

CONSULTATION RESPONSE TEMPLATE

<i>NAME OF RESPONDENT</i>	Northern Ireland Electricity
<i>CONTACT DETAILS</i>	Gerry Hodgkinson, Power Networks, NIE plc. Tel: 028 9095 4353
<i>TYPE OF COMPANY</i>	Transmission Licensee
<i>INTEREST IN DSM</i>	Implications for T&D network

Introduction

NIE welcomes the opportunity to comment on the RAs' consultation on the demand side vision for 2020. NIE considers that the consultation is a comprehensive piece of work that proposes a sound vision and coherent pathway by way of proposed policies. The attached completed response template provides NIE's detailed response. At an overall level NIE believes that demand side management and network management need to be considered in a coordinated fashion and NIE's detailed response focuses particularly on this need.

SECTION 2

QUESTION 1: Do you agree with our characterisation of the four types of benefits that demand side management can provide?

ANSWER: Figure 1 implies that overall demand reduction seeks to reduce demand over the complete period. Any demand reduction during the period is of value.

QUESTION 2: Are there other cost savings which you believe demand side management can deliver?

ANSWER: In Figure 2 it is implied that there is a distinct and different set of savings between transmission and distribution. There is in fact a common set of potential savings.

QUESTION 3: Are there additional studies and reports to those listed which you are aware of and believe we should review?

ANSWER: Nothing additional to add.

QUESTION 4: What other insights do you have from your experience of demand side management adopted internationally?

ANSWER: Nothing additional to add.

QUESTION 5: Are you aware of other quantitative findings from international experience which you believe are important for us to capture and consider?

ANSWER: Nothing additional to add.

QUESTION 6: Do you agree with our identified drivers of future value for demand side response/management? Are there any additional drivers we should consider?

ANSWER: In 2.5.4 reference is made to transmission flows being more challenging in future as a result of generation located in remote areas. This comment is also applicable to distribution networks.

In 2.5.5 another important mitigating factor will be the application of smart grids whereby the DNO will seek to match network capacity to demand on a more dynamic basis.

SECTION 3

QUESTION 7: Are there any other aspects of current demand side activity in Ireland which should be captured?

ANSWER: It is worth noting that losses on the transmission and distribution network represent a demand that needs to be considered.

QUESTION 8: Do you agree with our high level assessment of the potential for demand side management in Ireland by 2020?

ANSWER: We agree with the content of the high level assessment.

SECTION 4

QUESTION 9: Do you agree with our definition of each individual demand side measure?

ANSWER: In addition to Smart meters providing information to customers it is important that they are also specified to ensure that they provide a gateway of information for the DNO and the TSO.

QUESTION 10: Is our description of the current policy baseline for each demand side measure accurate and complete. If there are omissions please point them out.

ANSWER: Nothing additional to add.

QUESTION 11: Do you agree with our categorisation of different types of "market issue" and typical remedies for each?

ANSWER: Nothing additional to add.

QUESTION 12: Do you agree with our identified barriers and enablers for each of the specific demand side measures we have identified?

ANSWER: In respect of time of use tariffs it will be important that consideration is given to how such tariffs can reflect transmission and distribution use of system costs and that their specification facilitates future integration with Smart grids.

QUESTION 13: Do you agree with our identified market issues for each specific demand side measure and our proposed remedies to address these?

ANSWER: This is a comprehensive and sound assessment.

QUESTION 14: What are your views on the likelihood and effectiveness of the identified policy options addressing the specified market issue and delivering the desired change?

ANSWER: Whilst there will be very significant challenges in taking forward the wide range of policy options proposed which will provide a test for their application we consider that they are nonetheless appropriate.

QUESTION 15: Are there any unintended undesirable consequences that any of the options might create elsewhere?

ANSWER: None that we can identify at this stage.

SECTION 5

QUESTION 16: Do you agree with our identified specific demand side measures and our assessment of the different types of benefits each demand side measure provides?

ANSWER: The measures detailed are consistent with those detailed in section 4 and are therefore an appropriate listing.

QUESTION 17: Are there any additional demand side measures that we should individually identify and assess? If so, what type of benefit(s) is it felt they provide?

ANSWER: Nothing additional to add.

QUESTION 18: Have we identified all of the relevant criteria for assessing the individual and comparative merits of the demand side measures?

ANSWER: An additional important criterion is the metric of the impact on transmission and distribution costs.

QUESTION 19: What are your views about our approach to high level assessment of different demand side options?

ANSWER: The report accepts that the approach is qualitative and highly subjective. We agree that it is not possible at this stage to be more quantitative and objective. We therefore agree with the approach to high level assessment of different options.

QUESTION 20: Do you agree with our assessment of each demand side measure against each of the identified factors?

ANSWER: Despite being somewhat quantitative and objective we are in general agreement

with the report's assessment.

QUESTION 21: Do you agree with our overall assessment of the relative merits of the different demand side options?

ANSWER: Whilst in general we agree with the overall assessment, in 5.4.3 the report considers that similar reductions in variable generation costs can be achieved through energy efficiency as could be achieved through smart metering. This is a particularly uncertain judgement taking account of the uncertainty over the scope for sustained behavioural change in consumption patterns.

QUESTION 22: Do you have any comments on our high level assessment of the benefits of different demand side measures?

ANSWER: Nothing additional to add.

SECTION 6

QUESTION 23: Do you agree with our assessment of the relative priorities of different demand side options in developing a 2020 Demand Side Vision?

ANSWER: We would support the assessment. We would comment however that whilst the low ranking applied to behavioural change through education feels right if this activity was performed in a "vacuum", it will be an important priority when considered alongside many of the other higher ranked activities.

QUESTION 24: What alternative views do you have on relative (merits and) priorities?

ANSWER: Nothing additional to add.

QUESTION 25: Do you agree with our proposed high level 2020 Demand Side Vision as described above?

ANSWER: We agree. The vision set out in the report is a good summary which pulls together all of the principal features covered in detail within the report.

QUESTION 26: What alternative vision would you put forward?

ANSWER: We would not wish to put forward an alternative vision.

QUESTION 27: Do you agree with our proposed policy pathways for implementation of the identified different policy options for realising our proposed 2020 Demand Side Vision?

ANSWER: The proposed policy options flow logically from the detailed analysis carried out. From an NIE perspective we would suggest that the review of the impact of demand side management on distribution networks is not limited only to home and office automation and electric vehicles. We envisage, for example, that there will need to be coordination between the specification and introduction of smart meters and the development of smart grids. Also we would contend that this is a mid term issue rather than a long term issue.

QUESTION 28: What alternative policy pathways would you propose based on your previous comments and responses?

ANSWER: Nothing additional to add.

SECTION 7

QUESTION 29: Do you have any additional view or comments you feel are important/useful for us in (a) establishing a Demand Side Vision for 2020; (b) identifying associated policy development and (c) determining policy pathways?

ANSWER: No additional inputs at this stage.

QUESTION 30: Are there any final comments industry stakeholders wish to make about this consultation and the proposed next steps in the consultation process?

ANSWER: No additional comments.