

G-TUOS REVENUE ALLOCATION

NIE Networks' Comments on the Utility Regulator's Consultation published on 19 August 2020

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NIE Networks welcomes the opportunity to respond to the Utility Regulator's (UR) consultation on G-TUoS revenue allocation.

NIE Networks is the owner of the electricity transmission and distribution networks in Northern Ireland and the distribution network/system operator. Our role is to maintain and develop the electricity infrastructure across Northern Ireland, connect customers to the network and ensure that our equipment is safe and reliable. As meter operator, we also provide metering data to electricity suppliers and the Single Electricity Market (SEM) operator. NIE Networks recovers its distribution network costs from electricity suppliers through DUoS charges and its transmission network costs from SONI through transmission services charges.

While G-TUoS revenue processes are essentially a matter for SONI and Eirgrid, NIE Networks notes from this consultation that there is a misalignment between the costs allocated to generators in the all-island G-TUoS tariff and on that basis, agree that change is required to the revenue allocation to protect the interests of Northern Ireland electricity customers. We note however that while the consultation paper sets out the potential impacts on the G-TUoS pot under options C and D, it is not clear what proportion of the G-TUoS pot is recovered from Northern Ireland customers, or what is the impact on Northern Ireland customers' retail electricity bills.

NIE Networks is content in principle with the proposal to align the cost recovery methodologies used in both jurisdictions; however we are also conscious of the UR's separate consultation¹ which proposes to transfer the risk of TUoS cash imbalances from SONI to NIE Networks. It is not clear to us how both of these proposals interact and therefore how they potentially impact on NIE Networks when taken together. It will therefore be important that the UR considers holistically, the arrangements to be adopted to address both of these issues and consult with stakeholders accordingly. NIE Networks would welcome discussion with the UR in this regard.

¹ SONI Price Control, Utility Regulator's Draft Determination of 6 July 2020.