

# **Micro-generation Settlement**

## **Utility Regulator Consultation**

### **Power NI Response**

19 May 2021

## Introduction

Power NI welcomes the opportunity to respond to the Utility Regulator's (UR's) consultation in relation to micro-generation settlement. As the UR has stated within the paper Power NI raised DR1202 and responded to the Impact Assessment of DR1203.

## Specific Questions

Within the Consultation Paper the UR posed specific questions in relation to both DRs. Power NI has, as requested within the paper, responded to each in turn.

### ***What is the nature of your company's business?***

Power NI is the largest electricity supplier in the Northern Ireland market. Power NI is also the only electricity supplier to be subject to price regulation and in the context of micro-generation, have a licence condition mandating the purchase of small-scale renewable spill via a regulated export tariff. Power NI currently is contracted with a significant number of micro-generation customers and has in place processes and procedures to collect and process the various meter readings required to accurately compensate customers for their actual generation.

### ***DR1202***

***Q1. Do you agree with proposed changes to move to an actual export meter read arrangement as set out in DR1202? Please provide rationale.***

### ***PNI ANS:***

Power NI strongly supports the submission of actual meter readings by suppliers to NIE Networks for use in wholesale settlement. It is important to make this clarification in the consideration of DR1202.

DR1202 looks to ensure that the generation which is used in wholesale settlement is accurate and not based upon a deemed profile. As the UR highlighted in the Consultation Paper the deemed solution was put in place as a temporary provision to deal with the issue that micro-generation was not being accounted for in wholesale settlement, the SEM systems were implementing global aggregation and without some form of recognition there would have been a double charge to the price controlled domestic customer.

It is incumbent upon the market rules and market operation to ensure as much accuracy as possible. Inaccuracies manifest themselves in cost disparities in terms of over or under payments. Over payments are funded by the generality of customers and under payments do not properly value output and act as a disincentive. Processes and procedures, as demonstrated by Power NI's approach, can be put in place to ensure accuracy of market

and customer settlement. Power NI therefore believes the UR should implement DR1202 to ensure the accuracy of micro-generation settlement in the interests of all customers, micro-generation and the generality of customers.

***Q2. 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?***

***PNI ANS:***

Power NI believes that meter reads alongside MPRNs should be submitted to NIE Networks in line with the current October timetable. This ensures that the credited generation is accurate and the submission of MPRNs ensures that there is no duplication of credit. Duplication is a potential risk if the generation customer has switched supplier during the year.

The October timetable is important in terms of the regulated export tariff. This aligns with the industry 'tariff year' and therefore ensures price transparency and stability. The October timetable for export also allows for sufficient time between the other collected meter reading, the reading from the Generation Meter (which is required for ROCs). This meter is read in March, aligned to the ROC requirements. Separating the two readings from two different meters reduces customer confusion and aligns the readings with their reference markets.

***Q3. 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?***

***PNI ANS:***

Power NI already operates in line with DR1202, paying customers for their actual export based upon meter reads. DR1202 therefore will result in no change to the many thousand of Power NI micro-generation customers. The benefits of this approach for the customer are that they get paid based upon their actual export. The application of a deemed approach would mean that if they generated more than the percentage applied, they would not be paid for that generation or conversely paid for generation which was not produced.

The benefit of asking for the read also highlights any issue with the generating panels etc. If there has been a malfunction this would not be immediately obvious to the customer. Collecting and validating the read against a forecast highlight any under generation which often prompts the customer to maintain or repair a system which has stopped working. Having the two separate reads collected 6 months apart allows for this validation to take place twice a year, helping to ensure that systems continue to operate effectively for the benefit of the customer.

From a company perspective, as stated above, Power NI already operates in line with DR1202. The benefits therefore are linked to the accurate settlement in the wholesale

market as there is currently a disconnect between paying the customer for actual generation however only being credited for deemed generation in the wholesale market.

***Q4. What potential problems could arise from not implementing the proposed changes to an export meter read arrangement?***

***PNI ANS:***

Power NI does not envisage any issues with implementing DR1202 as it already has processes and procedures in place to collect actual meter reads.

***Q5. Do you have any other comments in relation to the proposal?***

***PNI ANS:***

Power NI would again like to highlight that DR1202 implements accurate micro-generation settlement. The deemed solution was intended at the time of implementation to resolve a wholesale market issue and be temporary in nature.

At a principal level, Power NI believes that actual generation should be paid for and not assumed generation. Assuming generation takes place runs the risk of paying for generation which did not happen (due to system faults, high onsite consumption, over estimation etc). This fictitious cost is borne by the generality of customers and therefore it is inequitable for this situation to become the enduring process.

***DR1203***

***Q6. Do you agree with proposed changes to the Deemed Solution as set out in DR1203? Please provide rationale.***

***PNI ANS:***

Power NI strongly disagrees with the DR1203 solution. This proposal maintains the deemed solution which does not accurately account for generation in the wholesale market. This means that generation may be paid for which did not take place or was consumed on site. The cost of this is paid for by the generality of consumers and is inequitable.

***Q7. 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?***

***PNI ANS:***

As stated, above Power NI does not support DR1203.

***Q8. 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?***

***PNI ANS:***

The deemed solution dealt with an immediate issue within the wholesale market due to the implementation of global aggregation. It was originally designed as a temporary short-term solution before moving towards an appropriate, accurate solution which DR1202 provides.

***Q9. 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?***

***PNI ANS:***

Power NI does not recognise any long-term benefits of DR1203 for either the micro-generator or Power NI. As stated above, Power NI believes generation should be paid based upon actual meter reads and the implementation of DR1203 could result in erroneous cost being applied to the generality of customers.

***Q.10 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?***

***PNI ANS:***

As stated above, Power NI does not support DR1203.

***Q.11 What potential problems could arise from not implementing the proposed changes to the Deemed Solution?***

***PNI ANS:***

As stated above, Power NI does not support DR1203.

***Q.12 Do you have any other comments in relation to the proposal?***

***PNI ANS:***

Within the Consultation Paper the UR summarised the Impact Assessment submitted by Power NI in relation to DR1203. The points made within that submission remain applicable

i.e., there is no relevance in linking export to the NIRO year, they are entirely separate and unrelated matters. All export meters should be registered with NIE Networks, this is mandated under the Distribution Grid Code. A change to the export year would have a significant adverse impact on Power NI's extensive micro-generation customer base.