

General

What is the nature of your company's business?

Licensed Electricity Supplier.

DR1202

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

Budget Energy believe that the proposed move to obtaining actual export meter reads as set out in DR1202 is unnecessary and a substantive benefits case has not been clearly outlined within the consultation document.

Section 2.39 states that the export meter reading is required to ensure validation with the required G98/NI connection process. At the time of site commissioning, the generator would have been required to follow the G98 connection process in order to ensure the meter was exchanged by the DNO in order for the meter to calibrate export generation. It is our view that the submission of a meter read should not be requiring factor to validate if a site has been successfully connected under the G98 procedure, but rather the submission of a MPRN per site could be cross referenced with the DNO successful G98 application records.

Section 2.40 states that the cost of suppliers buying surplus electricity is ultimately borne by NI consumers and that the Utility Regulator has a duty to ensure that consumers are price protected against a generator who may have connected incorrectly to the Network or for electricity which has not in fact been generated. In our view, a review of the 45% Deemed value may provide a more accurate and fair representation of the micro-generator exported volumes and together with the introduction of a single site MPRN verification with NIE Networks to ensure that each micro-generator is properly connected and commissioned as per the G98 connection process, could mitigate any concerns in this area.

Section 2.41 states that as electricity consumed from the distribution network is more expensive than the cost of exported units, only receiving payment for exported units would encourage the use of all generation on site and offset against consumption. In our view, this practice is already encouraged and doesn't require an actual export meter read to assist. The idea that consumers who engage in renewable technology and purchase generation facilities are solely driven by financial gain is not accurate. Many consumers have taken responsibility for deriving mechanisms of how their own carbon footprint can be reduced, one of which is generation of their own source of sustainable energy, wherein they aim to maximise use of their own energy so as exported generation for other consumer use shall only be considered when all other uses of the on-site generated electricity have been exhausted.

Furthermore, from comparing 2021 export revenue's with the alternative cost of being required to consume electricity from the distribution network, the cost per unit of consuming

from the network for the micro-generator is almost four (4) times greater than the financial reward of exported generation. This in itself, incentivises the micro-generator to use as much energy on site as possible, given the significant financial differential.

Section 2.42 states that details of the exported units would enable NIE Networks to accurately determine Distribution System capacity and allow accurate future planning of many aspects of the Distribution System. As the consumer electricity usage and exported generation volumes are calibrated on the one meter point within the premise, NIE Networks' meter reading team visit such premises to obtain a usage reading at least once a quarter. Therefore, this information on exported generation units is already available to NIE Networks and in our view, should not then require a supplier gained export reading to help establish Distribution capacity or future Distribution System planning.

Section 2.43 states that the new Energy Strategy may be better and more fairly underpinned by an actual meter reading solution rather than a Deemed Solution. In our view, the policy decisions on the Energy Strategy taken by the DfE will have a much wider context than micro-generators. One key consumer theme that is being consulted on is in relation to Developing a Smart and Digitised Energy System with particular reference to Smart Meters, which if implemented should ensure that the actual export readings from micro-generators are provided to suppliers automatically from the DNO on a regular basis. Therein, actual meter export reads may become an outworking of the Energy Strategy in any eventuality so the existing reading solution in place, whether Deemed or Actual, shall have limited impact on future policy.

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?

DR1202 should include the requirement for single site MPRN verification with NIE Networks to ensure that each micro-generator is properly connected and commissioned as per the G98 connection process. This MPRN submission shall ensure that NIE Networks have visibility of all connected sites in relation to each MP prior to uploading for wholesale settlement.

This MPRN submission should be included by each MP once per annum prior to the export settlement year.

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?

As outlined in our previous responses to other elements of this consultation, in our view, the benefits of this export meter read arrangement in relation to micro-generators are minimal. In relation to our company, the benefits of this export read arrangement are also minimal.

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

In our view, the current format of the Deemed Solution works well and has been in place since 2015. The inclusion of the MPRN verification procedure would further enhance the Deemed Solution. Since introduction of the Deemed Solution in 2015, the market procedures have not highlighted any areas of concern that would be addressed by the introduction of this export meter reading arrangement.

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

Comment 1 - As the Import and Export meter reading channels are connected to the one meter point, customer tariff choices relating to import consumption of electricity will have a direct impact on the export meter reading channel. By way of example, if a customer chooses to switch electricity supplier requiring a meter exchange facilitated by NIE Networks, upon the successful meter exchange, it's likely the export reading will be reset. This can happen at various intervals within the export settlement year, with the potential for a number of closing and opening reads to be required in order to ascertain the exact exported volumes.

Comment 2 - As detailed in Retail Market Procedure NI 7 – Generator Nominations, the supplier is required to confirm export nominations to NIE Networks with at least 20 business days' notice. If this proposal is introduced, export readings would be required to be obtained prior to the deadline, verified by the supplier and then potentially verified by NIE Networks all within a short timeframe.

Requirements outlined in Comments 1 & 2 provide additional strain on our administration resources. Under the Deemed Solution, administration fees are not charged and passed back to the customer by ourselves, however, implementation of this solution would require reconsideration to that approach.

DR1203

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

DR1203? Please provide rationale.

DR1203 proposed aligning the half hour profile used by NIE Networks for settlement of microgeneration volumes in the wholesale market with a new export tariff year. The half hour profile currently used, covers the period April – March with the current wholesale settlement period October – September. It is understood that the half hour profile currently used is obtained from Elexon in GB spanning the period April – March, which is then adapted to span the period October – September given NI's wholesale settlement period. If the export tariff year aligned with the same period as the half hour profile, the NI adaption of the profile would not be required. This mitigates against the scenario whereby when the profile is adapted to becoming NI specific, that it does not equate to a value of one (1). This ensures that the microgeneration volumes claimed via Retail Market Procedure NI 7 – Generator Nominations directly equates to the volumes settled to suppliers in the wholesale market via Retail Market Procedure NI 16 – Aggregation. We therefore support altering the wholesale

settlement year of October – September to the original half hour profile year of April – March.

The Deemed Solution has had a set value of 45% since its introduction through DR1143 in 2015. This value was derived from micro-generators export volumes at that time and has not been reviewed since, so the proposal under DR1203 is to review this value. We support the review.

Section 2.32 states that some Micro-generators would be under paid if more than 45% of the output was being exported to the Network. In our view, a review of the 45% value may provide a more accurate representation of the deemed value which could be more reflective of the average micro-generator exported volumes.

Section 2.33 states that if the Micro-generators are still receiving payment for deemed export, there's an incentive to use all the electricity generated on site as this payment is received regardless. In our view, as outlined earlier in our response, irrespective of the Deemed payment being received, there's other elements that incentivises on site consumption of generated units such as sustainability awareness and the financial differential between using generated electricity and exporting the generated electricity.

Section 2.34 states that even if all the generated units from a micro-generator are used on site, the micro-generator is out of service or running below capacity it is still assumed that 45% of the expected output is exported and micro-generators are paid on this assumption. In our view, a review of the 45% value may provide a more accurate representation of the deemed value which could be more reflective of the average micro-generator exported volumes.

Section 2.35 states that the figure of 45% itself might not remain a valid average across all microgenerators. If the deeming value is incorrect then suppliers could potentially be overpaying for these exported units in the wholesale market and in turn these costs could be passed on to the consumer. In our view, it should be noted that there's also the potential that suppliers could be underpaying for these exported units in the wholesale market, which could be beneficial to consumers. However, if the deemed value was reviewed as proposed in DR1203, then the impacts on consumers in this regard would be mitigated as a reviewed deemed value may provide a better representation of actual unit exported by micro-generators.

It is our understanding that the context of section 2.36 in reference to the ROI Microgeneration Support Scheme, would not only impact on the Deemed profile as in the reduction to 30% from 45%, but also affect the proposed change to the export metered solution (DR1202) by limiting actual metered output measured by the meter to 30% also.

It should be noted that the ROI Microgeneration Support Scheme proposal is in its design phase, so therefore when ROI project costs are being considered, 2020 CAPEX costs are being used for calculation purposes to establish project payback timescales, resulting in the settlement cap of 30% on export volumes being proposed. In NI, many micro-generators

have been active since 2015 whereby the project CAPEX costs would have been different from those used in the ROI proposal, given the passage of time. In our view, making a direct comparison between the costs in different jurisdictions across a different timeframe would require further careful consideration.

It should also be noted in relation to costs, a number of the policy options detailed in the ROI Microgeneration Support Scheme are in relation to further financial incentives including subsidies or grants, aiding the prosumers' payback on the project. A support scheme in NI is already in place, but the costing and incentive design of both schemes are quite different. In our view, creating a max upper limit on the Deemed Solution (or metered solution) would require further consideration.

Furthermore, if Microgeneration support scheme approaches in other countries are to be considered, then the scope of such schemes should be wider than a ROI scheme in its early stages.

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?

As outlined previously, in our view, the MPRN verification procedure with NIE Networks to ensure that each micro-generator is properly connected and commissioned as per the G98 connection process should be introduced to this Deemed Solution. This MPRN submission shall ensure that NIE Networks have visibility of all connected sites in relation to each MP prior to uploading for wholesale settlement.

This MPRN submission with associated DNC could replace the eligibility microgeneration criteria in Retail Market Procedure NI 7 – Generator Nominations wherein a Declared Net Capacity is based on what has been registered for ROCs with Ofgem. This would enable micro-generators who are ineligible for the NIRO, could still avail of an export tariff.

This MPRN submission should be included by each MP once per annum prior to the export settlement year.

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?

In our view, the Deemed Solution has worked quite well since its introduction in 2015. It has provided the functionality for suppliers to receive wholesale settlement for Deemed export volumes in the absence of reads and therefore has encouraged other suppliers in the market to offer micro-generators export tariffs. As a result, micro-generators have now choice in their selection of their export partner.

Since 2015, the Deemed Solution export value of 45% has not been reviewed in line with the possible change in the behaviours of micro-generators or the possible introduction of any

new on-site technology or other changes that impacts export volumes. DR1203 now requests this review.

This Deemed Solution is active in other jurisdictions and works well.

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?

The review of the Deemed value of 45% will benefit micro-generators to the extent that it can be established if the value remains consistent with the actual exported volumes. If reviewed, this means the Deemed Value is subject to change from the current value. In our view, this will provide comfort that the Deemed Value is consistent with actual exported volumes.

As outlined in our previous responses, aligning the April – March half hour profile used by NIE Networks for settlement of microgeneration volumes in the wholesale market with a new export tariff year of April – March shall ensure that the settled volumes in the wholesale market match those Deemed nominated volumes.

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?

Yes, in our view, the Deemed Solution value should be reviewed annually using a sample of actual export meter data from micro-generation sites. This would take into account changing behaviours, ongoing efficiency of technologies and the addition of new technology. We would be happy to assist in its review.

What potential problems could arise from not implementing the proposed

changes to the Deemed Solution?

As outlined in our previous responses, the Deemed Solution has worked well but if there's no review of the Deemed value, then the existing Deemed value will not take into account changing behaviours, ongoing efficiency of technologies and the addition of any new technology. Therefore the value remains relevant to micro-generators' 2015 circumstances rather than adjusting for changing circumstances since that time.

In our view, if the April – March half hour profile used by NIE Networks for settlement of microgeneration volumes in the wholesale market is not aligned with a new export tariff year of April – March then only settlement of those export values settled to the supplier will be passed on to the micro-generator. This may cause a slight discrepancy between the volumes claimed using the Deemed Solution and those actually settled to the Supplier in the wholesale market.

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

We have no further comments in relation to the proposal.

General Comments:

- What are the implementation timeframes when a decision has been reached?
- Other schemes and mechanisms outside of ROI proposed schemes should be considered e.g. Deemed solution works well in GB. Our understanding is that deemed export is based upon the generation meter ensuring any deemed volumes are based on generation actually produced.