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Dear Albert and Sarah,

Consultation Paper on Electricity Connection Policy to the Northern Ireland Distribution System

Viridian Power and Energy (VPE) would like to take this opportunity to respond to the Utility Regulator (UR) consultation on connection policy to the Northern Ireland (NI) distribution system. In general VPE supports the views forwarded by NIRIG in their response to this consultation.

As noted in the consultation paper, the number and nature of connections to the distribution system have changed in the recent past and the trend is expected to be sustained as a result of government targets, and incentives for renewable and embedded generation. Therefore, in order to achieve these objectives in a timely and efficient manner it is imperative that the underlying costs to doing so are not prohibitive to projects and more generally to the targets themselves.

This response is limited to specific aspects of the consultation, namely sections 9, 10 and 11, and these are discussed in turn herein.

Section 9 – Timing of Connection Offers and Connections.

In general, VPE is supportive of the proposed solution forwarded by the UR for Northern Ireland Electricity (NIE) to be incentivised to reduce quotation times and the time taken to connect customers. Incentivisation represents an efficient and market driven solution to improving on the status quo. The design of such incentives should be included in the public consultation on NIE's next price control (RP5).

Quotations

Specifically on quotation times, NIE contends that they will process an application and present an application within 2-12 Weeks. VPE considers the potential timeframe to be excessive and unwarranted and calls for the timeframe to be reduced from 12 to a maximum of 8 weeks. We note that there are exceptional circumstances which may from time to time prevent this reduced timeframe from being met, however such extreme cases should be rare and could be dealt with under special provisions. VPE considers the suggested timeframe (2-8 weeks) to be appropriate for the provision of quotations in normal circumstances particularly in light of the typical process applied in relation to applications;

- there is a significant level of correspondence and dialogue between customers and NIE prior to the submission of a formal application;
- before a project has received planning consents, the customer will request a feasibility study from NIE on possible connection method and indicative cost.

It is highly unlikely that when NIE receive the grid connection application form that they will not have already done some work with it to assist in the preparation of a quotation.

Furthermore, VPE considers the connection application fee of between £7,500 (2MW) and £30,500 (20MW) to already represent a significant amount that should ensure appropriate resources are available within NIE to provide a prompt responses within the suggested timeframe.

Connection times

In relation to connection times, VPE notes and is aware that these are largely dependent on the level of electrical infrastructure necessary to deliver the connection. Nevertheless, it is important that NIE is properly incentivised to ensure connections are delivered to customers in accordance with best practice and deliver efficiencies through minimising excesses in the time indicated to delivery. In relation to different connections, VPE considers it prudent and appropriate to adopt different approaches for connections at 33kV and for those at 110kV.

For connections at 33kV, VPE calls for the introduction of a contractually binding duration in connection offers under normal operating conditions that reflect best practice and incentivise NIE to realise inherent efficiencies in the connection process. For issues that arise that are outside of NIE control (eg wayleaves), there should be inbuilt incentives for NIE to manage these expediently. As with the timelines associated with quotation offers, it is imperative that the duration for works is not excessive and is consistent with industry standards.

For connections involving 110kV infrastructure, we acknowledge the timeline will be significantly longer given the requirement for an environmental impact assessment. However, it remains essential that the duration for works is not excessive and is consistent with industry standards. To assist in achieving this VPE suggests the inclusion of milestone dates within the connection offer to focus NIE to deliver the connection in a timely manner. Such an approach also assists in identifying at regular intervals instances of milestones lapsing, the reasons for it and where appropriate when coupled with an incentivisation mechanism for NIE, would ensure efficient deliver of connections for customers.

Section 10 – Treatment of Charges for Connecting Groups of Generators

VPE welcomes the work undertaken by NIE in relation to the consultation paper, Charges for Connecting Groups of Generators to the Northern Ireland Distribution System, and is generally supportive of both the paper and the underlying principle of a hybrid proposal to connect groups of applicants in clusters.

Although it would have been preferable in instances where the capacity of the first transformer is fully utilised that the methodology of Option 3 is maintained and not Option 2, VPE commends NIE for initiating these proposals and for the understanding and foresight it has shown regarding the planning process.

The clustering proposal potentially reduces the need for multiple individual connections to a remote transmission node and the planning difficulties associated with that. It is clear there is ongoing dialogue between NIE and DOE Planning Service and VPE welcomes this.

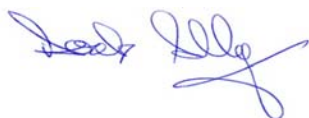
In relation to the details of the proposal, a clear distinction needs to be made between connection assets and system infrastructure such that the cost of any 110kv lines (and associated transformers) built to accommodate a cluster but subsequently used as system infrastructure be reimbursed to the generators concerned within an extended rebate period consistent with the lifetime of the connection agreement. This would suggest a minimum of 20 years versus the period of 10 years as suggested by NIE.

Section 11 – Other Issues (3) Contestability

VPE welcomes that the UR, as part of its Forward Work Plan, will review the issue of contestability with a view to facilitating private network development and connections wherever appropriate. VPE supports the introduction of contestability for connecting assets to the system. This approach is consistent with the current policy elsewhere in the Single Electricity Market (SEM). Furthermore, recent Department of Energy, Trade and Enterprise (DETI) proposals to licence DSO activity in NI under the EU Third Energy Package is seen to be consistent with contestability.

As already noted, this consultation is important in light of the means by which NI is to achieve government targets and objectives. The role of distribution connections is increasingly vital to these objectives and as such the charging, timing and general arrangements surrounding such connections need to be suitably aligned to ensure efficiency and transparency, and that obstacles to achieving these objectives are removed and/or minimised. The comments contained herein are designed to assist in the achievement of this.

Yours sincerely,



Derek Scully
Regulation Manager