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Draft determination on Shetland enduring solution re-opener application.

I wish to respond to this consultation as a consumer who has also responded to various other related consultations over the past few years.

General comments

Shetland electricity consumers are only too well aware of the fact that SSE plc and their subsidiary companies are a privatised for-profit monopoly, as pointed out in paragraph 1.1 of your introduction. Their so-called "Enduring Solution" to the energy needs of Shetland is proving to be a seemingly endless escalation of costs associated with project add-ons that they claim are crucial to the overall delivery of this "solution". Continuing applications to Ofgem to approve these add-ons proves that the actual cost of this "solution" was not properly investigated or analysed in the first place therefore their initial Cost Benefit Analysis was seriously flawed.

SSE's Viking Energy Wind Farm and the HVDC cable running between Shetland and the Scottish mainland was built with the intention of exporting electricity to the National Grid, which is already overloaded with connections from existing wind farms. It should be noted that SSE received over £2 million in constraint payments in August before their official switch on date and another £8 million from the Government for apparently completing the project before the start of their contract date.

Connecting the Shetland Grid to the National Grid was put forward as a means of securing the future of Shetland's energy needs. Now we are told that the "long-term solution for security of supply on Shetland" will involve an extremely expensive back-up system. At the moment, all the energy needs of Shetland are provided by locally generated means, which has served the community well over the years. Power outages are not very common and are generally weather-related when they do occur. Shetland residents are usually well prepared for such events and critical users such as the Hospital and Care Homes have their own back-up generators, which are kept on standby mode in case of emergencies.

SHEPD are assuming that over a 10-year period, without their proposed back-up system, interruptions to supply via the HVDC link "could occur approximately 19 times". Considering the problems and failures with other cables over recent years, this is highly probable and could possibly be more serious than anticipated. SHEPD state that major outages "would result in damage to customer confidence, with customers on Shetland receiving a lower standard of security of supply following the introduction of the HVDC link solution". Shetland customers are already experiencing a lack of confidence in the ability of SHEPD and SSE in general to provide a secure energy supply and are fully expecting to experience problems with the HVDC link and a poorer service as a result. SHEPD, however, seem more concerned about the possible loss of revenue for Sullom Voe Terminal if a major outage should occur than with the effects it might have on other customers.

The proposed back-up solution by SHEPD involves using an Alternating Current (AC) Chopper and Battery Energy Storage System (BESS) costing around £100 million and leased for about 10 years from the company contracted to build it. When this contract was put out to

tender, two companies responded but one subsequently withdrew their application. That has left only one contender, Zenobe. Large scale Battery Parks are a fairly recent innovation and Zenobe have only been involved with this particular industry for the past two or three years. So far, three Battery Parks of the type required by SHEPD are either under consideration or in the process of being built, involving several contractors, so none have yet to be proven as safe, efficient or cost effective.

Questions

Q1. Do you agree with our Draft Determination on SHEPD's Shetland Enduring Solution needs case, optioneering and costs?

No. The BESS system proposed by SHEPD is an unproven technology and therefore the construction and running costs could easily over-run the estimated price and prove unviable.

Also, the proposed location of the Battery Park in Lerwick is in close proximity to residential properties and adjacent businesses. The hazards of lithium-ion batteries are becoming well documented as their use increases, which has raised the relevant issues of fire risk and toxic fumes.

If the Battery Park is considered to be crucial for the operation of Sullom Voe Terminal then perhaps it should be sited closer to SVT and the cost covered by the Terminal operators.

Q2. Do you agree with our proposal that consumers should not take on any additional costs if the solution fails?

Yes. On no account should consumers have to take on the extra, excessive burden of paying for failed projects, especially when prospective developers are aware that there are risks involved with their proposed projects.

Regards

Rosemary Macklin