

Orkney Renewable Energy Forum
Old Academy Business Centre
Stromness
Orkney
KW16 3AW
29/3/19

SSEN
Emerging Thinking document team

Dear Sir,

Reference: Comments on SSEN's 'Emerging Thinking' document

OREF:

Orkney Renewable Energy Forum was set up in 2000 to seek to actively promote the preferential use of renewables over fossil fuels and has members whose interests span the community and the energy sector. OREF is therefore glad to have the opportunity to comment on SSEN's plans as this document is expected to have a significant effect on the operation of the network in Orkney for the foreseeable future.

Overall:

Overall the document is well written and OREF is pleased to see it shows vision. The scale of change that Orkney has been calling for in the whole system is recognised and there is a sense of palpable relief that **finally** this is moving the right way. OREF supports the majority of the document and hope that the following comments are of use in any further iteration.

OREF is pleased to see that marine energy features on the summary page. Whilst the sector is taking longer to progress than hoped, OREF is well aware that the energy is still there and waiting to be tapped. Network progress will need to be made within the plan period and it is therefore welcome to see it mentioned.

Graphics:

Figure 2 of UK energy is useful and well presented although it would be helpful to also provide the Scottish picture by way of comparison and completeness. This probably exists with Scottish Government's 'Energy 2018' report.

Table 1. The use of white text on a yellow background makes the text unreadable in the Outcome column when printed. Black text is needed and the background can be paler.

Language:

OREF would urge a change of language in that the document refers to 'conventional' generation and 'renewables'. Renewables are becoming the norm and certainly will be so during the period of the

plan. OREF would therefore suggest that the sooner renewables are normalised into corporate language as the main source the sooner the transition will complete. OREF would suggest that 'conventional' should be replaced by 'fossil' or 'legacy nuclear' as appropriate in order to show their descending trajectory.

Challenges:

1. OREF is unconvinced that the 'Leadership in Sustainability' text is strictly accurate (Pg 12). It says *'Energy networks must be trusted by the customers and communities they serve demonstrating long term benefit for society, the economy and the environment.'* In-fact they need to not just demonstrate benefit, but they need to at an acceptable cost/impact and they need to enable a carbon free future.

As written; the text infers that benefit is enough. It is possible that this is intended to be an overall benefit based on a cost/benefit assessment, but this is not what it says at the moment.

This is particularly relevant in Orkney at present when the impacts of schemes and the costs associated with mitigation are what is being challenged, not whether there is benefit.

2. OREF is interested in the text in Cost Limitation as it has a very different experience to that stated. Orkney now has 10% of its population generating their own power. This seems at odds with: *'Scottish consumers are less inclined to invest in micro-generation and renewable heating technologies, but energy efficiency continues to be a focus of national and local Government.'*

The focus is on delivering cost reduction in energy bills. Decarbonisation is a secondary consideration, as a result there is low uptake in domestic micro-generation and little focus on decentralisation.'

OREF would draw SSEN's attention to the BEIS Wave public opinion tracker which routinely shows that cost is not the major driver or concern for consumers. Wave 25¹ last covered attitudes to energy prices and says:

'Energy bills. Worries over paying for energy bills remained at similar levels to previous annual waves of the tracker. At wave 25, 30% were either very or fairly worried about paying for their energy bills. This is the same figure as the previous annual wave in March 2017 (wave 21). The level of worry was highest amongst 25-34 year olds (40%), private renters (38%) and those with incomes up to £24,999 (37%). Between wave 14 (June 2015) and wave 25 (March 2018), the proportion of respondents who were very or fairly worried about their energy bills has remained between 20% and 30%.'

In earlier waves of the survey, levels of worry were much higher.

Nearly half (49%) were very or fairly worried at the equivalent wave of fieldwork in 2014 (wave 9, March 2014). The level of relative concern about energy bills versus other household bills has remained stable since last year. Seven per cent were more worried about energy bills than paying for food, transport and housing costs. This is considerably lower than the peak of 14% in wave 8 of the tracker. Those who were more worried about paying for their energy

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bills than other items were asked for their reasons for this. Almost half (47%) felt that energy bills were generally more expensive than other items, whilst four in ten (37%) felt that energy prices had increased more than shopping or transport prices.'

OREF therefore vigorously disputes the statement made as being out of date and would be grateful of evidence to back up the text if you still believe it to be true. OREF is well aware of the governmental narrative of the need to drive down cost, however OREF is unconvinced that it is more than posturing and does not seem to be supported by its own research.

OREF notes, however, the need to tackle fuel poverty, but believes this is more a matter of poor housing leading to excessive energy demands and low incomes. It is less about the cost of the units of energy, but more about the ability to pay and the scale of the need for energy. However OREF also believes that there is an undue emphasis on heating through gas (subsidised to reduce fuel poverty) and electricity onto which environmental costs are levied. In an area like Orkney with no gas then this asymmetry is particularly acute and should be challenged by SSEN

3. OREF notes (Pg 22) that when discussing options appraisal: *'... In some cases, the preferred option can be to do nothing; in others the preferred option can be to build larger rather than return later to make a second upgrade. Sometimes, for example where an innovation is being trialled, the overall benefits might be uncertain.'* (OREF's underlining)

OREF's current experience with the proposed Orkney connection is that this latter option of just doing something once seems to be far away from present thinking. OREF would characterise the discussions to date as having had very little future proofing in the plans and the piecemeal design and contracting processes seems to go against this stated intent. It is not clear to OREF that this entirely logical statement is finding its way to those designing schemes.

The uncertainty of the benefits also seems to give SSEN problems. Orkney has long argued for grid improvements, but the attitude of OFGEM has been frequently cited as a reason for doing nothing and there has been a certain timidity in challenging OFGEM's thinking on this.

This attitude is manifest in 'The role of innovation' (Pg 25):

'Our emerging thinking demonstrates that there is significant uncertainty, and hence investment requirements, in future network users' needs. We recognise that committing now to invest in the network to accommodate the Proactive Decarbonisation scenario might not be the most economic and efficient use of consumers money.'

This seems to be a very timid climb down in the light of the increasing evidence that we are going to have to commit to decarbonisation now. SSEN should be bullish in its dealings with OFGEM to make sure that decarbonisation is actively supported.

4. *'We believe that open market competition is the best way to reveal the most efficient delivery for a specified outcome.'* (Pg. 24) OREF would challenge the automatic and dogmatic reliance on this statement. OREF believes that a more collaborative approach that involves lucid and literate communities will increase the efficiency of delivery further. Unfortunately it does not appear that this is in sight of SSEN's present thinking.

SSEN has not shown itself to be adept at engaging with communities to date. The widely criticised piecemeal approach being taken on Orkney over the years and at present has been an object lesson in SSEN's unwillingness to value local input. The 'we will take that back' standard

response by SSEN staff to challenge has not resulted in noticeable improvement in scheme details, nor in demonstrable respect for other opinions.

Relying just on competition to deliver the most efficient delivery is flawed and SSEN is strongly urged to either back this up with evidence or reconsider this dogma.

Sustainability Ambitions: (Pg. 30)

The six shown are generally OK although the following comments are made:

The Cost Benefit Analysis (Connecting for Society) needs to be better applied than has been seen to date. A lack of holistic CBA on the Orkney Transmission project is leading to some perverse outcomes regarding aggregate extraction. This also applies to the need for full cycle carbon cost assessments in the 'Mitigating Climate Change' section.

OREF welcomes the recognition of 'landscape change and visual amenity' in the 'Promoting Natural Environment' section. It is not clear how well this is presently being applied and there are significant local concerns in Orkney as to its outcome. OREF would also point out the absence of 'light' on the list of pollutants. It is important given the rural nature of much of your estate that the 'dark skies' are also regarded as an asset to be protected.

OREF notes the willingness to 'rethink' the use of materials. In the case of the Orkney Connection there is an urgent need to make sure this principle is applied, specifically to the up to 30,000t of aggregate required for the temporary haul road for the main connection and the possibility of winning it locally. Discussions have shown this appears to be being omitted from the project's thinking.

Assumptions:

OREF commends the statement of SSEN's assumptions (Pg 33) as a commitment to openness.

Question:

OREF notes the graphics (Pg. 27) showing the increase in demand in the three regions and would like to understand the large increase for the Eastern area of 15% compared to 5% for Orkney, Caithness and Shetland and 6% for the Argyll, Central and Western Isles.

Offer:

OREF notes the intended Customer and Stakeholder Engagement Methodology (Pg. 14) that is to be published in April and would be very willing to further engage with this potentially important development.

Yours sincerely

On behalf of the OREF Board