

By email only

Peter Hall
Clerk to the Committee for the Economy
NI Assembly
Room 347
Parliament Buildings
Ballymiscaw
Stormont
Belfast
BT4 3XX

10 November 2021

Re: Small Scale Energy Bill

Dear Peter

Thank you for your recent correspondence seeking our views on the Small Scale Energy Bill.

The Utility Regulator (UR) is responsible for the economic regulation of the electricity, natural gas and water industries in Northern Ireland. Our over-arching purpose is to protect the short and long-term interests of electricity, natural gas and water consumers. In this role we have been working with the Department for the Economy as they move towards a decision on the future Energy Strategy.

Throughout our engagement, we have been clear that the Energy Strategy must focus on three key areas:

1. Affordability/cost;
2. Security of supply/resilience; and
3. Carbon consumption.

These co-dependent factors must be considered together in order to deliver the best outcome for consumers. All low carbon solutions (including renewable micro-generation, small-scale renewable generation, energy efficiency and largescale renewables) should be considered as part of the development of this over-arching Energy Strategy.

The private member's bill raises a number of important issues that would therefore be best considered in the context of finalising the Energy Strategy and the consequential legislation in that regard.

Consumers in Northern Ireland are currently experiencing unprecedented rises in their energy bills. Current forward prices indicate that these high prices will be experienced for some time. Affordability for consumers has never been more critical. With even more consumers likely to fall into fuel poverty this winter, we must ensure that any changes to our sources of electricity generation or method of supply are considered in this context.

The integration of renewables onto the system in Northern Ireland is world-leading. We have exceeded the previous Energy Strategy target of 40% of generation from renewable sources by 2020 and significant advances in market systems mean that we are able to accommodate up to 70% of renewables on the system at any one time. Trials have already commenced to move that integration to 75%. However the vast majority of our renewable generation comes from onshore wind. In recent months, we have seen wind availability much lower than historic levels which has shown the reliance we still have on fossil fuelled generation. The question of how we source our electricity when the "*wind does not blow*" is still very real. Consumers in Northern Ireland should also not be expected to pay for more generation than they can afford. It is therefore critical that we also consider the type of renewable generation that is encouraged. A diverse, and reliable, fuel mix is critical to security of supply and affordability as well as carbon reductions.

The measures we believe will be needed in order to support small-scale and micro-generation in Northern Ireland are:

- 1) A co-ordinated approach with:
 - a. planning authorities;
 - b. Northern Ireland Environment Agency to ensure that any unintended environmental consequences of small-scale and micro-generation are mitigated. (E.g. ammonia, visual amenity);
 - c. Other government departments on other issues such as rates and building control
 - d. NIE Networks as further development of small-scale and micro-generation may require significant additional grid investment decisions to be taken (the cost of which would be passed on to business and domestic consumers) regarding the accommodation of micro-generation on the grid.

- 2) A co-ordinated and controlled approach to advice giving and installation of small-scale and micro-generation. This could be taken forward under DfE's Energy Strategy's proposal for a one-stop shop. This would help Northern Ireland to avoid problems seen in GB regarding the mis-selling of micro and small-scale generation. GB has seen unsuitable installations of small scale and micro-generation lead to some householders and small business failing to achieve the advisors promise that investments in micro-generation would "pay for themselves" under the small-scale FIT.

Any decisions on micro-generation and small-scale renewables would therefore be best taken in the context of Energy Strategy, and what provides the greatest carbon savings at the best value to Northern Ireland consumers. In addition, it will need to be cognisant of all other laws and requirements regarding the provision of financial support, planning, safety and environmental matters.

All the best,

A handwritten signature in black ink, appearing to read "J. French".

John French
Chief Executive