

## **NIRIG response to NIAUR consultation on contestability**

**27<sup>th</sup> February 2015**

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 energy industry in Northern Ireland, providing a conduit for knowledge exchange, policy development support and consensus on best practice between all stakeholders in renewable energy.

NIRIG welcomes the opportunity to respond to this consultation. We note the commitment by all key stakeholders to the timely delivery of contestability and support all efforts to deliver contestability in as speedy a timeframe as possible. Delivery of contestability is important for Northern Ireland as we not only continue to strive towards our 2020 renewable energy targets, but also in order that we can continue to build upon the jobs and investment already delivered by this industry.

### **1. Are there any other factors in Northern Ireland not discussed in Section 4 that should be taken into consideration when implementing contestability?**

Northern Ireland has a significant number of clusters under development and at pre-construction stage. Delivery of contestability needs to take account of these clusters and the requirements of developers and NIE when contesting these connections, for example cross-bonding between developers.

Way-leaving legislation (section 4.1.2) only needs to be updated if compulsory powers for way leaving and access are to be extended to third parties. Obtaining wayleaves and access rights through agreement with landowners should be contestable without changes to legislation. Legislative changes for compulsory wayleaves could occur in parallel with or after the initial introduction of contestability.

Liaison between NIE/SONI will require an updated Transmission Interface Agreement (TIA). Work will need to be progressed on this to ensure no pitfalls in delivery.

## **2. From the Models highlighted in RoI and GB (Section 5), which do you think would present the best option for NI and why?**

A hybrid approach should be possible and NIRIG believes that this is appropriate. In both GB and ROI the process of introducing contestability was gradual and work continues on delivering additional contestable assets. Similarly for Northern Ireland, NIRIG recommends that a stepped approach is taken, as outlined below. This would allow for more rapid implementation of certain elements and would provide a period of time for the process to be refined in order to provide confidence on the delivery of the second tier elements.

<b>Contestable element</b>	<b>Priority</b>
Detailed design	1
Route and site selection	1
Site acquisition	1
Planning permission/wayleaves	1
Procurement	1
Construction	1
Pre-commissioning	1
Installation of services	1
Offshore assets	1
Commissioning	2
Work within live sub-stations	2
Live low-voltage jointing	2
Final connection to existing network	2

In GB it is necessary for providers to be registered through the National Electricity Registration Scheme (NERS) and receive Lloyds accreditation in order to be able to deliver contestable connections. In ROI there is no equivalent process of registration.

Any accreditation scheme, if required, should not unduly delay the effective introduction of contestability. In ROI the DSO or TSO specify standards, and QA test procedures with appropriate oversight and supervision. The risk of selecting an appropriately qualified / experienced contractor/ICP then rests with the developer. In addition to the normal health and safety requirements for any manner of large scale construction, all connections have to be grid code compliant. This seems to work well from a practical perspective.

## **3. From the issues highlighted in Ofgem's review (Section 6), are there any that cause a significant threat to contestability being successful in NI?**

*Accreditation*

Any accreditation scheme for ICPs should not be unnecessarily onerous or burdensome and neither reduce competition nor slows down the implementation of contestability.

#### *Appeal process*

Contestability rules should provide for an appeal process to ensure a level playing field for connection providers. This would need to be the responsibility of NIAUR.

#### *Transparency of pricing*

Issues such as transparency of pricing (or lack of) and the DNO level of control/bureaucracy could be barriers to contestability. Connection offers should be provided with a large degree of granularity to allow for clear comparison of offers

#### **4. Is there any documentation that has been missed from the list detailed in 7.11.1?**

None that we are aware of.

#### **5. Are there any other non-contestable works that are not outlined in 7.12 that should be considered?**

Not that we are aware of. As noted above, NIRIG believes that consideration should be given to contestability of the final connection of the existing system.

#### **6. Do you agree with the approach described in 7.13.1?**

Currently in NI generators have a choice of having O&M charges capitalised as part of the connection costs or charged on an annual basis. We expect this will be the case with the O&M fee for assets constructed contestably and handed over to the DNO.

#### **7. Should the connecting party be allowed to choose what contestable elements they wish to undertake?**

Yes. This should however be balanced with the need to keep the interface between the developer and DNO/TSO as clear and simple as possible.

#### **8. Are there any further policy considerations that have not been considered in 8.1?**

NIRIG would welcome contestability guidelines, as noted in 8.1.2, and believes that this would facilitate clarity for all stakeholders.

As outlined previously, certain works could be progressed without the need for legislative change. For the restricted scope of work suggested for small-scale technologies the developer could act more like a contractor to NIE than a contestable deliverer. A specific workstream to investigate this would be welcome.

## **9. Are there any further practical considerations that have not been considered in 8.2?**

NIRIG strongly agrees that a plan for the review and development of functional specs needs to be established as quickly as possible and in parallel with this consultation (8.2.2).

*‘Quick wins’:* All efforts should be made to implement contestability as quickly as possible. This will mean a stepped approach. For example, for the scope of work suggested for small scale connections usable functional specifications should already exist and handover procedures should be simple.

*Shared connections (clusters):* contestable connections should only be offered to a sub-group where all parties agree to pursue the contestable route.

*DNO resourcing:* Adequate DNO resources will be required to modify connection offers, prepare functional specifications, review designs, commission and provide on-site inspection. If the IPP contracts are allowed to commission the NIE contestable build works, SONI/NIE will require resources to meet the number of contestable builds

*Timing:* Developers should be able to request a contestable connection at a number of stages during the development of the connection and not just prior to the consenting process.

*Connections eligible to be built contestably:* detail will need to be provided as to the connections that will be eligible for contestability. This will include consideration of where a developer has accepted a connection offer, but where work has not commenced, and where an offer has been made but not accepted.

*Equipment:* Further information needs to be provided on whether there will be a preferred equipment supplier

*Shortfall protections:* the same shortfall protections given by the UoS customer to the development of cluster infrastructure should also be available to contested cluster infrastructure. NIE SOC 2014 refers to shortfall in recovery of costs:

*7.10 Depending upon the timing of payments, the level of contributions from **Authorised Generators**, whether **Authorised Generators** opt for offers based on estimated or out-turn*

*cost chargeable and the actual costs of the construction of the **Approved Generation Cluster Infrastructure** there may be a shortfall in the recovery of costs (Capital and O&M) by NIE. In such an event, any shortfall shall be recovered by NIE through network charges, by the addition of such costs to the **Regulatory Asset Base** in respect of capital costs and by an addition to NIE's Opex allowance in respect of O&M costs. Similarly there may also be an over recovery of such costs and in such an event any over recovery shall be repaid by NIE through network charges, by an appropriate reduction in the **Regulatory Asset Base** in respect of capital costs and by a reduction to NIE's Opex allowance in respect of O&M costs.*

The same commitment to cover potential shortfall in recovery of costs (capital & O&M) by NIE if the cluster infrastructure were contested should be available. If this were not the case, then this could be considered a barrier to the introduction of contestability of shared assets.

#### **10. Are there any further issues around contestability not addressed in this consultation?**

Timelines for delivery have not been addressed and these are crucial. A timetable of all documents, policies and legislation needs to be produced and clear work streams developed with adequate resourcing. This is particularly important for the publication of NIE/SONI functional specs.