

RP7 Submission from PowerOn Technologies Limited (NI643146) trading as The Electric Storage Company

The Electric Storage Company was created in 2017 to develop a platform that would enable domestic and commercial customers to introduce renewables into their work processes and lives more easily and on an economically advantageous basis. We now have customers and clients in NI, Republic of Ireland, Great Britain and Germany. They use our PARIS product to derive maximum value from solar, wind and battery storage assets. Our comments are offered here from that broader perspective.

We agree that **“NIE Networks has a pivotal role in terms of 'keeping the lights on' ”**. But we would also suggest that they have an equally pivotal role in facilitating domestic and commercial consumers to efficiently and effectively make the transition away from fossil fuels to reduce carbon emissions as soon as possible within the few years remaining before 2030.

NIAUR Draft Determination has weighed the short-term reductions in consumers bills too heavily in comparison to the need to enable NIE Networks to allow such consumers to access cheaper, greener electricity in the upcoming Control Period.

In Strategic Context we would expect a strong message from NIAUR that the transition should be affordable, fair, inclusive for all **and** structured so that those consumers who reduce carbon via the take up of electrification of home services and business processes are encouraged.

They need to be facilitated with affordable grid connections, rewarded for early adoption as their early reductions in carbon accrue every year from their adoption through to 2030. Their early contribution reduces the carbon reduction deficits that will accrue as other homes and businesses fail to adopt LCT. In NI, consumers are ‘hanging back’ from adopting LCT because they see no incentive to adopt, no meaningful progress on NI Energy Strategy and a short-term focus by Regulators and Legislators on network cost recovery as opposed to radically facilitating adoption of LCT.

The NI Energy Strategy was declared in December 2021, Climate Change Act came into law June 2022. DfE was required from then to develop and publish sectoral plans. Your Determination states “How the strategy and sectoral plans are developed and implemented remains to be decided”.

Has NIAUR adequately considered how they and NIEN could contribute to remediating the loss of 2, possibly 3 years, of the 9 years available to achieve an NI Energy Strategy?

That Strategy itself recognises that Climate Action is overwhelmingly dependent upon a strong, flexible, intelligent electricity grid. As the impact of those lost years dawns on consumers they may legitimately ask “Why did NIAUR and NIEN not anticipate this in RP7, and make provision for more progress earlier, to make up lost ground?”

The RP7 approach adopted by NIE Networks has been strengthened in terms of depth and ambition, compared to RP6. The decision to extend RP6 was unfortunate as RP6 was not fit for the challenge ahead but it will remain in place for yet another year, leaving only 5 years for RP7 to make it’s impact on the energy transition. The entire process of RP determination needs to be revised to enable more ‘tacking’ across years, to push progress forwards and shorten development cycles.

We agree with NIEN’s EV approach. On Heat Pumps we would suggest that the plan forecasts are too high for uptake. Our direct experience is based on the NI, GB and German markets along with direct feedback from users/installers and landlords. The technology, while mature, is not cheap or easy to install, difficult for users to understand and operate and extremely unsuited for retro fit. Enthusiastic customer adoption would be a prerequisite to achieving the steep rise envisaged in NIEN forecasts.

Flexibility First is a sound approach. Our direct experience in other markets and NI shows evidence that private capital, both domestic and commercial, is willing to invest in LCT. The provision of flexibility from those privately financed assets is treated as a ‘free’ resource’ under the NIAUR approach and therefore does not encourage adoption of LCT. An ancillary benefit is that by encouraging/incentivising customers to provide flexibility, you are enabling access for SONI to also avail of such flexibility.

Speaking as a successful bidder for the FLEX tender we fully support NIEN in their 'further, faster' approach. The Girona Project demonstrated how social housing could directly benefit from providing FLEX services. However we feel NIAUR should be seeking to encourage NIEN to revise its approach to date such that providers of clean, digitalised FLEX services are scored at a higher level during the tender process than those using dirty fossil fuels to earn FLEX revenues. Such perverse incentives are inherently detrimental to Net Zero strategies and are rarely digitalised and therefore incapable of smart integration.

If a commercial or domestic customer is willing, and self-financed, to invest in LCT with FLEX capability this should be encouraged, with the requisite NIE Networks investment prioritised and fast-tracked. This would ensure more carbon is removed earlier and able to accrue through a longer run into 2030, benefiting all of us. Such an approach introduces more investment into the Energy Transition. This creates a virtuous circle. As more private, appropriately digitalised, LCT investment is achieved it then, in turn, facilitates more resilient networks through provision of more FLEX capability. We know from our clients that there is considerable, pent-up demand for digitalised LCT deployment via commercial and domestic customers who want to participate in network services.

NIEN has proposed an Innovation Council. This is a highly commendable start down the inherently uncertain path of how best to leverage as many talents as possible to deliver rapid, effective innovation for cheaper, greener and smarter electricity.

Based on our own 7 years experience in precisely this space, across NI, Republic of Ireland, GB and now Germany we regret to say we must describe the UR response as very disappointing. Under the current UR dispensation we appreciate your need to be mindful of cost to consumers however, Innovation requires risk to be embraced. Innovation is predicated on the existence of uncertainty. UR are, perhaps unwittingly, deterring and delaying urgent and vital innovation by being overly cautious over £4m.

Our direct, current experience in the German market can evidence how data analytics has enabled adoption of LCT, reductions in bills for consumers and driven further innovation.

Our company has been encouraged by NIE Networks since our inception in 2016. They have therefore been a source of the development of over 30 very well-paid jobs in the local Green Economy. These employees are paying taxes in Northern Ireland and our company are paying them from revenue earned in export markets. We suggest that our electricity sector needs to seek out and encourage even the prospect of more of this.

When we see UR strike out NIEN efforts to use data analytics we are surprised and disappointed for the future of innovation in electricity networks and in regulation.

UR have not adequately recognised the intent and merit in NIEN Innovation Council. We would strongly encourage UR to be engaged and more supportive so that an Innovation Council gets off to a strong start and is challenged to prove it's worth.

“The journey towards net zero has started and requires a revolution in how we use and generate electricity” We agree with this sentiment wholeheartedly. Revolutions need radical approaches in all aspects of the change. What about the regulatory process itself? Is it fit for the journey towards net zero?