

**NIRIG response to
Utility Regulator Draft Forward Work Programme 2017/2018
Fourth year business plan**

16th February 2017

The Northern Ireland Renewables Industry Group (NIRIG) represents the views of the renewable electricity industry in Northern Ireland, providing a conduit for knowledge exchange, policy development, support and consensus on best practice between all stakeholders. Committed to making a positive difference, we promote responsible development, support good community engagement and deliver low-cost electricity generation from sources such as onshore wind, tidal, solar and storage using our greatest natural resources.

We note in the section '**Key external developments during 2016**' that:

- *'The outcome of the referendum on the UK's membership of the EU in June is a significant external development potentially impacting on our work... we have begun the process of assessing the implications for our work as an energy and water regulator'*

We strongly encourage the development of a timeline for this work. We believe that assessing the implications of Brexit and protecting the implementation of the Integrated Single Electricity Market (I-SEM) will require full engagement with the Department for Business, Energy and Industrial Strategy, Department of Communications, Climate Action and Environment, Commission for Energy Regulation and the Department for the Economy.

For example, the Irish Government's four Brexit priorities are to ensure continued free trade in energy products; retain the SEM; avoid constraints on meeting EU obligations and; support necessary energy investments. NIAUR must be involved in these discussions at a very early stage. We would welcome the publication of a strategy for such engagement, and we are willing to contribute to this important dialogue.

- *'A critical element in ensuring security of Northern Ireland's electricity supply beyond 2021 is the delivery of the second north-south electricity interconnector which is currently the subject of public planning inquiries in both Northern Ireland and the Republic of Ireland.'*

We agree wholeheartedly with the need for the second N-S interconnector.

- *'More broadly there are also strategic considerations around the development and adoption of new technologies by the energy industry, such as storage.'*

We believe that these new technologies will bring opportunities and challenges for NIAUR, SONI and NIE Networks. NIRIG has considerable experience in working with these organisations in the development of new policy, including connections policy, over the last 7 years. It is clear that the growth of renewable technologies, and specifically wind (both large-scale and small-scale) has been faster than the development of regulatory and grid connection policy to respond to these technologies. Indeed, in some cases the slow speed of policy development has significantly impacted the build-out rate of renewable energy technologies. For example:

- Cluster policy development took 5 years and 4 separate consultations (two by NIE, two by NIAUR), and yet despite this no decision was reached on a key question of how to determine the treatment of generators connecting to clusters and the costs incurred by generation that takes a cluster beyond 90MW.
- There is a disconnect between Transmission and Distribution rebate policies, impacting on both large-scale and small-scale generation costs. Despite having raised this issue a number of times with both NIAUR and DETI since 2012, no policy has yet been introduced.
- Planning requirements for grid connection application: a well-established NIE policy, which had the support of both NIE and the wider industry, was removed with immediate effect in 2015, leading to a connection moratorium.

These examples demonstrate the need for NIAUR to constructively and proactively engage with policy development for new technologies as a matter of urgency.

In light of this, **we also recommend a review of the Utility Regulator's licence** to assess its role in reviewing and approving connection policy, rather than just ensuring that current license requirements are properly implemented. Providing NIAUR with powers in this area may be more appropriate and certainly timelier than having to make regular changes to licences through legislation. These powers would be consistent with the Utility Regulator's current role in approving all-island policy changes in the SEM.

- *'Consumer energy prices nevertheless remain an ongoing concern, particularly in respect of the energy costs for large users... the Economy Minister has indicated that he wishes to develop a new energy strategy.'*

As the Department for the Economy develops a new energy strategy, NIAUR must ensure that the long-term needs of consumers are protected and that short-term interests do not become prioritised at the expense of sustainability and long-term consumer interests.

- *‘As a non-ministerial government department we also are focused on communicating with and involving industry, voluntary organisations and the public. This includes regular meetings and hosting forums (for example, the Renewables Grid Liaison Group).’*

NIRIG welcomes the continued engagement of NIAUR in the RGLG and we recommend regular, timely meetings of this group, with a focus on delivering quality policy with all stakeholders.

Strategic Objective 1

2 Complete the NIEN Price Control (RP6)

NIRIG recommends that the regulatory framework and decision-making within RP6 take account of the long-term needs of consumers and investors and focus on methodologies that enable the development of infrastructure to provide specific results, rather than focusing on short-term cost-efficiency. RP6 must ensure that NIEN are properly resourced to provide the necessary delivery of connections as well as ensuring that they have sufficient experienced staff to deliver effective policy.

8 Facilitate the delivery of electricity infrastructure including the second N-S interconnector

We welcome support for the second North South Interconnector. However, this needs to be accompanied by proper transmission planning for Northern Ireland. The long-awaited SONI Network 25 paper is still outstanding. We recommend that NIAUR sets a deadline for SONI to produce this plan. Transmission reinforcements need to be delivered to reduce constraints, including for those renewable generators that have already accepted connection offers: SEM shallow access policy to provide firm access for generators must be applied (SEM Generator Connection Policy Decision Paper, 2006, AIP/SEM/114/06).

Strategic objective 2

1 Advance I-SEM Capacity Remuneration Mechanism (CRM) workstream in line with project timetable

We support this project.

3 Advance I-SEM delivery in line with project timetable

We support this project. However, as we note above, NIAUR must proactively work with both ROI and UK bodies to ensure that Brexit will not negatively impact the delivery,

functioning or regulation of the I-SEM. The I-SEM must be capable of providing a route to market for new plant.

4 Advance the Secure Sustainable Electricity System (DS3) project in line with project timetable

We support this project and the recognition that increasing renewable generation will put downward pressure on prices: a key issue for consumer interests in the short- and long-term. DS3 development must also ensure effective provision of ancillary services.

5 Extending contestability in electricity connections to more customers

We welcome progress made to date in contestability and urge continued progress in contestability for all forms of connection.

Strategic Objective 3

1 Complete a review of electricity connections

We strongly recommend that this review delivers concrete policies and improved connections within a reasonable timeframe. The time for multiple consultations by different bodies on connection policy must come to an end and we now urge more efficient policy-making on issues such as clusters, rebates and the requirement for planning permission before grid connection application etc.

3 Protecting non-domestic energy consumers

We note that this must include the protection of their long-term interests.

7 Assess the implications of the UK leaving the EU for the energy and water regulation

As noted above, we recommend proactive engagement and the publication of a schedule of work as this must be a key priority for NIAUR in 2017-18: there may only be a 2-year period to ensure that the energy sector is protected from negative impacts.

8 Work to ensure the smooth closure of the NIRO to new entrants and work with DfE in relation to maximising the benefits of renewable energy

The NIRO only supports renewable electricity, and not other renewable energy projects. We would like to request further detail on this project.

Annex 1: Other projects

4 Review of Approach to Electricity Storage

As noted earlier, the growth of technologies is likely to be faster than the development of regulatory and grid connection policy. We do not wish to see reactive policy development that could slow or reduce the effective deployment of new technologies, particularly those

that could improve security of supply, reduce costs and support renewable electricity deployment. We believe that this should be a priority project included within the FWP 2017-18.

17 Update and review UR's sustainability strategy

We welcome this and urge that increased renewables deployment can support both cost sustainability and environmental sustainability.

We welcome the opportunity to respond to this consultation.

Meabh Cormacain

NIRIG