



The Consumer Council Response to the Utility Regulator Consultation on Micro-generation settlement
14 May 2021

1 Introduction

1.1 The Consumer Council is a non-departmental public body (NDPB) established through the General Consumer Council (NI) Order 1984. Our principal statutory duty is to promote and safeguard the interests of consumers in Northern Ireland (NI).

2 Response

2.1 The Consumer Council welcomes the opportunity to respond to the Utility Regulator (UR) Micro-generation settlement consultation, issued 19 March 2021.

2.2 The Consumer Council appreciates that 'The Deemed Solution was implemented as a temporary solution for suppliers in the wholesale market. It was acknowledged by CDA that it was an imperfect solution as it was not based upon actual generation verified by meter readings.'¹

2.3 The benefits of proposed changes to move to an actual export meter read arrangement appear to outweigh the issues as outlined in the consultation paper.

2.4 One of the issues with Deemed Solution² is 'There is an incentive, contrary to what is desirable from the perspective of energy efficiency, to use all of the electricity generated because the micro-generator is still paid for electricity deemed to have been exported'. Given the new Energy Strategy currently in development which will seek to decarbonise

¹ UR Micro-generation settlement consultation paper, 2.7, page 9,

² UR Micro-generation settlement consultation paper, 2.33, page 13,

energy in Northern Ireland this contrary incentive is concerning and can be mitigated by meter reads. This is addressed in the consultation paper (page 14) '2.43. Potential support from future energy mechanisms developed by the Department for the Economy in their new Energy Strategy may be better and more fairly underpinned by an actual meter reading solution rather than a Deemed Solution.'

2.5 The Consumer Council is concerned about any impact on consumer electricity bills and in relation to point 2.40³ agrees with the need to 'protect the short and long term interests of electricity.....consumers with regard to price', and 'to ensure that consumers do not pay for generation from: a generator connected incorrectly that has not followed the G98/NI connection process..., or for electricity which was not in fact ever generated'. The Consumer Council understands that accurate meter readings of exported generation would address this.

2.6 As outlined in the consultation paper⁴ electricity bills can be reduced through having the electricity units generated by a micro-generator used on site and offset against consumption. Given that, 'ensuring micro-generators only receive payment for exported units can encourage this practice' meter readings appear to be the best option to achieve this.

2.7 The Consumer Council would appreciate further clarity on how this issue is dealt with in other areas. For example, in the consultation paper (page 13) '2.36. It should also be noted that a consultation by the Department of the Environment, Climate and Communications in the Republic of Ireland on 'Micro-generation Support Scheme in Ireland, has set a 30% limit on the level of export onto the network was chosen to maximise self-consumption savings.

³ UR Microgeneration settlement consultation paper:

2.40. The cost of suppliers buying surplus electricity is ultimately borne by Northern Ireland consumers. The Utility Regulator has a duty to protect the short and longterm interests of electricity, gas, water and sewerage consumers with regard to price. The Utility Regulator needs therefore to ensure that consumers do not pay for generation from (i) a generator connected incorrectly that has not followed the G98/NI connection process described above, or (ii) for electricity which was not in fact ever generated.

⁴ 2.41. Electricity units consumed from the distribution network are more expensive than the cost of exported units. Having the electricity units generated by a microgenerator used on site and offset against consumption can reduce electricity bills. Ensuring micro-generators only receive payment for exported units can encourage this practice.

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The consultation states that this 30% level is the optimal level for prosumers to pay back their installation costs quickly.’

If ROI have set a 30% limit compared to 45% in NI then this would need reviewed if continuing with Deemed Solution. It also raises questions as to why ROI have not gone down the route of meter readings. GB has moved most of the new small scale micro generators (up to a capacity of 5MW, or 2kW) to [feed in tariffs](#).

2.8 The Consumer Council would appreciate more detail around the likely costs associated with administering meter readings as set out in DR1202 and the impact this would have on consumer bills.

2.9 Based on the point made around access to solar micro generators under the ‘rent a roof’ arrangement there are some factors that would need to be considered regarding the viability and logistics of installing a meter in these circumstances and the extent of the 22,196⁵ stations which fall under this category.

2.10 The Consumer Council would be in favour of a system which protects the consumer pocket. From the document, we would be in favour of a metering solution in the scenario that metering would not incur further costs to the running of the scheme so it would be useful to see some indicative figures.

2.11 Given the wider context of the Northern Ireland Energy Strategy which includes the targets for decarbonising power, every policy within the strategy will be closely examining value for money. Micro generators play a vital part in this; and while the NIRO scheme runs until 2037, this is a timely opportunity to ensure an equitable approach is achieved.

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⁵ https://www.niauditoffice.gov.uk/sites/niao/files/media-files/238502%20Renewable%20Energy%20Report_FinalWEB%20PDF.PDF

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