

Dear Mr Norman

I believe that this transmission project represents very poor value for money for UK electricity consumers, and an inefficient means of reducing greenhouse gas emissions.

The estimated cost of the interconnector cable, £710m will ultimately be paid by UK electricity consumers. There is little doubt that the developer will present as low a figure as possible in order to increase their chances of getting consent. Once started, the final cost of the cable could be far in excess of the cost Ofgem thought was acceptable, but of course by that point it is too late, and consumers end up footing a much larger bill.

Since the purpose of the cable is to connect as yet unbuilt generation capacity. This new generation capacity, c. £800m, if built, is based on a revenue model of getting Ofgem to allow a super-premium electricity price (ie. the current scheme called Contract for Difference) in order to make it viable. This super-premium CfD price is also paid by electricity consumers.

As a government agency charged with protecting consumer interests, I wish to state my objection to Ofgem granting permission for electricity companies to charge customers extra to pay for this specific transmission infrastructure, in order to facilitate new generation capacity which electricity customers will also have to pay extra for.

I do not believe that getting electricity consumers to pay for a £1.5bn (Viking Energy + cable) in order to then pay extra again for the electricity generated by the proposed scheme represents value for money to consumers.

Via permission from Ofgem, electricity consumers are being asked to pay twice: once to pay for a new interconnector, then paying again for the electricity produced by the new generation capacity enabled by the interconnector.

From a simple economics point of view, £710m just for network infrastructure would build a lot of generation capacity elsewhere in the UK, at a lower cost to consumers and without the need for such a long and expensive cable infrastructure.

Equally, the enhanced CfD required by any Shetland generation is in excess of what could be achieved by generation capacity built elsewhere.

On a simple cost per MW generated, more could be achieved for less by building generation capacity which doesn't need such a long and expensive interconnector.

Environmentally, the generation of electricity from wind in Shetland is claimed to be around 52%, compared to a UK average of 39%, an improvement of 13 percentage points or 33%. However the build costs of a wind farm in Shetland is estimated at double the cost of a comparable UK on-shore site. Thus the higher wind efficiency gained from building in Shetland is still less than the additional costs of building at a suitable site on the UK mainland.

From a consumer point of view, why should consumers pay for a more expensive option when a cheaper one is available? Environmentally, why settle for 600mw renewable transmission when, for example, a far higher renewable generation capacity could be achieved for the same cost elsewhere?

Yours sincerely