

FEEDBACK IN RESPECT OF MINDED-TO APPROVE TARCHON

Dear Sirs,

You have invited views from stakeholders in respect of your minded-to position regarding the proposed Tarchon interconnector.

The report by Arup on which you have based your decision clearly states that in central scenarios:

- 1) Tarchon will drive UP domestic electricity prices in the UK at a cost to UK consumers of an extra £5Bn
- 2) Tarchon will result in ADDITIONAL Carbon emissions in the UK in the region of 4.5 MILLION TONNES
- 3) Tarchon will INCREASE the cost of operating the UK Grid by circa £500mio
- 4) Tarchon will NOT increase UK Energy Security in any scenario

Yet, you have said that you are minded to approve on the basis that there is a net positive SEW for GB given that there is a positive SEW for producers and operators in the region of £7Bn and a net carbon benefit overall in the region of 16MT.

The first four of these facts should be enough alone to decide NOT to approve. They clearly highlight that there is no benefit to the UK at large from the Tarchon interconnector.

Your decision is presumably based on the economic argument in favour of the producers and operators. However, the currently proposed connection point of Tarchon at the EACN means that it will carry electricity predominantly from windfarms owned by foreign investors. The North Falls and Five Estuaries windfarms are 50% owned by RWE, a German company. The Tarchon interconnector is 85% owned by Copenhagen Infrastructure Partners, based in Copenhagen, a foreign financial investment firm.

The economic benefit of SEW for the producers and operators does not attach to the UK at all.

Further, the location of Tarchon at the EACN will do very significant environmental damage to East Anglia, necessitating cables beneath and pylons surrounding the Dedham Vale, a protected national landscape. Your decision does not appear to factor in the societal cost of that, just as it fails to factor in the societal cost to the UK of the additional carbon emissions here.

Your minded-to position is therefore wrong. You should NOT approve the Tarchon project as currently envisaged.

Modelling by ESO demonstrates that in fact the grid in East Anglia remains constrained even with implementation of the Norwich to Tilbury (or alternative OCSS scenario) proposals and that Tarchon will be used in export mode almost continuously, regardless of the price differential between the UK and Germany. The Arup report states that this price difference forms the basis

of their economic analysis. The Arup report therefore constitutes a BEST possible outcome for the UK. Reality will be worse, potentially significantly.

Moreover, implementation of Tarchon at the EACN would significantly bias the design process in respect of network reinforcements in East Anglia and further embed the existing designs which fail to overcome the necessary system constraints in a way which will maximise the ability of the UK to make use of the renewable electricity generated off our shores.

Your website states that “Ofgem’s cap and floor regime has been successful in attracting investment to increase interconnector capacity over the last decade”. In this instance, approval of Tarchon through the cap and floor regime would lead to a PERVERSE outcome in which substantially all costs accrue to the UK and all benefits to Germany and Scandinavia.

Approval would be clearly against the national interest. You MUST NOT APPROVE.