

Meeting between community representatives and Ofgem

Friday 1 December 2023 at 11.15am, Phipps Hall, Beaully IV4 7EH

Draft minutes:

In attendance:

Kate Forbes and Gordon Bell, office of Kate Forbes MSP
James Dunshea and Steve McMahon, Ofgem
Cameron Kemp, Bunchrew and Kirkhill Community Council
Denise Davis and Lyndsey Ward, Communities B4 Power Companies
Steve Byford and Graeme Mackay, Kilmorack Community Council
Mairi Fraser and Donna Peacock, Kiltarlity Community Council,
Humphrey Clarke and Paul Stirling, Strathglass Community Council
Bill Fraser, David Garvie, Callum Kemp and Matthew Thomson, local residents.

Though there was an agenda, see footnote for transparency, early on it became apparent that discussion would flow naturally rather than rigidly stick to each item. To that end the minutes are recorded as one section of open discussion.

Open discussion:

Steve McMahon outlined that Ofgem had a statutory role by the UK Government to protect consumers now as well as in the future. He outlined the UK Government's net zero remit and the goal to reduce emissions – with both Westminster and Holyrood setting targets in legislation. Due to the target for 50GW by 2030, planning and regulation has had to adapt, with pace being a bigger priority now. Infrastructure changes have to be economic and efficient as every penny goes through consumer bills. He stressed that Ofgem's role is not for planning permission, and added that renewables tend to be located in more remote areas which are network-constrained. Though undergrounding does take place where possible, it can be 10 times more expensive and cost is a problem.

Callum Kemp asked whether decisions were based on cost rather than community impact? Mr McMahon said that it was the cost for the consumer that was primarily considered. Mr Kemp raised a further point about who was advising the Scottish Government and Crown Estate about auctioning off the seabed. Kate Forbes agreed to write to the government to seek this information.

Bill Fraser said that it did not feel like developers were being held accountable by Ofgem in any way. Mr McMahon said Ofgem regulate and ensure developers deliver what they're asked to do and moving quickly should not come at the expense of effective engagement.

Kate Forbes added that communities feel that engagement is usually a case of developers explaining what companies are going to do, rather than demonstrating feedback has been taken on board. She asked who evaluates the strength of engagement and whether it has resulted in anything different. Mr McMahon said the challenge was often down to the lack of legitimate alternatives. If routes are away from population centres, it can detrimentally impact on the landscape. There is an engineering and technical aspect to consider too.

Lyndsey Ward raised the example of the Fanellan substation, and also the recent case of

Dalmally where the final needs case was submitted before the result of the PLI had come through from the Scottish Government. James Dunshea asked for more information on this point to investigate further.

Matthew Thomson said cables could be buried cheaper than 10 times the cost, and the infrastructure is being pushed on the least amount of people. He enquired why offshore windfarms couldn't be located further south in England, closer to consumers. Mr McMahon said Ofgem looked at the Great Britain system as one system overall. Mr Thomson added that a cable could easily go subsea from Spittal to Peterhead. Mr McMahon thought this could be hundreds of billions of pounds and the consumer would have to bear the costs, and Ofgem have a strong incentive to keep costs low.

Mr Kemp said it appeared everyone's hands are tied and the setup completely ignores local communities. Mr McMahon said network investment hasn't kept pace, and the cost is far more severe for not meeting targets.

David Garvie said Ofgem's criteria was driving SSEN to produce a bad solution, as cheapest cost solution is rarely best for local people and the environment. Mr McMahon said Ofgem made no apologies for looking after the consumer.

Paul Stirling explained that Strathglass Community Council covers the largest area of any community council in Scotland. As well as taking in Glen Affric, a National Scenic Area, it is a special protected area, numerous triple SSIs, SACs and SPAs. He added that in Tomich every building is listed. Mr Stirling recalled the previous experience with the Beaully to Denny line consultation, as the community worked really hard to find an alternative and had local landowners on board. However, SSEN didn't want to extend the spur and ended up putting a 30-acre power station in front of a National Nature Reserve. He also shared the recent example of investigative works happening near the conservation village, but notification only being received by residents a week after work started. Mr Stirling said their community council too felt ignored through the entire process, and that evidence and reality did not change anything as it all comes down to cost.

Humphrey Clarke added that locals knew the area and where would be best to put it, and had made suggestions six months ago to SSEN and were totally ignored. Ms Forbes added that consultation had to be two-way engagement, and it did not appear to be happening at present. Mr Clarke also highlighted it was an area depending heavily on tourism, and that visitors did not come to admire substations and wind turbines. Mr McMahon said Ofgem would take away the point around encouraging transparent engagement, as if developers cannot accept suggestions they have to be brave enough to explain why to communities. It was agreed Ms Forbes would compile a list of examples of poor engagement for Ofgem to further consider.

Mr Kemp asked if Ofgem can cope with the volume, and Mr McMahon said resources are meant to be commensurate with plans set out by the Scottish Government, and it takes time to deliver investment scrutiny. He added that planning and consenting was the government's responsibility.

Steve Byford said he'd been attending community liaison group meetings for 14 years, and the group is dictated to by the developer – and Fanellan sub-station reiterates that. He used the example of the Wester Balblair sub-station where Highland Council had to take SSEN to court to adhere to a noise abatement notice. This shows small communities have to fight tooth

and nail to get anything done, and an acceleration of plans will push things into a worst case scenario. He said communities need more protection from both government and Ofgem. Mr McMahon said infrastructure has to be resilient.

Mr Kemp said that Ofgem principles appear to be something must be economically efficient and deliverable and operable, whereas environmental and community impact are being ignored. Mr McMahon said Ofgem are not coming to erode local democracy and they do not control planning. He added that Ofgem's primary duty is to protect the consumer now and in the future.

Mairi Fraser asked why there was not a devolved national or even regional grid, and highlighted community hydro schemes as well as overproducing. Mr McMahon said the infrastructure was not required for the Highlands' needs, but for demand-centres south of the border.

Mr Fraser said the speed of delivery is a major factor. He said infrastructure had to be built for the future, and not just for now. He highlighted the example of Denmark where government sat down and developed guidelines for new systems. He also said planning was often strapped for resources, and there is no effective enforcement. Donna Peacock shared the example from the recent meeting in Strathpeffer, where the developer did not appear to be fully honest about future intentions and this erodes trust and communication. Ms Forbes suggested consideration should be given to securing a paid resource for communities to conduct professional engagement as they are doing it in their spare time at present.

Denise Davis asked what net zero is, and how we're going to reach it? She suggested that to date, no politician or SSEN had answered the question. Ofgem said that was a question for the Government rather than for Ofgem as the regulator of consumer bills. Ms Davis then asked how do we know when to stop? Ms Ward asked whether there was an end in sight to this. Mr McMahon said Ofgem was accountable to Government targets.

Ms Forbes raised the issue of fuel poverty and high bills, and how communities are dealing with the infrastructure yet not seeing any reduction in fuel poverty. Ms Davis said that in 15 years not once has energy cost been lowered, despite windfarms being rolled out across the country. She added that peak demand in Scotland is 9GW in the winter and 7GW in the summer, yet there is plan for 13.8GW offshore, 35.9GW planned through ScotWind, and the whole of the UK required about 100GW. Mr McMahon said this infrastructure isn't to meet energy needs only in Scotland but across the UK. Ms Davis responded that big energy companies simply want to export and profit.

As discussion drew to a close, the following action points were agreed:

-Ofgem to give consideration to how give greater weight to community consideration and environmental impact.

-Kate Forbes to compile a list of previous examples of poor practice and stakeholder engagement and share with Ofgem.

-Kate Forbes to write to the Scottish Government about who advises them and the Crown Estate on ScotWind/auctioning off the seabed.

-Kate Forbes to write to the Scottish Government to clarify net zero targets..

-Community representatives to approach their local MP about getting engagement with the UK Government.

-Community representatives to approach local ward councillors to ensure community views are fully accounted for at any future planning meetings.

Everyone was thanked for their attendance, and the meeting concluded just after 1.15pm.

Footnote – original agenda below:

- Welcome and introductions
- Ofgem's role and evaluation criteria
- Consultation with communities
- Future predicted demand
- Decision-making process
- Enforcement and accountability
- Community group-specific concerns
- Next steps and AOCB

Kate Forbes MSP
Skye, Lochaber and Badenoch

Initial response from Ofgem:

Many thanks for hosting the meeting with your constituents and the examples of your constituents' experience when engaging with SSEN-T. I've addressed the points in turn below, setting out where we have a role and where there are other avenues that it would be worth constituents following up. In those areas where I am seeking further information from SSEN-T I will be in touch again in due course.

Wester Balblair substation

Planning applications set requirements for tolerable noise emissions and resonance from transmission equipment. I am following this up with SSEN-T; it is possible that the change in Super Grid Transformers at the site that was SSEN-T already following up on retrospective planning enforcement. Similarly, if it was necessary to reduce the noise emissions to suitable levels, equipment housing would have been included in the design of the site and the planning application. Discharging planning consents is not within our remit, however I have asked the question of SSEN-T as to whether they intend to install housing and whether they have satisfactorily discharged all of their planning conditions at Wester Balblair.

River Beaully

Our appraisal of options is not to seek assurance the Transmission Operator has selected the lowest cost for the output but rather the optimal cost, including whole life-cycle cost considerations such as the reliability, maintainability and availability of the option. A higher capital cost may result in lower operating costs, greater output for the consumer and a longer asset life; as such we seek the option

that represents the optimal balance between cost and output through a robust cost / benefit analysis. Again, I am following up with SSEN-T to understand the issue with the cables under the River Beaulieu and what necessitated their replacement.

Fasnakyle OHL spur

From an engineering perspective substations should generally avoid hilly terrain, due to the difficulty of installation and lifecycle considerations such as access and maintenance. In addition windfarms tend to be sited to take advantage of prevailing wind conditions; substations are usually not sited in the proximity as they do not readily tolerate high wind speeds. That said we absolutely recognise the concerns of your constituents and agree that it would be beneficial for SSEN-T to engage more closely with them, understand their concerns, consider feedback and provide a robust, evidenced response where they decide not to follow it.

Selection of Fanellan substation site

Again, we recognise that this is an area where more responsive engagement from SSEN-T could help to address constituents' concerns and demonstrate whether there was a robust process underpinning their site optioneering. I am following this up with SSEN-T.

General points around planning processes and Ofgem's role

Many of your constituents' concerns relate to the siting of transmission infrastructure in areas of great natural beauty, global significance and import to the local tourist industry. Under the Electricity Act 1989, Ofgem's Principal Objective is to protect the interests of existing and future consumers and it goes into some detail as to what these interests are. As a result, there are a number of factors that Ofgem needs to consider when carrying out its functions. These include, for example, the reduction of greenhouse gases, security of supply, promoting effective competition and also having regard to the need to contribute to the achievement of sustainable development, as well as considering the interests of individuals residing in rural areas and the effect projects have on the environment. When making our decisions, we seek to take all these factors into account and we expect transmission operators to make a robust case for proposed projects and provide us with all relevant information to inform our assessments. As such, we absolutely recognise the challenge between achieving net zero, managing the impact on consumer's bills and ensuring fairness for communities that host transmission infrastructure; we are working with Governments and transmission operators to try and achieve the best balance for all.

In addition, planning authorities wield significant influence over the final delivered scope of a project and we suggest you also raise the points we have discussed with them. They are able to place conditions on a project that can necessitate the relocation, a change to scope, rescheduling or a long-term fundamental redesign of the works. They are also able to drive additional benefit for communities from securing (e.g.) new associated utilities or compensation. For this reason we do not carry out our full project assessment until it has either been awarded full planning permission (under the Large Onshore Transmission Investment ([LOTI](#)) process for conventional transmission investment) or the planning application has been submitted (under the Accelerated Strategic Transmission Investment ([ASTI](#)) process for projects deemed essential to achieving 2030 targets). Under ASTI this means we have a high degree of confidence that permission will be awarded and that the preferred option we are assessing is acceptable to the planning department and the

community. We will also continue to take these points into consideration when making our own decisions.

We are also always very interested to hear the views of all stakeholders, including consumers. As such, we consult extensively at all the major stages of our LOTI and ASTI processes in order to give all stakeholders a chance to input into our regulatory proposals and decisions. Consulting leads to better decisions, builds understanding, and helps progress towards consensus aimed at protecting the interests of current and future energy consumers. Considering stakeholders' views early in the process stimulates debate and helps ensure we explore all policy options ahead of reaching our final decisions. In our consultations, we ask specific questions about our intended course of action, but also welcome views on broader issues. Consultations are open for a defined period of time and move through the same set stages of open, closed (awaiting decision) and closed (with decision). We would encourage your constituents to sign up to any consultation and then receive an email update when it passes from one stage to the next.

Where we are aware that a project is being delivered in a sensitive area (but not covered by a formal designation such as SSSI or OOB), the Transmission Operator can develop options to mitigate the impact of their works. If they can demonstrate the consumer would benefit from a less contentious option that is more likely to secure timely, or even, early planning consent, we are very happy to consider their proposal. As noted above we would not simply rule out a more expensive capital option if it resulted in reduced constraint costs through accelerated planning and consenting and therefore delivery. Where a project has demonstrated that there is no option other than to go through a SSSI or OOB, we will of course support undergrounding of cables.

Finally we are working with the Department for Energy Security and Net Zero on their proposals for [Community Benefits](#) and plan to embed the resulting principals as part of the evolution of our LOTI and ASTI processes.

I will pass on any further information I receive from SSEN-T on the above enquiries.

James Dunshea

OFGEM