

Ofgem
10, South Colonnade
Canary Wharf
London E14 4PU

Attn: Lina Apostoli

31st March 2023

Dear Lina

Orkney Transmission Project – Minded-to consultation on Needs Case and Delivery Model

I represent Neven Point Wind Ltd (NPW) – part of the GreenPower group – which is developing an up to 30MW wind project situated on the Island of Eday – one of the Orkney Islands.

We have entered the planning process at pre-submission with full submission expected in June 2023. NPW first applied for a grid connection on 22/09/2021, accepting an offer (revised) of connection to the Distribution system on Orkney with Scottish Hydro Electric Power Distribution (SHEPD) on 17/08/2022. NPW is also part of the group of Orkney projects expected to connect to the proposed Transmission link identified in the 'Needs Case' submitted by Scottish Hydro Electric Transmission (SHE-T).

We understand that the original SSEN submission was under the RIIO-T1 arrangements and that this has been superseded by RIIO-T2 and through the Large Onshore Transmission Investments (LOTI).

We are aware that since the original submission in March 2018 and the conditional decision by Ofgem to approve in December 2019 - that the generation background in Orkney has significantly changed as the capacity of projects wanting to connect has outstripped the 135MW which was part of the conditionality. We, therefore, support the Authority's decision to revoke this condition.

In the Consultation (footnote 5) you have stated that:

"The 220MW link is only the most efficient option for consumers if 199MW of generation comes forward on Orkney. Therefore, below 199MW of generation a 132MW link would be the best option for consumers. We refer to the 199MW as the 'tipping point'. Setting the generation threshold at the tipping point would protect GB consumers from the risk of funding an underutilised link. However, the CBA showed that this tipping point value only needs to be reached by 2030, and it may be unreasonable to expect all of that generation to come forward before approving the FNC."

It should give comfort to the Consumer that the likely capacity connecting to the cable (much of it by 2030) would exceed 199MW – including the Neven Point Wind Project which intends to be ready to connect by 2028/29 subject to planning consent. Thus the 220MW link would remain the most economic option.

Our view on not applying competition models to the project – is that the project has already been moved from the original RIIO-T1 and is now considered under RIIO-T2 and that the competition model should follow the classification of the link which is 'onshore'. We share your opinion that the delays which would accompany a move to a further competitive tender process would not be in the interests of the consumer.

We support the approval (FNC) of the project under LOTI since it aligns with the classification of the link as 'onshore' and that the Guidance is robust enough and with sufficient flexibility to lead to an economic, efficient and important part of the National Electricity Transmission System (NETS).

We also support your position that there should be no requirement to submit a new FNC application given that the information already put forward is still pertinent and that there have been no material changes to the project.

As far as the increase in costs from an estimated £262m for the link to, as currently estimated, £371m –we can see that this may well be justified given the time since the original pricing exercise in 2017/8 and global inflation affecting key commodities and construction costs (such as availability and cost of labour and key equipment and shipping). However, we feel confident that the rigorous process under the guidance for Project Assessment under LOTI will adequately protect the Consumer from overpricing.

We thank you for the opportunity to take part in this important consultation.

Your sincerely,



George Baxter
Director of Development
on behalf of Neven Point Wind Ltd