

Olivia Powis
Olivia.powis@ofgem.gov.uk

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Dear Olivia Powis

SSEN derogation request for Orkney Alternative Approach

This response is from the Strategic Projects Team within Orkney Islands Council and represents the view of the Council as a developer of wind energy projects. Please note that there will be a separate response from Orkney Islands Council as the local authority.

Question 1: 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 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

Question 2: 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?

Yes, we agree that the proposals (subject to all affected connection customers agreeing to sign up) allocate the available capacity in a fair and transparent way

Question 3: 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?

We have not identified any negative impacts of the trial on consumers, competition, sustainable development, health and safety or other parties. However, the Ready to Connect process would create greater competition between Orkney generation projects and allow connection of generation sooner than if the existing industry standard method is used which in turn means that benefits from renewable generators to consumers is realised sooner. The risk of a stranded asset is also reduced and therefore the risk to GB consumers is reduced also.

Question 4: Do you agree that the proposal to temporarily adjust liabilities will pass unnecessary risk to consumers?

We recognise that temporarily adjusting the liabilities could in some instances pass risk from the developer to (ultimately) the consumer however the likelihood of this is low given that the Ready to Connect approach helps mitigate the risk of the subsea element becoming a stranded asset. Liabilities that arise from infrastructure unique to the developer would remain with the developer under this approach.

Question 5: Do you agree that the proposal provides an unfair competitive advantage to those customers who would benefit from a period of adjusted liabilities?

The proposal reduces the barrier to entry for Orkney developers, it does not however reduce developers' use of system charges or connection cost therefore there is no competitive advantage once the reinforcement is made.

Question 6: Do you agree with the proposed mechanism of offering adjusted liabilities (i.e. by SSEN not passing on the unique subsea costs to the ESO, who in turn does not pass them to end connection customers) is inappropriate, given the implicit expectation of passing on costs in the Standard Terms of Connection?

No comment.

Question 7: 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 disagree with the minded-to position to reject Part 2 of the derogation request. Part 2 of the derogation request was never enough to fully remove the barrier to entry that the 4.5 times higher liabilities on Orkney compared to mainland GB impose as it was only for a short duration. It would allow projects to contract with the ESO while facing liabilities similar to those on mainland GB while progressing planning applications and therefore face reduced securities on the other side of the adjusted period.

**Strategic Projects Team,
Orkney Islands Council,
February 2019**