

Public Consultation on Remuneration of Renewables Self-Consumers' Exported Electricity

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**Commission for the Regulation of Utilities (CRU)
Irish Solar Energy Association response**

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PUBLIC CONSULTATION ON REMUNERATION OF RENEWABLES SELF CONSUMERS EXPORTED ELECTRICITY

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1.0 Executive Summary

Vision

In our view, the interim regulations on microgeneration should occur within an ecosystem whereby every Irish home and business is enabled to be full participants within the energy transition. This view entails Irish households being both sources of generation (microgeneration) and storage/flexibility (batteries, EVs). In addition, the speed of smart meter deployment in a given location should not be a determinant of an individual's ability to participate in the energy transition.

The consultation also rightly highlights areas of the interim regulations which are important to enabling micro-generation, including metered export data, deemed export quantity, and eligibility for remuneration, which are crucial to enabling the delivery of the Microgeneration Support Scheme.

ISEA has evaluated the proposed interim regulations and has identified several areas in which we would encourage amendments.

Issues for Consultation

1. Centrality of metered export data:

- Operating principles of the interim regulations must be clearly and accurately communicated to the public.

2. Provision of metered export data and deemed export quantities by ESBN:

- Transparent collection of necessary consumer data is crucial for the social acceptance of microgeneration. We ask the CRU to confirm if privacy by design principles has been factored into how customer data will be handled throughout the DEQ settlement process.

3. Determination of Deemed Export Quantity:

- An item of concern is the 9.7% capacity factor - this may create a side-effect where self-consumers will be underpaid for their generation. A question for ISEA members is will self-consumers be able to recoup these losses in the form of a balancing statement once their smart meter is installed?

4. Wholesale Market Settlement Process:

- The proposal to align the settlement period with the wholesale market seems reasonable as this enables innovation in the market in terms of tariffs and other product offerings.

5. Transitional Arrangements:

- We would encourage the CRU to engage bilaterally with suppliers to ensure that all supplier's retail systems will be sufficient for managing customer's export data.

6. Eligibility for Remuneration via CEG:

- Action on the NSMP should be accelerated. We also request that the CRU publish data on customer uptake and volumes going through the scheme – this is important in our view as transparency is crucial for maintaining the credibility of the scheme.
- Additional eligibility criteria are currently unnecessary. As a rule, entry criteria to microgeneration initiatives should not be unduly restrictive.

Next Steps

ISEA submits our response to the regulator. We would welcome the opportunity to discuss the analysis underpinning our response and contents of same.

2.0 Vision

The Irish Solar Energy Association (ISEA) was established in 2013 to advance a policy and regulatory landscape promoting solar as a leading renewable energy technology that will decarbonise Ireland's electricity system and contribute to a successful and strong clean economy. As the leading voice for the Irish solar industry, ISEA works closely with stakeholders to advance the solar agenda on behalf of our members. ISEA is committed to delivering 5 gigawatts (GW) of utility-scale solar and 1GW of customer-scale solar in the next ten years to make a significant contribution towards 2030 energy targets and achieve a diverse and clean electricity network. As the trade association for the solar industry in Ireland, ISEA is responding on behalf of our membership of 163 parties currently active in the Irish solar market.

In our view, the interim regulations on microgeneration should occur within an ecosystem whereby every Irish home and business is enabled to be full participants within the energy transition. This view entails Irish households being both sources of generation (microgeneration) and storage/flexibility (batteries, EVs). In addition, the speed of smart meter deployment in each location should not be a determinant of an individual's ability to participate in the energy transition. In effect, we understand that the interim regulations are intended to stimulate the scale of microgeneration through consumer incentives while the Microgeneration Support Scheme is being finalised.

The consultation also rightly highlights areas of the interim regulations which are important to enabling micro-generation, including metered export data, deemed export quantity, and eligibility for remuneration, which are crucial to enabling the delivery of the Microgeneration Support Scheme.

The considerations, therefore, informing our response are:

1. **Vision:** do the interim regulations fully enable consumer participation in the energy transition?
2. **Scale:** will the interim regulations stimulate the requisite scale in both public demand and installation capacity to deliver Government policy... and potentially more?
3. **Barriers:** are there barriers within the design or external to the proposed interim regulations that may frustrate or conflict with the goals of the eventual microgeneration support scheme?

ISEA has evaluated the proposed interim regulations and have identified several areas in which we would encourage amendments.

i. Deemed Export Quantity:

- To further decarbonise the electricity system, the inputs for the deemed export quantity should be reviewed every twelve months in line with a rapidly growing and changing self-consumer profile.
- Considering measures announced in Budget 2022 to support microgeneration, wherein €10M has been allocated for solar PV grants up until the microgeneration scheme is introduced (and based on the reports of our members) ISEA expects that the uptake of solar panels by commercial organisations and homeowners will increase rapidly – thus the consumer profile of self-consumers is likely to change rapidly during the lifetime of the interim regulations.

ii. **Supplier Retail Systems:**

- A key component of the CRU proposal is to ensure that all supplier's retail systems will be sufficient for managing customer's export data – we would encourage the CRU to engage bilaterally with suppliers to enable this and would be interested to know if this engagement has already taken place.
- Has an implementation deadline been set for suppliers by the CRU to update their retail systems to support microgeneration?

3.0 Issues for Consultation

2. Remuneration:

2.1 Centrality of metered export data

Do you agree with this proposal? Please include any additional rationale or basis for your view.

- In principle, ISEA does not object to smart metering being used as the means through which metered export data is to be exported to the grid and customer remuneration determined.
- An item that ISEA regards as problematic is that as per the consultation proposal self-consumers who are eligible for the NSMP cannot use the Deemed Export Quantity formula for self-consumption while waiting for the installation of their smart meter.
- ISEA has seen significant delays in the wider NSMP programme over the years. We note the current installation wait time for smart meters is four months and that the CRU states that they will enforce that period. In the past, we have observed that estimated bills/payments have been known to generate customer complaints, so it is crucial that when a customer opts for a smart meter – it is installed quickly.
- Despite the interim formula cited in Section 2.3 of the consultation document, estimated payments may cause self-consumers to not be paid the correct amount for their exported generation. Will it be possible for self-consumers to claim back funds lost as a result of Deemed Export Quantity calculations once their smart meter is installed?
- To reduce the risk of consumer objections and to consolidate societal buy-in, the operating principles of the interim regulations must be clearly and accurately communicated to the public.

2.2 Provision of metered export data and deemed export quantities by ESNB

Do you agree with this proposal? Please include any additional rationale or basis for your view.

- The ‘default arrangement’ proposed by the CRU for data provisioning seems reasonable considering the ownership structure of electricity assets by ESB Networks. However, tying import and export together for the interim calculation is anti-competitive as this prevents suppliers from competing with one another in the marketplace – even if the enduring microgeneration solution makes provision for the separation of the two.
- In the event that the regulator and suppliers cannot currently separate the import and export of electricity on commercial/residential premises, ISEA would like to know when this capability will be installed on the system? This functionality deficit is particularly striking given that the ability to separate import and export is a component of the Northern Ireland electricity jurisdiction. Considering the entire island operates as a single wholesale electricity market, why is the Republic of Ireland electricity jurisdiction unable to separate the two at this time?
- We also request that further information be released regarding the type of data that ESB Networks must collect and then share with the self-consumers supplier.
- Aside from the important ‘right to privacy’ aspect – ensuring that only data that is strictly required (and that the reasons why this is necessary are communicated to the public) is crucial for social acceptance of microgeneration and thus progress towards Ireland’s decarbonisation/emission reduction targets. We would therefore like to know if ‘privacy by design’ principles for handling this data has been included in the interim regulations.

Do you think that settlement should occur at some other interval? Please provide your rationale for any alternative suggestion.

- The proposed 30-minute settlement period aligns with the wholesale market, but this proposal does not become fully viable until the National Smart Meter Programme (NSMP) is fully rolled out. This is important for ensuring that price incentive signals can travel from the wholesale market to the retail market, thereby enabling customers to respond by adjusting their consumer behaviour to become more environmentally sustainable.
- This reinforces the necessity of action on the NSMP as quickly as possible to avoid situations where consumers are overcharged as a result of uncertain tariffs or consumers install behind-the-meter solar panels but are not paid for their generation.

2.3 Determination of Deemed Export Quantity

Do you agree with this proposal? Please include any additional rationale or basis for your view.

- ISEA would like to point out that if the National Smart Metering Programme had been completed on schedule that such a proposal would not be necessary. However, ISEA accepts that while the current situation is not ideal that action on microgeneration is imperative – the interim measures proposed are therefore satisfactory as a “least bad” option.
- ISEA wishes to see urgent action taken on the National Smart Metering Programme so that remuneration is available to self-consumers at the earliest possible opportunity.

Do you think that the Export Factor should be an alternative value? Please provide your rationale for any alternative suggestion.

- ISEA does not currently object to the proposed export factor.
- However, an item of concern is the proposed 9.7% capacity factor. As most Behind the Meter systems have a capacity factor of 11% - 14% it would appear the regulator intends to err on the side of caution – but this may create a side-effect where self-consumers will be underpaid for their generation, thereby potentially impacting on customer take-up of these measures. As previously mentioned, a question for ISEA members is will self-consumers be able to recoup these losses in the form of a balancing statement once their smart meter is installed?
- ISEA proposes that a mechanism is inserted into the interim regulations wherein installed capacity can be verified by site visits, and thus the inputs can be amended to reflect the self-consumers generation capacity more accurately.

3. Settlement Solution:

3.2. Wholesale market settlement process

Do you agree with this proposal? Please include any additional rationale or basis for your view.

- As the trade body for the solar energy industry in Ireland, ISEA's primary interest is in ensuring greater uptake of solar energy both behind the meter and at utility-scale. As part of this mission, we desire an outcome wherein solar energy is as economically viable as possible for self-consumers and utility-scale suppliers to export to the grid.
- This creates a more competitive & efficient marketplace by reducing market barriers and enabling suppliers to innovate to a greater extent, as well as to create new aggregation models in line with the EU Clean Energy Package.
- The proposal to align the settlement period with the wholesale market seems reasonable as this enables innovation in the market in terms of tariffs and other product offerings.
- With that being said, ISEA would have preferred a different type of structure for the Microgeneration Support Scheme to begin with.

Do you think that settlement should occur at some other interval? Please provide rationale for any alternative suggestion.

- It is our view that the settlement period for self-generation during the interim period should align with the wholesale market as much as possible – therefore the proposed half-hour settlement period seems reasonable.
- This helps to ensure the incentives created by volatility in the wholesale price can be used by the consumer.
- However, we would stress the importance of ensuring that self-consumers are not forced to bear the brunt of market risk due to their position wherein they are unable to mitigate against it.

3.3 Transitional Arrangements

Do you agree with this proposal? Please include any additional rationale or basis for your view.

- ISEA accepts that with any major change to the electricity supply system there will be 'growing pains'.
- A key component of the CRU proposal is to ensure that all supplier's retail systems will be updated in order to be sufficient for managing customer's export data – we would encourage the CRU to engage bilaterally with suppliers to enable this. We would be interested to know if this engagement has already taken place and if so, has an implementation timeline for updated supplier retail systems been agreed upon between suppliers and the CRU?
- As a result of the requirement to build a bespoke system to manage the implementation of the interim regulations on the supplier side and the proposed M+13 settlement, ISEA would propose a deadline for suppliers to update their retail systems circa June/July 2022.

4. Eligibility for remuneration via CEG:

Do you agree with the CRU's proposals regarding eligibility for remuneration? Please include any additional rationale or basis for your view.

- ISEA believes the proposed criteria are reasonable. To further decarbonise the system, we recommend that action on the NSMP is accelerated and that the inputs for the deemed export quantity be reviewed every twelve months with the publication of data on customer uptake and volumes going through the scheme on a quarterly basis. In ISEA's view this is in line with the needs of a customer base that is expected to grow rapidly and the resulting changes to the average self-consumer profile.

Do you think that other eligibility criteria should apply? Please provide rationale for any alternative suggestion.

- ISEA believes that additional eligibility criteria are not currently necessary and that generally, the entry criterion to microgeneration initiatives should not be unduly restrictive. Where possible, remuneration for self-generated electricity should be open to as many consumers as possible.

5. CEG tariff and review of CEG operation:

Do you agree with CRU's proposal to review the CEG arrangements? Please include any additional rationale or basis for your view.

- ISEA welcomes the CRU's proposal to monitor and amend the Deemed Export Quantity & other metrics as more data becomes available. As stated previously, we would encourage the inclusion of a mechanism wherein installed capacity can be verified via site visits for self-consumers who do not currently possess smart meters. Equally, we would once again urge that action be taken as early as possible on implementing the interim regulations to benefit those who wish to opt-in for smart metering.
- Considering measures announced in Budget 2022 to support microgeneration, wherein €10mn has been allocated for solar PV grants up until the microgeneration scheme is introduced based on interactions with our members ISEA expects that the uptake of solar panels by commercial organisations and homeowners will increase rapidly – thus the consumer profile of self-consumers is likely to change rapidly even before the microgeneration support scheme is introduced. It is therefore ISEA's view that the interim CEG arrangements should instead be reviewed every twelve months while the interim regulations are in force.

4.0 Conclusion

ISEA welcomes the introduction of interim regulations but would prefer more decisive action on the microgeneration support scheme. As noted above, there are several issues that ISEA members view as important in the context of implementing these interim regulations:

1. Review of calculation mechanism for deemed export quantity every twelve months with the publication of data on customer uptake and volumes going through the scheme on a quarterly basis.
2. Bilateral cooperation with suppliers to ensure their retail systems can support microgeneration as soon as possible.

We are strongly supportive of the CRU creating a more permanent framework by which to implement the Clean Export Guarantee. As the CRU has acknowledged in their consultation paper: *“a customer’s eligibility for remuneration commences from the date of enactment of the legislation which gives effect to the CEG framework, or as may be stipulated in the legislation. An enduring policy for settlement of microgeneration will be delivered by December 2022.”* We appreciate that the CRU is not responsible for the drafting of legislation, but once legislation is passed action must be taken urgently by the regulator. We would welcome the opportunity to engage with the CRU in more detail around our response to and the implementation of the interim regulations.

We request the following from the regulator:

- Clarification on if the regulator expects all generators to have a smart meter, given the opt-in nature of the National Smart Meter Programme? Equally, ISEA would like to know if the CRU envisages that a customer can be a microgenerator and operate on DEQ on an enduring basis.
- Confirmation that privacy by design principles has been folded into the design of the processes involving customer data and settlement of the DEQ.