



CONSULTATION RESPONSE

Utility Regulators Draft Determination RP7 Price Control

March 2025 – March 2031

Sample - SGI Board Membership



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Introduction

Smart Grid Ireland (SGI) welcomes the opportunity to respond to the Regulators Draft Determination for NIE Networks RP7 Price Control April 2025 to March 2031. Smart Grid Ireland looks forward to supporting the acceleration of technology adoption for the smart grids and local energy systems that are required to support Northern Ireland's earliest practical decarbonization of the energy sector.

Smart Grid Ireland (SGI) supports the Regulators vision to make a difference for consumers. One of the challenges such as global warming is driving major change through decarbonization of the energy sector. The importance of the RP7 Price Control determination has to be viewed in the context of the 2030 targets set in the Energy Strategy and Climate Action Bill, including:

- 80% of electricity consumption from renewable sources,
- 56% reduction in energy related emissions (power, heat and transport) against 1990 baseline,
- doubling the size of the low carbon and renewable energy economy to that of a turnover of more than £2 billion, and also the longer-term targets of a zero-carbon energy system by 2040 and 2050.

The fact that all stakeholders and participants in the industry (renewable developers, technology providers, large industry, residential customers, providers of finance, etc.) have a huge dependence on the electricity network and that this Price Control determination will send an important signal to the wider market as to whether NI is serious about its ambitions in relation to the energy transition and is open for business and looking to attract investment.

There is also a need for this price control to deliver a reliable energy system for customers, while also delivering the investment to enable increased electrification to support the transformation to a low carbon energy system, economy and society, consistent with the ambition in the NI Executive's economic strategy and Green Growth Strategy. This includes the need for a regulatory approach that is anticipatory rather than reactive.

We believe the need for a Price Control that can be agile and adaptable to changing circumstances, recognising that there will be uncertainty over the period, but equally providing sufficient clarity on direction and scale of investment to give confidence to the market and enable delivery to be planned and executed efficiently.

In the context of a Smart Grid we would highlight the importance of significant investment in digitalization, AI and associated ICT and data to enable a truly smart network that can support the transition to a low carbon system and enable market participants engage effectively and access a smart system and appropriate data.

Innovation is critical to the speed of deployment and development of future technologies therefore the case for increased investment in innovation is a key priority if NIE Networks are going to be able to provide the flexible, integrated and resilient energy system envisaged in the Energy Strategy. Prof Dirk Van Hartem of Energyville, Brussels highlights that there are major shifts in technology development underway so expenditure in both design and testing of replacement technologies should be given a priority'

The “fast follower” approach previously adopted in NI is no longer appropriate. NI should be looking to become leaders in the energy transition, leveraging our unique characteristics. Innovation needs to be collaborative, including engaging with other utilities and third parties and taking a whole of system perspective. The provisions of previous Price Control plans have not been enough.

There are key issues that need to be addressed such as Smart Metering and Connection Charge Reform. These are critical issues that need to be progressed urgently, and taking them on a piece meal basis, separate to the Price Control, is likely to lead to sub-optimal decisions.

The timescale for the process needs to find the right balance between the need to reflect the complexity and uncertainty arising from the scale of change needed in this price control, whilst also enabling progress to be made quickly and provide early momentum to delivery of the energy strategy. It is an accepted action pathway that the levels of electrification must be significantly increased therefore the grid infrastructure must not become a barrier.

The energy sector now occupies centre stage in the efforts to reduce greenhouse-gas (GHG) emissions. Renewable energy sources such as wind and solar power are providing an increasing share of power generation while at the same time presenting certain challenges to widespread use, the grid being one of the bottlenecks. A systems approach to upgrading the Grid will be essential to the overall success of the RP7 program. In particular, the inherent variability of wind and solar power creates a need to balance supply and demand, for example, by using fossil fuel power to fill gaps. The search is on for solutions that will further reduce the need for fossil fuels, increase the impact of emission reduction efforts, and improve risk management for energy purchasers.

The SGI response also recognizes the evolution of the energy market structure and the need to operate within a regulatory framework to ensure the provision of a secure, sustainable competitive, clean and efficient energy supply for Northern Ireland. This includes current and emerging consumers, economic and social needs.

This work will also include the development of smart utilities, smart buildings, smart energy, smart water / wastewater, smart cities, smart mobility, networks, sensors and data / software, heat etc. The outworking of the RP7 price controls will have an extremely important impact both in the short and longer term to assist NI Plc meet its decarbonization reduction and legislative commitments.

We therefore agree with the Regulator that a step change in investment is needed to ensure that our electricity supply system is fit for purpose and that it meets the legislative commitments by 2030. We are moving into an economic era where the dependance on a reliable and continuous supply of electricity is not only necessary but fundamental to meeting the supply and operational needs of a digitally driven society and industrial economy.

In this situation the regulator should ensure that adequate investment is available to upgrade low-capacity sections of the network such as the 11KV network especially in regional areas which have been disadvantaged in the past. In fact it is essential that adequate funding is made available for refurbishment of the ageing network. These upgrades are essential irrespective of load projections from 2024 onwards in these areas. Adequate investment NOW will make for a grid operationally ready to meet unplanned societal and industrial demand for connections.

It is SGI's opinion that rather than using traditional methods of applying regulated spending caps, claw back mechanisms which only creates uncertainty, potential delays that a more innovative approach to protecting investment should be considered as this would free up time and effort towards meeting investment in improved capacity and the development of a smart grid infrastructure.

For example, there are key areas of Infrastructure and integration required to support electrification of the transport sector including local renewables and storage to support local energy needs (including load growth associated with electric vehicles and electrification of heat) to provide flexibility for integration of system-wide renewables. Consideration should be given to Community energy management and microgrids to support local energy sharing, flexibility and resilience.

In conclusion the view of Smart Grid Ireland members is that driven by the urgency of the climate change act and net zero targets, the transition to when the grid goes green is no longer a gradual shift but a race to meet the timelines imposed through the legislative framework and energy policies. The regulatory framework must reflect this and adjust where appropriate from traditional regulatory practices while ensuring best possible value for the consumer.

A key point is the need to ensure NIE Networks are awarded sufficient allowances to ensure that they can grow their workforce to deliver the work required. We would question if the draft determination has allocated appropriate levels of funding required to build a workforce that can deliver all that as set out in the plan.

I trust that these comments will be viewed as constructive and we thank the Regulator for the opportunity to express our views and we will be happy to elaborate in any areas that the Regulator may wish to discuss.
