Northern Ireland Electricity Networks

INVEST NI BUSINESS STRATEGY CONSULTATION

NIE Networks' Comments on Invest NI's Business Strategy Consultation

14th November 2024

Northern Ireland Electricity Networks (NIE Networks) is the owner of the electricity transmission and distribution networks in Northern Ireland, transporting electricity to 929,000 customers, including homes, businesses and farms.

There are 2,300 km of transmission network, 47,000 km of distribution network and 340 major substations, including 60 serving large wind farm sites in Northern Ireland.

Our role is to maintain and extend the electricity infrastructure across Northern Ireland, connect demand and generation customers to the network, and ensure that our equipment is safe and reliable. We also provide electricity meters and metering data to suppliers and market operators.

To do this we directly employ more than 1,500 people and we sustain many hundreds of jobs through our contract and supply chain. Through employment, taxes and supplier contributions, we contribute over £150 million annually to the local economy in Northern Ireland.

NIE Networks does not supply electricity. Customers receive their electricity bill from their chosen electricity supplier, of which there are currently six operating in Northern Ireland.

NIE Networks is a regulated company and our business activities are overseen by the Northern Ireland Authority for Utility Regulation (the Utility Regulator). Our business plan for delivering our services to customers is approved for a number of years ahead, with the current price control period set to run until 2025. Our next price control period will run from 2025 to 2031.

NIE Networks appreciates the efforts that have gone into preparing the Invest NI 2024/25 – 26/27 Business Strategy, focusing on delivering a regionally balanced, productive, sustainable, and prosperous economy. We note how this aligns with our own vision, delivering a sustainable energy system for all.

We thank Invest NI for its willingness and openness to engage with NIE Networks. Considering how important the role of the electricity network is in unleashing the full potential of the Invest NI strategy, we look forward to building on this engagement in 2025 and beyond.

We are pleased to see the inclusion of sustainability and innovation and skills as strategic priorities within the strategy and have specific comments below with respect to these areas.

DEVELOPING AND ACHIEVING SUSTAINABILITY

Sustainability will be delivered through the connection of renewable generation, the electrification of heat, transport and industry and the network required to support it all. In turn, this will result in a green energy supply to homes, farms and businesses in Northern Ireland, at less cost (when compared with fossil fuel alternatives).

One of the four key objectives of the Economy Minister's Mission is to reduce carbon emissions. The renewable transition has saved more than 13 million tonnes of CO2 since 2000[1].

Energy affordability is paramount to growing a globally competitive and sustainable economy. Urgent progress towards the legislative requirements of the NI Climate Change Act (in particular the 80% renewables by 2030 target) will help deliver energy affordability and drive a globally competitive and sustainable economy. A report from global consultancy firm Baringa, commissioned by Renewable NI, found that the development of renewables in Northern Ireland have reduced consumer power bills by around £305 million since 2020. This reduction has been driven by the low cost of renewable power generation. This means that the average cost of electricity over this period would have been £160 higher per person, if wind and solar projects had not been developed. If Northern Ireland continues to invest in wind and solar generation to achieve 80% renewable electricity, new renewables could pay additional dividends of £110 million per year by 2030.

This aligns with the Minister's ambition for Northern Ireland to become self-sufficient in affordable renewable energy and to break the link with global commodity prices. We would encourage Invest NI to consider whether the positive link between increases in renewable generation and reduction in energy costs should be clearly called out within the Invest NI strategy.

ACCELERATING INNOVATION AND SKILLS

We strongly support accelerating innovation and skills as a strategic priority within Invest NI's draft strategy. In our Regulatory Period 7 (RP7) Final Determination the Utility Regulator has provided allowances for NIE Networks to conduct specific innovation projects. However, it has also allowed three separate opportunities for NIE Networks to request additional innovation allowances between 2025 and 2031. As part of the aforementioned engagement, we would like to explore innovation opportunities with Invest NI, particularly with respect to green innovation and the unique opportunities presented by the electricity system in Northern Ireland.

Delivering clean, secure and affordable energy systems will be central to making Northern Ireland an attractive place to invest for new and existing businesses. In order to deliver this future, and encourage direct and indirect investment, immediate action is required in the areas highlighted below. We acknowledge that although these points are outside of the direct control of Invest NI, they are critical to unleashing the full potential of the Invest NI strategy.

[1] Renewable-Rewards-Baringa-Report-online.pdf (renewableni.com)

VISION

A clear picture of what Net Zero will look like is required. This would positively influence investor confidence and stimulate the economy. A holistic vision would include the projected future energy mix, projected numbers of low carbon technologies (LCTs) and delivery of carbon budgets.

CONNECTION CHARGING

Connection costs paid by the customer connecting to the distribution network in Northern Ireland are much higher than in Great Britain (GB) or the Republic of Ireland (ROI). This is a barrier to meeting 2030 NI Energy Strategy targets. Overall distribution connection costs in NI are comparable to those in GB and ROI; however, the way in which the overall costs are attributed to the connecting customer and the wider customer base are different. For customers connecting to the distribution network in NI, total connection costs are chargeable to the customer (including connection assets and reinforcement required at the connection voltage and one voltage level up). In other jurisdictions the reinforcement costs are socialised across the wider customer base and are not chargeable to the connecting customer or only a portion is chargeable. A shift to a shallower connection charging methodology would facilitate the adoption of renewable generation as well as Low Carbon Technologies (LCT's) such as heat pumps and EV charging infrastructure. NIE Networks have seen connections, particularly of LCT's, being abandoned due to high costs. An appropriate charging methodology is essential to facilitate the achievement of all aspects of the new Energy Strategy and Climate Change Act.

Any move away from NI's current connection framework must be in the best interests of all NI consumers, including vulnerable customers. A shallower charging approach would help facilitate a fair and just energy transition, by breaking down cost barriers for the connection of LCT's. With existing and future planned changes to policy and legislation, many consumers will no longer have a choice on whether or not to adopt LCTs. Moving to a shallower charging regime would also contribute to improving the competitiveness of Northern Ireland as a place to do business. Adoption of a shallower connection charging methodology in Northern Ireland could be supported by learning and experience gained in GB, which moved to a shallow charging approach on the 1st April 2023.

ACCELERATED NETWORK INVESTMENT

NIE Networks is currently running a consultation[2] to deliver significant increases in electricity network capacity to facilitate the connection of additional renewable generation prior to 2030.

Ultimately it is NIE Networks' view, that the existing policy arrangements being consulted on do not provide the capability to connect the volume of renewables required to meet 2030 targets in time without a level of change or investment. While these consultation proposals alone will not enable the 2030 targets to be met, they aim to be a step towards addressing the stagnation that currently persists.

[2] cluster-substations-oct-24.aspx (nienetworks.co.uk)

PLANNING IMPROVEMENTS

The planning system plays a key role in meeting Northern Ireland's renewable energy targets and the obligations of the Climate Change Act (Northern Ireland) 2022. Meeting the 2030 renewables goal will require more than doubling existing renewable generating capacity in under 6 years, yet planning processes for regionally significant infrastructure have frequently surpassed this timeframe.

Moreover, Renewable NI have reported that it takes 1,136 days on average for onshore wind project planning permission to be secured in NI (2020-2023) compared to 217 days in England and 413 days in the Republic of Ireland (ROI).

We understand this will be considered by the Department for Infrastructure, together with local government and stakeholders through a Planning Improvement Programme (PIP) with the objective of improving the effectiveness and efficiency of the regional planning system. In the context of the extent and urgency of infrastructure required to achieve the obligations of the Climate Change Act, we strongly encourage that the PIP is released as soon as possible.

We welcome the work carried out by the Northern Ireland Chamber of Commerce, published earlier this year with respect to Planning Improvement and Reform. We encourage the Department for Infrastructure to give due consideration to the recommendations included within this report as part of the PIP with the objective of improving the effectiveness and efficiency of the regional planning system. In particular, we consider the greatest improvement can be achieved by ensuring that the whole planning system is properly funded and resourced to help deliver against statutory planning timelines and consideration is given to prioritisation of major planning applications, economic development and renewable energy projects, including the enabling of electrical infrastructure.

THE UTILITY REGULATOR'S STATUTORY POWERS

The Utility Regulator for Northern Ireland (UR) should be granted appropriate powers to fully factor the climate emergency into their decision making while continuing to protect consumers. The UR's remit should allow for the accelerated development of the electrical transmission and distribution networks to facilitate net zero. The Utility Regulator itself recognises the need to broaden its statutory powers to further enable the transition to net zero and that it would take several years to pass a new Energy Bill[3].

NIE Networks therefore believes that the Executive should change existing legislation immediately or risk missing the targets set within the Climate Change Act 2022.

[3] committees.parliament.uk/oralevidence/14117/pdf/

BUILDING THE WORKFORCE

Developing the means to build the future workforce needed in Green Skills, where 28,000 direct and 58,000 indirect jobs are expected in the next 10 years, is crucial. Progress on this front would be supported by: a ringfenced levy for apprenticeships, a new independent Workforce Development Agency for Northern Ireland, and, the establishment of an All-Island Mobility Task Force. We have had a number of successful recruitment campaigns following the introduction of the Skill Up Fund which promoted many STEM and green skills related courses.

We welcome engagement with Invest NI on any of the topics discussed in this response, and the role NIE Networks plays in making Northern Ireland an attractive location for investment.

nienetworks.co.uk