

NIRIG response to Approval criteria and incentive mechanisms for RP5 Fund 3- Investments for Renewable Electricity Consultation Paper

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 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 the consultation paper '*Approval criteria and incentive mechanisms for RP5 Fund 3 - Investments for Renewable Electricity*'; however, given that this is a critical proposal for determining investment to facilitate renewables generation integration we would have welcomed a longer timeframe in which to respond.

We also welcome recognition of the importance and benefits of renewable generation for consumers as stated in section 2.14, but as previously noted in our response to the RP5 draft determination, we would express concern that this proposed mechanism has the potential to introduce substantial delays in the delivery of the infrastructure to support this generation. At the core of the Northern Ireland Executive's Strategic Energy Framework (SEF) targets is 40% of electricity consumption from renewable energy sources by 2020. It is crucial that the approval process facilitates this target in a timely and efficient manner and as we note in our detailed response, we do not believe this process will facilitate the targets in this manner.

In our detailed notes below, NIRIG would like to highlight some key issues that we believe need to be addressed in order to facilitate the SEF targets and a healthy investment environment for Northern Ireland.

Pre-supposition of RP5 Draft Determination

NIRIG has concerns that the proposals within this consultation include some that were originally mooted within the draft determination and which we flagged as potentially having a negative impact on investment and efficiency. For example, in our previous response we noted our concerns around the proposed financial rate of return on renewable energy projects, believing it to be a disincentive for renewable energy connection to the system. We also made the point that we did not believe that the Reporter would improve the efficiency or speed of project approvals. However, both these proposals remain in this consultation and their reappearance seems to imply that they are now a foregone conclusion. Furthermore, we recommended that performance targets be set with regards to turnaround times and would like to see these incorporated into any regulatory process ultimately

adopted. We are disappointed that the proposed process does not include such timelines for consultation.

Investment costs and impact on consumers

NIRIG is also concerned that this paper refers in its introduction to investment figures which we believe do not stand up to scrutiny. In DETI's Strategic Framework (SEF) it is estimated that the total impact on domestic bills of reaching the target of 40% electricity consumed in NI in 2020 coming from renewable sources would be between £50 and £80 per year (1.8).

In late 2011 NIRIG commissioned Redpoint, an independent consultancy to complete a study examining the impact of a 40% renewable electricity target on NI consumers in 2020. The analysis in this report considered the impact on SEM wholesale prices and renewables support costs, but also incorporates the impact on network reinforcement and curtailment costs. Analysis within the report has shown that investment in grid infrastructure, while significant, is not prohibitive and the vast majority of the investment required is offset by savings in wholesale prices and reductions in support costs. The net impact of reaching the 40% target (in both ROI and NI) to the average householder in Northern Ireland is an increase of £3.20 per annum, less than 1% of the typical annual domestic electricity bill.

It is also important to consider the potential impact of not fully developing the NI renewable energy resource, particularly if the price of fossil fuels continues to rise. Analysis within the Redpoint report indicates that, using Department of Energy and Climate Change (DECC) estimates for "high" fuel prices in 2020, the average household would be £70 per annum better off if renewable generation in NI reached 40% as opposed to 15%.

In addition, the consultation paper states that NIE has identified the requirement for up to £1 billion to develop the network to accommodate enough renewable generation to meet government targets (1.1). However, the aforementioned Redpoint study estimates that the cost of network development to connect 40% renewable to be £333m (2011 cost base).

We would like to request a meeting with the Utility Regulator to discuss the findings of this Redpoint study.

Process as outlined and current context of renewable connection

The paper rightly recognises that an increase in renewable generation should lead to reduced wholesale prices which in turn will benefit the consumer. In order to achieve such savings however, this renewable generation needs to be operational. NIRIG is greatly concerned that the process outlined in the proposal, while designed to ensure a robust mechanism of approval, will at best significantly delay the development of the necessary grid infrastructure. Developers will not commence the construction of new generation until they have some certainty around the availability of a grid connection. There are a number of reasons why the process as outlined has the potential to delay new infrastructure build, summarised as follows;

- increase in the interaction between NIAUR and NIE - each communication stage will increase the overall timeframe
- limited resources - it has been evident to industry that both NIAUR and NIE have

been stretched when dealing with recent policy issues e.g. clusters, RP5 price control

- use of external consultants - procurement and oversight add additional overheads to the process

Current connection delays

There is already evidence that the need for significant interaction between NIE and NIAUR leads to unacceptable delays in the connection of new generation assets. The cluster methodology for connecting wind farms in close proximity was first mooted in May 2007. In general terms, the concept has been supported by the industry but delivery has been frustrating. There are currently 14 approved wind farms which have applied for connection to the grid, some of which have been waiting for over 2 years to receive a connection offer. It is an undisputed fact that at least 306 MW could now have been operational had the cluster connections been progressed in a timely manner. The associated benefits of reduced electricity prices and replacement of fossil fuel generation have not yet been realised due to delays in the approval of cluster connections.

Cluster development

Paragraph 2.19 of the consultation paper states that cluster development is included in these Fund 3 proposals. This would appear to add significant extra justification requirements for those clusters on to the cluster methodology consultation which closed in September. Clusters represent the primary means of connecting developments into the future and as stated above current delays in development are impinging directly on the delivery of sustainable targets. These additional requirements can only exacerbate the current delays. By proposing that each cluster needs to go through a justification process in advance of a further 3-stage approval process appears to be an extremely lengthy and inefficient system.

Potential for stand-off

The approval of construction costs and, in particular, the references to firm access in paragraph 5.5 also cause concern. The acceptance of connection offers made by NIE involves the payment of a significant deposit by the developer so as to demonstrate intent. Developers can only commit funds to projects once there is a reasonable degree of certainty around the connection process and, in particular, the availability of firm access. Firm access can only be delivered through the provision of the necessary grid infrastructure which, as outlined, is subject to approval by NIAUR. There is therefore the potential for a standoff to develop in that developers will not accept offers due to uncertainty surrounding firm access while NIAUR will not approve the projects that could deliver the firm access because the developers have not accepted the connection offers. A resolution of this potential impasse will need to be found.

Legal responsibility

RES Directive

Directive 2009/28/EC on the promotion of the use of energy from renewable sources (RES Directive) outlines a number of obligations on Member States to enable the integration of renewable energy and to minimise curtailment.

In particular, Recitals 60 and 61 state that:

“(60) Priority access and guaranteed access for electricity from renewable energy sources are important for integrating renewable energy sources into the internal market in electricity...Priority access to the grid provides an assurance given to connected generators of electricity from renewable energy sources that they will be able to sell and transmit the electricity from renewable energy sources in accordance with connection rules at all times, whenever the source becomes available. In the event that the electricity from renewable energy sources is integrated into the spot market, guaranteed access ensures that all electricity sold and supported obtains access to the grid, allowing the use of a maximum amount of electricity from renewable energy sources from installations connected to the grid...

(61) In certain circumstances it is not possible fully to ensure transmission and distribution of electricity produced from renewable energy sources without affecting the reliability or safety of the grid system. In such circumstances it may be appropriate for financial compensation to be given to those producers. Nevertheless the objectives of this Directive require a sustained increase in the transmission and distribution of electricity produced from renewable energy sources without affecting the reliability or safety of the grid system. **To this end, Member States should take appropriate measures in order to allow a higher penetration of electricity from renewable energy sources**, inter alia, by taking into account the specificities of variable resources and resources which are not yet storable...”
(emphasis added)

In addition, Article 16(1) imposes requirements on Member States in relation to access and operation of the grids. It states that:

“Member States shall take the appropriate steps to develop transmission and distribution grid infrastructure... in order to allow the secure operation of the electricity system as it accommodates the further development of electricity production from renewable energy sources... Member States shall also take appropriate steps to accelerate authorisation procedures for grid infrastructure and to coordinate approval of grid infrastructure with administrative and planning procedures...” (emphasis added)

The RES Directive therefore clearly identifies the NI Utility Regulator’s duties in respect of setting priority for, and facilitating access to, the grid for renewable electricity. We feel that the Consultation Paper on approval criteria and incentive mechanisms for RP5 Fund 3 (Fund 3 Consultation) falls short of the obligations imposed on Member States in the RES Directive and therefore fails to meet the requirements of the RES Directive. Indeed, the Fund 3 Consultation fails to make any reference to the RES Directive and the obligations contained in it in relation to grid infrastructure for renewable energy.

Recital 61 to the RES Directive set out above clearly suggests that financial compensation may be paid if renewable energy generators are curtailed for the safe and reliable operation of the grid. Article 16 requires Member States to take appropriate steps to develop

transmission and distribution grid infrastructure to accommodate renewable energy generation. There is therefore a suggestion in the RES Directive that the failure of a Member State to make appropriate and timely investments in grid infrastructure, specifically to accommodate renewable energy generation, could lead to compensation being payable to renewable generators for inappropriate and/or unfair curtailment.

Energy Order

Article 12 of the Energy (Northern Ireland) Order 2003 (Energy Order) sets out the principal objective and general duties of the Utility Regulator in relation to electricity. Article 12 defines the parameters of the Utility Regulator's regulatory functions. It includes a duty to "secure a diverse, viable and environmentally sustainable long-term energy supply" (Article 12(5)(c)). This duty is further strengthened and clarified by the requirements of the RES Directive highlighted above.

In addition, the Utility Regulator must also have regard to the effect on the environment of activities connected with the generation, transmission, distribution or supply of electricity (Article 12(5)). This must accommodate the introduction of renewable electricity because of the need to reduce carbon emissions which is also set down in the DETI Strategic Energy Framework and the Assembly Programme for Government targets. NIRIG believes that the proposals contained in the Fund 3 Consultation contravene this duty as they do not adequately consider the long-term benefits of renewable energy to consumers but rather appear to focus on the more short-term cost benefits to consumers. This emphasis is of particular concern as the Energy Order defines consumers as including both existing and future consumers (Article 2(2)). The definition of 'future customers' is relevant because it requires the Utility Regulator to take into account the increasing cost and insecurity of fossil fuels and to take steps to prevent this through facilitating the greater deployment of renewable energy technologies.

Third Energy Package

In 2011, DETI implemented the Third EU Energy Package on market liberalisation in relation to the electricity industry. As part of the Third Energy Package, Article 36 of Directive 2009/72/EC (IME3 Directive) places a requirement on the Utility Regulator to take account of a number of objectives when carrying out its regulatory tasks.

In order to provide greater transparency and clarity, the Department amended the Energy Order to reflect the objectives set out in Article 36 of the IME3 Directive (see Article 1A of the Energy Order). These are in addition to (rather than in substitution of) the Utility Regulator's existing principal objective and general duties, which continue to apply.

The objectives contained in the IME3 Directive emphasise the need to take into account the sustainability of energy supply including:

- “(a) promoting, in close cooperation with the Agency, regulatory authorities of other Member States and the Commission, **a competitive, secure and environmentally sustainable internal market in electricity** within the Community, and effective market opening for all customers and suppliers in the Community and **ensuring appropriate conditions for the effective and reliable operation of electricity networks, taking into account long-term objectives;**

- (b) ...
- (c) eliminating restrictions on trade in electricity between Member States, including developing appropriate cross-border transmission capacities to meet demand and enhancing the integration of national markets which may facilitate electricity flows across the Community;
- (d) **helping to achieve, in the most cost-effective way**, the development of secure, reliable and efficient non-discriminatory systems that are consumer oriented, and promoting system adequacy and, in line with general energy policy objectives, energy efficiency as well as **the integration of large and small-scale production of electricity from renewable energy sources and distributed generation in both transmission and distribution networks**;
- (e) **facilitating access to the network for new generation capacity, in particular removing barriers that could prevent access for new market entrants and of electricity from renewable energy sources**;
..." (emphasis added)

NIRIG is of the opinion that competition can only be facilitated by making connections available and that, if this is not happening within a reasonable timescale, then the Utility Regulator has failed in his duty. NIRIG believes that this failure is evidenced by:

- delays in connection offers;
- lack of firm network capacity;
- failure to implement network improvements within a reasonable timescale;
- failure to provide a secure, reliable network;
- failure to facilitate access to the network for new generation capacity, in particular failure to remove barriers that could prevent access for new market entrants and of electricity from renewable energy sources.

In summary, NIRIG believes that the Fund 3 Consultation does not adequately consider the Utility Regulator's obligations under the IME3 Directive but rather appears to focus on costs and immediate financial benefits to consumers.

Moreover, we feel that the principal objective and general duties of the Utility Regulator are at variance with the regulatory role as set out in the IME3 Directive. In particular, the inclusion of a "principal objective" and a subsidiary set of duties for the Utility Regulator is in contrast to the parity of the eight "general objectives" for regulatory authorities set out in the IME3 Directive. NIRIG feel that the duties of the Utility Regulator should be revised and aligned with the IME3 Directive, such that all objectives and duties have equal standing and a balanced approach to the regulatory function is achieved. This position is reinforced by the amendments made to Ofgem's principal objectives in the Energy Act 2010, paragraph (1A), which add clarification to Ofgem's duties in relation to future customers.

SEM Connection Policy

In September 2006 the SEM Committee published its decision on Generator Connection Policy, AIP/SEM/114/06. In relation to the deep reinforcement required for new generators it states in section IV.2:

“.. that the system operators and network owners should be obliged to complete such reinforcements in a timely manner.”

RP5 clearly does not give a commitment that the deep reinforcements required for new renewable generation will be completed, never mind in a timeline manner. The Fund 3 document needs to provide a framework for the delivery of deep reinforcements that is consistent with SEM design and does not discriminate against Northern Ireland generation.

Best practice

The consultation paper proposes a new process for the approval of renewables projects, and we have already outlined our general concerns with this process. We appreciate the desire to put in place a system that is both efficient and enabling for renewable generation; however we would draw attention to processes in other parts of the UK and Republic of Ireland that may offer alternative methods for achieving these ends.

Great Britain

Strategic and sustainability issues

Ofgem has just closed a consultation in which it proposes to formalise the consideration of wider strategic and sustainability issues within its decision making processes, rather than a narrow and immediate cost-benefit analysis. NIRIG believes that the decision-making framework for infrastructure development in Northern Ireland should include wider strategic and sustainability issues and is willing to support the Utility Regulator in developing such a framework.

Longer-term price controls

Whereas project by project assessment outside of the five yearly price control cycle is proposed in NI, in GB all projects are assessed during price control set for eight years, with provision for a mid-period review. This appears to be more efficient and should provide a longer term view of planned network developments.

RIIO – setting Revenue using Incentives to deliver Innovation and Outputs

In recent times, a key change in the approach to network and pipeline company price control in GB is the introduction of the RIIO Model – “Revenue using Incentives to deliver Innovation and Outputs”. Whereas a separate Fund 3 process is proposed for renewable electricity networks in NI, the RIIO framework is used in all four energy network sectors in GB (gas transmission, electricity transmission, gas distribution and electricity distribution).

This model is designed to encourage energy network companies to:

- play a full role in delivery of a sustainable energy sector; and
- deliver value for money network services for existing and future consumers.

The model prioritises sustainability and makes explicit reference to existing and future consumers. NIRIG would suggest that the process of approval as outlined in the consultation would benefit from being framed within the objectives above.

We note that this consultation refers to the RIIO process but states that the environmental outputs defined by Ofgem are not considered to be relevant to this type of investment. NIRIG would disagree with this assertion. We would recommend that if NIAUR does not wish to consider the environmental outputs as defined by Ofgem as relevant, then NIAUR should clearly define its own environmental outputs and include these within its cost-benefit analysis. These could include, but would not be limited to:

- reducing the carbon footprint across the energy system
- facilitating an increase in the flow of low carbon generation
- encouraging active network management through demand side response and consumer energy efficiency
- impact on other emissions

In addition, the cost-benefit analysis should also incorporate specific outputs under 'Conditions for connection'. This would include at the very least the time taken to connect to a generation node.

By setting out a 3-stage approval process for individual projects, NIAUR runs the risk of becoming closely involved in operational matters and determining the need for the network, rather than an oversight body with monitoring responsibilities for ensuring that correct processes are being followed. Consideration must be given to the resource requirements and the practical challenges that come with larger monitoring responsibilities so that they are not an inadvertent source of delays. In GB, the regulator's role focuses on confirming that TOs adhere to their licence obligations. In a clear and well-understood process, with clear and structured consultation, regulatory involvement can focus around the detail of plans rather than challenging a TO on the fundamentals of the need case for its investment plans.

Republic of Ireland (ROI)

In ROI, a relevant comparison can be drawn with PR3 Transmission Capital Expenditure Monitoring (CER 11/116)¹. In this paper, CER notes that a significant investment in the Irish transmission system is necessary in order to meet Ireland's renewable targets. To this end, they have implemented a transparent monitoring system which puts effective monitoring and approvals checks in place. The paper includes €1.45 billion of transmission network Capex over the 2011 to 2015 period (PR3). This is dedicated for Grid 25 and the meeting of renewable energy targets.

While the process envisages monthly checks on all projects over €10M, it is designed to be smooth, thorough and transparent, with quarterly Transmission Project Charts on the CER website. There is a clear intent to ensure delivery and the regulator role is to ensure the transmission Capex is incurred as efficiently as possible and specifically a formal check that the TSO has adhered to its own processes correctly. In turn, the TSO role is to ensure that all projects pass their individual economic assessments and are approved by their Boards before they are taken to the regulator for capex monitoring.

¹ PR3 Transmission Information Paper- Capital Expenditure Monitoring, CER, 2011

The key difference in the ROI process and that outlined by the Utility regulator is that the ROI regulator intends to monitor spending proposals to ensure correct process has been followed and to ensure smooth delivery. In particular they remain focused on connecting generators and their need for transparency and prompt delivery. Further, the intent is to show how transmission network build fits with that contained in the connection offers to generators. This gives generators waiting for firm connections a clear view on the status of projects.

This process has clear prioritisation of renewable energy in order to reach government targets, and provides transparency and confidence in the prompt delivery of infrastructure to facilitate these targets. Again, NIRIG would note that the process as outlined by NIAUR does not provide this confidence and we would recommend that a shorter, less hands-on process be adopted by NIAUR with regard to Fund 3 project approvals.

Strategic development - Interdependencies and inclusion of major system projects and costs

Major projects

The purpose of this paper is to relate to the deep reinforcement required to provide access for sustainable generation. Fund 3, however also encompasses system works such as the North South interconnector and the Magherafelt CPS restring. These system projects, whilst undeniably delivering benefit to distributed renewable generation, are not driven by that requirement. Conventional generation redundancy and asset condition require these projects to progress independently of any sustainable requirement.

Interdependence

The references to the interdependence between projects (paragraphs 4.3 & 5.7) also cause concern given the long term nature of transmission development, especially when major system projects are included. NIRIG believes that making projects interdependent could result in a 'domino' effect, whereby uncertainty in one project could lead to other projects not appearing to have strong case for construction. Any approach to network development requires a long-term view of generation and transmission and distribution requirements and should not provide any opportunities for a major project to stymie development that is required to facilitate government targets or EU Directives

NIRIG would recommend that there be a consensus view of Network 25 as a basis for a phased build out rather than being dependency driven, as that approach could well impact on the timely delivery referred to in paragraph 4.11.

The role of SONI

NIRIG would also have concerns that the role of SONI appears to be understated in the process that is described. Given the references to Market impact analysis (paragraphs 2.21 & 5.21) and references to dispatch capabilities (paragraph 4.7), SONI needs to be fully integrated into this process. None of these processes exist in the current Transmission Interface Agreement and this would need to be addressed.

SONI also fulfils a role in terms of auditing transmission developments, which does not seem to be recognised within this paper. The impact of this process on other SONI outputs such as ITC analysis, TUoS agreements, etc. caused great concern as without reliable signals, development of renewables will struggle to achieve the necessary financial backing. With the level of uncertainty inherent in this process regarding long term development it is difficult to see how firm access and connections can be forecast to a degree which would allow adequate financial certainty.

Reporter and return on investment

As already noted, NIRIG has concerns that some proposals within this consultation appear to predetermine outcomes from the RP5 Draft Determination, without addressing some of the significant issues that the renewable energy industry raised in our response to that draft determination. For example, our previous response noted that we:

'[are] concerned that the proposed financial rate of return on renewable energy projects will attract a lower return than conventional network projects (5.2% rather than 6.32%). We feel this is a strong disincentive for renewable energy connection to the system for NIE and would support a return commensurate with other network investments.'

In addition, we made the point that,

'NIRIG does not believe that the Reporter will improve either the speed or efficiency of the project approval process and would recommend that the priority be on ensuring that existing regulatory approval is more efficient and timely. NIRIG is aware that other utilities, such as Great Britain water utilities have previously used this approach of employing a reporter and have found it to be of no benefit².

The reappearance of both the proposed rate of return and the reporter seems to imply that they are now a foregone conclusion, and we would reiterate our concerns that a lower rate of return for a higher-risk investment does not provide confidence that network spend in this crucial area will take place as appropriate.

Furthermore, we recommended that:

'to increase investor certainty, the Utility Regulator should set explicit performance targets with regards to turn-around times for regulatory approvals.'

We are seriously concerned that there is no indication of performance targets with regards to turn-around times for regulatory approvals.

Conclusion

As previously mentioned, the Strategic Energy Framework has set the challenging but achievable target of 40% of electricity consumption from renewable generation by 2020. Depending on assumptions regarding the actual energy demand by 2020 and also

² http://www.ofwat.gov.uk/regulating/compliance/prs_in1202regcompliance.pdf

the varying capacity factors of different generation technologies, it is assumed that there will be a requirement for 1400 - 1600MW of total renewable generation by 2020.

Progress to date has been good. By the end of 2012 there should be circa 500MW of renewable generation connected to the electricity grid and the initial renewable target of 12% by 2012 will have been exceeded by some margin. Based on the figures outlined, it will be necessary to connect at least another 900MW of generation by the end of 2020 which can be averaged as at least 115MW of new generation each year between now and the end of the decade. It has been widely recognised that, in the medium term, onshore wind will deliver the significant majority of this new generation. Assuming all consents are in place, it typically takes around 2 years to deliver an operational wind farm. Developers have already demonstrated their commitment to delivery of projects in Northern Ireland and, as highlighted in the NIAUR paper, there are already almost 600MW awaiting connection with in excess of another 600MW under consideration in the planning process. Unfortunately, due to delays in the approval of clusters in particular, the build out of new projects for the next two years will be severely limited and the prospect for achieving the required 115MW per year during this period is poor in the extreme. Should the approval of new infrastructure projects face similar delays, prospects for project build out in subsequent years will be similarly delayed.

Approval of grid infrastructure is only the first step to delivery. Experience has shown that the construction of new grid infrastructure is challenging and time consuming. If 2020 targets are to be met, every possible action needs to be taken to expedite the delivery of grid as quickly as possible. Delays during the approval process will do nothing to shorten the overall delivery timeframe.

Delays to the approval process and ultimate delivery of the necessary grid infrastructure must also be considered against the security of supply objectives, to ensure that there is adequate generation to meet demand within Northern Ireland. Until the North-South tie-line is delivered, the security of supply benefits that the SEM delivers through shared generation adequacy cannot be fully realised. Generation surplus is expected to reduce to 100-200 MW in 2016 as a result of plant closures³. Renewable developments are ready to ease these concerns if connection offers can be issued and infrastructure delivered in a timely fashion.

Delays to the approval and development of grid infrastructure could have another unintended impact. Development of renewable generation is an international business and many of the relevant companies active in Northern Ireland are operating in other markets. Such companies have investment targets and associated budgets already in place. Extended delays will increase the likelihood that companies will seek investment opportunities elsewhere and there is anecdotal evidence that this has already been happening to a limited extent. Further delays to the process of generation construction will only increase the likelihood that investment will be displaced.

In summary, NIRIG has the following high level concerns regarding the proposals as outlined in the consultation paper.

³ [All-Island Generation Capacity Statement 2012-2021](#) (Eirgrid and SONI)

- *Process.* NIRIG recognises the need to ensure appropriate governance for a regulated business such as electricity transmission and distribution; however, the process as outlined is convoluted and has the potential to introduce significant additional delays into an already complex area.
- *Legal responsibility.* NIRIG believes that, in considering the development of new infrastructure to facilitate renewable generation, NIAUR needs to give more weight to the legal imperatives placed on the UK government by the RES-E and IME3 Directives.
- *Strategic development.* NIRIG believes that the consultation fails to recognise that grid development is a strategic process and that the sum of the whole will be greater than the contribution from any individual component. Justification for development on a piecemeal basis is difficult when set outside the context of an overall strategic framework. Furthermore, NIRIG believes that it is fundamentally incorrect to include two major projects (North/South interconnector and Coolkeeragh/Magherafelt refurbishment) within this process - while both benefit renewable generation, both would be necessary even if renewable development ceased immediately
- *Best Practice.* NIRIG does not believe that proposals as outlined represent best regulatory practice and would recommend that the decision-making framework for infrastructure development in Northern Ireland should include wider strategic and sustainability considerations, as well as a longer-term price control and greater use of monitoring, as opposed to approval processes
- *Role of SONI.* NIRIG is of the view that the consultation paper has not taken into account the existing role of SONI in terms of auditing new grid development proposals.
- *Role of a Reporter and rate of return.* NIRIG has previously commented in some detail on the proposals to introduce a Reporter and to introduce a reduced rate of return for renewable generation infrastructure. We would wish to reiterate our concerns on both proposals as they apply to this consultation.

NIRIG welcomes the opportunity to respond to this consultation given its significance for the renewables industry in Northern Ireland. As noted above, we would like to request a meeting with NIAUR to present the findings of the Redpoint study '*The economic effects of increasing wind deployment in Northern Ireland*' and discuss further our concerns as raised in this response.

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