

10 January 2011

Sarah Friedel/Albert Shaw
Utility Regulator
Queens House
14 Queen Street
Belfast
BT1 6ED

Dear Sarah,

UFU Response to Consultation on Electricity Connection Policy to the NI Distribution System

The Ulster Farmers' Union (UFU) is the largest farming organisation in Northern Ireland representing over 12,500 farming families. The farming community is the main stakeholder in land-based renewable energy sector and therefore the UFU welcomes the opportunity to respond to this consultation.

The UFU's membership will be affected by many of the areas covered by the Consultation, both as generators of renewable energy and those applying for new connections both to new domestic dwellings and business premises.

1. Current charging methodology in the Statement of Charges (new domestic and smaller business connections)

- **UFU response** - The UFU are opposed to the removal of the 40% subsidy. Whilst it is acknowledged that the subsidy was introduced to assist with the electrification of NI, the UFU believes that the subsidy should remain to allow the continued roll out of renewable generation.

UFU members who are seeking new electricity connections are;

- Those who have built a new agricultural building
- Those who have build a new domestic dwelling
- Those who wishing to install a wind turbine for example and are seeking a new connection, either for their own use or to export back onto the grid.

In light of this our members would be classed as "smaller business connections", and will be affected by the proposed removal of the subsidy. In the case of these examples, the location of the new connection is often remote and will incur extra costs.

2. Treatment of domestic connections of significant cost

- **UFU response** - By withdrawing the 40% subsidy, the number of cases which breach this threshold will increase. A lot of our members will be affected by this. Utility Regulator believes that connection costs for a new home/premises should be factored into the cost of building and it has been raised that this could be used as "a locational signal to future developers".

The UFU's concerns is that in many cases when a retirement dwelling is built for example, it can often be in a remoter location in terms of access to existing electricity lines and this increases the chance that the connection charges will be greater than £15,000. In such cases, the developers will be restricted when it comes to locating a property and there will be little or no choice on where a building could be located.

3. Connection costs paid for by vulnerable customers

The Utility Regulator does work closely with the Consumer Council. In identifying "vulnerable customers", the Utility Regulator has raised queries which will need to be addressed;

1. What exactly is a "vulnerable customer"
2. Minimum amount of time the applicant has lived at the property
3. NIE would need to complete a pro-forma on each individual case
4. Will the connection bring broader benefits to the wider community?

UFU Response – there are a significant number of farmers in NI who are pensioners and live on their own and could be classed as vulnerable customers. This has already been recognised by the PSNI who have identified these farms and premises as being susceptible to crime due to their isolated and vulnerable locations. In 95% of the cases, the inhabitants will have lived in the dwelling for all of their lives.

As far as completing a pro-forma on each individual case, the UFU feels that this is not unreasonable and will not add significantly to the administrative burden, rather it will ensure that the genuine cases will be identified and those who qualify will benefit.

The connection may benefit the wider community in the case of a wind turbine being constructed.

The UFU are asking that "vulnerable customer" status can be applied to a section of our membership and this should be taken into consideration.

4. Connection of microgeneration

Micro generator defined as a generating station which has not had a generating capacity in excess of 50kw at any time after 31 March 2008.

- Issues with the current situation – 60% of Northern Ireland's 11kV rural distribution network is unsuitable, for connection of generation above a minimal size (6kw) and the Utility Regulator has admitted that this is a potential barrier to micro-generation. Micro generators are required to be D-Code compliant.

It should be noted that many of our members who are involved in on-farm generation at this scale. There are many small wind turbines being used for the generation of electricity for their own use.

- **Questions**

Q1 - Should micro generation connections be subsidised?

UFU Response – A definite yes. The reasons were identified in the first section.

Q2 - What level of subsidy to you think should be considered by the UR?

UFU Response - Any level of subsidy in Northern Ireland should at least match that what is available in GB.

5. Rebates for generators and customers

UFU response – the 10 year rebate should be extended to small businesses, which includes farm businesses, not just domestic customers.

6. Timing of Offers and Connections

This is a common complaint from our members and bone of contention for many. It should be noted that the UFU is speaking to NIE directly about this and work is on-going, but wishes to acknowledge their efforts to address these concerns.

- NIE receive a connection application – 3 months (UR can consent to a longer period)
- Quotation provided 2-12 weeks after submission of connection application
- Planning permission (if required) should be applied for
- Various permissions are required (landowner approval/DRD Road Service approval for example)
- 9 months maximum for completion of work

The Utility Regulator identifies 2 major areas of concern;

1. Getting a quotation or connection offer from NIE

The Utility Regulator acknowledges frustration amongst applicants/customers.

2. Connection times for the completion of the work.

Utility Regulator admits that there are quicker connection regimes in mainland Europe and keen to work towards reduced connection times.

Possible solutions

- Greater resource requirement from NIE, danger that this could add to the cost of the connection quote.
- UR and NIE are moving towards the next price control, RPS and any method of incentivising the reduction of quote times and new connection times could be filtered into this calculation
- NIE could include a connection date
- Option to offer an accelerated service for a fee.

Questions**Q1 – Is it appropriate to incentivise NIE to reduce connection times?**

UFU Response – this would be a good idea. However, the UFU would be against an accelerated service being available for the payment of a extra charge or fee.

Q2 – Contractually binding duration to be included in the NIE offer?

UFU Response – the UFU would be in favour of this. The inclusion of a connection date would be extremely beneficial to applicants and something which our members have said is missing at present.

Overall the UFU are encouraged by the identification of these concerns and welcome any moves to rectify. However, we would be concerned if nothing was to happen until the introduction of RP5 as action and progress is needed immediately as it is a current and growing concern.

Another concern that we wish to raise concerns the communication process involved in the application process. Whilst we appreciate that NIE are under pressure in terms of staffing levels, we are seeking that the application process should be clear, transparent and accountable. Should an application be made for connection, they should be able to call NIE and be able to track live progress of an application.

7. Treatment of charges for connecting groups of generators

This is linked to an earlier Consultation launched by NIE in early 2010 which considered Charges on Connecting Groups of Generators to the NI Distribution System.

UFU response - This could be of interest to our members who come together in the generation of renewables. This is becoming an increasing occurrence, especially with the advent of farmer co-operative and consideration should be given and no extra costs should be incurred.

8. Grid Code and Reading Settlement Code Costs

Transmission System Operator (SONI) are required to have communication links to any generators connected to the distribution system, who must be grid code compliant and be able to study the impact of the these generators might have on the transmission system.

Possible Solution - Costs associated with Grid Code and Trading Settlement Code compliance are to be included in the Statement of Charges for Connection to the NI Distribution System, according to UR, this will ensure transparency.

UFU Response – The UFU welcomes moves which ensure improved transparency in the connection process.

9. Contestability

On account of NI's Regulatory Framework, NIE is the only party able to offer terms to connect, or modify an existing connect to the Distribution System. With the recurring complaint that cost and timescales are inhibitive when renewable generations are attempting to connect to the DS, it has been suggested that this could be overcome by having competing connecting openly tendering for business.

UR has proposed to look into facilitating private network development and connections where appropriate. Discussions have already started in terms of development but no work on connections.

UFU Response – the UFU welcomes any move to disaggregate connection into contestable and non-contestable activities as this will improve the current monopoly of connection.

The UFU hopes that you will consider our response and if you have any queries concerning our response do not hesitate to get in contact.

Yours sincerely,

CHRISTOPHER OSBORNE
UFU POLICY OFFICER