



**SSE Airtricity Response to NI
Microgeneration Settlement
Consultation**

13 May 2021

For further information please contact:
Retail.Regulation.Ireland@sse.com

Introduction

SSE Airtricity welcomes the opportunity to respond to the Utility Regulator's (UR) consultation on Microgeneration Settlement. The consultation focuses on proposed changes to the existing arrangements for the methodology for assigning generated units to micro-generators for grid exported electricity.

Below, we detail our responses to each consultation question in relation to both Change Requests where consensus was not reached at the Central Design Authority (CDA). One Discussion Request (DR) focusses on a proposed update of the existing Deemed Solution currently seen in Northern Ireland, whereas the other is a complete move away from the Deemed Solution to the provision of an actual export meter read arrangement.

What is the nature of your company's business?

SSE Airtricity is an energy supplier and the largest provider of renewable energy in the all-island Single Electricity Market. SSE Airtricity provides green energy to customers from 28 windfarms across the Island of Ireland. SSE Airtricity provides greener electricity, natural gas and essential services to over 300,000 homes and businesses across Northern Ireland.

DR1202

Do you agree with proposed changes to move to an actual export meter read arrangement as set out in DR1202? Please provide rationale.

The benefits associated with the proposal to change to an actual export meter read arrangement are well documented throughout the consultation paper. This arrangement will help facilitate settlement on actual consumption at an individual Meter Point Reference Number (MPRN) level, ensuring validation of a micro-generator in-line with the required G98/NI connection process and allowing more accurate distribution system capacity within the system. Providing meter readings on an annual basis (or the consumers eligibility date) would enable actual generation to be profiled and netted through the existing market settlement processes.

We are broadly in agreement with the comments from Budget Energy's impact assessment, that, obtaining and submitting meter reads could create additional administrative burden on suppliers and could create a confusing customer journey in the process. However, as an active prosumer in the

market, micro-generation exporting customers may well be incentivised to submit regular meter readings under the scheme to ensure payment is not delayed.

It is in the customer's best interests to provide a meter reading by the eligibility date required which should be made clear by Northern Ireland Electricity Networks (NIEN) and the respective supplier as per the terms and conditions of the scheme. To the points raised in the consultation paper of accessibility, it is vital that NIEN are placing export meters in accessible locations. Therefore, we feel that the proposed changes within DR1202 would be valid and bring multiple benefits to the retail market.

Are there any other elements of an export meter read arrangement that you feel should be made? Please provide rationale. What timescales might be applicable in each case?

The SEM wholesale market operates with reconciliations at Month M+4 and Month M+13. Bearing this in mind, SSE Airtricity suggests a meter being read every 14 months is too long as it does not align with market settlement under SEMO and that a meter read should be taken every 11 months to ensure it is captured in settlement the relevant final settlement cycle.

In practice, we see no reason why the reads could not be incorporated into the NIEN normal cycle of import meter reads. This could mean that the cost to serve, or cost of reading the export meter would be marginal. As these reads are issued to suppliers, they could be applied to customer accounts in line with whether the account was import or import/export.

If the retail market were to move to an export meter read arrangement, we feel it is crucial that there are robust supplier and DSO developed processes in place to verify generation and controls in place to detect any abnormal export meter readings that may be provided by the micro-generator. Preventative measures could be taken from other jurisdictions where DSO's are required to take reasonable steps to verify generation and/or export meter readings, at least once every two years from the installation's confirmation date¹. This acts both as a deterrent and a counter fraud tool.

In addition, we feel that any decision or recommendations on this consultation should be considered in terms of alignment with the Department for the Economy's (DfE) Energy Strategy Consultation on Policy Options². In the context of settlement, accompanying micro-generation with smart technologies

¹ [Ofgem FIT guidance for licensed electricity suppliers](#)

² [DfE Energy Strategy for Northern Ireland Consultation on Policy Options](#)

such as smart metering that use data and market mechanisms could provide wider benefit to better align demand and supply as part of a flexible system in Northern Ireland. Smart metering is capable of calculating the actual amount of electricity exported to the grid and relaying this information remotely to the DSO. In the longer term this reduces the need for meter reads.

In tandem with any decision from DfE, we would welcome an independent review in the form of a market assessment or Cost Benefit Analysis (CBA) into the area to determine what the best approach is for both the consumer and the market. Any consideration of Smart would be subject to a CBA but would take into account the longer-term payback associated with smart meter assets versus the shorter term cost associated with administrative burden. We feel there needs to be an element of proportionality considered between the cost of service to customers to obtain meter readings against the existing deemed solution, and who would bear these costs in the market. It is important that the administrative burden of running the scheme is factored against the overall cost of the scheme, to ensure it is efficient.

What do you see as the main benefits of the proposed changes to an export meter read arrangement: A) to the micro-generator? B) to your company?

Whilst SSE Airtricity are not active in the microgeneration market in Northern Ireland, we have experience from other jurisdictions across the Republic of Ireland and Great Britain. Amongst benefits listed in the consultation paper, we feel that the main benefit to the consumer is that they will be billed on an actual volume, rather than a deemed volume. This would reduce any material impact on the supplier in relation to settlement and allow more accurate flow of data into the market. Furthermore, more accurate data in the system will allow for development of more accurate energy modelling techniques that will expand our understanding of the whole energy system supplemented by detailed micro-modelling of specific energy technologies as we approach energy strategy policy options. In addition, the introduction of actual volume would be beneficial by allowing NIEN to identify where local constraints on the system require investment or reinforcement.

What potential problems could arise from not implementing the proposed changes to an export meter read arrangement?

As detailed in the consultation paper, the 45% value may not be representative or valid across all microgeneration customers in Northern Ireland. We would welcome further investigation into this area, noting recent proposals by Department of the Environment, Climate and Communications

(DECC) in the Republic of Ireland citing 30%³ of generation would be exported and 50% in Great Britain under the Feed in Tariff (FIT) scheme⁴. These markers are based off assumptions including dwelling size, typical energy consumption in the jurisdictions and the dwelling expected use of generation for electrical needs such as EV charging and/or battery storage. Should, following independent review, this value become not reflective then suppliers could be overpaying for any exported units in the wholesale market and in turn these costs could be passed on to the consumer. Under the existing deemed solution, where some consumers will benefit from the existing 45% value, whereas some will not. The DR's export meter read arrangement could be a vehicle to further accuracy into settlement.

Do you have any other comments in relation to the proposal?

SSE Airtricity has no further comments to add in relation to this proposal.

DR1203

Do you agree with proposed changes to the Deemed Solution as set out in DR1203?

Please provide rationale.

Notwithstanding points SSE Airtricity has previously made as part of DR1202, we feel a review of the 45% deemed profile value is sensible and necessary. The consultation paper outlines that several limitations will apply to Microgen exports. As a Supplier it is important that the data that is transferred for any customer is cleansed data that is accurate and whole (i.e. finalised export amounts that can be applied to customer accounts as credit/payments).

We don't envisage that a Supplier should have any role in determining the suitability or export parameters of a customer, and therefore it is important that NIEN have a robust export meter process in place that ensures that the UR proposed limitations are managed at export source by the DSO. We would welcome an independent review in the form of a market assessment or cost benefit analysis into the area to determine what the best approach is for both the consumer and the market.

³ [DECC: Public Consultation on a Micro-generation Support Scheme \(MSS\) in Ireland](#)

⁴ [RECC: FIT Scheme Guidance](#)

Are there any other elements of the Deemed Solution that you feel should be made?

Please provide rationale. What timescales might be applicable in each case?

We feel it is worth noting that the existing deemed value is based on a 'pre-COVID' world, and that this should be considered during any review. There is increasing evidence to suggest the electricity demand on the transmission system has declined over the lockdown period between 2020-2021⁵. Reduced demand from commercial and industrial businesses scaling back their activities is the main reason for the drop, slightly offset by an increase in domestic demand due to people spending more time at home. This should be factored into any decision and we feel an independent review or cost benefit analysis of the 45% value is warranted to ensure there is balance between incentives for the consumer alongside more accuracy in settlement. It is also important to note that the DfE consultation on the future Energy Strategy may drive electricity demand as increasingly customers seek to use electricity for heat and transport and turn away from solid fuel and oil. Indeed, NIEN's own Future Networks Strategy⁶ indicates that customer demand for renewable generation and electrification will increase and this indicates a need to ensure that the future demands of typical households are understood in developing this solution.

What is your view on how successful the Deemed Solution has been since it was introduced in NI in 2015? Is there anything that could have been improved?

SSE Airtricity is not an active participant in the microgeneration market in Northern Ireland, and therefore would not be able to provide meaningful comment in this area. Our understanding is that the wholesale solution for microgeneration aggregation was designed as a temporary fix until the market received some clarity on Northern Ireland's Smart Metering plans. As noted in other parts of the consultation response, we would recommend that any determinations are made in tandem with the wider energy strategy, policy options decisions and the future direction of NIEN expected system demands.

⁵ [National Grid DSO: Coronavirus Demand Suppression](#)

⁶ <https://www.nienetworks.co.uk/future-networks>

What do you see as the main benefits of the proposed changes to the Deemed Solution:

A) to the micro-generator? B) to your company?

SSE Airtricity believe there are limited benefits of the proposed changes to the deemed solution other than the proposal to utilise a full calendar year profile. The benefits may vary depending on the micro-generator but our experience in other markets would suggest that most people are out during the period of the day which would see the greatest PV generation and therefore a large proportion of what they generate is being fed back to the grid on a normal day. Metering what is exported onto the grid will benefit the consumer if they feed back more than the 45% and are being paid for that additional export.

Do you consider that the deemed profile value of 45% needs reviewed? Can you provide any evidence to support this figure or assist in its review?

The main problems relate to the inaccuracy of the payments to the micro-generators for their export to the grid. Suppliers which pay for this embedded generation are potentially overpaying and the overpayment cost would eventually be passed on to all electricity consumers in Northern Ireland. As we have detailed in other parts of the consultation response, SSE Airtricity recommend that the deemed profile value of 45% is reviewed. Our rationale is explained in other sections of this response.

What potential problems could arise from not implementing the proposed changes to the Deemed Solution?

SSE Airtricity believe the issues associated with a deemed solution outweigh the benefits. Under the existing 'status quo' the deemed solution allows for the owner of the microgenerator to do very little to ensure that payment for the export is received and does not encourage active management by the household. Furthermore, the existing framework in place does not put any incentives on suppliers or network operators to collect, collate, process and submit export meter reads, which need to be recovered. In addition, the introduction of meter readings we believe, will assist in helping any issues to be quantified, however we believe this needs to be cost effective in order to ensure the benefits are realised and as we have proposed should align with the meter reads for import meters which are required in any case.

Do you have any other comments in relation to the proposal?

SSE Airtricity has no further comments to add in relation to this proposal.

Conclusions

In conclusion, SSE Airtricity welcomes increased accuracy of measuring the export of electricity to the grid. We believe that the benefits surrounding a metered solution arrangement outweigh the issues. The existing methodology represents an “invisible load” which creates difficulties from a system balancing perspective for the system operator and supplier who face the possibility of settling customers without any insight into actual net export. We note that, both Change Requests are mutually exclusive of one another and only one Change Report can be taken forward. With this in mind, our preference would be more in favour of a metered solution, with caveats. Furthermore, we also believe existing deemed profile value of 45% needs to be reviewed, in particular noting the inputs into this calculation require substantiation. We would welcome that independent market assurance or cost benefit analysis was conducted into this area to identify the best direction of travel for prosumers. In addition, any determination from this consultation should be made in tandem with DfE’s energy strategy consultation.

We would like to thank the UR for the opportunity to comment on this public consultation, and we remain available to discuss any aspect of our response.