



Power & Energy

**Response by Viridian Power & Energy to
Northern Ireland Electricity plc
Transmission and Distribution Fifth Price
Control (RP5) Strategy Paper**

1 October 2010

Executive Summary

Viridian Power and Energy (VPE) welcomes the opportunity to respond to the Utility Regulator's Strategy Paper for the NIE plc transmission and distribution (NIE T&D) fifth price control (RP5).

The recently published Strategy Energy Framework has set a challenging renewable electricity target of 40% by 2020 for Northern Ireland. This target will only be achievable through timely development of necessary and significant transmission infrastructure. NIE will need significant resources, expertise, and the right incentives to make this happen over the next 10 years. There is also a need to ensure NIE have the resources required to deal with the increasing amount of wind generation connecting to the distribution network, particularly in the areas of generation planning, connection policy and project delivery.

Whilst the Utility Regulator is right to carefully choose the most appropriate form of incentive regulation VPE is concerned about the proposal to split the transmission and distribution price controls as this would logically seem inefficient and could seriously compromise achievement of renewable energy targets. Transmission infrastructure will be the backbone for renewable targets and without its timely development renewable targets will not be met. It is both surprising and concerning that the Utility Regulator is less than confident that a detailed transmission development plan can be agreed and costed by the start of 2012. With a three year price control proposed for transmission beginning in 2012 this could effectively mean a (three year) delay in the roll out of necessary transmission infrastructure to support the renewable target of 40% by 2020. VPE would strongly urge the Utility Regulator and NIE to work together in delivering the transmission development plan in time for a joint transmission and distribution price control that will last 5 years beginning in April 2012.

VPE agrees that the NIE T&D price control needs to take account of all SEM arrangements which may influence the future operation and development of the network in Northern Ireland. This includes policies to encourage demand side participation, transmission connection policy, locational network signals, and the promotion of regional integration as cited in the strategy paper. VPE suggests that the current work stream on scheduling and dispatch should also be taken into consideration.

VPE considers that there is a strong case for the option of contesting shallow connection assets and that it would be highly worthwhile affording NIE the resources required to develop the policies, procedures and functional specifications to facilitate this.

VPE welcomes consideration of new initiatives such use of a reporter, consumer input, smart grids, smart metering, low carbon networks fund, and electric vehicles. Whilst further information is required to comment further on the merits or otherwise of a reporter role it is clearly a good idea to encourage informed consumer input into RP5 and to incentivise development of new initiatives in low carbon technologies. A trial of smart grids is welcomed as is support for smart metering trials. The roll out of charging points for electric vehicles is however something that should be more actively pursued in Northern Ireland to keep pace with the Republic of Ireland and Great Britain. Electric vehicles bring many benefits, especially in concert with smart grids.