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Utility Regulator
Queens House
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By email only to Albert.Shaw@uregni.gov.uk

19 May 2021

RE: Micro-generation settlement consultation paper published 19 March 2021

Dear Albert,

Naturgy Limited (“Naturgy”) welcomes the opportunity to provide its views on the Utility Regulator’s Micro-generation settlement consultation paper published 19 March 2021 (the “Consultation”).

Naturgy’s opinions on each of the questions asked in Section 3.1 of the Consultation are outlined in this letter.

General

- *What is the nature of your company’s business?*

Naturgy supplies natural gas, electricity, renewables and energy management services to large energy users in Ireland, Northern Ireland and the UK. Naturgy is a PPA offtaker for renewable generation projects across the Single Electricity Market, including microgeneration sites under the micro-generation scheme in 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.*

Naturgy is in general agreement with the proposed changes to move to an actual meter read arrangement as proposed in DR1202. However, we believe that there is one significant issue that needs to be addressed prior to the implementation of this method to ensure optimal and efficient operation of this process.

A systems change is required to facilitate the nomination of an ‘Export Supplier’ at the MPRN level to allow communication of the actual export meter read to the nominated Export Supplier. Currently, import and export meter reads are issued only to the nominated ‘Import Supplier’ at the MPRN. This is problematic for suppliers that only offtake export at certain MPRNs – not only are the meter reads

data not received by the correct supplier, but also the system design unfairly gives the nominated 'Import Supplier' a distinct and obvious commercial advantage relating to that particular MPRN.

The recording of actual export meter reads is standard practice for NIE Networks ("NIEN"). The issue therefore lies in how the data is communicated after it has been captured by NIEN. This should be addressed by altering systems design to facilitate the nomination of an 'Export Supplier' at the MPRN.

- *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?*

Naturgy understands that currently the nominated Import Supplier for any meter receives the export read from NIEN, even in situations where the customer has an export arrangement with a different supplier or agent. There are considerable concerns around this current practise, not least raising concerns that the obligations of the General Data Protection Regulation ("GDPR") may not necessarily be complied with in the event that export data is sent to an entity who does not have a contractual or other right to have access to this data and the commercial advantage this gives the nominated 'Import Supplier'. The proposed changes in DR1202 should not be enacted before this systems limitation is resolved.

Further to the completion of DR1202, the objective should be to migrate to Smart Meter reads as they become available.

In addition, Naturgy suggests that processes are clearly defined for pro-rating actual meter reads, as it is reasonable to expect reads will not be taken on the first and last day of the settlement period for every micro-generator.

- *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?*

A)

Actual export meter reads will present an accurate representation of the energy exported by the micro-generator. Naturgy proposes the export meter reading should be taken by NIEN as part of their standard meter read process, avoiding additional work and effort that would otherwise be required by the micro-generator.

B)

Where DR1202 takes effect and the micro-generation scheme moves to settlement on actual meter reads, which are then provided by NIEN directly to the nominated 'Import Supplier', Naturgy will be adversely impacted and disadvantaged in many ways due to the extra effort required to obtain these reads and reliance on the goodwill of the 'Import Supplier' to provide the readings at the relevant MPRN. Where DR1202 takes effect and it is possible to nominate an 'Export Supplier' at the MPRN level, Naturgy will not benefit from DR1202 other than to realise accurate meter readings of micro-generation sites. Simply put, the Import Supplier has no right to have access to these export readings.

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

The fixed Deemed Solution results in inaccuracies in market settlement for micro-generators, where they are inevitably either under- or over-settled. This further results in inaccurate volumes being settled in the market.

The current deemed export solution was intended as an interim measure until smart meters were installed for consumers. Considering there is no indication on a timeline for smart meter installation, these problems can be addressed with relatively low cost with actual export meter reads facilitated by NIEN.

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

The benefits and issues with each solution are analysed in the consultation paper, with sub-optimal outcomes to be found with either option. It is Naturgy's view that the option of NIEN facilitated export meter reads provided to a nominated 'Export Supplier' should be the preferred option. It would present the best outcome in tying accurate settlement volumes into existing systems, as opposed to unwieldy work-arounds which present unnecessary increased costs for consumers.

DR1203

- *Do you agree with proposed changes to the Deemed Solution as set out in DR1203? Please provide rationale.*

Naturgy supports the changes in DR1202 and therefore does not agree with DR1203 due to the changes being mutually exclusive.

- *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?*

Naturgy supports the changes in DR1202 and therefore does not agree with DR1203 due to the changes being mutually exclusive.

- *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?*

It was necessary for the Deemed Solution to be introduced in 2015 and it presented the optimum solution at the time. However, as noted in the consultation paper it was only intended as an interim solution and it should only be retained as long as necessary before migrating to actual meter reads and ultimately Smart Meter reads.



- *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?*

Naturgy supports the changes in DR1202 and therefore does not agree with DR1203 due to the changes being mutually exclusive.

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

Section 2.36 of the consultation paper notes that the Republic of Ireland consultation paper on a 'Microgeneration Support Scheme in Ireland' proposed a 30% limit on the level of export to the network. Naturgy does not believe that this figure can be taken as a guide in any potential review of the current deemed profile value of 45%, because that figure is subject to change upon publication of the decision paper. We understand that research conducted over recent years has found that the actual metered export generation is close to 44%.

Furthermore, the 30% figure was chosen for the principle of maximising self-consumption as the exclusive policy aim for microgeneration in the Republic of Ireland. This was not the exclusive aim for microgeneration in Northern Ireland and consumers have already made investment decisions on the basis of receiving export payments as well as avoiding import consumption. Thus, the figure should not be taken into account in any potential reviews of the deemed profile value.

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

Naturgy supports the changes in DR1202 and therefore does not agree with DR1203 due to the changes being mutually exclusive.

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

The current Deemed Solution remains fit for purpose until such time as the systems limitation is removed regarding a nominated export supplier/agent who can be sent NIEN facilitated export meter reads.

I trust you will find this information useful, and should you have queries regarding any of the points raised in this letter we are readily available to discuss.

Yours sincerely,
James Temple

