

NIRIG response to Utility Regulator

Draft Forward Work Programme 2016/2017 Third year business plan

8th February 2016

The Northern Ireland Renewables Industry Group (NIRIG) is a joint collaboration between the Irish Wind Energy Association and RenewableUK. NIRIG represents the views of the large and small scale renewable electricity industry in Northern Ireland, providing a conduit for knowledge exchange, policy development support and consensus on best practice between all stakeholders in renewable electricity. Our membership has built, developed or owns the vast majority of renewables development in Northern Ireland.

We feel that the UREG Work Programme is an important consultation which will have an impact on the development and growth of the renewable energy industry in Northern Ireland going forward. The work of the Utility Regulator also impacts directly on the wider economic prosperity of Northern Ireland, affecting investment and critical infrastructure development as well as influencing the capability of the private sector to compete in UK, European and Global markets.

We also feel that it worth noting that renewable energy is a significant success story for Northern Ireland and that on-shore wind farms are presently contributing and will continue to contribute significantly to the community and to jobs in Northern Ireland and this should be taken into account in work programme development.

NIE Networks Connections: We are very concerned that the availability of connections to the NIE grid is not noted as a priority work stream within the forward work programme. The existing electricity system is facing considerable challenges as a result of the shift from centralised transmission connected generation to distribution system connected generation. This paradigm shift, and the challenges associated with it, have been understood since the publication of the Strategic Energy Framework. However the NIE Network has not been designed and built to accommodate the higher levels of renewables identified in Strategic Energy Framework. The lack of this critical infrastructure will impede development and economic growth over the coming decades.

NIE connection offer moratorium: we feel that it is totally unacceptable that it is currently impossible to secure a connection to the NIE Networks distribution system for a factory, new

load connection or new generation plant. A fundamental of economic growth is the availability of good infrastructure and this includes primarily a grid system which is fit for purpose.

LV Network: We feel that the 33kV and 11kV network, transformers and control systems require urgent upgrade and improvement to allow full geographic access and to facilitate connections at these voltages. The deficiencies on these networks is illustrated in the recent NIE Heat Map and Managed Connections strategy - which clearly indicate that the potential for connections to the network was critically limited.

The lack of progress with SMART metering and new technology solutions to facilitate connections should also be addressed as a priority.

We feel that there are opportunities within the NIE Networks RP6 Price control for UREG to influence and to address these issues.

Cluster development is a key element for the connection of windfarms. NIRIG would like to see **the timely delivery of planned and future clusters** as a project within the FWP since this is of salient importance to NIRIG members and progress so far has been slow.

Specific UREG Business Plan Projects:

NIRIG feel the following 'flagship' business plan projects listed in the FWP document (Page 10) are relevant to renewables;

1: RP6 - We feel that there are opportunities within the NIE Networks RP6 Price control for UREG to influence and to address the issues and omissions noted above.

4. We feel that the new I-SEM design must allow renewable energy to participate fully in the new market, with mechanisms in place to permit energy from wind farms to be bought and sold in the market. The SEM allowed new entrant plant to enter the market and had rules and systems which permitted renewables to participate successfully. We would like to see the I-SEM offer the same opportunities to renewable plant. We are keen to see a CRM which rewards wind plant appropriately for capacity.

We feel that the final I-SEM system design should not be concluded until all stakeholders are clear and confident that the I-SEM will successfully achieve the required objectives, without reference to timescales or deadlines. We note this project is listed as Strategic Objective 2, Project 1 and agree that a successful implementation of the I-SEM which facilitates increased levels of renewable energy would place downward pressure on prices and support competition and investment.

- *We are keen to understand what market monitoring will be put in place in I-SEM?*
- *NIRIG believe that the links between the I-SEM and Gas market are not strong enough and not yet properly understood. We feel this is a key issue and will need focus.*

We are concerned that the I-SEM arrangements will not compensate wind generators for constraints unless they participate in the day-ahead market. In participating in the day-ahead market generators are exposed to imbalances. We are concerned that the risks in Northern Ireland are potentially greater due to the technical challenges facing the Network Operators.

5. DS3: the DS3 project is fundamental to the growth and success of renewable energy (and consequent reduction in carbon emissions) on the electricity supply network. We fully support UREG participation in this flagship project. We note this project is listed as Strategic Objective 2, Project 2 and agree that this will maximise the amount of renewable generation on the Island of Ireland and put downward pressure on prices. However we are extremely concerned that the proposed arrangements, in particular the auction design, will not deliver the investment in system services which is necessary to operate the system at higher levels of SNSP. Given the technical challenges NIE Networks is currently facing and the connection offer moratorium it is critical that DS3 arrangements incentivise investment in these crucial services. We are concerned that wind generators will be financially exposed to curtailment actions from January 2018 especially given our concerns around deliverability of DS3 investments.

8. Work with DETI and SONI to implement measures to address electricity security of supply. We fully support UREG working to address issues of security of supply. We believe that renewable energy provides indigenous, secure capacity with the benefit of long term price stability.

We feel that UREG should ensure that they are fully resourced to deliver these key projects.

Strategic Priority 3, Project 3, Working with DETI and SONI to implement measures to address electricity security of supply. We completely support this element of the work programme and agree that delivery of the new **North South Interconnector** will significantly contribute to security of supply, allow increased deployment of renewables and reduce customer costs. **This is a high priority project and its completion and commissioning must be addressed as a matter of utmost urgency.**

Annex 1 of the work programme refers to *Other projects not in the draft business plan*, notes as **Project 12** – Micro Generation engagement and delivery of connections review with CCNI and trading standards. Clearly we feel aspects of this project needs to be given a much higher priority, given the comments in our opening paragraphs above.

Project 17 refers to the EU Renewables Directive and again NIRIG would be keen to see any targets in relation to renewables deployment or carbon reduction brought forward in the context of Northern Ireland.

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