



NIE Networks Transmission and Distribution Price Control (RP7)

SSE Response



About us

At SSE, we are driven by our purpose: to provide the energy needed today while building a better world of energy for tomorrow. SSE develops, owns, and operates low carbon infrastructure to support the transition to net zero, this includes onshore and offshore wind, hydro power, electricity transmission and distribution networks, alongside providing energy products and services to customers. With current interests across the island of Ireland and Great Britain, in addition to carefully selected international markets, including East Asia, Europe and North America, SSE is both growing its footprint and its range of expertise in our bid to lead the transition to net zero.

Since entering the Irish energy market in 2008, we have invested significantly in our Irish businesses, with a total economic contribution of over €1.2bn in the last 3 years, supporting over 2,400 jobs in 2022/23. SSE Renewables owns 684MW of onshore wind capacity across the island, and operates a total of over 1,000MW. SSE Renewables is currently constructing additional onshore wind capacity in Ireland, and is actively developing solar and battery projects, as well as offshore wind at Arklow Bank Wind Park. SSE Renewables has operated a voluntary Community Fund in Ireland since 2008.

SSE Airtricity supplies electricity and gas to over 700,00 home and business customers across the island and delivers home energy upgrades through our one stop shop, the Generation Green Home Upgrade, which aims to deliver 50,000 home energy upgrades by the end of the decade.

In addition to our renewable generation assets, SSE Thermal owns and operates 672MW of dispatchable generation in Ireland providing vital security of supply. SSE Thermal has secured capacity contracts for the delivery of new low-carbon capacity through two stations in Kerry and Meath for 26/27.

SSE is committed to sustainability. We have built the largest renewable electricity portfolio in the UK and Ireland and in 2020 committed to achieve net zero greenhouse gas (GHG) emissions across all operations by 2050 at the latest, covering scope 1, 2 and 3 GHG emissions. Recognising the international importance of decarbonising the power sector as quickly as possible, SSE also aims to achieve net zero across scope 1 and 2 emissions by 2040 at the latest including through investment in low-carbon dispatchable power generation options such as Carbon Capture and Storage, Hydrogen and electricity storage.

1. Executive Summary

SSE welcomes the opportunity to respond to the URs' Draft Determination on NIE Network's Transmission and Distribution Price Control (RP7).

Cost determination mechanisms play a pivotal role in driving best value, sustainable investment that helps deliver on government ambition of Net Zero. This Price Control comes at a pivotal time of change for Northern Ireland. NI has been lacking a functioning Executive for a number of years, meaning that there is a greater need to expedite investment to reach parity with the remainder of the UK and Ireland.

In this response SSE will set out our position on the need for the UR and NIEN to determine a "whole of system" approach; one that takes account of the need to both expedite grid investment, and equally brings customers on the journey to partake in the energy transition through flexibility and smart metering programmes.

Our key points are summarised below:

Meeting Net Zero for Northern Ireland: With a legislative requirement to meet net zero by 2035, a considerable increase in the installed capacity of renewables will be required and this Price Control is pivotal to facilitating this.

Accelerating Smart Metering: Despite the absence of an explicit allowance for smart metering, recognising its importance is crucial for Northern Ireland and Net Zero targets. Northern Ireland lags behind the remainder of the UK and ROI in a Smart Meter rollout, noting that in 2025 Smart Meters are the standard not a stretch in markets across Europe. Countries such as the Netherlands have reached penetration rates above 80%. This Price Control is the delivery vehicle for Northern Ireland's smart metering, and therefore we would strongly endorse inclusion of indicative costs in the final determination.

Consumer Programmes: SSE notes that the UR has a dedicated programme being put in place that will give rise to a number of requirements on Suppliers and the DNO. It is imperative that reasonable allowances are allocated for such programmes (including Guaranteed Service Standards and Best Practice Framework on Vulnerability). Without appropriate allowances for UR mandated programmes, the industry risks a substandard and inconsistent delivery, noting that some of these programmes will mandate specific requirements on NIEN as the DNO.

Customer Impact – Long term value: Domestic consumers are expected to experience a modest reduction of approximately £3 by the end of the Price Control. However, this projection does not account for two critical aspects that must be delivered:

Major Transmission Projects: These projects may introduce additional costs.

Smart Metering: The deployment of this programme, whether by standard or accelerated rollout requires, at minimum, a reference in the Final Determination.

2. Meeting Net Zero for Northern Ireland

Whilst we understand the UR is seeking to ensure that they are protecting the interests of consumers, we would encourage UR to look at the longer-term costs associated with the current proposals.

With respect to meeting Northern Ireland's net zero targets, we are concerned that there is not enough focus on the need to secure all reasonable demands for electricity is being met. With a legislative requirement to meet net zero by 2035, a considerable increase in the installed capacity of renewables will be required to facilitate this. This price control period will therefore be essential in ensuring those targets can be delivered. Both NIEN and UR have acknowledged the need for significant reinforcement, but the proposals for this significant price control period are unlikely to go far enough.

Encouraging the build out of renewables will rely on the infrastructure being there to support that build out. The pace of change to meet 80% renewables by 2030, and the net zero target, will require a substantial increase in the build out of new renewable assets over a very short period of time. Therefore, this price control period has to be able to facilitate the processing of necessary connection applications as well as planning and building out of necessary network infrastructure.

Unfortunately, the current dispatch down figures for renewable generation in NI are unlikely to present investment signals for new and necessary renewable generation. SONI and EirGrid's dispatch down figures for wind paint a poor picture for the opportunities for wind in NI¹. Every year since 2018 we have experienced dispatch down of wind generation in excess of 5%, most years averaging at around 10% and more worryingly increasing to over 20% since July 2023. Such levels of dispatch down are inefficient for investors and consumers alike, being able to utilise this renewable generation should place a downward pressure on market prices. Where constraints can be alleviated this will likely reduce the ever-increasing dispatch down costs that customers see on their bills.

In setting allowances for this price control period, we would ask the UR to review the mechanisms that will allow NIEN to innovate and deliver infrastructure needed to meet NI's renewable ambition. Ensuring that the network can accommodate renewables, reduce dispatch down levels below 5% will unlikely harm the investment environment in NI, and in doing so will help ensure that investors in renewable generation can better finance their activities through market mechanisms.

We are not convinced that the current proposals will encourage the required anticipatory investment needed to accelerate the build out of future renewables. We would ask the UR to ensure that the allowances for development of network infrastructure are adequate to meet this future need. We would also request that the proposed mechanisms should be adapted such that they do not act as a barrier to anticipatory investment. The UR should look at how re-openers could be adapted to facilitate such network development where it is efficient to do so.

In particular there will be a need to reinforce the network in parts of Northern Ireland where there is likely to be an abundance of renewable energy resources.

¹ [DD-Summary-Report-Mar-24.xlsx \(live.com\)](#)

3. The need for active customers

SSE is of the view a change in mindset and demand patterns of end customers is needed during this price control. Such a change can support minimising the need for continuous grid reinforcement at the distribution level as customers electricity demands increase in line with electrification of heat and transport. The current Department for Economy consultation on Smart Systems details the Department's views that dedicated policy workstreams will be needed to determine the markets for demand flexibility. In our view the optimal way of moving customers from passive to active is through economic (and societal to a degree) incentives. This will require a large-scale investment in both reliable flexible metering that can signal to customers when to turn down (or indeed up in times of high renewable energy) alongside a dedicated education programme for end customers. This will support customers in comprehending the associated costs of the large-scale investment that is needed to upgrade the infrastructure and help Northern Ireland reach its Net Zero targets. This approach not only promotes a sense of ownership among consumers but also ensures that the investments made are directly contributing to the broader Net Zero and decarbonisation goals which the whole system will benefit from.

4. Accelerating Smart Metering

While we acknowledge the full cost and scale of Smart Metering programme is not yet known, SSE is disappointed that the Smart programme is not factored in to the Price Control, noting such costs will be forecast at this stage. We would strongly prefer that the final determination include indicative cost estimations associated with Smart rollout, using data available from ROI and GB Smart meter rollouts. This should also include a position on whether customers and suppliers can expect an accelerated programme for Smart or a BAU rollout, as the accelerated programme will give rise to sharper initial costs as a programme office and project are stood up. Alternatively longer-term rollout and replacement at end of life for legacy meters will result in costs associated with supporting multiple meters over a longer period of time.

The rollout of smart metering in Northern Ireland is a critical step towards achieving net-zero targets and shaping the demand flexibility approach of the NI market, noting that NI is now an outlier relative to the rest of the UK and Ireland. However, the expedited development and deployment of smart meters will impose a financial impact on customers. It is our view that an indication of these costs is integral to be included in the Price Control for illustrative purposes, after which a dedicated cost recovery approach can be determined as actual costs of a programme are realised. Given the criticality of this programme we would urge NIEN and UR to initiate such a cost review in parallel with the DFE High Level Design of work that is ongoing at present.

The role of Smart metering is also facilitative of innovation from suppliers to work collaboratively with NIEN and end consumers to deliver creative solutions that will drive flexibility and ultimately decarbonisation.

5. Consumer Programmes

SSE notes that the UR has a dedicated programme being put in place that will give rise to a number of requirements on Suppliers and the DNO. We note the UR has indicated in the Draft Determination that allowances have not been given for such consumer programmes. As a regulated supplier, SSE are concerned that not providing sufficient levels of funding for such programmes is setting an incorrect precedent for industry. Regulatory frameworks, such as the implementation of “Guaranteed Standards of Service” and the Best Practice Framework for vulnerability, are being mandated on industry. However, we are concerned that such UR mandated requirements are not being reflected in the DNO price control.

6. Customer Impact – Long term value

The forecasted impacts on domestic consumers, indicates a modest reduction in costs by approximately £3 by the end of the Price Control. However, this projection does not include the forecasted financial impact of two significant programmes which will deliver long term value to customers.

Firstly, major transmission projects are on the horizon, which, while essential for modernising the grid and integrating renewable energy sources, which will influence the final customer impact.

Secondly as indicated in the section related to “accelerating smart metering” an expedited development and deployment will also have a bearing on the final customer impact.

However, both of these strategic investment programmes will deliver longer term benefits to consumers in the Net Zero transition. As such we urge the UR to move beyond short term cost minimisation to an approach that explains articulately to end consumers why large-scale investment is needed in the electricity grid. This requires a mindset shift from lowest cost to best long-term value that aligns to the NI energy strategy pillars.