

## NIRIG response to NIAUR Forward Work Programme 2018-19

16 February 2018

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.

NIRIG welcomes the opportunity to respond to NIAUR's final Forward Work Programme of its current Corporate Strategy. We have included commentary on progress on the Strategy to date, reflection on external developments in 2017 and have addressed the proposed FWP objectives for 2018-19.

### Progress on Corporate Strategy

#### ***Strategic objective 1: Promoting effective and efficient monopolies***

We note the comment that NIAUR has '*worked effectively with NIEN to improve approach to electricity connections/manage impact of changes in government policy.*'

We would suggest that this may be a rather optimistic reflection. A sudden change in policy in 2015 on planning permission and grid connection led to a 27-month hiatus in connection offers and ultimately the rejection of 987MW of generation applications in November 2017. In the meantime a series of consultations on connection application processes has led to little appreciable progress on connecting viable projects to the grid. We continue to support all efforts to develop viable connection policy and recommend that timescales for policy development be developed and adhered to.

We also note the objective to ensure an outcome of '*regulation which supports modern progressive markets and infrastructure which delivers a strategic advantage to Northern*

*Ireland’.*

Further to our point above, and cognisant of the absence of a transmission development plan or any long-term plan to enable connection to the electricity network, we would suggest that our electricity infrastructure is not delivering a strategic advantage to Northern Ireland. Rather, we are experiencing a weak investment environment for industry, particularly the low-carbon sector.

We note the perspective that *‘Our regulatory tools have helped make sure that regulated utilities drive further effective innovation, such as smart grids and meters.’*

We note the absence of approval of funding for smart grids and meters, and lower levels of funding for innovation than both SONI and NIE requested in their price controls during this Corporate Strategy period.

## **Key external developments during 2017**

We agree that one of the most significant external development during 2017 was *‘the decision by the UK government to trigger Article 50 of the Treaty on European Union’*. We welcome the statement that NIAUR has continued to engage with relevant EU agencies, government departments in Great Britain, Northern Ireland and the Republic of Ireland on Brexit issues and that NIAUR is also assessing the implications of leaving the EU for the energy and water sectors in Northern Ireland.

We would like these discussions and documents be made public in order to help allay fears around the impact on I-SEM implementation and energy matters in general post-Brexit.

We also note that *‘satisfactory progress was also made to enhance the flexibility of the electricity network to accommodate renewables through the DS3 programme’*. Achieving 75% SNSP limit is a fundamental objective of DS3. Original go-live for System Services was October 2016 and delays in the roll-out of System Services have already contributed to a 2-year delay in reaching 75% SNSP (from 2017 to 2019).

High merit order conventional units regularly run significantly above standard min gen requirements as per grid code, include plant in Northern Ireland (see below). At high SNSP wind is being curtailed to leave room for these units. We would like NIAUR to clarify whether this meets the EU directive on minimising curtailment of renewables. We would also like clear commitment to progress on all strands of DS3 to ensure that programme timetables do not slip any further.

Must Run Plant	MEC (MW)	Min Gen Level (MW)	Avg Generation Level During Curtailment Events (MW)				
			Q1 to Q3 2017	2016	2015	2012-14	
Northern Ireland	Ballylumford B4	170	54	0	56	0	0
	Ballylumford B5	170	54	32	57	0	0
	Ballylumford B6	170	54	0	0	54	54
	Ballylumford B10	101	63	62	62	64	65
	Ballylumford B31	247	113	123	106	121	110
	Ballylumford B32	247	113	126	127	0	83
	Kilroot K1	238	93	108	107	117	122
	Kilroot K2	238	93	105	108	119	118
	Coolkeeragh	412	260	290	283	271	264
	<b>Average Total NI Min Gen During Curtailment Events (MW)</b>			<b>479</b>	<b>488</b>	<b>470</b>	<b>411</b>

We agree with the NIAUR assertion that *‘The absence of the NI Assembly has delayed the development of any new or revised policy for energy and water matters. The re-establishment of the NI Assembly is critical to enabling the strategic impetus necessary in sectors such as energy and we look forward to working with a restored administration.’*

We believe that the development of an energy strategy post-2020 is critical and we fully support the above statement.

## Strategic Objectives 2018-19

### Strategic Objective 1: Encouraging efficient and effective monopolies:

We would urge some caution regarding the phrasing of the challenge ‘Downward pressure on energy costs’. We believe that this is problematic for two reasons. Firstly, there is a limit to the capacity of NIAUR to influence energy costs, and this could create an unreasonable pressure to reduce energy costs in NI, particularly in the event of external or unexpected shocks. Secondly, it implies that downward pressure on energy costs is achievable within the timeframe of the FWP. In reality one method of reducing energy costs for current consumers could be to minimise network investment, but this would act against the needs of future consumers and the economy. It would be better for NIAUR to frame this challenge in the context of ensuring sustainability in energy costs with an appropriate balance between current and future consumers.

### Strategic objective 2: Promote efficient and competitive markets

<p><b>1.</b> Progress I-SEM delivery to ensure market go-live by May 2018</p>	<p>We fully support this action.</p>
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<p><b>2.</b> Implement I-SEM market day 2 projects as committed to or in line with workplan to be agreed by SEMC.</p>	<p>We fully support projects which have been committed to by SEMC policy papers to date and requirements to comply with State Aid approval of Capacity Remuneration Mechanism</p>
<p><b>3.</b> Agree and implement I-SEM market post-go live structures within CRU and the Utility Regulator.</p>	<p>We fully support this but also note the importance of delivering the DS3 programme in a clear timeframe</p>
<p><b>4.</b> Implementation of DS3 and monitor its effectiveness</p>	<p>As above, progress must be rapid in order to enable the reaching of 40% targets and SNSP of 75%.</p>
<p><b>5.</b> Comply with market development and consumer protection arrangements</p>	<p>Clarity on post-Brexit approaches to EU network codes would be extremely welcome.</p>
<p><b>7.</b> Extend contestability in electricity connections to all customers</p>	<p>We fully support this action.</p>

### Optional Projects (resource dependent)

<p><b>1. Review of tariff structures</b></p>	<p>We would recommend prioritisation of this project</p>
<p><b>13. Update and review our Sustainability Strategy</b></p>	<p>We also recommend prioritisation of this project</p>

We welcome the opportunity to respond to this consultation and look forward to continued collaboration with NIAUR and other relevant stakeholders on the points above.

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**NIRIG**