

Neven Point Wind Ltd

New Horries, Deerness, Orkney KW17 2QL

08.02.2019

Ms Olivia Powis, Senior Manager

Systems and Networks

Ofgem

Consultation –SSEN Derogation request for Alternative Approach on Orkney

Background and Executive Summary

Neven Point Wind Ltd (NPW) is currently developing a windfarm site on the Island of Eday to the North of the Orkney Mainland (part of what is locally termed the North Isles). The proposed maximum development will be up to 7 turbines each (probably) of 4.3MW – thus a maximum export capacity of 30.1MW.

The company has applied (December 2018) for a Distribution connection to SSEN's distribution network and expects to receive an offer in March 2019.

Neven Point Wind Ltd is a locally (Orkney) owned wind development company formed in 2018. The founders of the company and only current Directors are; Nick Joy, a major Eday landowner whose family have farmed on the Island for over 200 years, and Dennis Gowland who has been involved in large scale wind development on Orkney since 2002.

The SSEN Derogation Request is in 2 parts:

Part 1 – The ready to connect process

NPW supports Ofgem's 'minded to' position to allow the 'Ready to Connect' part of SSEN's AA Derogation Request.

Part 2 – Temporarily adjusting Liabilities

NPW does not agree with Ofgem's 'minded to' position to reject this part of SSEN's AA Derogation Request.

SECTION 1 – Part 1: The Ready to Connect Process

Q1. Do you agree that SSEN's ready to connect trial will provide valuable learning in line with the Energy Networks Association's (ENA's) proposals on interactivity and queue management?

Yes we agree that the RTC trial will be of use to the whole network. It seems to have similarities to the highly successful Active Network Management – set up by SHEPD on the Orkney distribution network after extensive discussion with The Regulator – which has been operating for 12 years and has resulted in accommodating 75 MW of renewable generation on a 40MW export cable.

Q2. Do you agree that the proposals (subject to all affected connection customers agreeing to sign up) allocate the available capacity in a fair and transparent way?

We agree that the system of regular, structured, reporting and transparency between projects operating under the AA scheme allows for fair access to the infrastructure based on real progress rather than the first signed -up first served basis. The AA takes undue pressure from projects to slip dates or attempt to re-work backstops in order to maintain a fixed place in the queue.

Q3. Do you agree with our minded-to position that if this trial is implemented in a clear, fair and transparent way, there is no significant impact on consumers, competition, sustainable development, health and safety or other parties?

If anything there is likely to be some positive impact on all of the above in that projects can be allocated on the new infrastructure in a more orderly and flexible way without recourse to mod-apps and date slipping. The encouragement of collaboration between stakeholders is likely to result in a reduced risk of a mismatch between infrastructure completion and energisation of projects.

Section 2 – part 2 :Temporarily adjusting liabilities

Q4. Do you agree that the proposal to temporarily adjust liabilities will pass unnecessary risk to consumers?

We do not agree that the proposal poses an unnecessary risk to consumers. If barriers to entry are set too high (Orkney developers are asked – on average- to take on securities and liabilities of 4.5 times those of projects in the North of Scotland (Mainland), then projects in areas of high resource may well be forced away, resulting in potential for lower competition in wholesale electricity prices.

Q5. Do you agree that the proposal provides an unfair competitive advantage to those customers who would benefit from a period of adjusted liabilities?

On the contrary, we believe that projects in Orkney face an undue and unfair extra burden in so far as the provision of securities and liabilities are concerned. We will still be faced with significant commitment and any 9 month 'grace' period is likely to be filled with sunk costs as development moves forward (e.g. bird surveys, EIA and ES work) otherwise, under AA these projects are likely to be relegated down the queue.

Q6. Do you agree with the proposed mechanism of offering adjusted liabilities (i.e. by SHE-Transmission not passing on the unique subsea costs to the ESO, who in turn does not pass them to end connection customers)?

Yes we agree that SSEN's offer to cover the risks behind the proposed 9 month trial would remove that risk to consumers.

Q7. Do you agree with our minded-to position to reject Part 2 of the derogation request, as it imposes additional risk on all consumers and gives some connection customers an unfair advantage?

We do not agree. There is no unfair advantage just a move towards a more level playing field between projects in Orkney and those operating on the UK mainland. If there are cancellations and costs during the 9 month trial period then SSEN's offer to cover these surely avoids additional risk to consumers.

It should also be borne in mind that the appetite of the Orkney community to absorb large scale Wind developments is proving to be in proportion to the Local element of projects. Successful developers (through local planning) are likely to be smaller organisations without access to strong credit ratings, where even modest levels of cash securities would equate to much larger sums routinely put up by utility scale developers.

Dennis Gowland

Director

08.02.2019