

Consultation on Electricity Connection Policy to the Northern Ireland Distribution System

Comments by

Northern Ireland Environment Link

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Northern Ireland Environment Link (NIEL) is the networking and forum body for non-statutory organisations concerned with the environment of Northern Ireland. Its 58 Full Members represent over 90,000 individuals, 262 subsidiary groups, have an annual turnover of £70 million and manage over 314,000 acres of land. Members are involved in environmental issues of all types and at all levels from the local community to the global environment. NIEL brings together a wide range of knowledge, experience and expertise which can be used to help develop policy, practice and implementation across a wide range of environmental fields.

These comments are agreed by Members, but some members may be providing independent comments as well. If you would like to discuss these comments further we would be delighted to do so.

Prof Sue Christie, Director
Northern Ireland Environment Link
89 Loopland Drive
Belfast, BT6 9DW
P: 028 9045 5770
E: Sue@nienvironmentlink.org
W: www.nienvironmentlink.org

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1. INTRODUCTION

We welcome the opportunity to participate in the consultation process on the Electricity Connection Policy to the Northern Ireland Distribution System. It is essential to ensure that Northern Ireland plays its full part in the development of small scale renewable electricity generation and appropriate incentives are required together with adequate provision for protection of the environment and fair charging for all customers connecting to the grid. Northern Ireland is almost entirely dependent on imported energy and, as stated in the consultation document, the electricity grid has been designed exclusively to supply customers with power generated from imported feedstocks. We will have no control over the cost of imported fuels and we will be at the mercy of international pricing and supply in the future. We must therefore start to upgrade the grid as soon as possible to take maximum advantage of renewable energy, including-micro generation, in the long term.

The current grid is not fit for purpose for the future energy requirements of Northern Ireland. When energy prices rise substantially everyone will have to pay more. Therefore everyone has to pay their fair share now to upgrade the grid and develop renewable energy to offset very high imported fuel bills. The electricity connection policy is an integral part of the overall strategy required to develop a robust distribution system that is fit for purpose for the very different circumstances that Northern Ireland will face in the 21st century. The connection policy must therefore look beyond the short term (e.g. the next seven or ten years) to the long term.

It is the Regulator's duty to take an appropriate long term view on behalf of all of the people of Northern Ireland. Northern Ireland has a more dispersed rural population than the other countries of the United Kingdom and agriculture is economically important. When the costs of imported agricultural inputs such as fertilisers and feedstuffs increase, especially after 'peak oil', it will be especially important for farmers and other rural dwellers to adopt renewable energy generation, both for their farm enterprises and for power supply through the grid to urban customers. There will need to be an appropriate mix of renewables, including anaerobic digestion and biomass fuels, as well as wind and photovoltaic. The structure of the grid must therefore change accordingly and this upgrading should start as soon as possible. The following are NIEL's responses to the individual Sections of the consultation paper.

2. SECTIONS OF THE CONSULTATION PAPER

Section 3 Current charging methodology in the Statement of Charges (new domestic and smaller business connections)

We agree with the proposed removal of the 40% subsidy for the cost of new connections to give cost reflective charging. We agree that it could be argued that the electrification policy has been delivered and the circumstances that required a subsidy no longer exist. The new circumstances are a requirement to facilitate connections for micro-generation. We therefore recommend that new connections for micro-generation now receive a 40% (or higher) subsidy as an added incentive for micro-generation schemes.

Section 4 Treatment of domestic connections of significant cost

We agree that when a customer is building a new house or premises etc the cost of the connection to the distribution system should be factored into the overall cost of the building and that the cost of connection should be paid in full. The savings associated with the absence of a subsidy should be used to subsidise the cost of new micro-generation connections as outlined above.

Section 5 Connection costs paid by “vulnerable customers”

NIEL considers it appropriate that the Utility Regulator, in conjunction with the CCNI and NIE, divert resources to this line of work. We consider that it is appropriate that a limit should be set as to the amount a vulnerable customer should pay for their connection and we are content to leave it to the Utility Regulator taking the advice of CCNI to decide the levels of funding that are appropriate for vulnerable customers. If a limit is set we consider it appropriate that those vulnerable customers with a high cost connection have part or all of their connection funded through the wider customer base. Abuse of this scheme can be avoided by the continued use of regulatory processes and also in consultation with vulnerable customers and their representative organisations.

Section 6

In ‘Issues with current situation’ we do not agree that “...there is a risk that large scale grid code compliant renewable generators might have to be curtailed in order to allow micro-generators to operate.” The overwhelming requirement for the benefit of Northern Ireland’s population in the medium and long term is to maximise the amount of renewable generation at all scales of operation. Any other strategy will eventually lead to much higher costs for electricity. The priority must therefore be to start upgrading the 60% of the 11kV rural distribution network that is unsuitable for connection of generation above 6 kW as soon as possible, and this must not be allowed to present a barrier to either large scale or micro-generation.

We also do not agree that “...nor is it practical to assume that they [distribution systems] could be rebuilt with that robustness”, i.e. the robustness required to perform to the level of network security required of transmission systems which cater for interconnection of large generators. Those parts of the network requiring upgrading should be upgraded as soon as possible. It is also not acceptable to plan on the basis of Northern Ireland having sufficient generation to meet demand for the next seven years. Planning on this short-term basis will result in failure to ensure a satisfactory distribution system for the people of Northern Ireland over the next few decades and is likely to result in significantly higher cost of electricity in the short to medium term.

We contend that subsidies should be given to renewable micro-generators in Northern Ireland. However, these should not be assessed in the context of the differing characteristics of the electricity systems in Northern Ireland and Great Britain. We need at least the same level of incentives as in Britain. Indeed, we need more incentives because of the large proportion of our network that is 11 kV serving our relatively large dispersed rural population for which microgeneration can be particularly advantageous (local generation for local use, with ‘spill’ of excess to the grid to buffer intermittency of generation).

We therefore consider that it is essential to subsidise micro-generation connections by the use of system tariffs in Northern Ireland, given the demand profile expected over the coming decade (together with our vulnerability to the international energy market) and the target of 40% of electricity supplied in Northern Ireland to come from renewable resources by 2020. This figure of 40% should not be regarded as difficult to achieve because this scenario will likely result in failure to achieve the target. We believe that the target should be at least 40%, from renewable resources by 2020 and the target should continue to rise beyond that date to near 100% local production.

The Utility Regulator should consider a subsidy of at least 40% of the cost of connection for micro-generation to encourage new connections.

Section 7 Rebates for generators and customers

We agree that the Utility Regulator should harmonise the Statement of Charges for Connection to the Northern Ireland Distribution System with the Transmission Connecting Charging Methodology Statement and adopt a ten year period for the allocation of rebates for shared connection assets in due course. We consider it appropriate that rebates will apply to all classes of customers connected to the distribution system.

Section 8 The definition of “connection assets” and associated costs

NIEL considers it appropriate to change the definition currently in place regarding connection assets for the distribution system. We agree with the appropriateness of charging only demand customers for use of the distribution system. We are in favour of changes that make connection cheaper for micro-generators. Higher charges will need to be paid by the wider consumer population for a more robust and flexible electricity grid, but the flexibility of the grid will actually minimise the overall costs of electricity in the longer term as imported energy sources become ever dearer.

Section 9 Timing of Connection Offers and Connections

We consider it appropriate to incentivise NIE to reduce connection and quotation times and also that NIE include a contractually binding duration for the connection works in their offers, with the areas outside their control that relate to the timing of that specific connection identified.

Section 10 The treatment of Charges for Connecting Groups of Generators

We have no further views on NIE’s recommendations for the connection of groups of generators.

Section 11 Other issues

We consider the O&M costs described and the method of charging for them to be appropriate. We consider it appropriate that the costs associated with compliance with the Grid Code are reflected in the Statement of Charges for Connection to the Northern Ireland Distribution System.

We are in favour of any initiative that speeds up and increases the number of connections for renewable energy including private networks. Natural gas is supplied to Northern Ireland customers by private organisations and the associated Quality and Health and

Safety standards are presumably monitored satisfactorily. It must therefore be possible to monitor these aspects of electricity supply by private networks.

The urgent need is for the maximum possible amount of renewable energy contributing to the generation of electricity in Northern Ireland together with the required upgrading of the current distribution system. Everyone will have to pay their full share of this against a background of even higher costs for imported fuels and potential problems with energy security in the future. This should also be regarded as an opportunity for Northern Ireland to share in future prosperity arising from the development and marketing of associated new technology. We should be investing in our future energy supply so that we can reap the rewards in the future instead of paying rising costs to overseas energy suppliers.