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**Special Shetland Islands Council
Council Chamber, Town Hall, Lerwick
Friday 12 January 2007 at 10.30 a.m.**

Present:

A J Cluness	R G Feather
B P Gregson	L G Groat
I J Hawkins	J H Henry
W H Manson	Captain G G Mitchell
J P Nicolson	W A Ratter
J G Simpson	W N Stove
T W Stove	W Tait

Apologies:

L Angus	B Cheyne
C B Eunson	F B Grains
J A Inkster	J C Irvine
E J Knight	F A Robertson

In attendance (Officers):

M Goodlad, Chief Executive
A Cooper, Head of Development Resources
I Halcrow, Head of Roads
G Johnston, Head of Finance
E Perring, Policy Development Co-ordinator
A Priest, Project Manager – Viking Energy
D Thompson, Assistant Project Manager - Viking Energy
W E Shannon, Assistant Chief Executive
J R Smith, Head of Organisational Development
P Wishart, Solicitor
A Cogle, Service Manager – Administration

Also:

J Scott, SCT Trustee
D Still, former Renewable Energy Adviser to the DTI
R Murray, Brodies Solicitors

Chairperson

Mr A J Cluness, Convener of the Council, presided.

Circular

The circular calling the meeting was held as read.

01/06

**Viking Windfarm – Partnership Agreement between Viking
Energy Ltd and Scottish and Southern Energy (SSE)**

Mr A J Cluness welcomed everyone to the meeting, adding that Mr Stephen Kerr of Avayl Engineering had been unable to attend due to a flight delay. Mr Cluness introduced and welcomed Mr David Still, former Renewable Energy Adviser to the DTI, and Mr Rodger Murray of Brodies, Solicitors to Viking Energy Ltd.

Mr Cluness opened the discussion by commending those who prepared the report for today's meeting, commenting on the enormous amount of work that was involved, led by Mr W A Ratter. Mr Cluness said that this major project was one which he believed had merited a special meeting. He went on to say that much of this reminded him of the 1970's, and the same degree of partnership working that had been involved in ensuring the development of Sullom Voe Terminal. Mr Cluness said that, on that occasion, many meetings had taken place to get agreement whereby a special partnership would be set up. He said that Shetland was fortunate that, at end of the day, that was so. Mr Cluness said that that agreement was reflected in a good standard of living for this community and some of the funds had been set aside for direct economic development within the Islands. He said that, despite criticisms, the majority of investments have had a decent dividend, and unlike the Act of Parliament required at the time of Sullom Voe, Shetland now had a Government that is totally committed to getting this kind of development underway. Mr Cluness said that this was a major current topic, when the world was facing difficulties in global warming. He said that both the UK and Scottish Parliament were keen to see renewables setting targets in quick time, and on this occasion the Council were also fortunate in having staff with ability to progress it, and he hoped that it would be supported by the Shetland community. He concluded by saying that the report was essentially being presented to set up a joint venture with a large and willing partner.

Mr W A Ratter declared a non-pecuniary interest as a Director of Viking Energy Ltd.

Mr W H Manson also declared a non-pecuniary interest as a Director of Viking Energy Ltd, indicating that he would discuss the report, but not take part in any voting.

Mr W A Ratter said one of the things that the Council should be quite pleased about was that this was a totally unique development, but also that it was in equal terms to the development at Sullom Voe where the efforts at that time were heroic. Mr Ratter said that it was always understood from the beginning that getting planning permission approved would be key to the development, and the spending or earning of any money would be after that particular milestone. Mr Ratter referred to the recent MORI poll, which indicated that only 6% of respondents were opposed to the development, and he was of the view that this

demonstrated the confidence of the Shetland community. Mr Ratter stated that officers involved in the development would be able to answer any questions, but that Mr David Still would provide Members with a presentation.

Mr Still thanked the Council for the opportunity to address the meeting. He provided Members with a PowerPoint presentation, "Supporting Viking Windfarm", which covered the following areas:

- Average Global Temperatures
- Solutions for the UK – energy efficiency, diverse supplies, reduction of emissions
- Renewables Policy – EU, UK and Scotland
- Where are we today
- What do we expect – Renewables Advisory Board figures
- Location, Location
- Planning
- Connection to the Grid – Technicalities and Regulatory Issues
- Conclusion

[Mr L G Groat left the meeting during the presentation.]

In order to avoid the disclosure of exempt information, the Council resolved, on the motion of Mr A J Cluness, seconded by Mr B P Gregson, to exclude the public during consideration of the appendix to the following item of business.

The Council considered a report by the Principle Development Officer (Appendix 1).

In response to questions, Mr Still advised that the wind resource in Shetland was two to three times better than in Germany, however the transmission costs would be difficult to offset without support under the Renewables Act. He said, however, that whilst the support required would not be a relatively large amount, and they would still be paying higher costs, it would still make the project viable.

Mr W N Stove declared a non-pecuniary interest as a small investor in Scottish and Southern Energy.

He went on to say that he was totally in favour of this type of project, but his concern related to the fact that Scotland was already exporting electricity to the UK, and other wind farms were being developed. Mr Stove said that Shetland was 'at the end of the line' and he questioned whether electricity from Shetland would be more expensive. However, his main concern was whether there was an oversupply already, and therefore electricity from Shetland may not be required. Mr Still said that, given the

scenario outlined by Mr Stove, there still would not be enough renewable energy available, as there was still a market available. Mr W H Manson advised that the 4 biggest sources of power generation, including 2 nuclear power stations, were scheduled to cease production some time between 2012 and 2020.

Mrs I J Hawkins indicated that she wished to raise some points on the Appendix, and would do so once the Council moved into private.

During the discussion which followed, Members noted that there would be some opposition to the development, and also a degree of scepticism with regard to the project's potential. In addition, Members noted that steps would be taken to ensure that wind turbine components were manufactured in Shetland, not only to assist local economic development, but in order to reduce transport costs and logistical problems. It was also noted that the intention was for the wind farm to be upgraded after 20 years, with the cables being upgraded after that, and decommissioning would be part of the planning process and consents.

Members were informed that the Convener would be signing the Climate Change Declaration, in order to demonstrate the Council's recognition of climate change and commitment towards energy conservation. In addition, next month would see the launch of Viking Energy's public consultation exercise, which would also seek to improve public knowledge of the project.

[Representatives of the public and press left the meeting.]

Members discussed various sections within the Partnership Agreement, suggested minor amendments, and received clarification on a number of issues.

[Representatives of the public and press returned to the meeting.]

Mr A J Cluness said that this had been an interesting and full meeting, and moved that the Council accept the terms of the recommendations in the report. Capt G Mitchell seconded, and the Council concurred.

The meeting concluded at 11.43 a.m.

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A J Cluness
CONVENER