

Attention of James Norman

Ofgem
9 Millbank
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Dear Sir,

Please consider this letter as a submission to the consultation on the Western Isles Interconnector. As the points I make are general rather than technical, I will not adopt the format of questions and answers which the consultation paper offers.

I am a resident of the Isle of Lewis. For 18 years up to 2005, I was a Member of Parliament and between 2001 and 2003, I was Minister of State for Energy at the Department of Trade and Industry. In all of these capacities, but more generally as someone with a deep concern about the economic and social wellbeing of the Western Isles, I have taken an interest in the development of renewable energy projects in these islands. I currently advise the Wood Group on potential local economic benefits.

When I was in a position to do so, I tried very hard to encourage the development of windfarms on Lewis due to the undisputed quality of the resource, the contribution this could make the country's energy needs and – crucially – the transformational effect these projects could have on a peripheral community which has long suffered from out-migration, lack of investment capital, lack of employment opportunities and other symptoms of decline associated with geographical remoteness.

The transition towards renewable energy and the associated “re-wiring of Britain” – a phrase I may have coined – seemed to offer a unique opportunity for these islands to contribute a resource which the nation needs while at the same time reducing its own economic dependency and laying the foundations for a successful local economy. This virtuous circle has in practice proved extremely difficult to deliver and, after almost 20 years, there is still very little to show for the islands' status as hosts to the best renewable energy resources in the United Kingdom.

These islands want to contribute to the UK's needs and to the transition towards a low carbon energy mix but barriers have repeatedly been put in the way of their potential to do so. This consultation, I believe, comes close to being “end-game” for a near-20 year long process which will either enable the Western Isles to contribute, with all the associated benefits nationally or locally, or will cripple their ability to do so. That is the decision that rests with Ofgem.

From the outset, it has been clear that the fate of major renewable energy developments in the Western Isles would be dependent on a range of factors which have been almost entirely outside the control of anyone here. The trick has always been for consented projects, subsidy and transmission costs to align in such a way

as to justify the case for an interconnector which is the *sine qua non* for any of these developments. Finally, though obviously subject to forthcoming decisions, there is a clear opportunity for this alignment to happen.

The current consultation is not around the principle of an interconnector but the size. To put it another way, this 20 year-long debate – with all its implications - may well now hang on whether Ofgem is prepared to approve a larger piece of infrastructure which would cost somewhere between £27-£42 million more than the smaller one, while at the same time offering a 33 per cent greater contribution to the country's low carbon energy output. In a rational world, far less one that pays lip-service to a "climate change emergency", that might be seen as a "no-brainer".

If Ofgem get this wrong and insist that only the 450mw capacity will be funded, the additional cost of adding 150 mw capacity in a few years time would be c £270 million. However the third potential scenario is the worst – that by insisting on the 450 mw capacity, Ofgem will tilt the balance against projects currently proposed for Lewis; that they will be rendered uncompetitive in the extremely competitive auction for CfD; that there will therefore be no justification for any interconnector and the entire opportunity for the Western Isles to contribute to (and benefit from) the UK's renewable energy needs will be lost. All for the sake of a supposed "risk factor" of £27-42 million spread over 20 years!

As explained in various submissions, the 450 mw capacity is already almost entirely accounted for by the major projects seeking CfD and community projects which are in the pipeline. Beyond that, there is a huge level of interest in developing further community-led projects, currently suppressed by the fact that there is no interconnector; therefore what is the point in advancing them? Even more important from a national standpoint, there is limitless potential for other renewable energy developments to the West of the Hebrides – wave power, offshore wind, floating wind – and demonstrable interest in developing them within a modest timeframe. This is a national and international resource of the highest order which can effectively be neutered if Ofgem adheres to its current position.

Unlike Shetland, the Western Isles has no "pot of gold" to underwrite the interconnector or the project that depends upon it. We are therefore entirely dependent on the Ofgem decision to keep alive the prospect of major renewable energy developments in these islands which will allow them to prosper and also to make a massive contribution to the UK's energy needs and climate change objectives.

I hope that these comments offer some useful perspectives on the wider issues that are at stake and can be taken account of.

Yours etc.

Rt Hon Brian Wilson

