

Briefing Note

August 2009

Viking Energy public consultation period ends

Viking Energy is a joint venture between the Shetland community and Scottish and Southern Energy (SSE). We submitted our application for a 150-turbine, 540MW wind farm on the Central Mainland of Shetland to the Scottish Government in May, following more than two years of extensive pre-application public consultation.

We have prepared this briefing note to update you on the project, help you answer questions from members of the public and further clarify some of the key facts.

Viking wind farm key facts*

Capacity	540MW
Annual output	circa 2,100 GWh
Number of turbines	150
Turbine capacity	3.6MW
Tower height	up to 90m (295ft)
Rotor diameter	up to 110m (360ft)
Height to blade tip	up to 145m (476ft)
Homes to be powered	circa 440,000
Carbon payback	between 2.3 and 14.9 years

* As proposed; subject to final planning and design

Consultation

The Scottish Government's period of public consultation has now come to a close. We are grateful to everyone who took the time to contribute to the consultation process.

Although the formal public consultation period has ended, Shetland Islands Council has until 13 November to respond to the Energy Consents Unit. The Council's three months' consultation period, which was due at the end of September, has been extended by six weeks to allow time for the Council to hold a series of public meetings.

There has been media coverage recently regarding objections, mostly related to bird concerns, made by statutory and non-statutory consultees to the process. This is common at this stage of the process and over the coming weeks we will be working with these organisations to understand and address their concerns.

Investment

Once consented, the Shetland Charitable Trust will have the opportunity to decide whether to invest further in the project taking into account the economic conditions at the time.

The Trust will only consider taking some of its resources out of the stock market and investing in this project if there is a high level of confidence about the possible risks and potential returns. Potential sources of finance (borrowing) for the project have been identified and would only be considered on a basis where the security for the lending would be limited to the project itself. Renewable energy projects can achieve advantageous terms from some lenders such as the European Investment Bank.

Current modelling indicates that over £37 million each year is likely to be generated within the local economy over the project's lifetime. This sum includes returns of more than £23 million each year. This revenue could replenish and enhance the funds Shetland Islands Council negotiated in return for the development of the oil industry in Shetland.

To date, money realised through the oil funds has supported:

- subsidised care for the elderly and those with special needs;
- well-maintained infrastructure;
- frequent cheap internal transport links;
- direct support for the arts, environment, heritage and voluntary sectors; and
- a network of community halls and leisure complexes.

As a partner in the project, Scottish and Southern Energy plc is committed to the proposed development and brings commercial scrutiny and technical expertise. As a major private energy company, SSE is currently involved in more than 40 wind energy projects.

Carbon payback

The carbon payback for the wind farm will be 2.3 years in the best case, 3.7 years in the intermediate case and 14.9 years in the worst case. This has been calculated using Macaulay Land Institute methodology and current best practice. The life of a wind turbine is around 25 years. This means that even in the very unlikely worst-case scenario the Viking Energy wind farm would be carbon positive for more than half of its lifetime.

Area covered by the wind farm

Some reports say that the wind farm will disturb up to one-fifth of the Mainland of Shetland. This does not represent the area needed for the wind farm which, even if we consider the gaps between the turbines as part of the site, will cover around 4% of the Mainland of Shetland.

Interconnector

The wind farm cannot go ahead without an electrical connection to the Scottish mainland. In July, SHETL, Scottish and Southern Energy's transmission network operating division, submitted applications for the converter stations needed to link the 600MW sub-sea connector between Shetland and the mainland. An interconnector would unlock the enormous potential of Shetland's wave and tidal energy resources.

Next steps

Viking Energy welcomes the constructive approach Shetland Islands Council and the other statutory and non-statutory consultees have taken towards this nationally-significant project and will continue to work closely with them throughout the remainder of the consent process - and beyond.

Should permission for the wind farm be granted in 2010, an investment decision on whether to go ahead to construction will likely take place in 2011 with construction complete by 2016.

Further information

Detailed information, answers to frequently asked question and the documents accompanying our application to the government are available on our website www.vikingenergy.co.uk.

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