

Ronan McKeown
Networks Directorate
Queens House
14 Queen Street
Belfast
BT1 6ED

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Contestability in Connections – Response to NIAUR Next Steps Paper

We welcome the opportunity to respond to the Contestability in Connections – Next Steps Paper.

We have limited our response to the 'next steps' where we have a comment to make. If we have not made a comment then we would broadly be in agreement with what is proposed.

3.2.1 Based on the call for evidence and responses to the consultation, we would seek to implement contestability guidelines that are consistent across all connection types to ensure there is no discrimination.

Simple Power Response. While we agree that contestability should be consistently applied across all connection types we believe there is a strong case for a staged approach to implementation. We have made the case that a more limited scope of work (installation of cables and substations but not including O/H lines at this stage) could readily be implemented for the small scale generation market. The 'groundworks' for small scale generation, i.e. the substation and cabling, is simple and straightforward and consistent across all connections. The NIE specifications are already available and are similar for demand connections. There is no reason that we have been given that would prevent such a step being taken early. If this was done it would establish an Independent Connection Provider (ICP) presence and capability in N Ireland. This could then be expanded into the demand connections market. Because of the disparate nature of the demand connections market it is hard to see how contestability can take hold without pump priming initially through the small scale generation market.

(If the restricted scope contestability proposal was implemented for small scale generation there could be 200-300 connections that could avail of this facility. Each of these connections would have a significant work content (HV cables and substations), assuming £50k each installation, this amounts to a market of £10m-£15m. ICP's could use links with the likes of NIRIG or the Ulster Farmers Union to help them access this market and it should be large enough to encourage ICP's to establish in N Ireland. It is hard to see how a similar grouping, and easy access for ICP's to get established, could be created easily in the wider demand connections market. If the capability was first established for small scale generation, however, it could then be expanded more incrementally into the wider demand connections market.)

3.2.2 We will review the uptake of contestability across all markets and make changes to proposed arrangements where necessary to ensure a competitive electricity connections market.

Simple Power Response. NIE's current timeline for the implementation of 'limited' contestability is August 2016. Given the backstop date of March 2017 for the current incentive arrangements for renewable generation, we would suggest that this date is too late to allow contestability to be of any benefit to small scale generation. For the reasons given in 3.2.1 above, if contestability doesn't happen in the small scale generation market to get it started, it is difficult to see how 'a competitive electricity connections market' will get established. We would suggest that the Utility Regulator needs to review what is currently proposed in the Next Steps paper as a matter of urgency.

4.2.5 As mentioned in 3.2.1, we consider that the guidelines for all connections are the same for all connection types. This would mean that the implementation of contestability will have a clear boundary with the developer having to take on all contestable activities from the point of connection or none. This allows for a quicker implementation without discrimination and reduces the risk of confusion of what each party's responsibilities are.

Simple Power Response. We strongly disagree with this statement particularly the suggestion that this approach allows for quicker implementation. NIE themselves have said that the extended timeline for implementation is mostly due to the fact that they don't have available specifications for O/H lines, survey and wayleaves. We do agree that wherever a developer enters the delivery chain (proposed to be after the O/H line) they should be responsible for detailed design and construction through to the end of the job. With this approach there will be a clear boundary (at the cable termination to be connected to the O/H line) and we can't see where any confusion could occur.

7.2.1 NIE and SONI have provided a timeline for implementation. We recommend that NIE and SONI review their existing documentation and develop new guidelines for contestability.

Simple Power Response. With the restricted scope we have suggested as a first phase, the NIE timeline could be reduced substantially. If this restricted scope approach were adopted, NIE should be given a target of first phase implementation by the end of this calendar year

9.1.2 NIE's proposed timeline for delivery.

Simple Power Response. Similar response as to 7.2.1 above.

10.2.1 We (NIAUR) will carry out an ongoing review into the uptake of contestability and make changes where necessary to promote competition.

Simple Power Response. Similar response as to section 3.2.2.

10.2.2 The timelines proposed by NIE and SONI will be discussed further to ensure a reasonable time for delivery of contestability, and compliance with the licence modifications when they come into effect.

Simple Power Response. Similar response to 7.2.1 above. We would suggest that the Utility Regulator urgently review the NIE timeline with a view to adopting the approach we are suggesting with a much reduced timeline for implementation.

We at Simple Power believe that if we miss this opportunity to get a first phase of contestability for small scale generation in place in a timely manner, we may put at risk the possibility of ever having a proper competitive electricity connections market in N Ireland.

In addition, it was our understanding that it was the Utility Regulator's intention to look for a quick win in establishing contestability, we believe this to be that opportunity.

Yours Sincerely

A handwritten signature in black ink, appearing to read 'Philip Rainey', written over a horizontal line.

Philip Rainey
Chief Executive Officer