

Knock and Swordale Community Company Ltd

The two villages of Knock and Swordale, in the Isle of Lewis, began investigating the potential of renewable energy generation six years ago. The objective was to create a source of income which could then be used to create jobs and services to make the community sustainable into the future.

A company was formed to progress this objective and we have applied for planning permission for a single turbine to be built on common grazing belonging to the two villages. We have a grid connection for 6MW, which will become effective once the interconnector is built linking the Western Isles to the mainland. As one of many community groups hoping to gain from the Islands' renewable potential, we have a particular interest in ensuring the interconnector has sufficient capacity to guarantee that we will have an outlet to mainland energy markets.

I include our reply to Ofgem's consultation document. Please contact me if you need additional information.

Angus Macdonald
For KSCCL

Western Isles transmission project: Consultation on Final Needs Case and Delivery Model

Question 1: Do you agree that the current network in the Western Isles needs reinforcing in order to connect additional generation?

Yes, the grid network is in urgent need of upgrading. This needs to be done both internally in the Islands and also the interconnector link with the mainland. The existing interconnector between Harris and the Isle of Skye is full to capacity, which has held community energy development back for the last three years, and for any additional generation to be exported to mainland markets, an upgrade is required.

The proposed 450MW cable will be inadequate, because that too will be close to capacity once the three major private developments come online. This will be further exacerbated by proposals from communities to build their own schemes. 65MW of community generation is already in the planning process and a further 64MW is in the early stages. Therefore, a 600MW link is required. The internal grid network is also in need of an urgent upgrade to meet the aspirations of communities to provide cheaper energy locally to alleviate problems of fuel poverty, which are worse in the Western Isles than anywhere else in Europe. It also hampers plans to provide cheaper electricity to attract new industries to the Islands, because the existing grid, and existing grid operator, are not sufficiently flexible for local community generators to develop local markets.

Question 2: What are your views on the generation scenarios developed by SHE-T? We are particularly interested in views on the likelihood of wind generation in the Western Isles developing to the levels predicted by SHE-T's scenarios.

If anything, SHE-T's scenarios are too conservative. As has been said many times before, the Western Isles has a huge renewable energy generating capacity. With onshore wind regimes approaching levels of consistency seen only offshore in other areas of the country, the potential of offshore wind turbines and the still largely unexploited power of the sea, the Western Isles' potential energy generation is huge.

Even without these future developments, if the interconnector capacity had been available in the past few years, many more community schemes would have been developed by now. The lack of certainty over the interconnector, the ever-moving target date for its completion and the difficulties faced by small communities in negotiating the planning process, have all served to delay projects that will be pursued with vigour once the interconnector is assured.

The income generated by a number of existing small turbines for Islands communities has raised awareness and expectation levels throughout the Islands of what can be achieved for the socio-

economic regeneration of Island communities facing population loss, lack of employment and an extremely bleak future.

The 450MW option will allow only 81MW of generation in addition to the three private schemes. This ignores the existing evidence of at least 180MW of generation which is at various stages of development.

Question 3: What are your views on SHE-T's approach to optioneering, specifically relating to the routes and link capacities considered and are there other options that SHE-T could have considered?

Given the constraints under which the interconnector will be built, both at sea and on land, it would seem self-evident that the best option will have been chosen. Figures combined with certain assumptions can be made to prove any case, but the one fact that is obvious to existing, and aspiring, community groups is that without an interconnector of sufficient capacity, 600MW in this case, their aspirations will never be fulfilled. The technical arguments are carried on at a very high level and to a high level of sophistication. But any argument that does not conclude that a 600MW cable will bring the most benefit to Island communities, will leave a huge transformational potential unrealised.

Question 4: What are your views on the CBA put forward by the ESO, particularly in relation to the results it produces?

Again this analysis is carried on at a highly-technical level, dealing with minimising costs and benefits to the GB consumer as the Ofgem rules require. What is missing is a very fundamental part of the analysis of the benefits, and the costs, to Island communities, depending on which scenario is chosen by Ofgem. It seems very strange that the cost-benefit analysis does not take more account of the effect on Island communities themselves, both in terms of the effects, good and bad, of the private developments which will sustain the interconnector. Neither does it consider the potential that could be unlocked if there was more capacity in the interconnector, in this case a 600MW cable, to allow communities to start developing their own community energy schemes.

If Ofgem persists in its 'minded-to' position of a 450MW cable, many potential community renewable energy schemes will never come to fruition. It is difficult to see a scenario where it would be justified under Ofgem's rules to revisit this and install more interconnector capacity in the future. Yes, we can envisage more interconnectors being built once offshore wind farms are built, but these will be built by, and probably limited to, private developers.

Community groups need a 600MW interconnector now in order to give them the encouragement to develop their own schemes. This has huge potential in building up community capacity and confidence, creating industries and employment, increasing social cohesion and making communities that are currently under threat of disappearing, sustainable well into the future. Renewable energy is the last chance these Islands could have of safeguarding their future. Without it, what are the alternatives? These are very difficult to discern. With access to the income generation of renewable energy and the foundation it could provide for economic regeneration, many things become possible.

Question 5: What are your views on the technical design and costs of the proposed Western Isles link?

The cost of this cable was put at around £400m about ten years ago. The cost then escalated to over £800m in some press reports, which seemed far higher per kilometre in comparison to interconnectors being built elsewhere in Europe and between European countries. Given the

passage of time, the cost of between £600m and £700m appears to be in the right area.

Consideration must also be given to the special circumstances surrounding cables crossing scenic areas and the requirement for undergrounding.

The important factor for Island community groups is that the cable is built and that it has a capacity of at least 600MW.

Question 6: What are your views on the following points:

i. Do you agree with our minded-to position to reject the 600MW link conditional on only the two Lewis Wind Power projects securing CfDs?

No. It has been demonstrated by SHE-T that for a relatively small additional expenditure, small in the context of the spend on the cable and in the context of the spend required should demand for more capacity increase significantly in future, the 600MW could be built, with little or no risk to the GB consumer. We understand that SHE-T has also demonstrated that it would be able to make up this small difference in cost itself, with no additional disbenefit to consumers. We are also of the view that the 'minded-to' position sacrifices the benefit to Island consumers, which will be relatively large in terms of community benefits and also the potential of cheaper locally-generated electricity and alleviation of fuel poverty, to the relatively small benefit to GB consumers, a few pence annually, should Ofgem's 'minded-to' position be maintained.

SHE-T obviously is confident that enough schemes will be successful to underwrite the interconnector and that this will unleash a significant amount of small community and private generation.

ii. What are your views on our analysis of the information, which suggests a 450MW link would represent the best outcome for existing and future consumers if only the two LWP projects secure CfDs?

This appears to us to be a very short-term view of potential benefits to existing and future consumers. If the extra cost of having a 600MW cable, which is not filled to capacity immediately, is a few pence annually for GB consumers, surely that is more than outweighed by the considerable amount of renewable energy that can then be developed in future years in the Western Isles. As the energy industry decarbonises, demand for renewable energy will continue to rise and given the efficiencies and potential of Island generation, the Western Isles can make a significant contribution to the GB energy mix. Why should Ofgem want to stifle this for the sake of a negligible cost to consumers in general, a huge cost, and opportunity cost, to consumers and the general population of the Islands and the very real possibility of causing lasting socio-economic damage to the people of the Islands?

iii. Do you consider that consumers could be appropriately protected from the costs of funding a potentially significantly oversized link if we were to approve the needs case for a 600MW link? If so, how could this be achieved?

SHE-T has already proposed a means of protecting consumers, which we urge Ofgem to accept. The analysis in the consultation paper fails to take into account the pent-up desire for community energy generation in the Islands and the determination from community groups that the potential

will be exploited. There are already very successful community energy schemes in operation, which have renewed confidence in the participating communities. It has also generated significant income streams which have in turn created jobs, boosted the Third Sector and benefited charities providing much-needed social and health care.

Other communities are keen to repeat this success and the only stumbling block has been the lack of an interconnector. Is Ofgem seriously considering dangling the idea of an inadequate interconnector, with a capacity that is too small to meet Island aspirations and watch impassively while another opportunity for Island communities to assure their own survival is being snatched away? The case for a 600MW is both obvious and urgent.