order to inform our views on the proposed reinforcement?
6. Do you have any other comments on our initial views set out in this letter?

Response

- 1. Do you consider SHE Transmission's proposed standalone subsea cable project to reinforce the transmission system in northern Scotland is an appropriate option for consumers at this stage? Please explain the reasons behind your views.**

Yes, it is clear that the wave and tidal energy industry in the UK has reached a tipping point as it moves towards commercial viability, and although marine renewables are poised for significant growth over the coming years the industry requires ongoing support to maintain our leading position in the sector. The past year has seen a considerable amount of policy activity as the sector landscape was fundamentally reshaped by the progress through parliament of the draft The Electricity Market Reform legislation and the new Contracts for Difference support mechanism. There is no doubt that Orkney and the north has some of the UK's best renewable energy resources yet being at the end of the National Grid the Islands face significant challenges in grid capacity constraints and infrastructure developments, underpinned by a regulatory regime that is not helpful. Good electricity grid connection is essential for the long term economic success of the Islands and the current lack of capacity is a major obstacle to future development and undermines the credibility of the significant investment which has already been made. The current regulation-led approach has not encouraged sufficient investment in grid capacity as evidenced by the current embargo on any new onshore wind grid connections in Orkney. The proposals maximise the use of the abundant natural resources (wind, wave and tide) in the north and can only help to lower future electricity supply prices and improve energy security when

proper weight is given to the advantages of operating the available technologies in their optimal environments.

2. What are your views on the timing and scale of SHE Transmission's proposed subsea link to reinforce the transmission system in the Caithness Moray area?

This project should proceed in accordance with a time-table and on a scale such as will unleash the renewable energy potential of the north.

3. What are your views on the future costs of generation constraints in northern Scotland?

The cost of failure to realise the huge potential of the region will be significant both to the UK consumer (because of the superior efficiency with which all devices can operate in this environment which, on a like for like basis, is capable of resulting in cheaper generation), to the people of the region whose opportunity for economic and social regeneration is frustrated by the indefinite postponement of transmission connections, and to the UK economy which will forgo the tax revenue and other spin-off benefits accruing from the economic activity thus frustrated.

4. What are your views on the potential wider benefits of SHE Transmission's proposed subsea link? How should wider benefits be measured and evaluated in the Needs Case assessment for a proposed transmission project?

In the light of my knowledge of the superiority of the wind, wave and tidal resource, I have no hesitation in saying that the development opportunities which the provision of transmission capacity to the north of Scotland and the Northern Isles would provide will be seized with both hands, leaving no measurable risk of the creation of "stranded assets".

5. Do you consider we (and our consultants) have identified the relevant issues to the Needs Case assessment for SHE Transmission's proposal? Are there any other factors you think we should examine in order to inform our views on the proposed reinforcement?

I am sure that Ofgem recognises the difficulty of achieving a market-led Needs Case assessment for projects in and around the north of Scotland which perhaps owes more to the inadequacies of their assessment procedures than to any short-comings in our potential for cost efficient generation. It's not "rocket science". We need to invest in grid infrastructure where the resource lies.

6. Do you have any other comments on our initial views set out in this letter?