



Date 9th July 2019

James Norman,
Head of New Transmission Investment,
Ofgem,
Glasgow.

Dear Mr Norman,

Consultation on Scottish Hydro Electric Power Distribution's proposals to contribute towards proposed electricity transmission links to Shetland, Western Isles and Orkney.

I wish to make a few comments about the SHEPD proposal to contribute to transmission links to remote islands on behalf of Sustainable Shetland.

Question 1: What are your views on the principle of DNO contributions to transmission projects generally, and contributions by SHEPD to the Shetland, Orkney and Western Isles transmission projects specifically?

The reality of this is that, ultimately, energy consumers will pay for this through higher bills. This offer comes from SHEPD, a subsidiary of SSE who are trying to make their Viking windfarm on Shetland economically viable. It is likely that the entire transmission costs will still have to be borne by energy consumers nationwide and the SHEPD offer is somewhat misleading.

Question 2: What are your views on the robustness of the methodology to determine the need for and value of the contribution? - Do you agree with our views on the methodology proposed for Shetland and Western Isles/Orkney, as set out in Annex 2?

We note that consumers will pay for the link over 45 years. This is far in excess of the projected lifespan of wind turbines. This would mean consumers could still be paying towards the cost of the link long after it was no longer required or serviceable.

Question 3: What are your views on how the methodology could be most appropriately implemented? - Do you agree that more detail is required on the proposed implementation of the contribution in SHEPD's licence and industry codes before we can approve any proposal? - Would it be more appropriate for the SHEPD proposals to be formally considered through standard industry code governance arrangements?

We agree that much more detail is required.

Question 4: What are your views on timing for confirming the contribution? - Are there other areas of uncertainty within the proposals or wider frameworks that we have not considered and which would impact the effectiveness of the SHEPD proposals?

We are concerned that decisions on this are being rushed through in the light of pressure regarding CfD bids. Decisions about this deserve very careful attention in view of the many issues and controversy surrounding wind farms and inter-connectors to the islands.

Question 5: What are your views on any wider implications that should be considered? - How can any wider implications best be managed?

Ofgem has a duty to ensure value for money for all energy consumers. The total cost of setting up the transmission network required must be an important factor in any cost benefit analysis of projects in remote locations. We would again recommend an independent CBA for all remote island wind projects before allowing the very substantial investment which would be required.

We would be obliged if you would take our views into consideration before making a final decision on this proposal.

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Sustainable Shetland.