



## **NIRIG response to the published document on the Capital Investment Requirements for the Fifth Regulatory Period 18 July 2011**

The Northern Ireland Renewables Industry Group (NIRIG), a collaboration between IWEA and Renewable UK, welcomes the opportunity to respond to the Capital Investment Requirements for the Fifth Regulatory Period. The NIE plans for RP5 is a critical part of foundations to provide the necessary grid to meet the 40% renewable target. If these works are delayed until RP6 it will be a major set-back to meeting the Government's 40% target. The plans in the NIE submission compliment the current government policy set out in the Strategic Energy Framework including the expectation that the majority of the 40% target is likely to come from large-scale on-shore wind energy.

NIRIG welcomes the recent decision by the Utility Regulator to approve the clustering charging principles. It is important that this is now followed with approval of NIE costing proposals for clustering. The RP5 decision is also an important opportunity for the regulator to formally re-confirm its support for the medium term works. Some contracted projects and many of the projects to receive connection offers in the coming months will be dependent on these works and could be delayed if there is regulatory uncertainty on the delivery of these grid works. As detailed by NIE in their submission, going forward the RIDP plans will become central to the connection of renewables required to increase the renewable capacity from 20-40%. With the long lead time for the delivery of transmission assets, the lack of regulatory support at this stage could have a detrimental effect to meeting the government's renewable targets for 2020. Continued support by the Utility Regulator for the development of the North-South interconnector is also critical as the project enters the formal stages of the consenting process in 2012.

NIRIG would note that the transmission development plan for Northern Ireland should be coordinated with the development plan for Ireland and a single plan should be agreed on an all-island basis. The transmission systems in Ireland and Northern Ireland are operated as a single system within the Single Electricity Market (SEM). The development of these systems is essential for the growth in penetration of renewables on the island, and particularly the development of capacity to export renewables in the longer term, with all of the benefits that entails.

Given that transmission investment costs are to be recovered on an all-island basis through harmonised generator Transmission Use of System Charges (TUoS), it is considered appropriate that transmission investment plans should be jointly developed by both TSOs and approved on an all-island basis. This would promote holistic and efficient network development, has the capacity to minimise constraints on the system (thus reducing final costs to the customer), and should better facilitate renewables on the island.

NIRIG requests that both regulators (NIAUR and CER) work together to produce an all-island plan, which also furthers the ENTSO-E plan for a single transmission development plan from each region.

### **Past Investment Gap**

NIRIG appreciates the complexities involved in RP5 and in effect the parameters surrounding the Business As Usual requirements of which are determined by a £609m investment. We agree that lack of investment over the past 40 to 60 years has brought Northern Ireland to this point and would increasingly state that a lack of investment over long periods does not necessarily mean a saving; it more importantly puts in jeopardy the system's ability and flexibility and only delays a larger investment requirement as we see in RP5. In turn this puts a bigger financial burden on the consumer.

### **RP5 Opportunity**

Northern Ireland now has the opportunity to embrace a new generation portfolio in renewable energy and is in a unique position to use its indigenous resource to the region to support its energy requirements and in return reap any benefits that come from this.

The Regulator of Northern Ireland has an important task in assessing the RP5 strategy in conjunction with the needs of the populous. As we are aware a short term fix is not an approach that has been successful in the past and a longer term initiative must be in place for the future growth of the region. Decisions must be made in an informed and timely manner that can accommodate the introduction of the renewable generation.

### **Infrastructure**

NIRIG understands that NIE cannot over subscribe the infrastructure without some point of certainty that the network will be utilised. The current short, medium and long term planning that NIE have put forward is acceptable only if delivered in an acceptable time scale. NIE have put forward time lines for this to happen but in reality it requires third party/planning department input to allow an efficient process and progress to build the infrastructure. Early detailed engagement with planning would be advisable as delays such as the North-South Interconnector delay could be fatal to a wind farm's planning consent time frame.

As well as the overwhelming case to advance the medium term and long term works there is also the requirement for the regulator to support the implementation of the 2009 RES-E Directive. The directive states that member states shall develop transmission infrastructure to accommodate the future development of electricity from renewable energy sources. It also requires that system operators provide renewable generators with a reasonable indicative timetable for grid connection. Any regulatory uncertainty on delivery of grid assets detailed in the NIE RP5 submission would frustrate the system operator's ability to provide connection timelines for renewable generators in connection offers. There are also approximately 250 MWs of connection offers to be issued in the coming months that could have a requirement for some of the assets detailed in the NIE RP5 proposals to be included as part of their shallow and deep connection methods.

NIRIG also supports the introduction of the appropriate incentive mechanisms for the delivery of new grid assets. As well as being incentivised for minimising the cost for delivering the assets it is critical that NIE are also strongly incentivised for timely delivery of the assets. Incentives should also encourage NIE to continue its innovative approach to maximising the capacity of existing assets and introducing new technology.

## **Resource**

NIRIG welcomes the increase to ramp up resources to help with the renewable integration programme. This is essential to the success of new renewable generation connection. NIRIG has consistently put forward its position strongly on the lack of resource allocated to the renewable industry.

## **Facilitation of Renewables**

The other main grid challenge to meeting the 40% target as well as the timely delivery of grid assets is the implementing of mitigation measures being identified as part of the Facilitation of Renewables process. The 2009 RES-E Directive states that member states should take the necessary measures to minimise the curtailment of renewable generation. NIRIG would strongly support that any RP5 decision provides the system operators with the resources and capital requirements to identify and implement these mitigation measures.

## **Conclusion**

Over all NIRIG supports the contents of the Capital Investment Requirement for the Fifth Regulatory Period published document and urges the regulator to effectively and efficiently respond to the document as delays are expensive and, as already stated, the “do nothing” option is no longer an option.

NIRIG also requests that the transmission plans North and South are coordinated and agreed by NIAUR and CER to resulting in a single transmission development plan for the SEM.

There is clear commitment to meeting the 40% renewable targets from Government in the SEF, from NIE and SONI in their submission for RP5 and from the renewable industry in their continued investment in the development and construction of renewable generation projects. This consultation is the opportunity for the utility regulator to formally confirm its support to meeting the renewable target.