

3 November 2015

Casper Swales  
Head of Economics and Efficiencies  
Utility Regulator  
Queen's House  
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Dear Casper

### **NIE – T&D Price Control RP6 - Overall Approach**

We appreciate the opportunity of commenting on the Overall Approach paper published in September. This is a detailed and complex exercise, which makes strategic and meaningful engagement with key stakeholders challenging.

The publication of this document is welcome, in particular:

- The greater level of transparency around the aims of the review, the proposed approach to the RP6 review and the issues to be focused on
- The strong commitment to consumer engagement and the strong focus on consumer needs
- Setting out information requirements and the recognition of the importance of an proportionate approach
- Recognition of lessons learnt from RP 5 – we would stress the importance of high quality engagement to secure quality debate/discussion, good communications between all parties/stakeholders and clarity on outcomes sought

In terms of comments we only have a few specific comments to make on this comprehensive document:

- It is vital that the review takes account of the economic development requirements of Northern Ireland
- There is a need for Northern Ireland to have a longer term energy vision – at least to 2030 - we understand that in early 2016 DETI will extend their current review of the Strategic Energy Framework to this longer timeframe – this is essential as it is vital that we are building an appropriate infrastructure (networks, generation, storage etc) to deliver on this vision – and it is critical that the RP6 review takes account of this vision and the impact this will have on network development
- We believe there is merit in considering the needs of future customers as well as

existing consumers. The delivery of a lower Corporation tax rate and the expected increase in investment which will result from that is likely to transform the N Ireland economy – we need to ensure that we have the right infrastructure in place to accommodate higher levels of investment and growth in the economy. The RP6 review needs to have the flexibility to meet increasing demands on the network while ensuring the quality of supply is maintained.

- With regard to the former point there are two particular areas which need to be considered
  - The scope for Northern Ireland to attract major data centres as we expect further growth in the EU market. We believe there are benefits in attracting more large base-load consumers to N Ireland – which will benefit all energy consumers. But do we have the electricity infrastructure to accommodate these opportunities?
  - The development of ‘energy parks’ – there are many locations across N Ireland where there is limited scope for new major investment due to existing grid constraints, while in many cases existing industries face disproportionate costs to upgrade their grid connections – as part of an economic and regional development strategy we need to ensure that key locations are able to attract new investments, and enable existing enterprises to grow. We believe DETI/Invest NI/Local Authorities and the Utility Regulator need to work closely to identify the scope for a number of these ‘energy parks’ which could help attract investment – this needs to be a key consideration in the RP6 review
- We believe that a key priority in helping deliver security of supply and ensuring more competitive prices is through sweating existing assets, hence a priority should be ensuring that we develop the DSU market in Northern Ireland – other markets achieve DSU penetration of up to c8%
- The future renewables strategy must focus on developing renewables at least cost – the investment in the grid must help facilitate these developments.

We hope these comments are helpful and look forward to future engagement with the RP6 process.

Yours sincerely



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