

NIRIG response to SONI Price Control 2015-2020 Draft Determination

14th May 2015

Introduction

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. We welcome the opportunity to respond to the draft determination of the SONI Price Control 2015-2020.

We wish to highlight the importance of the requirement for minimisation of curtailment of wind generation as required under EU legislation. As well as the delivery of DS3 there are other important actions that can be taken by SONI including maximising interconnector counter trades during curtailment events and improving transparency in this area by publishing detailed information on the level and reasons for windfarm curtailment.

We also wish to note concerns around implementation of the 'D5' mechanism of implementation of project approvals by SONI, as was introduced in the NIE 5th Price Control. We have not yet seen any evidence that this mechanism has made the approval process more efficient, timely or effective, and therefore we must question the advisability of introducing this same mechanism for another regulated company without such evidence.

Opex

It is noted that the UR has not allowed the requested increase in staff in operations and IT. However it must be recognised that there will be increasing challenges in accommodating the greater capacity and varying types of renewables on the system in the future. In the absence of the additional staff requested in this price control there is the need to explore in the next price review period how SONI and EirGrid resources across both control rooms can be most efficiently used to meet these new challenges. To help manage ongoing renewable generator constraint, curtailment and interconnector activity a dedicated 24/7 operations role (across NI and RoI) to manage these activities should be introduced. It is noted that in other jurisdictions with high renewable penetration levels such roles already exist.

The challenge of consenting and getting landowner and public buy-in is increasing for transmission projects. This is clearly demonstrated by the ongoing delays with the North-South interconnectors on both sides of the border. The role of public affairs in supporting the project development teams has therefore never been more important and not allowing the requested external public affair budget does not seem appropriate.

Capex

The DS3 process is critical to meeting the 40% renewable target. This is recognised by all industry stakeholders. It is noted that the DS3 budget is outside of this price control. However priority should still be given by NIAUR and SONI to ensure there are sufficient resources within SONI to work alongside EirGrid in the delivery of the DS3 work-streams including the necessary IT systems.

We welcome the approval of the new Energy Management System (allowing all-island control from either SONI or EirGrid bases). In an all-island system this is vital. As noted above, a 24/7 operations role across NI and ROI to manage constraint, curtailment and interconnector activity would also be valuable.

Incentives

NIAUR has made no allowance for innovation despite SONI's request for £2.5m to support innovation through partnerships with local universities and part-funding of small scale technology trials. We find this very disappointing and indeed potentially short-sighted and would request a review of this draft determination. Northern Ireland is the only jurisdiction in the UK and Ireland that has not approved any monies and provided funds for the System operators to invest in innovation. Although this is a 5 year price review, without promoting a culture of innovation, it is difficult to see how the NI system operators can be in a position to maximise opportunities in the next 5 years and beyond in new areas such as Smart Grid.

Transfer of planning function

SONI now has responsibility for planning the development of the transmission network. A document detailing the strategic development needs of the network is long overdue. As SONI now have these responsibilities it is critical that this work is completed early in this price control period and sufficient resources be allocated in this price review for these works.

NIAUR has proposed that similar procedures to the NIE CBA approval process be implemented for SONI projects. That is to say that the NIE 'D5' project categories that require a full CBA before NIAUR approval will now be applied to SONI as they identify projects and initiate pre-construction. We have strong concerns about the introduction of what the industry previously considered to be an unproven approval process without any evidence that this mechanism has made the approval process more efficient, timely or effective. We therefore question the advisability of introducing this mechanism for another regulated company without such evidence. A transparent review of this mechanism should be carried out to demonstrate impact before implementing elsewhere.

Should you have any queries or questions on the above please do not hesitate to get in touch.