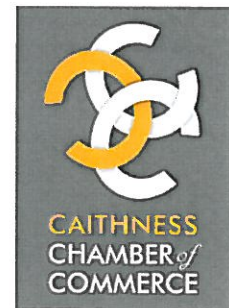


27th May 2014

Anna Kulhavy
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STRONGER
TOGETHER

Dear Ms Kulhavy,

SCOTTISH HYDRO ELECTRIC PROPOSED TRANSMISSION PROJECT BETWEEN CAITHNESS AND MORAY: CONSULTATION RESPONSE.

Caithness Chamber of Commerce is the leading business organisation in the Caithness area, representing hundreds of members – from sole traders to multinational companies – across a wide range of sectors. It is committed to a vibrant Caithness economy that is successful, sustainable and diverse, and aims to be a unified business voice directly contributing to the economic growth of Caithness.

We are in agreement with OFGEM's initial view that the transmission system in northern Scotland will need reinforcement in the future, particularly should renewable power generation in the region develop as expected.

We believe that the proposed subsea cable solution represents the best means of enacting this reinforcement of the system for the following reasons:

- Caithness is an area of unique and outstanding natural beauty, and we believe that the proposed subsea cable solution is likely to result in minimal visual impact. By contrast, development of any major onshore solution is likely to have a significant visual impact.
- As noted in the consultation document, having the proposed subsea link in place by 2018 would ensure that projected new generation in the area is not limited by lack of transmission capacity.
- Also as noted, SHE's proposal allows for potential further expansion of capacity, notably to accommodate future generation in Orkney and Shetland. Given the long-term goals of both the UK and Scottish Governments with regards to renewables targets, we believe there is a benefit to considering future capacity needs in the area.
- SHE's proposal would help to alleviate some of the pressures already in existence with the continued expansion of substations.
- As noted in the consultation document, there is uncertainty over the scope, cost and timing of the onshore options, which we would argue makes them less preferable to SHE's proposal.

While we appreciate that the role of OFGEM is to ensure the best possible service for consumers, and that many factors must be taken into account when considering any investment in the

transmission network, we believe that SHE Transmission's proposed subsea cable is the best option and would urge OFGEM to support this option.

Yours sincerely,



Trudy Morris
Chief Executive

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