

Please find enclosed our response to the consultation on Electricity Connection Policy to the NI Distribution System.

I would be very grateful if you could keep the illustrated connection costs in Section 6 confidential.

Best Regards

Ian Harvey FCA
Finance Director





B9 Organic Energy Response to the Utility Regulator on Consultation on Electricity Connection Policy to the Northern Ireland Distribution System

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RE: Electricity Connection Policy to the NI Distribution System.

INTRODUCTION:

B9 Organic Energy welcomes the opportunity to respond to the Consultation on Electricity Connection Policy to the NI Distribution System.

B9 Organic Energy is actively developing Anaerobic Digestion and Landfill Gas projects throughout the UK and Ireland and has experience of dealing with grid connection issues for renewable energy projects.

After Planning securing a grid connection is the second biggest hurdle faced by project developers, at present in Northern Ireland it is a complex, costly and lengthy process.

We will restrict our comments to the connection of renewable energy generation projects only.

CONSULTATION RESPONSE:

Section 6: Connection of Micro-generation

Do you consider it appropriate for micro-generation connections to be subsidised by the use of system tariffs in NI, given the demand profile and generation portfolio expected over the coming decade and the target of 40% of electricity supplied in NI to come from renewable sources by 2020.

What level of subsidy of the cost of connection do you think should be considered by the Utility Regulator?

It is important to define what is meant by Micro-generation. The Feed-In tariffs in GB apply to projects up to 5MW not simply small domestic projects of 50kW scale. In NI we feel that it is appropriate to set the level at 2MW. At this level all micro-generation combined is likely to be less than the size of two or three large wind farms and therefore the effect on curtailment of wind farms is insignificant.

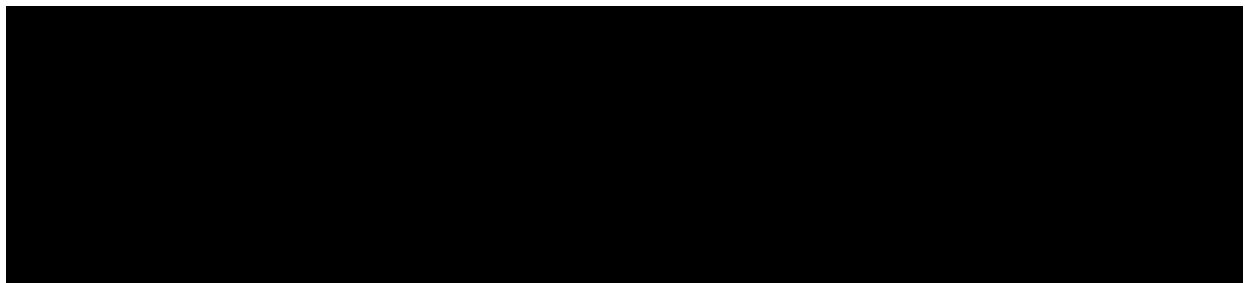
The standard for network security should be defined and allowances made for variances on a case by case basis.

NIE are currently requiring all generators greater than 100kW to have SCADA and comms, however the grid code states the generators between 100kW and 1MW should only be required to have this

communication equipment if it “is required for local network reasons”. The SCADA and communications are currently costing £20k, which is an unreasonable additional cost which does not apply to similar size of projects in ROI or GB. This requirement of the grid code is believed to be the most stringent anywhere in the world and the additional cost imposed is a barrier to increased uptake of renewable micro-generation.

In GB the FIT is designed to encourage sub 5MW generation to deliver 2% of electricity. The NIROC equivalent of the FIT is considerably less financially attractive therefore if NI is to achieve a similar level of small scale generation, then an additional financial incentive can be provided through subsidised grid connection costs.

In 2010 we received two connection offers for similar projects, one in ROI and one in NI. The relative costs are shown below. It can be seen that the introduction of the new grid code requirement for SCADA has increased the basic connection cost excluding O&M and Automatic Voltage Control (within the NIE system) by 39% from [REDACTED]. The annualized O&M costs in NI are also high compared to ESB.



This illustrates that connection costs in NI are relatively expensive compared to GB and ROI and we suggest a 40% subsidy in line with demand connections.

Section 8: The definition of “connection assets” and associated costs.

[Do you consider changing the definition currently in place regarding connection assets for the distribution system appropriate?](#)

[The Utility Regulator welcomes views on the merits of changing from a partially deep to semi-shallow connection, and the appropriateness of charging only demand customers for the use of the distribution system.](#)

Generators connected to the distribution system should operate under the same regime as the transmission system, therefore semi shallow connection policy should apply to the distribution system.

Section 9: TIMING OF CONNECTION OFFERS AND CONNECTIONS

[Do you consider it appropriate to incentivise NIE to reduce connection and quotation times?](#)

[Do you consider it appropriate that NIE include a contractually binding duration for the connection works in their offers, with the areas outside their control that relate to the timing of that specific connection identified?](#)

In our experience NIE have never met their licence obligations on the timing of connection offers.

They are not staffed appropriately to deliver this license requirement. We recommend that NIE produce a public monthly update on the number of connection offers received and average processing time. The Utility Regulator should hold NIE accountable for non-compliance of the license requirements.

NIE receive a sizable income from connection feasibility studies and a percentage of the connection charges for generators go towards the initial connection offers, now that the number of applications has increased, their income stream has increased, and so they should be able to comply with their license requirements through increased resources.

NIE's connection agreement does not oblige them to build the grid connection to a fixed price with a fixed end date. This presents an additional challenge to renewable energy projects that require bank funding. NIE needs to offer as far as possible fixed price contracts with a fixed time of delivery of connections.

Section 11: Other Issues – Operation and Maintenance Costs

[Do you consider the above O&M costs and method of charging for them to be appropriate?](#)

O&M costs should be an annual charge as with ESB, this prevents front loading of costs which increases the upfront capital costs of an project, making bank financing more difficult, acting as a barrier to increased levels of renewable micro-generation.

Section 11: Other Issues – Contestability

[The Utility Regulator would welcome views on any issues or concerns relating to this topic.](#)

Contestability would bring competition into the market and lower costs, and should be immediately implemented.

Summary

- 1. Subsidise Micro Generation connections up to 2MW.**
- 2. Move to a semi-shallow connection policy for the distribution system.**
- 3. NIE and the Utility Regulator should publish monthly connection offer statistics.**
- 4. Connection contracts should be fixed priced with a fixed time of delivery**
- 5. O&M cost should be an annual charge and not front loaded.**
- 6. Grid Connections in NI need to be contestable.**

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