

## **NIRIG response to Competition Commission NIE Price Determination**

**29<sup>th</sup> November 2013**

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 electricity industry in Northern Ireland, providing a conduit for knowledge exchange, policy development support and consensus on best practice between all stakeholders in renewable electricity.

As part of the NIE price control process NIRIG submitted responses to the NIAUR draft determination (19 July 2012) and NIAUR Fund 3 consultation (27 September 2012).<sup>1</sup> We also participated in an oral hearing in July 2013 and welcome the opportunity to now provide further perspectives to the Competition Commission (CC) on the Price Determination, published on 8<sup>th</sup> November 2013.

At the core of the Northern Ireland Executive's Strategic Energy Framework (SEF) is a target of 40% of electricity consumption from renewable energy sources by 2020. It is crucial that the determination facilitates this target through sufficient investment both for renewables and a reliable 'backbone' network to ensure energy can be exported when it is generated.

NIRIG reiterates our concerns about the approval process for projects under the Fund 3 mechanism. We understand CC reluctance to impose timelines but we remain convinced of the need for a timely approvals process and would urge NIE and NIAUR to continue to seek to ensure timely decision-making. This will become increasingly important as Northern Ireland moves forward in the process of Electricity Market Reform (EMR). Current DECC proposals for Contracts for Difference (CfD) under EMR include the introduction of Target Commissioning Windows and Longstop dates to monitor and incentivise timely project delivery. Rights of the CfD counterparty to withdraw contracts from projects will arise after the Longstop date. Given the historic long delays in grid connection for renewable generators in Northern Ireland we believe it is essential to minimise the risk of grid delays impacting on project viability and investor confidence.

We further note that the Reporter will not be introduced and hope that the removal of this a potential extra 'layer' of approval will facilitate timeliness.

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<sup>1</sup> NIRIG also submitted responses to the NIE Capital Investment Requirements (18 July 2011) and NIE 5<sup>th</sup> Price Control (1 October 2010).

NIRIG has concerns at the low level of allowance provided for innovation. We believe that in an era of significant changes to both the generation mix and potential demand-side management NIE should have the resources and flexibility to respond with innovative solutions.

NIRIG also has concerns that the allowance for upgrade of the 11kV network has been disallowed. The considerable growth in small-and medium renewables generation in Northern Ireland will require an adequate 'backbone' network. To this end, we also understand that the proposals for 'Category 3' works for facilitating upgrades to 33kV sub-stations are not included and would urge that consideration be given to facilitating the small-scale generation that will come forward in the coming years.

NIRIG remains convinced that coordination and optimisation of network planning is vital for investor confidence, security of supply and the development of a low-carbon future. We would continue to recommend that the regulatory framework and decision-making within RP5 and beyond take account of the long-term needs of consumers and investors and focus on enabling the strategic development of infrastructure.

We are happy to answer any queries on the above.

We look forward to a final resolution of the NIE 5<sup>th</sup> Price Control.

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Meabh Cormacain

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