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## **OREF RESPONSE TO SSE CONSULTATION CONNECTING ORKNEY**

The Orkney Renewable Energy Forum is a membership organisation which seeks to maximise renewable energy generation in Orkney for the benefit of the community and to represent the interests of renewable energy generators throughout Orkney.

In the case of this consultation, OREF is pleased to be involved and is glad that SSE has undertaken to consult the views of its customers. Regrettably OREF has found that such consultation has in the past been somewhat piecemeal and some members have criticised it as superficial or posturing. OREF is therefore hopeful that the views garnered by SSE in this consultation will allow greater commitment to be shown to its Orkney customers than appears to have been the case in recent years.

To date the prolonged uncertainties over connecting Orkney have been compounded by poor administration via moratorium announcements and unviable grid connection offers which have perversely culminated in preventing collaborative approaches from being made.

The current regulatory regime:

- Acts to prevent the aggregation of smaller potential generation projects in Orkney.
- Using only piecemeal, case by case application assessments does not allow account to be taken of potential cost reductions via sharing localised distribution reinforcement burdens.

Focus on transmission infrastructure has discouraged many potential distribution level projects from coming forward. These could have significantly bolstered a needs case for future transmission infrastructure, but the situation has instead alienated developers and the Orkney public and actively prevented projects from coming forward.

The need to underwrite transmission infrastructure has also stifled larger projects from coming forward. The level of financial commitment developers are being expected to bear is unachievable because they do not know what they will be paid for generation by the time the infrastructure is delivered. This is to the detriment of both the Orkney economy and SSE in lost profit opportunity.

There is concern that this exercise may be a distraction and a pre-emptive defence by SSE over its lack of action and generally lacklustre performance when seeking to address the bottlenecks in the grid warned of long ago by OREF and others.

**Question 1** Has this consultation helped you understand the options for the reinforcement of Orkney's electricity network?

It has helped Orkney see SSE's present thinking on the Orkney grid. In OREF's view, the cursory explanations given of two over-simplified options fall short of explaining the intricacies of the many options available. It is important to note that the Transmission and Distribution options explained are *not* mutually exclusive.

**Question 2** Were you aware of the process and requirements for transmission and distribution reinforcement and how they are funded?

Yes. OREF has been aware of the information, but it is useful to see some costs applied. However,

- The costing process remains opaque and the costs quoted should be more open to challenge in order to accurately quantify commercial achievability.
- The very late recognition of the need to strengthen the “needs case for transmission” with more mature generation technologies is very unsatisfactory.
- This will undoubtedly require a redesign of the proposed infrastructure, and this will cause further delays in delivery. This is also unsatisfactory.
- Offering only non-firm connections on transmission infrastructure for mature technology is unworkable when combined with the existing uncertainty over generation payments beyond 2019.

Over the years OREF has sought to encourage a degree of ‘optioneering’ to look at other approaches. OREF would welcome the opportunity to better engage with the cost models SSE use in order to better understand the full range of options.

**Question 3** Do you think a new Distribution link should be developed to facilitate the connection of further renewables? If so, how should this be funded?

Yes. There seems little likelihood that the “needs case assessment” process will permit SSE to provide the Transmission-level scale of electrical infrastructure that OREF believes will be required. Since the Distribution option is less likely to fail OFGEM's analysis, this option should be aggressively progressed and delivered quickly as a priority. Transmission connection should also be progressed in parallel.

Ideally funding should be by Government, however since this is unlikely to happen the cost should be socialised across UK consumers, especially since

there is a clear justification in terms of the additional security of supply that a third cable across the Pentland Firth would provide. We believe that a third cable would allow significant savings to be made by decommissioning the standby power station in Kirkwall.

Under the current interpretation of the regulations, generation project developers in Orkney are being asked to absorb all the reinforcement costs. This is simply not commercially viable at £1million per MW.

**Question 4** In light of the stage of development of marine technology, do you think transmission or distribution reinforcement is most appropriate? By which date do you believe there will be enough generation to require reinforcement and how can interested parties work together to achieve this?

Both should be progressed. Distribution is less likely to be obstructed by OFGEM and the delivery of 30MW will suffice for marine generation for the next 5 years, i.e. up to 2019. Beyond that further capacity will be needed and the Transmission option will be needed as acknowledged by DECC.

What date is it needed? Distribution reinforcement has been needed for some time. Existing generators are being curtailed beyond sustainable levels and there are enough potential generation projects to fully utilise the capacity of a new Distribution cable, providing that timeous and realistic connection offers can be made.

If the present suffocating lack of grid is allowed to endure then there will be less need for grid in the near future as a new industry is snuffed out. It will take a generation to re-establish and this will inevitably be done by non-UK countries who exhibit more vision at present. If this happens then the UK will have lost a major export opportunity. OREF expects history will harshly judge those who fail to be brave today. OREF hopes SSE is aware of the responsibility it carries in this respect.

**Question 5** Organisations which have examined the framework for connecting emerging technologies, such as wave and tidal, to the electricity network have suggested that there may be grounds for adopting a different approach. Do you believe there is a case for this? Would such an approach have implications across Great Britain?

Yes. There is a case for recognising that future strategic industries such as marine energy should be encouraged through the provision of the necessary infrastructure to allow them to develop. At present they bear the costs of connection and this is proving an impossible burden to shoulder at the same time as developing the technology itself. Encouragement and provision should be made by Government to enable SSE and others to provide connections where needed.

UK Implications: The main ones will be the creation of a sustainable industry, a strong home market and an export opportunity. The socialised costs of such connections will be more than returned by long terms jobs and tax revenues.

**Question 6** Do you believe there are other options for mainland reinforcements that SSEPD has not considered?

Yes. There seems little attempt to design a grid fit for the existing and future needs of the community and the industry. Despite OREF repeatedly making representations that an audit of possible needs should be undertaken, this has not progressed.

The recent, but unannounced, change by SSE to encourage declarations of demand is welcome even though it is very belated. Notwithstanding, OREF believes a more active attempt to seek and encourage generation and demand will lead to greater electricity use and therefore profit opportunity.

Despite statements to the contrary, there is real potential to make localised reinforcements to the existing grid to ease the significant levels of curtailment being experienced. The assertion that any changes will simply move pain around the system has never been satisfactorily evidenced to enable existing RPZ users to fully understand what the implications would be. OREF would welcome long called for local improvements such as seasonal line rating being taken forward.

**Question 7** What are your views on how communities, landowners, developers and local and national government can work together to agree the way forward?

It has always been OREF's view that joint working and open communication will best foster development. OREF is frustrated that it seems to have had to carry most of the burden in this respect and that SSE has regularly and repeatedly failed to communicate. This situation has not been helped by the conflicting information project developers have been given by SSE when enquiring about making grid connection applications.

It is important to recognise that OREF and the people of Orkney are extremely grateful and supportive of the staff on the ground who make the system work. However, the absence of high-level commitment in SSE is regrettable. Orkney is a community that powered itself 103% from renewable sources last year, hosts SSE's flagship ANM project and the Energy Storage Park, and is home to more marine energy than anywhere in the world. Nevertheless, despite repeated requests, there has been no opportunity for OREF to meet or discuss issues with SSE's last or present Chief Executive.