

Northern Ireland Electricity Networks Limited
120 Malone Road
Belfast
BT9 5HT
connectiondesign@nienetworks.co.uk

19th May 2023

RE: FSB response to the consultation on NIE Networks providing distribution generation export offers to applicants less than 5MW

Dear Team,

FSB welcomes the opportunity to respond to this consultation. We represent 6,000 SME members across NI and over 150,000 UK-wide across every industry sector. SMEs are the foundation of our economy, making up over 99% of businesses, and employing more people than the public sector and large business combined. The FSB Mission is to help small businesses achieve their ambitions. To this end, we work to ensure that the maximum number of businesses can start, and that those which have started can thrive.

As laid out in our 2022 Assembly Election Manifesto [Unfinished Business](#), FSB recognises 'energy' is a key pillar of policy-making in the drive towards Net Zero and associated targets. But in the context of our mission, there is a need to *enable* small businesses to do their bit in contributing. For FSB, enabling small businesses means working on a patchwork of policy levers across different departments and organisations – laying the track and acting as a conduit between our members, NIE and other decision-makers across the NI energy landscape.

Progress is being made, but whilst the challenge posed by Northern Ireland's Net Zero targets is significant – so too is ensuring we take the most effective route in getting there. In seeking to ensure small businesses are protected and enabled to contribute, we have outlined some key principles required in 'green' policy-making across a series of related responses, such as in our [response to the NI Energy Strategy](#).

More specifically, we welcome policies that help to enable higher levels of small and microgeneration, as this area is underserved when compared to other regions and the in light of the opportunities available – we need small-scale, distributed renewable electricity generation. <5MW generators should be able to connect to the grid, benefit from a distribution connection, and contribute to our shared renewable goals.

What issue is NIE Networks aiming to solve?

FSB understands that at present, an abundance of uncontrollable <5MW generators feeding into the current system could create a situation whereby the security or capacity of the grid is potentially at-risk during periods when generation exceeds system demand.

The consultation outlines that this potential risk represents a worst-case scenario which could cause "*generation and demand imbalance and system instability*" - but which "*is not a scenario that is expected to be experienced regularly.*"

The consultation states that the potential gravity of this scenario means that “*under the criteria of the current connection policy, the ACAOP, NIE Networks can no longer issue any further SSG [Small Scale Generation] export offers for generation <5MW.*” This has resulted in a cessation of respective SSG connections.

The consultation document further outlines that following changes to connection offers for Large Scale Generation (LSG) effective from 14 January 2022, which “*included the removal of the requirement for firm transmission capacity*” - NIE/SONI propose to “*implement an amendment to SSG Distribution Connection Offers and Agreements to ensure offers can be issued for generators under 5MW with export.*”

Therefore, we understand the proposed measure within the consultation would “*...create parity with LSG connections*” and solve the issue.

1. Are you in support of NIE Networks’ proposal to amend the Distribution Generation Application and Offer Process Statement in accordance with Figure 5 above to ensure connection offers can be issued for exporting generators with a registered capacity less than 5MW?

Based on the information available, FSB sees this amendment as a positive first step towards the creation of a system which is tailored to and based around renewable electricity generation. However, it is not a complete or final resolution of the matter.

Whilst this measure takes the essential step of re-establishing the *possibility* of access for small renewable electricity generators to the grid, more must be done to incentivise businesses and households to invest in renewables, generate their own power, and export surpluses back to the network. FSB members would therefore like to see proactive facilitation of <5MW connections, and we outline this in more detail below.

2. Do you have any comments on the proposed update to Distribution Connection Offers and Agreements to include wording that permits control requirements to be utilised for system security reasons and thus ensure distribution connection offers can be issued for exporting generators with a registered capacity less than 5MW?

From the information available, the proposed update appears to be a reasonable requirement to facilitate the resumption of distribution connection offers to SSG less than 5MW.

FSB agrees that the proposed update should only apply to new applications and will not be applied retroactively to customers with existing connection agreements. However, we are concerned that alongside energy loss from the renewable generator, implementation of this amendment may incur financial loss to customers with generation connections during a period of cessation or reduction of parallel operation.

Furthermore, the consultation acknowledges that generators are not entitled to payment from NIE Networks during a period of required cessation or reduction of parallel operation of the generator’s installation. It is possible sites could use their generation to manage their on-site demand, Chargeable Service Capacity and Maximum Import Capacity. A period of cessation or reduction of parallel operation could result in an increase in the power being drawn by a site which in turn, could increase these charges for a period of up to 12 months. Such sites should not be financially penalised for the resulting increase in demand due to a required cessation or reduction of parallel operation.

There is no impact assessment that outlines the possibilities in this respect. As such, we recommend clarification as to how this measure may impact customers with generation connections.

3. Do you believe there are other approaches NIE Networks could be considering to provide Distribution Connection Offers and Agreements for exporting generators with a registered capacity less than 5MW?

From the information available, FSB agrees that an update to Distribution Connections Offers and Agreements is a required measure to enable access to the grid for small renewables.

However, mitigation of the oversupply problem outlined in the consultation could also be achieved by rolling out other interventions which increase system load. For example, by investing in battery storage, or less directly, through electrification of heating and transport. This, in turn, would allow the grid to utilise surplus renewable electricity more efficiently – turning today’s problem into tomorrow’s opportunity.

In addition, forecasted information would enable centrally controlled distribution devices to be configured to assist both Transmission and Distribution System Operators to manage power flows on their respective networks.

Building a future-proof energy grid for NI

The proposed amendment offers a step toward helping SSGs contribute to Northern Ireland’s journey to Net Zero. NIE Networks does not hold direct responsibility for all the parts of the ‘energy jigsaw’.

However, as a highly influential actor, it is right that NIE plays its part in facilitating improvements to ensure we reach a future-proof grid as soon as possible. It is evident that NIE understands what is required, and we welcome the future-oriented approach laid out by NIE in its [Networks for Net Zero Report](#).

Northern Ireland faces a challenging path forward in achieving Net Zero targets, and an interorganisational, ‘joined up’ approach is necessary. We have taken this opportunity to lay out our five-point strategy for future action on Net Zero electricity production by major stakeholders including DfE, DfI, NIE/SONI, The NI Utility Regulator and others:

1. Effective Governance - urgently establish an NI Energy Stakeholder Group

Given the range of different elements required for NI to reach its goals in respect of decarbonised energy, the current governance, consultation and engagement structures are inadequate. FSB recommends that an *Energy Stakeholder Group* is established with urgency. NIE would be an active member of such a group and has the opportunity to help ensure it is constituted via the Department for the Economy.

2. Grid Accessibility - review and improve process, price, pace and simplify complex language

The issue of accessibility spans more than just time and cost. FSB members have identified that the entire energy regulatory system is highly complex and difficult to navigate. NIE Networks and stakeholders should ensure accessibility in every sense – across language, guidance, process, pace and cost transparency.

3. Planning Reform - ‘green lane’ fast track decisions on renewable energy applications

At present, NIE requires that distribution connection customers must provide evidence of planning permission within 120 days of receiving their ‘Terms Letter’ connection offer from NIE. According to [figures](#)

[published by Renewable NI](#), on average it takes over two years for planning to be granted for renewable energy projects in Northern Ireland – around twice as long as it does in GB.

As well as speeding up the Planning System in general, it is essential we develop a fast track ‘green lane’ for green renewable energy projects, without compromising on due diligence.

4. Grid digitisation – maximise use of technology and data

The [evidence](#) for digitisation and data is well known to policy makers, not least that *“there are several key characteristics which make Northern Ireland the ideal place to deploy smart, consumer-led energy systems.”*

The DfE Energy Strategy Action Plan 2023 clearly recognises the need to progress smart meters, but we are concerned that this is not being prioritised and the proposed scope of installing smart meters is lacking ambition – especially when placed within the context of [possibilities such as those outlined by The Energy Digitalisation Taskforce](#).

5. Renewable incentives – including smaller-scale distributed generation

Whilst progress has been made, Northern Ireland requires rapid acceleration of renewable incentive schemes. FSB is concerned that Small Scales Renewables may not be included in the NI RESS scheme. The [2023 Energy Strategy Action Plan](#) does not account for the development of a bespoke SSG incentive scheme – concern will only deepen if DfE decides it will not include SSG in the NI RESS. This is outlined in more detail within our [response to the DfE consultation on a Renewable Electricity Support Scheme \(RESS\)](#)

Conclusion

FSB is grateful for the opportunity to respond to this consultation and for the work ongoing. We welcome future dialogue with NIE Networks, SONI, and other key stakeholders. In the meantime, we wish you well with the process.

Yours faithfully,

FSB Northern Ireland

For further information and follow up please contact: Neil.Hutcheson@fsb.org.uk