

## Scottish Islands Renewables Delivery Forum

### *Building Certainty – The Enablers*

At the Delivery Forum on the 26<sup>th</sup> June SHE Transmission put forward a number of issues (referred to as “enablers”) that needed to be addressed so that developers, who already identified some of the issues in a recent letter to Ministers, are able to give a clear commitment that would enable SHE Transmission and Ofgem to work together on a robust Needs Case.

The identified enablers are tabulated below. It is important that the Lead Party provides a succinct response within the timescales identified.

Item	Enabler	Lead Party	Delivery Timescale
1	<b>Electricity Market Reform</b> <ul style="list-style-type: none"> <li>Confirmation of the allocation of Island onshore wind (i.e. within Group 2 or a new separate Group 4)<sup>1</sup>.</li> <li>DECC to review whether notification of the CfD Strike Price for the EMR 2nd Delivery Plan Period (2019/20 – 2023/24) can be brought forward from October 2015 or what comfort can be given ahead of this date to mitigate concerns.</li> <li>Early visibility of the CfD budget allocation for the Islands, both in terms of £m and anticipated MW volume. This would address early concerns surrounding a perceived 400MW cap and give a degree of certainty to developers that securing a CfD contract is a realistic proposition.</li> <li>Is there scope for ‘grandfathering’ of the 1<sup>st</sup> Delivery Plan Period CfD Strike Price (£115MW/h) for a period that covers the 2<sup>nd</sup> Delivery Plan Period (2019/20 – 2023/24) or until the Islands have secured connection (whichever is the earliest)?</li> </ul>	DECC	July 2014
		DECC	September 2014
		DECC	September 2014
		DECC	September 2014
2	<b>Project TransmiT</b> <ul style="list-style-type: none"> <li>Confirmation of TNUoS methodology and implementation date.</li> <li>Stability and predictability of future TNUoS is a critical factor for developers. NGET to confirm what modifications are currently being considered both within UK and EU that might impact Island developers in the medium / long term?</li> <li>If the level of TNUoS changes is there flexibility in the CfD Strike Price to review the level of Island uplift?</li> </ul>	Ofgem	July 2014
		NGET	September 2014
		DECC	September 2014

<sup>1</sup> Consultation closed 10<sup>th</sup> June decision expected mid-July.

3	<p><b>Needs Cases</b></p> <ul style="list-style-type: none"> <li>Identify key components (e.g. technical, financial, developer commitment requirements etc) that are required to be included in each of the three Island Needs Cases? Build on learning points from Caithness – Moray and read across to Island links.</li> <li>Confirmation of what is required in a strong Needs Case to demonstrate developer commitment (e.g. evidence of developer Executive Board approval etc).</li> <li>To what degree should wider soci-economic factors be considered in the Needs Case? Who is best placed to assess and quantify?</li> <li>Identification of opportunities to reduce approval SWW process timescale from 12 – 16 months to 6 – 8 months.</li> <li>Is there an opportunity to consider a Needs Case based on a level of anticipatory investment? Applicable to all 3 islands, but potentially of greater importance to Orkney in relation securing future marine industry investment.</li> </ul>	<p>Ofgem &amp; SHE Transmission</p> <p>Ofgem &amp; SHE Transmission</p> <p>Ofgem &amp; DECC</p> <p>Ofgem &amp; SHE Transmission</p> <p>Ofgem</p>	<p>July 2014</p> <p>September 2014</p> <p>September 2014</p> <p>August 2014</p> <p>July 2014</p>
4	<p><b>Queue Management</b></p> <ul style="list-style-type: none"> <li>Allocation of contracted capacity is an issue on the Western Isles and Orkney. Is there an opportunity to review the current ‘grid’ queue on each Island so that capacity can be reallocated to those who are best placed to use it (i.e. contracted and consented rather than those who are solely contracted)?</li> </ul>	<p>NGET</p>	<p>September 2014</p>
5	<p><b>Securities and Liabilities</b></p> <p>Securities and liabilities are calculated and notified in accordance with CUSC Modification Procedure 192 (CMP192). Mix of fixed and variable which impacts balance of risk between developer and UK consumer. For certain developers (e.g. marine and community back projects on Orkney) the requirements are not aligned with their state of readiness or financial strength.</p> <ul style="list-style-type: none"> <li>Explore options for 3<sup>rd</sup> Party support, for example, via the Green Investment Bank.</li> <li>Is there scope for CMP192 to be modified to reflect the different states of readiness of individual or classes of developer?</li> </ul>	<p>Developers and Scottish Government</p> <p>NGET</p>	<p>September 2014</p> <p>September 2014</p>
6	<p><b>Consent</b></p> <p><b>Orkney</b></p> <ul style="list-style-type: none"> <li>There is clear evidence that a high volume of renewable generation is looking to connect on Orkney, particularly onshore wind. Unlikely that all will secure consent. SHE Transmission to engage with Orkney Islands Council discuss likely consent volume.</li> </ul>	<p>SHE Transmission &amp; Orkney Islands Council</p>	<p>September 2014</p>

	<p><b>Shetland</b></p> <ul style="list-style-type: none"> <li>Developer awaiting outcome of a Judicial Review (JR) in relation to the decision by the Scottish Government to award consent. Current position in relation to JR to be clarified by Scottish Government and any consequential impact on deployment confirmed by Viking Energy.</li> </ul>	Scottish Government & Viking Energy	September 2014
7	<p><b>Developer Readiness</b></p> <ul style="list-style-type: none"> <li>GdF Suez has decided not to develop their Eishken wind farm project on the Western Isles<sup>2</sup>. Meeting to be scheduled with GdF Suez to discuss exit timetable and potential for project to be transferred to a 3<sup>rd</sup> Party.</li> <li>The technology readiness of marine, in particular wave, has been the subject of debate for sometime. To assist in the identification of the optimum reinforcement, and to provide opportunities for other developers to enter the market, the marine developers need to review and confirm their exact requirements - MW and deployment timescale.</li> <li>Review evidence required for Needs Case that demonstrates developer commitment (i.e. project bankability / affordability).</li> <li>Developers to confirm what they require to be in place and by when, to allow a final investment decision to be made by their respective Executive Boards.</li> </ul>	<p>NGET, GdF Suez &amp; SHE Transmission</p> <p>Developers</p> <p>Developer &amp; SHE Transmission</p> <p>Developer</p>	<p>10<sup>th</sup> July 2014</p> <p>September 2014</p> <p>September 2014</p> <p>September 2014</p>
8	<p><b>Grid</b></p> <p><b>Western Isles</b></p> <ul style="list-style-type: none"> <li>Difficult to tie down optimum reinforcement (i.e. size, design, technology, programme and cost) until firm and clear commitment (including final deployment profile) is confirmed by the developers. SHE Transmission to review proposed reinforcements and amend as appropriate to reflect current developer requirements.</li> <li>In December 2013 SHE Transmission notified the Western Isles developers of a revised completion date of Q2 2019. This was predicated on a Needs Case submission date of early 2014. SHE Transmission to review overall time line.</li> </ul> <p><b>Orkney</b></p> <ul style="list-style-type: none"> <li>Until reinforcement is provided there exists a challenge on Orkney to maximise the available capacity of the existing network. SHEPD to discuss with Orkney stakeholders what can realistically be achieved ahead of reinforcement.</li> <li>'Note of Interest' from circa 220MW of generation (of which 177MW of onshore wind). Too much for distribution reinforcement but not enough for</li> </ul>	<p>SHE Transmission</p> <p>SHE Transmission</p> <p>SHEPD</p> <p>SHEPD &amp; SHE Transmission</p>	<p>September 2014</p> <p>September 2014</p> <p>September 2014</p> <p>September 2014</p>

<sup>2</sup> Eishken Wind Farm - 133MW with consent.

	<p>transmission when anticipated attrition is taken into account. SHE Transmission to engage with Orkney stakeholders to quantify exact requirements.</p> <ul style="list-style-type: none"> <li>Discussions ongoing with EU Commission regarding possible funding. Pressure to identify options ahead of EU elections in November.</li> </ul> <p><b>Shetland</b></p> <ul style="list-style-type: none"> <li>Viking Energy is reviewing mainland connection points for their proposed connection. Viking Energy to confirm their exact requirements.</li> </ul>	<p>Orkney Islands Council &amp; Scottish Government</p> <p>Viking Energy</p>	<p>September 2014</p> <p>September 2014</p>
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