



ACEnergy

WESTERN ISLES TRANSMISSION PROJECT: Consultation on the Final Needs Case and Delivery Model

Response by Aignish Community Energy Ltd

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

Yes. Ofgem's 'minded to' decision does not appear to have any consideration for the community-energy sector. At present, there is approximately 130MW of capacity being explored or developed by community-energy groups such as our own.

We believe that Ofgem's approach in preferring a 450MW inter-connector is a short-sighted one which would be detrimental to the fragile economy of the Western Isles.

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 on the Western Isles developing to the levels predicted by SHE-T's scenarios.

We have consulted with SHE-T and believe that they have a clear understanding of the huge potential for community generation throughout the islands. We strongly support their options to increase capacity and their valid and realistic arguments. ACE Energy is fully aware of the many hurdles that have to be overcome in order to achieve its aims and the uncertainty over the 600MW inter-connector is, perhaps, one hurdle too many. We have already made much progress and Ofgem's 'minded to' decision only produces uncertainty.

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?

Having met with them and discussed their plans in detail, we are of the opinion that they have been thorough and diligent and agree with them. We are pleased with their latest proposal which would make funds available to bridge the cost-differential between the 450MW and 600MW options, which can be drawn down only in the event of there being insufficient levels of generation.

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

It is not realistic.

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

We understand the difficulties (technically and financially) in providing a 600MW inter-connector across the Minch. We maintain that a 450MW capacity would be detrimental to the island's economy in that it would be a barrier to current and future plans for community-owned energy projects. The difference between the two options equates to an additional 3p-4p per annum to each consumer which is negligible compared to the huge benefits created for the economy in the long run.

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. Clearly, Ofgem is not aware of the skills, knowledge, experience and entrepreneurship which exist within the communities. We have already built the largest community-owned wind farm in the UK (after a 10-year bitter battle with multinationals). Community-owned projects, of which there are many proposed, are of significant socio-economic importance. They retain 100% of the profits within the community. The fragile economy of the Western Isles is unlikely to benefit substantially from the presence of foreign multinationals whose chief allegiance is to their shareholders. Community-owned projects are the answer and this should be more widely recognised and accepted.

A 600MW inter-connector provides a community-owned company like ACE Energy with certainty and the encouragement and will to proceed with our plans.

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?

The analysis is flawed. It does not take into account the capacity of the local communities to generate substantial income from their own schemes. There is already 418MW contracted to build and 35MW installed. Ofgem has not considered all of the other projects which are in the planning stages. A 450MW inter-connector would prove costly to consumers in the long term should a further inter-connector be proved necessary to build in the near future.

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

Yes. We are 'minded to' favour the 600MW solution for reasons explained in the preceding answers. It should be significant, from Ofgem's point of view, that SHE-Transmission has agreed to underwrite the additional cost of the larger inter-connector should there be inadequate demand for capacity thus offering protection for the consumer and allaying any fears that Ofgem may have had.

For the sake of the economy of the Western Isles, Ofgem cannot, or be seen to, disregard the determination of the communities, via community-owned energy companies, to succeed with their ambitious plans which could be so, potentially, transformational for our economy.