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Grant,

I am replying on behalf of Shetland Aerogenerators Ltd on the Ofgem consultation;

Costs of Extended Interim Solution for Shetland

Q1.

We agree that there are additional costs in securing a supply for Shetland. These costs are inherent until the 'Enduring Solution' is known.

We think the enduring solution should be a large transmission cable which allows renewables access to the UK grid and provides a supply to Shetland customers.

Our understanding of the proposed interim solution is that an 8 MW battery plus a refurbished diesel set will be installed **and** an extended supply deal with SVT will be sought.

It is our opinion that there are significant risks in such a solution;

Namely, SVT is either unwilling or unable to extend a supply to the Shetland Grid and the cost of fuel escalates significantly.

We know there is an ample source of wind with at least 9 MW waiting to connect to the distribution system (if a suitable income could be assured).

We also know that there will be an 'Enduring Solution' post 2025 required, it is our view that the interim solution should be able to be rolled over in to the enduring solution (whatever that may be).

We believe that more of Shetland's power should be from renewables and Ofgem should ask SSE to interact with the Faroe Islands to understand how they are achieving significantly higher levels of renewable generation. SSE should also examine how the interim solution can be designed to integrate better in the extended solution (whether that is a cable with emergency standby or a standalone solution).

By designing a system now with more storage and more renewables it is possible that the overall cost will be neutral but the longer term benefit is greater.

Q2.

We agree, but we think the enduring solution should explore spending more capital now (on renewables and storage) because the risk profile is lower.

Q3. We agree.

Q4. No comment.

Best regards,

Angus Ward