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Shetland Enduring Solution Draft Determination

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Dear Neill,

Thank you for providing us with the opportunity to respond. Statkraft UK participated in the tender for services run by SHEPD in late 2022 and we applaud SHEPD for tendering this opportunity to the market. We believe the concept of allowing tenderers to fully optimise their proposed assets in all the various markets is an efficient way to deliver solutions. We consider this approach represents best practice and all network operators should be encouraged to allow this approach.

Our one concern is with the time it has taken from tender submission to solution sign off. A period of over 18 months has elapsed and in this time BESS CAPEX costs have fallen significantly. If the tender was held today, we suspect the tender prices submitted could be significantly lower. As such, can Ofgem confirm whether consideration has been given to re-running the tender exercise? This could result in significant consumer savings.

Please note though, we make this suggestion on the basis that the contract with the successful party has not been signed and it (and SHEPD) has not incurred any significant costs to date. If this is not the case, we of course consider that it is essential that the agreements are honoured to ensure that investor confidence is maintained.

Please get in touch if you would like to further discuss the issues raised in our response.

Yours sincerely,

Cem Suleyman, Commercial Lead - Grid Services, Statkraft