

FAO: James Norman, Head of New Transmission Investment

Please see below a response, on behalf of Shell U.K. Limited, to your consultation on the proposed Final Needs Case and Delivery Model for the Shetland transmission project.

Kind regards

Question 1: What are your views on the generation scenarios developed and updated by SHE-T? We are particularly interested in views on the likelihood of wind generation on the Shetland Isles developing to the levels predicted by SHE-T's scenarios and any further changes or updates since SHE-T's October 2018 Final Needs Case submission that you think should also be considered.

The generation scenarios, based on the development of known projects and not significantly uncertain projects, appears reasonable. Renewable energy resource on and around Shetland has the potential to make a contribution to the UK's net zero ambitions. This includes via transmission linked electricity generation enabling emission reductions from North Sea oil and gas assets that remain critical for the UK's energy security. This could be put at risk should the transmission link decision be deferred.

Question 2: What are your views on the demand sensitivity explored by SHE-T?

The assumed Shetland demand profile from offshore oil and gas installations in table 3 appears realistic. The UK oil and gas industry has significant aspirations to reduce its production emissions as part of its contribution to the UK's net zero ambition. The electrification of offshore platforms, including via integration with transmission linked offshore renewable electricity generation is likely to be a pre-requisite to realising those aspirations.

Question 3: What are your views on the link options considered by SHE-T? We are also interested in views on the options proposed by SHE-T to mitigate against the risks of a second link being needed.

We have no comment on the link options. We agree in principle that connecting additional industrial demand from offshore oil and gas platforms has the potential to mitigate the need for a second HVDC link.

Question 4: What are your views on the technical design and costs of the proposed Shetland link?

No comment.

Question 5: what are your views on the CBA put forward by the ESO?

We have no specific comments on the CBA. We note that the wider economic impacts of new offshore oil and gas field developments that are facilitated by electrification from Shetland have not been taken into account.

Question 6: What are your views on other approaches we have taken to assess the costs and benefits to GB consumers?

No comment

Question 7: What are your views on our minded-to position to conditionally approve the revised Final Needs Case? Specifically:

- i) Do you agree with our proposal to approve a 600MW link subject to Ofgem being satisfied, by the end of 2020, that Viking Energy Wind Farm is likely to go ahead?

Yes

- ii) Do you have any views on the type of evidence we should expect to see that would confirm that Viking Energy Wind Farm is likely to go ahead?

No comment.

- iii) Do you agree with the factors we have considered to reach our minded-to position?

No comment

- iv) Are there any other factors that you consider we should take into account when assessing this proposal?

There will be additional economic and strategic benefit (e.g. increased energy security) to the UK should new offshore oil and gas field developments be facilitated by electrification from Shetland.