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	Scale Generation Connections

Introduction

Simple Power has previously submitted a paper during the 'Call for Evidence' phase of the implementation of Contestability. We welcome this further opportunity to submit our views on the matter.

In response to the further Consultation Document dated 2 December 2014, this paper restates the Simple Power views on contestability with respect to small scale generation connections and gives our views as to how contestability for small scale connections can be readily and quickly implemented.

The paper also provides responses to the further questions posed in the Consultation Paper.

Importance of Contestability

In general, contestability will enable small scale generators to source materials and equipment direct from suppliers at suitable specifications and with much lower overheads (on-costs) than presently incurred by NIE.

Also, the ability of developers to plan and co-ordinate their installations to align with turbine delivery and avoid the many hand-offs and delays currently experienced with NIE and its contractors, is probably the major benefit for small scale developers.

In summary:

- Small scale developers have great difficulty in getting connected to the 11kV network and connection costs tend to be excessive.
- Developers have great difficulty getting firm connection dates from NIE and on-site coordination of construction works is problematic, with many parties involved.
- Contestability would help to reduce connection costs, not necessarily in respect of the direct costs of plant and equipment, but more through avoiding NIE's labour costs, bought in service costs and significant overhead charges.
- Allowing developers to carry out construction works would significantly improve the logistics of the construction process, reducing timescales and facilitating more efficient on-site works; both contributing to reduced costs.

 Allowing developers to carry out construction works would allow them to better coordinate material and plant delivery with turbine manufacturers and other contractors by having more control of project timelines, thereby reducing nugatory costs for both manufacturers and developers.

Scope for Contestability

Essentially the process of providing a connection has two fairly distinct phases.

Firstly the pre - construction phase where, before a job is cleared for construction it requires detailed design (survey), wayleaves, possibly planning permission, earthing design and legalities.

Simple Power believes that NIE is best placed to carry out this pre-construction work.

The second phase entails the actual construction of the assets on site; for small scale connections the majority of the benefit will derive from introducing contestability in the final construction phase. This, in turn, will enable fairly simple rules to be adopted as to how the work will be carried out. It should be recognised that allowing developers to carry out the construction phase of the work is essentially no different to what already occurs when NIE uses third party contractors to carry out this work. Rules and specifications will be required but these should in large part be already available and in use by existing contractors.

As explained in more detail later Simple Power does not include the overhead line assets as part of the contestable connection for small scale.

Small scale connection jobs will normally consist of some combination of 11kV overhead line work (possibly including tree-cutting), 11kV underground cable work and distribution substation work (including civil works). Simple Power believes that NIE is best placed to carry out overhead line work but the underground cable and substation work (which will be on the land of the landowner developing the site) should be contestable, thereby allowing developers to carry out this work and manage their own logistics. Developers would be required to install plant and equipment approved by NIE and to the appropriate standard; NIE would then adopt the equipment post commissioning. There would be no change to the metering point.

NIE currently outsource the majority of this restricted scope of work to contractors so, in effect, the small scale developer would simply be carrying out works in the same way as a contractor to NIE. This should mean that any rules governing this activity should be straightforward and specifications for the equipment and how the work is to be carried out should already exist.

In our view a solution for small scale generation would be identical to the solution required for demand customers.

Questions in Consultation Paper

Q1. Are there any other factors in Northern Ireland not discussed in Section 4 that should be taken into consideration when implementing Contestability?

In Northern Ireland connection costs for small scale generation are very high so the introduction of Contestability quickly is of particular importance to help offset these high costs.

Because of the limited scope suggested for small scale generation most of the factors detailed in section 4, such as wayleaves and Article 40 consent for example, will not be relevant. Roads and street works legislation may need to be considered.

Q2. From the models highlighted in ROI and GB (Section 5) which do you think would present the best option for NI and why?

The requirements for small scale generation would really only require a small subset of either of the arrangements.

Q3. From the issues highlighted in Ofgem's review (Section 6), are there any that cause a significant threat to contestability being successful in NI?

Issues such as transparency of pricing (or lack of) and the DNO level of control/bureaucracy (if excessive) would be barriers to contestability.

Q4. Is there any documentation that has been missed from the list detailed in 7.11.1?

Nothing that Simple Power would be aware of.

Q5. Are there any other non-contestable works that are not outlined in 7.12 that should be considered?

None that Simple Power can think of.

Q6. Do you agree with the approach described in 7.13.1?

Simple Power would agree with this approach.

Q7. Should the connecting party be allowed to choose what contestable elements they wish to undertake?

Simple Power have described above what we think should be the general scope for contestable elements appropriate for small scale developers to undertake. Within this restricted scope there should be as much flexibility as possible.

Q8. Are there any further policy considerations that have not been considered in 8.1?

As outlined on the previous page, for the restricted scope of work suggested appropriate for small scale connections the developer will be acting like a contractor to NIE. Is this Contestability or something simpler? Might this question be included in 8.1.1 as a policy consideration?

Q9. Are there any further practical considerations that have not been included in 8.2?

For the scope of work suggested for small scale connections usable functional specifications should already exist and handover procedures should be simple.

Benefits of Contestability

Some of the benefits of contestability have been mentioned above but the following scenario demonstrates in more detail where some of these benefits will actually come from.

Simple Power will have a civil contractor on site to install the turbine base, access roads etc. That same contractor could also install the substation base, excavate any cable track and lay the 11kV cable.

Currently NIE will have a contractor carry out the substation civil works, Simple Power will engage their contractor to excavate the cable trench and NIE engage a different contractor to lay the cable. NIE also have to arrange for the delivery and buildup of the substation equipment plus its enclosure and for the associated cable jointing. It can be appreciated that co-ordination of all of this activity, in conjunction with Simple Power and its contractors, often leads to inefficiencies, including missed target dates and wasted time on site;— Simple Power estimates that there are substantial time and resource savings in better co- ordination of these activities.

Implementation

While the scope of work outlined above may not be appropriate for large scale onshore and offshore generation, Simple Power believes that it is the most appropriate scope for small scale generation; i.e. keep the process as simple as possible.

While Simple Power fully recognises that the arrangements to cover all circumstances will be complex we believe that the suggested scope (outlined above) for small scale generation contestability would be fairly simple to implement and in a much shorter timescale than indicated in the Consultation Paper.

We would propose that when the Contestability Working Group is established the arrangements for small scale connections be broken out as a subset of the main project. We believe that a very quick win in introducing contestability is available via the method we have outlined. As we have said previously we believe that this step would serve both small scale generation and demand customers.

If it was felt that a wider scope was eventually required for small scale generation the scope described above could be extended if there were worthwhile benefits in doing so.

Simple Power would be happy to participate fully in the development of the arrangements for contestability or in any pilot schemes if that approach was felt appropriate.

Philip Rainey