



Ms Kersti Berge
Partner, Electricity Transmission
The Office of Gas and Electricity Markets
9 Millbank
LONDON
SW1P 3GE

26th May 2014

Dear Ms Berge,

Consultation on Scottish Hydro Electric Transmission’s proposed transmission project – Caithness / Moray

I am writing on behalf of Inverness Chamber of Commerce in response to your letter of 2nd April 2014. Inverness Chamber of Commerce is, we believe, the region’s most ambitious and active business membership organisation. With a growing active membership of over four hundred businesses from across the Highlands and Islands, and beyond, we have a strong mandate to represent our members. In addition to having a wide geographical representation, our membership base includes businesses of all sizes from each sector of the Highland economy.

Inverness Chamber of Commerce is affiliated to Scottish Chambers of Commerce and is one of only seven Scottish Chambers of Commerce accredited to British Chambers of Commerce. As such, we believe we are the strongest representative voice of the Highland business community which actively and effectively lobbies at the highest level on behalf of its members.

We are strongly of the opinion that SHE Transmission’s proposed option, Option 1a, as outlined in your letter is the option which should be approved by Ofgem.

Further, given the critical time constraints around Option 1a, we would urge Ofgem to approve this proposal at the earliest possible opportunity. We believe there is a benefit to the consumer through Option 1a, which will enable the earliest necessary grid reinforcement, rather than a much delayed onshore reinforcement alternative. Additionally, it is clear that SHE Transmission have only a very limited ‘window of opportunity’ in which to carry out this proposed option. Any delay in a decision by Ofgem will result in significant additional costs for both SHE Transmission and ultimately the end consumer.

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We do not wish to add to the technical or financial issues raised in your letter. Neither do we have the desire to challenge your financial or technical modelling of the scenarios under consideration. Both matters have been comprehensively and thoroughly explored in your letter. We are content to accept your assertion that the case for the proposed subsea cable solution is finely balanced. However, we do wish to comment and give some additional context around the regional community and business issues which we believe will be impacted by your ruling.

The Highlands and Islands of Scotland have an enormous asset for the region, Scotland and the whole of the UK in terms of both proven existing and new potential renewable energy resources. This renewable energy has to be able to be delivered to consumers in every market sector across the UK. SHE Transmission's Option 1a is the only option which will enable this to happen within an acceptable time-frame. The significant renewables industry which is currently flourishing across the Highlands and Islands also requires this grid upgrade now to be able to continue to grow and develop. We also believe that SHE Transmission's favoured option will act as an appropriate catalyst for the future development of similar connections to Shetland and Orkney.

The Highlands and Islands renewables based industry is not only important for the global challenges faced by climate change and carbon emission issues. From its inception, 'The Hydro' has been part of the fabric of Highland community and business life. This legacy is being maintained by SSE's current focus on local procurement practices and apprenticeship initiatives. SSE's 'Open4Business' on-line procurement portal is specifically designed to maximise the 'supply-chain' spend within the Highland business communities. In addition, SSE have done some excellent work recently through UHI (The University of the Highlands and Islands) in their close collaboration with Inverness College UHI relating to delivery of focussed Apprenticeship schemes. Both these initiatives are welcomed by Inverness Chamber of Commerce as they demonstrate SSE's clear and ongoing commitment to the region and local economy. In addition, we believe SSE have made strenuous efforts to appropriately respond to feedback from stakeholders and to deliver long term value for energy consumers.

One of the major benefits, we believe, from SHE Transmission's proposed Option 1a, is that it requires the minimum construction of new onshore transmission infrastructure. As the recent Beaulay – Denny grid upgrade has clearly demonstrated, any new overhead line project within the Highlands is likely to encounter close public scrutiny and undoubted challenge. Inverness Chamber of Commerce fully accepts that these understandable concerns need to be appropriately and fully addressed. However any 'due process' will undoubtedly lead to delay and inevitable significant additional costs; both of which would be damaging to the massive renewable generation opportunity which this link would afford.

I would be happy to provide you with further comment or evidence as required. In the meantime, I look forward to hearing from you.

Yours sincerely,

Stewart Nicol
Chief Executive