

Ofgem : Consultation of the cost of the new energy solution for Shetland
Viking Energy Shetland LLP Written Response

August 2017

Executive summary

Viking Energy Shetland LLP, a partnership between Shetland Charitable Trust and the locally owned Viking Wind Limited, is the community owner of 50% of the Viking Energy Wind Farm (VEWF) project, which is being developed in partnership with SSE Renewables. This document responds to the consultation issued by Ofgem on the cost of the new energy solution for Shetland.

The Overall Solution Evaluation Cost (OSEC) for the preferred Shetland New Energy Solution (SNES) does not in the view of VEWF represent the lowest possible cost to GB consumers, nor does it represent the optimal level of cost efficiency.

In brief, and as supported by the details presented in the consultation document and explained more fully in our detailed responses herein, the most economic solution is clearly the Viking cable (or a Shetland Transmission Link) with standby generation. Ofgem confirmed this was the most economic solution if the Viking cable was delivered in 2021, but for reasons not stated in the consultation the same scenario (Viking with standby generation) was not modelled for the Viking cable delivered in 2023. VEWF believe this scenario, had it been modelled, would have been the most economic solution by a considerable margin. Given the economic benefit the Viking cable would provide to GB consumers VEWF believe that no decision on the SNES should be made until the outcome of the BEIS consultation on treatment of non-mainland wind is known. Furthermore, in the event that non-mainland wind is deemed eligible to bid into the next CfD auction round, VEWF believe that no decision on SNES should be made until the outcome of the auction is known.

VEWF believe that the Viking cable and the SNES should continue to be progressed in parallel and that, in the event it becomes clear the Viking cable can proceed, the SNES should be cancelled and NGSLL allowed to exit on a "financially whole" basis. Under these circumstances, long term security of supply for Shetland would be provided by the Viking cable with standby generation.

VEWF further considers the cost assessment methodology is contrary to Ofgem's central policy aim of promoting value for money. This is because the methodology has prioritised lowest total cost (£) rather than the lowest cost of generation (£ per MWh). The methodology does not account for the constraining impact on GB consumer value for the scenario where the SNES is implemented but a Shetland transmission link is not built, and equally the erosion of consumer value where the SNES is implemented and the Viking cable is delivered in 2023. VEWF have evaluated the SNES cost to be £73 per MWh more expensive to GB consumers compared to the Viking Cable (or a Shetland Transmission Link). VEWF therefore consider the cost assessment methodology has failed to secure value for GB consumers and for it to be fundamentally incompatible with the UK Government policy objective of securing renewable generation at the lowest possible cost.

VEWF welcomes the proposed incentive arrangements under the SNES but considers it is not possible to determine if they represent a cast-iron guarantee which will fully insulate GB consumers from the financial risk. No detail has been provided for the predefined caps that have been agreed (for delay

liquidated damages or operational direct losses), the extent and timeline over which availability payments will be reduced in the event of a service failure, or the costs of the “alternative sources” that have been identified to provide replacement services in the event of a major service breach. Additionally VEWf consider it to be unlikely that liabilities under termination will be uncapped such that the service provider will “make SSEN whole”. VEWf consider the risk of delay for the SNES startup date to be very high given none of the required planning or environmental consents, or grid connection agreements, have yet been applied for. As the extended operation of Lerwick PS and Sullom Voe PS was not considered for the Viking cable delivered in 2023, VEWf assumes this option will not be available if the SNES startup date suffers a major delay. Were it to be the case that Lerwick PS and Sullom Voe PS do become the “alternative sources” that provide replacement services it follows that Ofgem will not have delivered any value for GB consumers, as the most economic solution under these circumstances would have been the Viking cable (or a Shetland Transmission Link).

Our detailed considerations with regard to the summaries presented above are provided in response to the questions posed in the consultation document, supplemented by a wider narrative under each question to convey broader considerations VEWf believe to be directly relevant to the SNES decision process.

VEWF would like to thank Ofgem for consulting on the cost of the SNES and confirm our consultation response is not confidential.

Viking Energy Shetland LLP

E: info@vikingenergy.co.uk, aaron.priest@vikingenergy.co.uk

T: 01595 744930

August 2017

Question 1: Do you have any views on the costs of the preferred SNES?

The views of VEWf on the overall cost and individual component costs of the preferred SNES are specifically as follows.

- 1.1 It can be estimated from the NGSLL capital cost of £278.6m that the cost for the offshore scope (predominately cable supply and installation) is unlikely to exceed £1m per km. This is acknowledged to be consistent with commonly quoted industry rates. However noting the intention to excavate the cable trench one year ahead of cable installation there is the risk that the cost for the offshore scope has been underestimated if insufficient provision has been made to cover unexpected collapsing or filling of the trench, which may occur as a consequence of the trench being open for a period of one year.
- 1.2 The consultation document confirms the capital cost covers two cables laid in a single trench, where it is assumed these two cables will be configured as a HVDC monopole with a cable for supply and a cable for return to provide the 60MW import capability in the first instance. With regard to the export capability the consultation document is not clear on whether the OSEC is inclusive of any additional costs that will be required to provide this capability e.g. any wider reinforcement works required on the mainland grid in the North of Scotland area. If these costs are not included in the OSEC then it remains unclear how these costs will be covered. The timing of such costs is also unclear as the consultation document does not confirm when the export capability will be available, which is a key consideration for any project developers whose projects are dependent on it being available.
- 1.3 The capital cost of the Aggreko plant can be evaluated as £0.45m per MW installed (assuming the rated capacity of 0.85MW per containerised unit). This is recognised to be consistent with current market rates assuming it includes all related construction and commissioning costs, including the tanks required for the storage of 30 days fuel. It is interpreted from the consultation that it is only the Aggreko plant which will receive Output/Utilisation payments, which will be in the order of £1m per year. However the consultation does not provide a breakdown of how the total NPV of £581.7m is split between the NGSLL cable and Aggreko standby generation. Consequently it is not possible to determine the total operational costs for the cable and the standby generation separately. We note however that the £1m per year paid to Aggreko equates to a cost of generation (excluding capital repayment) of around £220 per MWh based on 3.5 days operation per year to cover planned outages. This is not considered competitive and in the view of VEWf represents a significant cost risk should the plant have to run more than anticipated e.g. due to delays commissioning the cable or the cable sustaining unexpected damage during its operational life. Additionally the consultation does not confirm the power output that was assumed for the basis of calculating 30 days fuel storage. Clearly a winter season demand should have been assumed and we trust the costs for the tanks are based on this assumption.
- 1.4 The consultation confirms the SNES contracts will require NGSLL and Aggreko to pay SSEN any incremental costs associated with service failures (up to certain predefined caps) and there will be the obligation to “make SSEN whole” if the contract is terminated due to a major service breach (which would include the costs of replacement services). While these typical contract conditions are acknowledged VEWf consider it unlikely they can ever guarantee full isolation

from consequential costs arising from major delays or termination events. Given there is a high risk of programme delay for the SNES (for reasons outlined in 2.6 herein) VEWf considers the risk of cost escalation beyond the contractual caps (assuming them to be typical) to be very likely. Additionally the consultation is unclear on what options have been considered as possible “alternative sources” were the preferred SNES unable to meet demand. VEWf believe the consultation should have been clear on the likelihood and consequence of delay under each scenario, and the associated delay cost estimates. For a scenario where the preferred SNES suffers a major delay beyond 2020 (as per 2.6 herein) but the Viking cable (or a Shetland Transmission Link) is delivered on time in 2023, it is clear the Viking cable with standby generation would be the most economic solution (consistent with 2.1 herein).

Q1 Response: Wider Narrative

VEWF have been in continual discussion with National Grid and Scottish Hydro Electric Transmission (SHE Transmission) on the costs of the Grid Connection Agreement for the Viking cable since 2005, when the agreement was first signed. Discussions have most recently focused on the significant increases advised by National Grid starting in 2014 when Viking was preparing to bid for a Contract for Difference in the rounds that were due to take place in 2015 and 2016 (but subsequently cancelled by the UK Government). VEWf have struggled to understand the reasons for these increases and see no fundamental reasons why the competitiveness of the NGSLL offer for the SNES cannot be reflected in the Viking Grid Connection Agreement where there is an equivalence in the scope of supply (particularly in the offshore scope for subsea cable supply and installation). Any reduction in the National Grid Connection Agreement for the Viking cable would clearly improve further the economics of the scenario of the Viking cable delivered in 2023 alongside standby generation (which is the most economic and cost efficient solution as noted in 2.1 herein). Failure by Ofgem to consider this scenario and to do a comparative cost assessment of the Viking Grid Connection Agreement versus the NGSLL cable solution has, in the view of VEWf, allowed an outcome to prevail which fails to deliver maximum value for GB consumers. To note for the avoidance of any doubt, VEWf has no preference on the standby generation solution and welcomes the work done by Ofgem to highlight the acceptability and cost effectiveness of this approach in meeting security of supply requirements.

August 2017

Question 2: Do you have any views on whether the recommended solution represents the optimal level of cost efficiency currently available?

The view of VEFW is that the recommended solution does not represent the optimal level of cost efficiency currently available. The reasons for this are as follows.

- 2.1 The consultation confirms in section 4.15 that an early introduction of the Viking cable in 2021 would have resulted in the reserve bidder being more economic. We interpret this conclusion to confirm that by adopting the Viking cable to serve the same purpose as the NGSLL cable (i.e. import to meet Shetland demand), but doing so at zero cost given the Viking cable would be paid for by VEFW, the most economic solution would have been a standby diesel power station submitted by Lot 1 Tenderer A (as per table 2.2 in the consultation). For the scenario where the Viking cable is developed in 2023 we assume the modelling is based on a full duty power station submitted by Lot 1 Tenderer B, as only that tender would be able to meet demand in the period 2021 to 2022. This can be the only reason why the Viking cable delivered in 2023 is uneconomic as a solution when it was the most economic solution if delivered in 2021. For reasons not stated in the consultation the scenario of extending the operation of Lerwick PS and Sullom Voe PS until delivery of the Viking cable in 2023, at which time the power stations would be replaced by standby generation (Lot 1 Tenderer A or the Aggreko plant), was not considered. VEFW believe this scenario should be modelled as it is very likely to offer the greatest value to GB consumers by a considerable margin. It is for this reason that VEFW believe no decision on the SNES should be made until the outcome of the BEIS consultation on treatment of non-mainland wind and any subsequent CfD auction is known.
- 2.2 National Grid confirmed in their Network Options Assessment report issued in January 2017¹ that the Caithness–Shetland 600MW HVDC link was the “most economic, efficient and coordinated option” to allow the “attractive renewables resources” on Shetland to be developed. As detailed in the report the factors taken into account when reviewing all the options included “Corridor” (the geographical route between the Shetland and the MITS on the UK Mainland), “Technical” (HVDC vs AC), and “Capacity” (MW rating including the potential for future growth in renewables on the island). VEFW is not aware of any changes in circumstances since January 2017 which would materially change the outcome of the National Grid options assessment. VEFW therefore agree with the guidance provided by National Grid that “depending on the outcome of the BEIS consultation, the economic assessment carried out as part of the optioneering exercise may need to be revised accordingly.” Consistent with this guidance, VEFW believe no decision on the SNES should be taken until the outcome of the BEIS consultation on the treatment of non-mainland wind is known.
- 2.3 As noted in the consultation the NGSLL cable is expected to improve the capability of the Shetland electricity system to accommodate renewable generation, with an expectation that the cable would allow development of renewable generation to both meet the needs of the island and the potential for export to mainland Scotland. This would suggest a renewables development opportunity of up to 80MW (assuming an average annual demand of around

¹ <http://www2.nationalgrid.com/UK/Industry-information/Future-of-Energy/Network-Options-Assessment/>

20MW² plus 60MW for export). As noted in our response under 1.2 herein, the consultation is not clear on the costs for developing the export capability, how these will be paid for, or when the capability may be available. However VEWf acknowledges and welcomes the potential benefit. It is important to note however that the same benefit would come with the Viking cable (or a Shetland Transmission Link) but on much larger scale given the much larger export capacity.^{3&4} VEWf thus considers the cost assessment methodology should account for the potential additional economic benefits the cable solutions could offer before any final decision on the preferred SNES solution is made.

- 2.4 The cost assessment methodology does not appear to account for value of the investment in the Caithness Moray infrastructure attributable to the planned development of the Viking cable. Under the grid connection agreement VEWf have with National Grid it is understood that approximately 9% of the Transmission Use of System (TNUoS) charges relate to use of the Caithness Moray connection which, in accordance with coordinated grid development in the north of Scotland, was sized to accommodate the Viking wind farm output. VEWf believe the value of this investment should be accounted for in the cost assessment methodology as it is a cost of approximately £100m which will be payable by consumers if the Viking cable (or a Shetland Transmission Link) is not constructed.
- 2.5 The cost assessment methodology does not appear to account for the resultant cost to consumers if both the NGSSL cable and the Viking cable (or a Shetland Transmission Link) were to be constructed. Under this scenario the benefits of the NGSSL cable would only accrue over a period of 3 years (2021 to 2023) yet GB consumers would be liable for the NGSSL subsidy for the remaining 17 year contract period. The NPV cost to consumers of supporting this subsidy with no benefit in return could be in the region £390m (assuming 3.5% discount rate). VEWf believe the significant erosion of GB consumer value under this scenario should be appropriately reflected in the cost assessment methodology, and further demonstrates why no decision on the SNES should be taken until the outcome of the BEIS consultation on the treatment of non-mainland wind is known.
- 2.6 The cost assessment methodology does not appear to have evaluated the impact of a major delay to the NGSSL cable and/or the Aggreko plant. While it is acknowledged contracts will contain typical terms and conditions for delay damages mitigating the risk of minor delays, the contracts are unlikely to guarantee GB consumers full isolation from consequential costs arising from major delays or termination events. VEWf understand none of the required consents (planning or environmental, onshore or offshore), or grid connection agreements, have yet been applied for. The risk of major delay cannot therefore be ignored given the time typically required to prepare planning consent applications (including the time required for pre-construction surveys as required for environmental impact assessments), plus the additional time that would result from a consent application being challenged and rejected. The grid connection agreements may also be subject to wider reinforcement works planned for times incompatible with the SNES programme. VEWf believe the risk of a major delay to the SNES programme is highly likely, a scenario that would further reinforce the case for the Viking cable in 2023 with standby generation as the most economic solution.

² <https://www.ssepd.co.uk/ShetlandEnergy/documents/>

³ Viking Energy Shetland submission to DBEIS "Contracts for Difference: Consultation on treatment of non-mainland onshore wind, January 2017" (copy available on request).

⁴ Report on Scottish Islands Renewables Project prepared by Baringa and TNEI
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/199038/Scottish_Islands_Renewable_Project_Baringa_TNEI_FINAL_Report_Publication_version_14May2013_2_.pdf

- 2.7 The cost assessment methodology does not appear to have made any consideration for socio-economic benefits, which is a standard requirement in support of any planning application for major developments, typically as part of the environmental impact assessment. VEWf assume this was because the required studies have not yet been started as work is yet to commence on the planning applications required for the SNES. In the view of VEWf the socio-economic benefits of the Viking cable (or a Shetland Transmission Link) will far exceed those of the NGSLL cable given the difference in export capabilities. Development of renewables projects is widely recognised to bring socio-economic benefits during both the construction and operation phases. Limiting Shetland's development potential to around 60MW when there is a currently a pipeline of projects exceeding 600MW can only have a negative impact on socio-economic benefit for Shetland over the long term. Accordingly VEWf consider that if socio-economic benefits had been accounted for appropriately in the cost assessment methodology the economics of the Viking cable (or a Shetland Transmission Link) with standby generation would have been improved further. As part of providing its consent for Viking, Shetland Island Council were advised by their Head of Economic Development as follows: *"It is my view that the Viking Wind Farm project and related interconnector are of paramount economic importance to Shetland, the project will provide substantial intergenerational economic and social benefits"*.
- 2.8 VEWf also wishes to highlight the failure to consider and value any additional opportunities beyond renewables that may result from Shetland being connected to the UK mainland with the Viking cable (or a Shetland Transmission Link). Such opportunities could include providing power for the oil and gas sector to help them achieve decarbonisation targets, and acting as a main hub in a coordinated development of a wider HVDC network providing interconnection between Iceland, Norway and Europe. Having the Viking cable (or a Shetland Transmission Link) installed and operational from 2023 could well serve to trigger and accelerate these developments providing economic benefits for both Shetland and the UK. Conversely not having a transmission link of suitable capacity could mean such developments bypass Shetland and possibly the UK also.

Q2 Response: Wider Narrative

As the consultation confirms both cable scenarios for Shetland, the NGSLL cable and the Viking cable (or a Shetland Transmission Link), will satisfy the primary requirement of meeting Shetland demand when built in conjunction with standby generation. The key difference under the two scenarios is the NGSLL cable will be directly funded by GB consumers via the SNES subsidy, while the Viking cable will be indirectly funded in part by GB consumers via the Contract for Difference (CfD) subsidy. In selecting the NGSLL cable as the preferred solution for the SNES the cost assessment methodology has prioritised exclusively the objective of meeting the primary requirement at the lowest total cost (£), not at the lowest cost of energy for GB consumers (£ per MWh). VEWf believe the latter metric should have been the cost assessment criteria given the ongoing objective at a UK level to increase renewables capacity at the lowest possible cost (hence the ongoing Contract for Difference auction rounds for offshore wind). Had this metric been the cost assessment criteria the Viking cable with standby generation would have represented the optimal level of cost efficiency under all scenarios by a considerable margin (and before consideration of any wider socio-economic and future opportunity benefits as per 2.7 and 2.8 herein). Figure 2.1 presents the cost of energy (£ per MWh)⁵ to GB consumers under the SNES solution compared to the Viking cable.

⁵ All energy costs (£/MWh) quoted in this consultation response are in money of the day (2017)

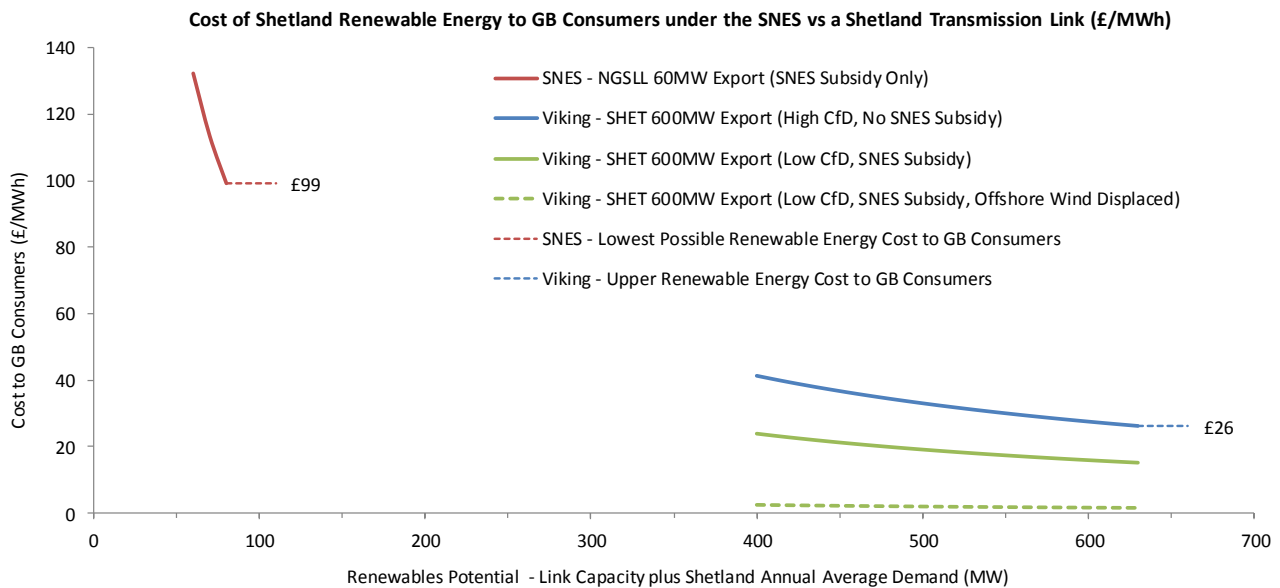


Figure 2.1 Cost of Shetland Renewable Energy to GB Consumers Under the SNES vs a Shetland Transmission Link (£/MWh)

The lowest possible cost of energy (£ per MWh) illustrated under the SNES assumes the NGSLL cable facilitates the development of around 80MW of renewable generation (60MW for export plus 20MW to meet Shetland demand). Assuming this 80MW of renewable capacity is wind generation operating at 45% load factor then the SNES subsidy equates to £99 per MWh.

Adopting the same approach for the Viking cable and assuming it facilitates the construction of 620MW of renewable generation, the cost of energy under this scenario is significantly lower. Two indicative costs (for illustrative purposes) can be provided at this time:

- 1) an upper reference cost which is based on Viking bidding for a CfD in an auction round (thus receiving a subsidy between the bid price and the reference price as per the CfD process), but with a high bid price due to the current grid connection costs and not receiving any SNES subsidy
- 2) a lower more likely cost which is based on Viking bidding for a CfD in an auction round, but with a lower bid price due to anticipated reductions in the grid connection cost and the Viking cable receiving the NGSLL portion of the SNES subsidy for meeting Shetland demand

The upper reference cost can, at this time based on the grid connection agreement VEWf have in place with National Grid, be advised as around £26 per MWh. This is £73 cheaper than the lowest possible cost to the GB consumer under the SNES. The SNES therefore does not represent the lowest cost of energy to GB consumers.

The exact cost to GB consumers with the Viking cable cannot be presented here given commercial sensitivities, but equally VEWf has not settled on a final bid price while discussions with National Grid and SHE Transmission concerning the grid connection agreement remain ongoing. However, were the competitiveness of the NGSLL costs to be reflected in the Viking grid connection offer (as per our response to question 1 herein), and Viking to receive the NGSLL portion of the SNES subsidy, VEWf believe the cost to GB consumers could be significantly lower than the upper reference cost presented (hence the solid green curve lying below the upper reference curve in figure 2.1 above). It is to be

noted that the analysis supporting these numbers assumes Viking operational from 2023 and it includes the costs of running Lerwick PS and Sullom Voe PS through 2021 and 2022.

Additionally the cost to GB consumers falls further if the onshore renewables facilitated by the Viking cable (or a Shetland Transmission Link) displaces equivalent capacities of offshore wind (the cost being represented by the dashed green line in figure 2.1 above). This follows from the principle that constructing onshore wind generation in Shetland is more cost effective than building offshore as the wind resources are similar but the construction costs are lower.

In accordance with the principles outlined above VEWf are clear in the view that the preferred SNES in no way represents the optimal level of cost efficiency for GB consumers, nor the cheapest cost to GB consumers given the strategic objective to develop renewable energy in the UK at the lowest possible cost.

August 2017

Question 3: Do you have any views on whether the proposed incentive arrangements are sufficient to maximise the availability of the service, and to minimise increases in costs to consumers on an ongoing basis?

- 3.1 The contractual arrangement relating to incentivising security of supply during the operational phase is confirmed as the reduction or cessation of annual availability payments to NGSLL and Aggreko should their respective plants not be available as contractually required. A period of up to 3.5 days per year (or 7 days every two years) is allowed for planned outages, and a period of 9 days per year for unplanned outages (which can accrue on a roll over basis year on year). The consultation does not confirm how the time allowed for planned and unplanned outages is allocated between NGSLL and Aggreko but clearly it can only apply to the NGSLL cable as the Aggreko plant may be unavailable (planned or unplanned, declared or undeclared) but were it not to be called upon during a period of unavailability it would be of no consequence. Were the contractual arrangement not to apply on this basis then it follows the Aggreko plant (and thus the SNES solution) could have potentially up to 12.5 days (3.5 plus 9) in the first year (and more in future years due to the roll over arrangement) before the service providers see any reduction in their availability payments. Furthermore, the consultation is not clear at what point the annual availability payments reduce, by how much they reduce and when they would cease. VEWf believe the consultation should have been clearer on the payment terms so that the level of incentive could be numerically quantified.
- 3.2 For service failures during the operational phase which VEWf assume only apply once any allowances for planned and unplanned outages have been used, the consultation confirms the service providers are obligated to pay SSEN any direct losses arising, up to predefined caps. It is unclear if the cost of replacement services (procured either by the service provider or SSEN) during a failure of service event is included in the cap value. If it is included it follows the level of incentive will fall away more quickly as the cap will be reached earlier. VEWf believe the predefined caps and associated terms and conditions should have been confirmed in the consultation so the level of financial risk related to a failure of service event could be numerically quantified. While VEWf welcomes the inclusion of this direct loss condition the level of risk mitigation to UK consumers remains unclear and could actually be very low.
- 3.3 For a major service breach which VEWf assume will only be considered following an extended period of service failure, the consultation confirms SSEN have the right to terminate the service provider arrangements. If this right is exercised this would obligate the service providers to “make SSEN whole” inclusive of any costs incurred by SSEN arranging replacement services up to that point. The consultation is unclear on both the length of service failure that would have to occur before the right to terminate could be exercised, and the “alternative sources” that have been identified as possible replacement services. Consequently it is not possible to estimate what it may cost the service provider to “make SSEN whole” and thus the level of disincentive that would represent should the prospect of termination materialise. VEWf believe the consultation should have been clear about the “alternative sources” and any time period that may apply to termination rights so the level of financial risk being placed on the service provider could be numerically quantified.

- 3.4 For construction delays causing the start date to be delayed, the consultation confirms that liquidated damages will apply. For the reasons outlined in 2.6 herein VEWf believe there is a high risk of programme delay for the SNES. As the start date is not a fixed date VEWf assumes the responsibility and cost of arranging replacement services prior to a delayed start date will remain with SSEN. It is unclear from the consultation if the costs SSEN incur due to a delay will be chargeable to the service providers, or if the liquidated damages are set such that they would cover such costs. Additionally, the consultation is not clear on what “alternative sources” could be used to meet demand if a delay to the start date was to occur. As extended running of Lerwick PS and Sullom Voe PS has not been considered for any scenarios in the cost assessment methodology, it must be the case that these power stations will not be available as “alternative sources” under a delay event. VEWf believe the consultation should have been clear on the value of the liquidated damages and the “alternative sources” for providing replacement services. While VEWf welcomes the inclusion of liquidated damages the level of risk mitigation to UK consumers remains unclear and could actually be very low.

Q3 Response: Wider Narrative

VEWF welcomes the inclusion of liquidated damages for the construction programme, deductions to operational payments if contractual availabilities are not met, and the right for SSEN to terminate in event of a major service failure with the condition that it is “made whole”. Terms and conditions of this type are standard in turn key engineering, procurement and construction contracts, and service agreements, for major project developments. However, without knowing the exact financial and contractual terms of the conditions it is not possible to assess the level of financial risk mitigation provided for GB consumers.

VEWF would like to highlight that it is in discussion with SHE Transmission on the possibility of creating a service level agreement for the Viking cable. Such an agreement if reached would be an industry first and would represent developer led progress in an area which to date has had no option but to adhere to non-negotiable contract terms dictated by National Grid. Such terms omit liquidated damages for grid connection construction delays and any availability measures or service level provisions post construction, other than compensation payments for constraints or loss of connection under firm connection agreements (which will not apply to the Viking cable unless output is constrained due to issues with the grid on the mainland). VEWf will continue to discuss the options for a service level agreement with SHE Transmission drawing on the progress now made by Ofgem through the SNES tender process.