



**ENERGY DEVELOPMENTS UPDATE**

Report by Depute Chief Executive

**PURPOSE**

- 1.1 The purpose of the Report is to provide an update regarding major energy developments, to update regarding the work of the “Major Developments Forum” and to consider the approach to key policy matters and related governance ahead of, and through, the period of major capital works.

**EXECUTIVE SUMMARY**

- 2.1 There are a significant number of major renewable energy projects and activities anticipated to go into development over the next period. These range from the establishment of 1.8GW HVDC transmission link, the build-out of consented on-shore wind projects and the potential construction of off-shore wind projects, assuming the projects can move through the various licensing and consenting processes. In addition, there is the potential of an innovative hydrogen production facility and the establishment of more community scale projects through the work of the Islands Centre for Net Zero.
- 2.2 If all the projects proceed into construction it will result in an unprecedented construction programme in the local context that will have a significant labour requirement during the build period and will result in the creation of new and enduring jobs during the operational phases of the projects. The projects will also lend themselves to significant new community wealth and benefit opportunities. The build out will also coincide with the implementation of Islands Growth Deal projects and other potential investment opportunities such as the Levelling-Up Partnership.
- 2.3 The build-out and operation of the various projects will require to be carefully managed with close liaison between the Comhairle, the developer community, the wider community, and other key elements of the public sector. That liaison will include the private sector to ensure as many supply chain benefits as possible are captured locally. A “Major Developments Forum” has been established to consider key operational issues.
- 2.4 This Report seeks to lay out several of the key considerations around these issues and begins to look toward arising policy implications and towards appropriate governance arrangements to help guide activity over the next period. The Report also begins to consider capacity for the next period and the requirement for the Comhairle to “gear-up” and build appropriately staffed teams in critical areas of activity such as planning.

**RECOMMENDATION**

- 3.1 It is recommended that the Comhairle:
- a) notes the establishment of the Major Development Forum; and
  - b) agrees to establish a Major Development Oversight Board as outlined at Section 8 of this Report.

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Appendix: None  
Background Papers: None

## IMPLICATIONS

4.1 The following implications are applicable in terms of the Report.

Resource Implications	Implications / None
Financial	There will be financial implications to ensure services are adequately resourced to deliver on regulatory duties. The exact scale of requirement is presently being explored and will most likely be funded by internal prioritisation or by the leveraging in of external resources.
Legal	The Comhairle is Planning and Roads Authority and will therefore have a strong locus in approving, recommending, and advising in relation to many of the projects which are the subject of this Report. A range of other services, such as Economic Development, will have differing level of regulatory and advisory input.
Staffing	Staffing resources will require to be bolstered in certain disciplines, particularly planning. Management resources will also be required to provide appropriate oversight.
Assets and Property	There is potential to make available and upgrade presently disused or underutilised property and related assets.
Strategic Implications	The development of a strong renewable energy industry delivering strong economic and community benefits has been a long-term strategic goal of the Comhairle.
Risk	There is a risk that development projects are held back or be adversely impacted if the Comhairle is not adequately resourced to deliver on its planning and related statutory obligations. Given the Comhairle's long-term support for the development of the sector this carries a high level of operational and reputational risk.
Equalities	None
Corporate Strategy	One of the Comhairle's four key priorities is to Strengthen the local economy. The Comhairle is also committed to delivering positive change through the green agenda and has an ambition to work towards Net Zero for our estate and to support the Islands meet the Scottish Government target of Net Zero by 2045.
Environmental Impact	One of the Comhairle's core values is to protect our natural environment and reduce our carbon footprint.
Consultation	None

## ANTICIPATED DEVELOPMENT ACTIVITY

5.1 Over the period to 2030 the following activity is anticipated in the broad renewable energy sphere:

### 1.8GW HVDC Link

5.2 The link was authorised by Ofgem in December 2022 as part of the Holistic Network Design. Transmission owner Scottish and Southern Energy Transmission (SSEN-T) anticipates the link being built-out and energised during 2030 if not sooner. They have recently entered capacity reservation

agreements with Hitachi Energy and NKT. SSEN-T had identified a preferred interconnector location but following consultation with the community and stakeholders, including the Comhairle, a new site is presently being explored. The broad SSEN-T forward programme anticipates scoping and formal planning applications over the course of 2024 and 2025.

### **Terrestrial Wind**

5.3 Three projects are fully planning consented and contracted to grid. These are:

- Druim Leathann Wind Farm - 49.9MW (BayWa r.e.)
- Stornoway Wind Farm - 200MW (Lewis Wind Power)
- Uisenis Wind Farm - 180MW (Euro Wind)

5.4 The projects are presently moving through pre-construction activity, discharging planning consents and engaging in supply chain planning. The Uisenis project is anticipated to re-enter formal planning to seek consent for a smaller number of higher capacity turbines. Each project anticipates building-out from circa 2026 / 2027 onwards to be in place for HVDC energisation in 2030.

5.5 In addition, RWE are currently exploring the potential for two wind farms on land at Grimshader and Heastabhal. The Grimshader project is likely to be for up to 19 turbines with a generating capacity of up to 72MW. The Heastabhal project is likely to be for up to 14 turbines with a generating capacity of up to 66MW. Requests for scoping opinions on both projects have recently been submitted to the Energy Consents Unit at the Scottish Government.

### **Offshore Wind**

5.6 A total of 2.835GW of offshore wind was leased in Hebridean waters by Crown Estate Scotland in the most recent Scotwind leasing round. The leases are as follows:

- N2 – Spiorad na Mara (Northland Power) – 1.5GW (floating)
- N3 – Talisk (Magnora Offshore) – 495MW (floating)
- N4 – Havbredey (Northland Power) – 840MW (bottom-fixed)

5.7 The developers are presently in a period of survey and research with their work programmes broadly looking as follows:

- Survey works – 2023 – 2025
- Consenting and licensing – 2025 / 2026
- CfD Auction 2026 / 2027
- Construction 2027 / 2028 onwards.

5.8 These dates are indicative at present. Both Northland and Magnora must achieve a series of planning consents and marine licenses before they are authorised to proceed into construction. Assuming they achieve the relevant consents, Spiorad na Mara anticipates being operational for HVDC energisation in 2030. Talisk and Havbredey anticipate being operational slightly later in 2031 / 32.

5.9 There is discussion to be concluded around grid connection for Havbredey. At this point, there is no space on the 1.8GW link for the project and North of Scotland Grid is oversubscribed. There are,

however, possible bootstrap solutions and the potential for Havbredey to be given over to hydrogen production for export.

- 5.10 Despite all the dates (HVDC, on-shore and off-shore) being broadly indicative, it is the present working assumption that there will be a major build programme happening over the period between late 2026 and 2031. That build programme will be multi-faceted, with construction in the terrestrial and marine environments, including the construction of the windfarms and the required transmission and distribution infrastructure.

#### **Outer Hebrides Energy Hub**

- 5.11 The Energy Hub is a Green Hydrogen production facility, which was originally planned in three phases. The Scottish Government's recent announcement that they were withdrawing from all six Green Growth Accelerator has meant that the Energy Hub has had to go into a period of rescoping. That rescoping work is presently on-going but it is believed that a two-stage model can be developed around the UK Government's Hydrogen Production Delivery Roadmap with its series of annual Hydrogen Allocation Rounds (HAR). Significant exploratory work remains but it is believed that a revised concept for the Hub can be developed around a two-phase approach:

- Phase 1 (2026 – 30): HAR3 support for Hydrogen production for local demand (10MW) followed by Hydrogen production for Scottish Gas Network's Stornoway Town Centre Gas Network conversion (15MW).
- Phase 2 (2031 onwards): commercially self-sustaining production of Hydrogen (up to 2GW) for export as Hydrogen derivative through the Deep-Water Terminal initially and then for export as gaseous Hydrogen through a potential subsea Hydrogen Backbone Link to the west of the Outer Hebrides

#### **Island Centre for Net Zero**

- 5.12 The Islands Centre for Net Zero (ICNZ) is a pan-island distributed innovation centre that will support the Outer Hebrides, Orkney, and Shetland to become lighthouse communities in the energy transition. The centre will support the exploration, trialling, and acceleration of solutions to decarbonisation that could have replicability nationally and further afield. The Outer Hebrides staffing complement of ICNZ is in the process of being recruited. As well as a revenue budget to support staffing and research. ICNZ also comes with a £5m capital budget to implement solutions arising from local research and consultation.

#### **Other Considerations**

- 5.13 In addition to the above there are other energy-based activities (such as the Local Heat and Energy Efficiency Strategy) and other major elements of capital development running simultaneously such as the projects within the Islands Growth Deal and the projects that will emerge from the £20m Levelling-Up Partnership. Running alongside this activity will be the Comhairle's own capital programme, the affordable housing programme and the normal array of business and community capital development projects.
- 5.14 Although there are several dependencies that require to be worked through, the above analysis suggests that the period from circa 2026 onwards will see an unprecedented level of activity that will represent the largest ever private sector investment into the Outer Hebrides. It offers a transformational economic opportunity for the islands, delivering significant construction and operational phase benefits for local supply chain businesses, stimulating new local jobs, and creating significant environmental benefits.
- 5.15 There will, however, be logistical and related challenges as a wide array of projects seek to go into construction to broadly similar timescales. These opportunities and challenges will require detailed

co-ordination and planning if the maximum transformational benefits are to be extracted and any down-side impacts are to be mitigated.

## MAJOR DEVELOPMENTS FORUM

- 6.1 To begin this planning and coordination effort a “Major Developments Forum” (MDF) has been established to bring the developer community together to aid forward planning and stimulate collaboration. This is a technical officer working group that has been formed with the broad aim of identifying and focusing on areas of joint strategic purpose to provide co-ordinated action in pursuit of smooth project implementation; the identification of related growth opportunities; the maximisation of community benefits and the identification, minimisation, and mitigation of any arising challenges.
- 6.2 The inaugural meeting of the Forum took place at the end of August 2023 and it has met on several occasions since, most recently on 19<sup>th</sup> March. The Forum has identified a series of collaborative workstreams that are being moved forward. These workstreams can be summarised as follows:

1. SSEN-T and developer community to proactively engage around converter station and related issues, including overall footprint, adjacent developer sub-stations and cable routings.
2. Development of a proactive and strategic communications approach to give local communities and the local supply chain advance sighting of benefits and issues arising.
3. Development of a school’s programme outlining future jobs opportunities arising from the establishment of a renewable industry.
4. Engagement between UHI North, West & Hebrides around future apprenticeship, skills, course content and development.
5. Development of a strategic peat management strategy defining key principles and approaches will help inform individual site approaches and provide collaboration and coherence opportunities.
6. Development of a Supply Chain Strategy to help define and inform approaches to the local market to ensure maximisation of supply chain content within the Outer Hebrides.
7. Development of an accommodation strategy for both the construction and post-construction phases of the development.
8. Consideration of the approach to freight and logistics - the construction phase will require significant additional freight capacity for component movement and additional flight capacity to accommodate staff rotation.
9. Engagement with developers to consider innovative ways to develop a suite of new benefits based around Community Wealth Building methodologies.
10. Comhairle nan Eilean Siar to consider resource requirements, in particular planning, to ensure that there is sufficient capacity to allow relevant processes to run smoothly and efficiently.
11. Comhairle nan Eilean Siar and Highlands and Islands Enterprise to consider other disciplines that may have to be geared-up to ensure appropriate capacity: economic development staff; road engineers; environmental management, etc.

- 6.3 The early-stage priorities for the MDF have revolved around worker accommodation and peat strategies.
- 6.4 An accommodation approach is in discussion with the developer community. This is based around collaboration between developers and local agencies / communities with the goal of ensuring that an appropriate “housing legacy” emerges from the construction phase of the process. That legacy will be based around the following objective and related approaches:
- 6.5 Objective: Local agencies and developers will work collaboratively, in a place-based manner, to deliver a housing legacy that will see quantifiable numbers of new homes, new facilities and new infrastructure being made available as a direct result of the build-out of renewable energy projects and associated infrastructure.
- 6.6 Approach: In seeking to deliver the above Objective, developers will seek, where possible, to:
- identify opportunities to repurpose and regenerate vacant, disused, or surplus assets.
  - ensure any new build is constructed in a manner that will support a local regeneration objective.
  - ensure any new build can be transferred to a local agency or local community at the end of its accommodation use.
  - identify opportunities to work with the local construction sector to ensure local supply chain opportunities are maximised.
- 6.7 Under peat strategy, several discussions and meetings have been taking place to ensure a collaborative approach to peat issues in alignment with NPF4. For individual developers it is anticipated that they will be able to mitigate for peat within their site boundaries but for some projects there will be a need to go beyond site boundaries. There will also be potential for cumulative impacts arising that will need particular consideration. These peat issues can be appropriately managed, but activities must be done in a thoughtful, controlled manner. To assist the overall approach SSEN-T has agreed to develop a scope of works document to develop a collaborative, joined-up approach to peat.
- 6.8 Over the next period the Forum will be looking towards a further set of activities including freight and transport issues, additional laydown requirements and issues around branding and joined-up communications.

## CAPACITY

- 7.1 There will be major capacity requirements to manage the range of activities outlined at Section 5 of the Report. This capacity requirement will be multi-disciplinary and will impact across a range of Comhairle service areas. It is anticipated that in the short to medium term, that the Planning Service will face the most acute capacity challenge. Although requirements and timeframes will be subject to several dependencies and will evolve over time, the following provides an overview of the major planning issues that will require to be dealt with by the service.

1	1.8GW marine cable – Dundonnell subsea to Arnish (Marine licence granted in February 2021- and expires in February 2026.)
2	Cable routing from landfall at Arnish Point to HVDC Converter Station inland at Creed
3	Potential spatial or master-planning around the candidate HVDC Converter Substation
4	Spatial or master-planning (led by HIE) around the wider Arnish / Creed sites.

5	HVDC Converter Station and SSEN-T substation. Overall site requirements circa 25 ha (extent of compound enclosed by fencing 20 ha + screening and bunding 5ha). Additional land will be required for peat reuse areas. The HVDC will provide for connection to Stornoway Grid Supply Point (GSP) / possibly Stornoway Windfarm, three circuits for N4 Northland and two circuits for N3 Magnora.
6	HV connection from Stornoway Windfarm to Stornoway GSP (or the HVDC)
7	Second substation next to Stornoway GSP (Arnish road end).
8	Switching station / substation (c 10,000 sq m) at Loch Strandabhat south of Ballallan – transmission connection point for Uisenis Windfarm substation. (Planning Application late 2024 – consent 2025 - Site start 2028)
9	HV connection Ballallan to Stornoway – capacity has been designed into the 132kv HV Harris to Stornoway connection. (s37 granted following consideration by the Comhairle in May 2023 – contract awarded, and conditions discharge is imminent).
10	S37 consultation – HV connection from Druim Leathann Windfarm to Stornoway GSP
11	Marine licence consultation for submarine cable from N4 Northland to (probable) landfall substation on north-west coast of Lewis.
12	Main shore-based substation for N4 Northland
13	HV connection from N4 Northland substation on north-west coast across moor to Stornoway GSP or HVDC
14	HV connection from N3 Magnora landfall to HVDC
15	Determination of Comhairle view on s36 application for redesigned Uisenis Windfarm. Consultation was received in September 2023, Further Environmental Report expected July 2024 with a Report to the Planning Applications Board and the Comhairle currently programmed for October 2024.
16	Discharge of conditions for on the Stornoway Windfarm and construction stage management. Plus, construction phase and post construction monitoring.
17	Possible re-application under S42 for Druim Leathann Windfarm (2024) followed by Discharge of conditions for on the Druim Leathann Windfarm and construction stage management. Plus, construction phase and post construction monitoring.
18	Discharge of conditions for on the Uisenis Windfarm and construction stage management. Plus, construction phase and post construction monitoring.
19	Discharge of conditions for all deemed planning permissions associated with all deemed consents associated with s37 consents detailed above.
20	Marine licence consultation N4 Northland windfarm
21	Marine licence consultation N3 Magnora windfarm
22	N4 Northland windfarm substation in vicinity of the HVDC Converter Station
23	N3 Magnora windfarm substation in vicinity of the HVDC Converter Station
24	Outer Hebrides Net Zero Hub anticipated to be in planning during 2024

25	Potential for two new subsea cables from Skye to Loch Carnan and Skye to North Uist (Ofgem has approved survey and design. Build approval, subject to design).
26	S.36 Application for Grimshader Windfarm - EIA Scoping response issued February 2024 to Scottish Government Energy Consents Unit
27	S.36 Application for Heastabhal Windfarm – EIA Scoping response issued February 2024 to Scottish Government Energy Consents Unit

- 7.2 It should be noted that the above schedule represents activity in the renewables and related infrastructure sector. The service will also be dealing with projects arising from the Islands Growth Deal, the Levelling-Up Partnership, and the normal churn of more “day-to-day” planning applications.
- 7.3 A discussion has been initiated with the Chief Planner and the Scottish Government Regional Economic Development team around these planning issues to see if increased capacity can be introduced from national resources. The Government are presently engaging with stakeholders to look at ways of better resourcing the planning system.

### **MAJOR DEVELOPMENTS OVERSIGHT BOARD**

- 8.1 As the construction phase gets closer it will be critical that there are clear and robust internal and external governance arrangements put in place to provide appropriate strategic oversight and input to ensure the best outcomes are achieved from the construction process.
- 8.2 Major infrastructure projects by their very nature are large scale and complex. Each of the individual projects within the overall construction programme will have their own bespoke issues, risks, challenges, project planning and governance approaches and these will be managed by the individual developer.
- 8.3 Comhairle services will, however, have a major role to play in ensuring appropriate regulatory input and guidance is provided to the developer community. As noted previously planning will have a key role, but there will be a need for input across a range of differing services such as roads maintenance, traffic management, environmental health, economic development, apprenticeships and community development and liaison. Although not as clearly defined as planning at this stage, there will be significant resource demands arising for these services.
- 8.4 Service planning will, therefore, be critical going forward and the Comhairle will have to carefully consider capacity impacts arising across a range of Comhairle services. Given the scale of the projects there is the potential of support services becoming over-focussed on these major developments to the detriment of other projects and other communities throughout the islands. It will be essential that this is kept under review and that services are maintained to ensure all communities remain appropriately resourced.
- 8.5 It will be important that the Comhairle creates a leadership structure that is proactive around these diverse issues and processes. The Comhairle needs to ensure that a deep understanding of the key issues has been developed to allow the Local Authority to be well positioned to provide strong and effective internal and external leadership and direction. Comhairle governance around these issues has also got to be positioned to enable engagement with developers around how best to translate their investment decisions into valuable and deliverable benefits for the local community.
- 8.6 To address the above issues the Comhairle should consider the establishment of an internal politically directed “Major Developments Oversight Board” with an overall purpose to:



- Provide strong and effective strategic leadership and direction.
- Provide a conduit to the Scottish Government and national agencies around strategic issues.
- Monitor the implementation of major developments ensuring the mitigation of any arising challenges and the maximisation of economic / supply chain benefits and infrastructural betterment.
- Understand and react to external opportunities and challenges as they arise, in particular as they may relate to individual communities.
- Understand and react to operational challenges within the Comhairle including capacity issues.
- Understand the potential for wider geographic and sectoral impacts and work with key partners, in particular Highlands and Islands Enterprise to develop strategies to ensure economies across the Outer Hebrides are appropriately supported.

8.7 The above provides an initial overview of the type of activity that would be essential for an “Oversight Board” to consider. The Board, on establishment, may wish to consider these issues in more detail and to develop an appropriate workplan.

8.8 If the Comhairle were to establish an Oversight Board, the potential membership may include:

- Leader and Depute Leader
- Chair and Vice-Chair of the Sustainable Development Committee
- Chair and Vice-Chair of the Transportation and Infrastructure Committee
- A Member from a Stornoway Ward and a Member from a West Side Ward
- Officer representation to be decided by the Chief Executive

8.9 There will also be a need to consider issues from a Community Planning Partnership perspective. Depending upon the final configuration of the construction phase it is anticipated that there will be a significant additional workforce on the island that will require to be appropriately managed and supported. There is the potential that this will result in new service demands from agencies such as the NHS, Police Scotland, and housing agencies. There will be additional demands arising through environmental activity on SEPA and NatureScot while the required supply chain stimulation will place additional demands on HIE.

8.10 It may be that an external Community Planning Partnership (CPP) “Delivery Board” may be required to co-ordinate across these significant areas of activity. It is proposed in the first instance, however, that a discussion be initiated with the CPP Executive Group.

## **CONCLUSIONS AND RECOMMENDATIONS**

9.1 The period from circa 2026 onwards will see an unprecedented level of construction activity that will represent the largest ever private sector investment into the Outer Hebrides. It offers a transformational economic opportunity for the islands, delivering significant construction and operational phase benefits for local supply chain businesses, stimulating new local jobs, and creating significant environmental benefits.

- 9.2 There will, however, be logistical and related challenges as projects seek to go into construction to broadly similar timescales. These opportunities and challenges will require detailed co-ordination and planning if the maximum transformational benefits are to be extracted and any down-side impacts are to be mitigated.
- 9.3 The level of anticipated activity will present a significant capacity challenge to the Comhairle, especially in an environment of ever-reducing financial resources. The Comhairle and its partners will require to consider these capacity issues. Consideration of to the most appropriate governance arrangements to robustly manage the various internal and external issues is also required.