

Centre for Advanced Sustainable Energy (CASE)

response to the Draft Determination on the initial RP7 submission

The Centre for Advanced Sustainable Energy (CASE) is an industry-led, sustainable energy research centre based in Northern Ireland. While headquartered at Queen's University Belfast, CASE is a cross-institution organisation with Ulster University and AFBI as the other partners in the collaboration. CASE bridges the gap between academia and industry and funds industrially driven research undertaken by the partner institutions. Our work helps to position Northern Ireland at the forefront of the global sustainable energy market; by integrating leading research into the local industrial base, for the benefit of the business community and the wider economy.

Response on behalf of CASE after consultation with our industry members

CASE recognises the complexity of the task of both the network operator and the Utility Regulator. Striking the correct balance in a period of considerable flux and uncertainty within global energy markets is a challenge, especially in the context of an urgent, climate driven need to achieve a just and equitable transition away from NI's reliance of fossil-fuel derived energy sources.

This process has also been hampered by the lack of the NI Assembly. Now on its return, the new Minister for the Economy has a focus on regional balance that may not have been as acute within previous administrations. Therefore, CASE would argue this change combined with the demands of local and global climate legislation and speed of progress on innovation in the sector necessitates for a move to a more flexible or continuous approach to the price review process. CASE believes that the consumer will be best served by such an approach and this will also benefit the growth of the emerging green economy and the improved sustainability of society's heating and transport needs. CASE understands NIE's concerns with respect to the inflationary pressure that will be brought to bear as global supply chains are stretched to meet the demands of the energy transition.

Action: Review and amend existing legislation allowing the UR to adopt a more agile approach to price review and control processes.

It is widely recognised that our future energy will come from a variety of indigenous generation sources in conjunction with interconnectors to ensure certainty of supply. The interconnectors will also allow the ability to export power surplus to local demand. Industry increasingly recognises that there needs to be an agreed spatial plan to support the transition outlining where key infrastructure will be located and how this will bring about a balanced regional economy. The current RP process was instigated when this need for balance had not been articulated and grid planning was unduly predicated towards the east of NI. Whilst many of the demands on the operator are likely to remain unchanged it is likely that new infrastructure will be required and that this may result in a differing ask from that put forward in March 23.

Action: Establish a task force with the remit to develop a spatial plan of key energy infrastructure prior to the end of 2024

CASE through its constant dialogue within the energy industry and developers understands their frustration with the previous inability of NIE to adequately build out ahead of need. This resulted in a degree of disillusionment within would be developers and a major block to investment in NI. We have concerns that the potential overall future demand may be significantly underestimated. Prior experience from industry of the capacity for NIE to respond with the certainty and timeframes required for obtaining investor confidence has led to concern. As such, interest in such projects has diminished and investment has flowed to opportunities in other areas of the UK and Ireland, where a more certain outcome and timeline are both available. Therefore, CASE would argue that the initial financial ask of NIE be met but contingent on NIE's ability to meet a more robust set of KPIs around developer and consumer engagement and delivery. This would result in a more efficient and speedy process, attracting investors and reducing industry costs. The adoption of socialised costs for infrastructure requirements is also a necessity where the economic, environmental, and social benefits from the new connection are shared.

Action: A comprehensive review of the transmission infrastructure approval process in Northern Ireland is required to ensure the significant increase in projects can be progressed to delivery stage without delay, helping to ensure the achievement of 2030 targets and beyond. This review should be accompanied by the establishment of a robust set of KPIs for the operator performance to be assessed against.

Innovation and its early adoption will underpin the necessary energy transition. Whilst the NIE's adoption of fast follower for its RP6 process was broadly successful it is difficult to argue that this is innovation in its truest sense. Given how NI has unique features in relation to its future energy sources within a UK context, we would argue that innovation budgets should be adequately supported but again subject to continuous review to ensure the optimum outcome for NI consumers. New projects could arrive at any time, and these should not have to wait many years before consideration. For example, the potential for localised energy islands will require a degree of novel thinking and planning to accommodate and has arisen since the initial set of business cases were developed.

Consideration should also be given to the introduction of legislation to allow for Independent Distribution Network Operators (IDNOs). Evidence would suggest that IDNOs may be more able to supply the bespoke requirements of innovative energy projects and at a pace previously unseen with NI. The NI market has capacity for additional IDNOs and the competition to current monopolies would be an encouragement for increased performance. IDNOs have been successful in a GB context.

Action: Explore the formulation and adoption of legislation for IDNOs to operate within NI and to support innovation with the required financial need, subject to a continuous process of review.