



Action Renewables
the future of energy, today

Action Renewables Response to
Consultation on Electricity Connection
Policy to the Northern Ireland Distribution
System

November 2010

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Albert Shaw & Sarah Friedel
Utility Regulator
Queens House
14 Queen Street
Belfast
BT1 6ED

RE: Proposed Changes: Electricity Connection Policy to the Northern Ireland Distribution System

INTRODUCTION:

Action Renewables welcomes the opportunity to respond to the consultation on the proposed changes: Electricity Connection Policy to the Northern Ireland Distribution System.

Action Renewables represents the hub of renewable energy activity in Northern Ireland. We welcome the development of all strategies that will encourage more a sustainable energy infrastructure in Northern Ireland, increasing our security of supply and reducing our local carbon footprint.

We therefore support the Utility Regulator and amendments to the electricity connection policy, that assist strategies in order to ensure we have a secure, efficient and sustainable energy supply for the future.

CONSULTATION RESPONSE:

The aspect of current policy that Action Renewables considers appropriate to comment on is that contained within **Section 6: Connection of micro-generation**.

As an introduction to our response, Action Renewables would make the following general observation:

We agree with the analysis that the 40% subsidy was appropriate for the initial electrification of Northern Ireland and the argument that the electrification policy has now been delivered, thus the circumstances that required a subsidy no longer exist. Therefore it follows that Action Renewables would support the proposal that the 40% subsidy be removed from the start of the next price control in 2012, subject to the proposed safeguards for "vulnerable customers"

With specific reference to section 6, it is the view of Action Renewables that the following drivers exist: within the context of Northern Ireland:

Main drivers for the adoption of renewable energy:

- Climate change mitigation (carbon)
- Fuel price stability
- Rising demand
- Fuel diversity
- Fuel security (& control)

While it is true that some of barriers to the adoption of renewable have been addressed, for example training of installers, via the Renewable Energy Installer Academy, others still remain:

- Awareness
- Cost
- Some policy issues
- Perception of the technologies
- **Grid Connection**

From our experience within the industry, the perception among potential generators is that grid connection issues associated with the installation of renewable energy technologies can be a complex, costly and lengthy process.

We acknowledge that currently there are additional costs involved with installing renewables, however the alternative to increasing our renewable energy installed capacity leaves Northern Ireland at the mercy of fossil fuels. This results in high price volatility and the absence of any long term security of supply. Continued reliance on fossil fuels (coal, oil and gas) will have a much greater / more damaging impact on Northern Ireland than any short term consequences coming from widespread implementation of policies promoting the uptake of renewables. If we are to meet the target of 40% of electricity supplied in Northern Ireland to come from renewable sources by 2020, then it is essential that current grid connection compliance is less expensive and burdensome.

Therefore Action Renewables does consider it appropriate for micro-generation connections to be subsidised by the use of system tariffs in Northern Ireland.

Northern Ireland policy on Renewable Energy should mirror policies implemented in GB. Specifically, in GB the government has stated a desire for renewable micro generation to connect to the system, and has offered an incentive of a subsidised network connection to eligible generators. It is important to maintain a consistent policy on renewable electricity between Northern Ireland and GB, within the context of the differing characteristics of the electricity systems in GB and NI.

Therefore a similar level of subsidy to that available in GB should be offered in Northern Ireland.

An innovative approach would see the introduction of a 'pay back as you save' scheme in that, the upfront subsidy would still apply but would be linked to income received via the current NIROC's payments. Therefore all or part of the subsidy could be recovered over a period of time – currently up to 20 years. This methodology would still assist generators with the initial grid connection costs, and depending on its structure could result in the scheme being revenue neutral over time.

Other related issues that merit consideration within this section of the consultation include:

- The NIE licence requirements provides for a connection quotation to be made within 3 months.
- It can in practice take up to an additional 9 months for the work to be started and completed. However it is our understanding that no formal rules currently exist surrounding timelines for the work.
- Further, it is not initially obvious from the NIE website how to apply in the first instance for a new generator connection. For example, rather than click on the 'Get Connected' tab the information required is actually found within the 'Customer Service' tab, and then clicking on 'Connecting a Generator'

Action Renewables would consider it very important that clear guidance information be posted, and that time periods from initial enquiry to completed work, be minimised within a formalised rules structure.

In conclusion Action Renewables would highlight that renewable energy technologies provide long term sustainable solutions. Given the proposed targets for renewable generation, micro generators should be incentivised with reduced connection costs. Policy makers should therefore ensure that all possible barriers be removed or alleviated, thus ensuring the adoption and implementation of renewable energy technologies will represent significant steps in the direction of sustainability and reducing our carbon footprint for Northern Ireland.

Best Regards,

A handwritten signature in black ink that reads "M. Doran". The signature is written in a cursive style with a large, prominent 'D'.

Michael Doran

Director

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