Northern Ireland Assembly

Committee for the Economy

OFFICIAL REPORT (Hansard)

Small-Scale Green Energy Bill: Power NI

17 November 2021

NORTHERN IRELAND ASSEMBLY

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Members present for all or part of the proceedings:
Dr Caoimhe Archibald (Chairperson)
Mr Matthew O'Toole (Deputy Chairperson)
Mr Keith Buchanan
Mr Stewart Dickson
Mr Mike Nesbitt
Mr John O'Dowd
Ms Claire Sugden
Mr Peter Weir

Witnesses:

Mr Philip Carson	Power NI
Mr William Steele	Power NI

The Chairperson (Dr Archibald): I welcome William Steele, director of customer solutions at Power NI, and Philip Carson. I hand over to you to make an opening statement, and then we will open it up to members' questions.

Mr William Steele (Power NI): Thank you, Chair. Hopefully everybody can hear me OK. I thank the Committee for the opportunity to speak to you about the Small-Scale Green Energy Bill. I am the director of customer solutions in Power NI, and my colleague Philip Carson is our front office manager.

Power NI is the former public electricity supply company in Northern Ireland. Following privatisation in the early 1990s and the opening of the retail energy markets, Power NI supplies around 55% of domestic customers in Northern Ireland and around 53% of non-domestic customers in Northern Ireland. As the Committee may be aware, Power NI is the only price-controlled, price-regulated domestic electricity supplier in Northern Ireland, and it employs around 460 locally based staff in our offices in Omagh, Antrim and Belfast.

Power NI is part of the Energia group, which is an organisation that has invested heavily across the island of Ireland in large-scale renewable assets and recently announced its intention to invest further in onshore and offshore wind, solar, renewable hydrogen, anaerobic digestion, battery storage, electric vehicles and energy efficiency. Power NI is, however, a separate business within the group, and its legal, managerial and operational separation is mandated via licence conditions. It is in the context of being a supplier that we considered the Small-Scale Green Energy Bill and made the submission that the Chair mentioned.

Power NI supports measures in the Bill that will encourage the installation of small-scale renewable generation. We have a licence condition that mandates the provision of an export tariff. That tariff has

been in existence for around 15 years, and we currently have around 10,000 customers who are paid annually for that excess generation, which they spill back to the grid. There are other providers of an export tariff in Northern Ireland, and there is active competition between those providers for the customers who have installed small-scale generation.

Having reviewed the documentation associated with the Bill, Power NI agrees that the removal of the Northern Ireland renewables obligation (NIRO) and the renewables obligation certificate (ROC) support scheme resulted in a significant decline in the rate of new installations of solar photovoltaic (PV). Paragraph 17 of our submission illustrates that point by referencing the number of installations per ROC band over time.

When it comes to encouraging microgeneration installation, Power NI believes that a support scheme will be required to sit alongside measures such as building regulations to mandate installations on new builds. That is being seen in Ireland, for example, where building regulations have been changed. Our expectation is that, when the DFE energy strategy comes forward, it will include such measures. As for mandating small-scale generation to be contracted by suppliers, placing an obligation on suppliers raises the question of how to source that required volume and what the penalties are for failing to meet that obligation, how the general operation of the obligation would sit alongside current NIRO and other obligations and, again, how it would fit with the measures that will come forward as part of the DFE energy strategy.

Thank you again for the opportunity to speak to you. Our brief was to make some opening comments and then take questions on our submission on the Bill, so we are happy to do that.

The Chairperson (Dr Archibald): Thank you very much for that overview. In relation to your comments on the energy strategy, I hope that we will see that fairly soon. You mentioned the role of incentive schemes and how they will sit alongside other policy objectives in the overall strategy. Do you see microgeneration having a particular role to play in assisting us to reach more hard-to-reach rural areas and communities that are, for example, off the gas grid and perhaps find it more difficult to transition to renewable sources? Do you see microgeneration having a role to play in that? Sitting under that but not in the Bill, do you see the potential role for incentive schemes that might sit alongside that?

Mr Steele: Absolutely. Microgeneration will and should play a role, and we expect that to be the case. We have 10,000 customers who already have solar PV on their roofs, and, in reviewing the energy strategy and looking towards the energy transition, microgeneration and a customer's ability to generate their own power will play an important role. You mentioned rural communities. It is important in rural communities, but it is important across the board because, as we look towards the energy strategy and the energy transition decarbonisation, moving towards things like electric vehicles and decarbonisation of heat through electrification, the ability to generate your electricity and use it for those purposes will play a key role. As technology advances and we get the likes of in-home storage — it has been developed in other parts of Europe, so the technology exists — there is the ability for domestic customers to generate their own power, store it and use it for their household needs, their vehicle, their heating or whatever their needs might be.

On the second part of your question about a support scheme, the statistics suggest strongly that a support scheme will be needed to provide that economic incentive for the behavioural change. It is our understanding that, as the strategy comes forward, that is being looked at in all scales of renewables. The NIRO scheme that was in place provided support at different tiers for different types of technology. Any support scheme that is implemented in the future should do the same, and microgeneration should definitely be part of that.

The Chairperson (Dr Archibald): Thank you for that. Just one more question from me before I hand over to members. Will you expand on your comments in the paper about the percentage target for companies?

Mr Steele: We estimate that our microgeneration volume at the minute is around 1% of our domestic volume. In order to get to a target, if there is a target associated with microgeneration specifically — 5% is referred to in the Bill — that is a significant jump. Therefore, in our view, it reinforces the need for some form of support mechanism for customers around the installation of microgeneration.

The Chairperson (Dr Archibald): That is useful. Thank you.

Mr Nesbitt: Thank you for that, William. Let me start by declaring that I installed a wind turbine in the family home many years ago. Are wind and photovoltaic the two main sources of microgeneration for domestic situations?

Mr Steele: They are, but it is very much weighted towards solar PV. There are a number of wind and some hydro installations, but it is heavily weighted towards rooftop solar.

Mr Nesbitt: Can you give any sense of what the financial incentive would be to a domestic user to go down that route?

Mr Steele: Before the NIRO closed and the ROC scheme closed, there was a financial incentive. The customer would get paid for ROCs, as well as payment for their export. The Power NI export tariff is a regulated tariff that is set annually. Since the ROC scheme closed, the only incentive is in-house consumption and the export payment.

Mr Nesbitt: Beyond the capital costs of the installation, I found that the annual cost of servicing trebled over 10 years.

Mr Steele: Servicing is not an area that we are directly involved in. I am aware that, with solar PV, for example, there is a lower cost for servicing. For a small-scale wind turbine such as you referenced, I assume that there is more mechanical movement and that therefore servicing is required. Again, in many ways, it is about demand and supply. I imagine that, if there are small numbers of small-scale wind generators at a domestic level, the number of people who can provide servicing services is limited.

Mr Nesbitt: From your point of view, what are the challenges in connecting new domestic units to the grid?

Mr Steele: We register customers and provide the export tariff to them when they are fully registered and connected to the grid. The process of being connected to the grid is governed by the distribution grid code and administered by Northern Ireland Electricity (NIE). A customer who wishes to install small-scale generation equipment has to go through the process of applying to NIE for connection. NIE will assess the network in their area and whether it can take the additional generation. Different areas of the network will have different levels of saturation. Therefore, for larger installations of small-scale generation, consideration needs to be given to whether the network in particular areas can take the load without reinforcement. Of course, reinforcement comes with a cost.

Mr Nesbitt: Who pays for the connection?

Mr Steele: The customer pays for the connection.

Mr Nesbitt: What happens if you have to cross somebody else's land to connect to the grid?

Mr Steele: You apply to NIE Networks for the connection, so NIE would speak with much more authority on the topic than me. What would happen is you make an application that is surveyed and assessed. If you needed to cross another person's land, consent would be required.

Mr Nesbitt: Am I right in thinking that it is different in the Republic of Ireland, where consent is not required and there is a legal or statutory obligation that allows connections to cross other people's land?

Mr Steele: To be honest, I am not aware of what the planning regulations in the Republic of Ireland are on that.

Mr Nesbitt: OK. Fair enough. Thank you, William.

Mr O'Dowd: William and Philip, thank you. As you will be aware, I am the sponsor of the Bill. I do not think that I have to declare an interest, but I obviously have an interest in the Bill. *[Laughter.]* Thank you for your written submission and your oral contribution. As you know, the Bill is going through a scrutiny stage, and the evidence that we receive will allow the Committee and me, as the sponsor of the Bill, to form a view on these matters.

I noted your comments on the 5% target. That was based on survey responses. Also, the figure that we have been working to and that the Minister gave us was that 3·8% of electricity is currently generated by microgeneration. That figure has been contested in a number of scenarios. I am personally flexible on whether it is 5%, 4% or lower than that, but it has to be a meaningful figure. It also has to be an achievable figure, but, given that the objective of the Bill is to promote green energy, a challenge has to be put in place.

One of my questions to you is this: is there any obligation on Power NI to support microgeneration? Do you provide subsidies or financial support to microgenerators to come or remain online?

Mr Steele: Power NI has a licence condition to provide an export tariff, which has to be cost-reflective. Other than that, we do not provide additional financial support. It is mandated that we provide the tariff. Therefore, if a customer installs small-scale microgeneration, we provide a route to market, essentially a payment for export — excess generation that goes back to the grid. We pay for that through the market procedures and rules that the regulator has approved. As I said, there are other providers that do similar, although Power NI is the only electricity supplier that is obliged to provide a tariff for export.

Mr O'Dowd: You say that that tariff has been in place for 15 years. Is it reviewed annually, or how often is it reviewed?

Mr Steele: It is reviewed annually. Power NI, under its licence condition, makes a submission to the Utility Regulator every year setting out the forecast of the costs and the out-turns of the previous year etc. The regulator will go through a process of scrutiny before approving the tariff. That tariff is then applied, and customers registered with Power NI are paid for their export at that tariff rate.

Mr O'Dowd: You have 10,000 customers providing electricity. Is that microgeneration in terms of 50 kW as defined in the Bill?

Mr Steele: Yes.

Mr O'Dowd: In terms of the capacity of the grid, if that number rose above 20,000 or 50,000, is there a point when you would have concerns about the stability of the grid?

Mr Steele: That is probably a question for NIE Networks, since it makes the assessment of the connection and the grid, and it owns and operates the grid. I am sorry, but I do not have a figure for that.

Mr O'Dowd: That is fair enough. What is the current tariff? Can you reveal that?

Mr Steele: Yes. The current tariff has just been approved. It runs from October to September, and is 7·85p per kilowatt-hour.

Mr O'Dowd: Your submission states that there is active competition. What does that mean? Are you out headhunting?

Mr Steele: There are other providers that will pay customers for their export. They set tariffs for their export as well. In a competitive market, we try to win and service as many customers as possible that have solar PV on their rooftops. We have taken steps to make that process as streamlined and as easy as possible so that our service is as high as possible. Our tariff is cost-reflective, and we try to win and keep those customers.

Mr O'Dowd: You currently have 1%. In your business plan, do you have a target to increase that? Do you want to be at 1·5%, 1·2% or 2% in the years ahead? Do you have a target?

Mr Steele: We look at our overall renewables position rather than just our microgeneration position. From a microgeneration perspective, we want to ensure that we maintain and grow that customer base. As we look forward to the energy strategy, Bills such as this and a potential incentive mechanism that reinvigorates this area of the market, we want to be in a position to service as many as we can of the customers who take the opportunity to install solar PV. It is difficult to put a figure on it at the minute. Without the energy strategy being published and without a clear view on what all that will look like, it is difficult to assess what size that market might become.

Mr O'Dowd: We are all looking forward to the energy strategy, whenever it turns up. Your parent company, if that is the right terminology, has planned to make significant investment in macro green energy generation. I am maybe being unfair to you and you may not be able to respond on behalf of the parent company, but why does Power NI not have similar investment planned for microgeneration?

Mr Steele: Our parent company has plans to make large investments in renewable assets across the island. Our licence prevents Power NI from owning generation. We are price-controlled and price-regulated, so our licence is strict about the areas of the market in which we can become actively engaged. Our licence mandates us to act as an electricity supplier rather than an owner or operator of generation.

Mr O'Dowd: Let me put it a different way: does your licence prevent you from providing financial support on a one-off basis to microgenerators that are coming into the market? Financial support is not the same as paying for the product. Does your licence prevent you from stimulating the microgeneration market?

Mr Steele: In short, yes, because there is no provision in the price control to stimulate that market in the way that you describe.

Mr O'Dowd: I appreciate the answers on the Bill. When we have you before us, it is only right to ask you about increasing electricity costs. How do you view the next six to 12 months? Do you expect further electricity cost increases for consumers?

Mr Steele: From a Power NI perspective, as the Utility Regulator briefed you, we are in the process of reviewing tariffs. That process is reaching a conclusion. Yes, there will be a further increase in the Power NI tariff. There is certainly significant upward pressure in wholesale prices and gas prices, and that has been reflected in electricity costs. The increase in the Power NI tariff has been briefed on by the Utility Regulator and the Consumer Council, in many ways. It looks very much as though the very high prices that we have seen in the market will continue for at least the next six months, with the likelihood of high prices relative to the position of previous years extending for six months after that.

Mr O'Dowd: Does the correlation between the increased price rises and global factors, which are largely out of your and other providers' control, mean that Power NI will move at an accelerated pace towards more renewable energy?

Mr Steele: Within our licence and in terms of the service that we provide, as customers install renewable generation, we are certainly keen to provide a service to them. As the strategy comes to the fore, we expect the renewables on the grid to increase in line with targets.

Mr O'Dowd: OK. Thank you.

Mr K Buchanan: Thank you, William, and Philip, who is out there as well.

I will follow up on a couple of points from John. You referred to the price of 7·85p: who sets that price?

Mr Steele: It is a price-controlled, price-regulated tariff. We make a submission to the Utility Regulator on an annual basis, and the Utility Regulator goes through a process of scrutiny of that tariff. The regulator then approves it, and it is implemented thereafter.

Mr K Buchanan: Is the price the same for you as for other providers? Is the figure based on everybody, or is it an individual price?

Mr Steele: That is the Power NI export tariff. Other providers can set their own export tariff, and there is no obligation on them to go through a regulatory process. It is a purely commercial decision.

Mr K Buchanan: You referred to October to September: is that a month or a year? Are you referring to the period from October past to September coming? What do you mean by that?

Mr Steele: From October 2021 to September 2022.

Mr K Buchanan: OK. It is for practically a year that it sits at that figure.

Mr Steele: Yes.

Mr K Buchanan: How long did it take you to get to the 1% that you currently do through microgeneration? Was that purely reliant on getting the ROC payment or the support to do that?

Mr Steele: In getting to that number, we had the licence condition for 15 years or so. The ROC banding has changed over time. You can see how the ROC banding has changed in paragraph 17 of my submission. That had a direct correlation with the number of installations that took place and, therefore, the number of customers whom we were able to service. In our view, the ROC banding and support mechanism had a direct correlation with the number of customers who took the decision to install solar PV. When a customer installs solar PV, they will want to be paid for any excess generation that they spill to the grid. It is at that point that Power NI offers the export tariff.

Mr K Buchanan: I just missed this in John's point. Excuse the terminology, John. John referred to microgeneration as 50 kW. Is yours exactly the same? Do you classify microgeneration as 50 kW and below?

Mr Steele: Yes.

Mr K Buchanan: Are there many installations of solar, as I call it, that are fit to export 50 kW? Most domestic settings could not export 50 kW, even if they were using none of it themselves, because the infrastructure is not there. It is a maximum of 50 kW, but is there an average of what those are fit to export, and do you know what that average is?

Mr Steele: Philip is probably a bit closer to the detail of that, and I will defer to him in a second. Most domestic installations are 4 kW. Philip, do you want to give a bit more info?

Mr Philip Carson (Power NI): Yes, 4 kW is average. I suppose that comes back to some of the conversations about the process of connecting to the grid. The typical size is 4 kW. That was driven to some extent by the process of connecting to the grid. We talked about the NIRO, which has various categories. I suppose that sub 50 kW is the NIRO definition of microgeneration.

Mr K Buchanan: You referred to 4 kW being the average. Is that an average export over 24 hours?

Mr Carson: I do not want to state the obvious, but PV generates during daylight periods. On average, over a year, what we call the "load factor" — the period over which the PV generates — is roughly 10%, give or take; perhaps it will be a wee bit higher. Some years it will be a wee bit lower, but it is probably 10% on average. Some of that generation is used on-site and some is exported. Over a year, that 4 kW will be generating for 10% of the time on average. Some of that will be used on-site by the consumer, and the residual will be exported and eligible for the export tariff that William referred to.

Mr K Buchanan: OK. I have one final question. When it comes to your profit margin, how does the 7·85p export charge that you pay to your providers — the small-scale people — compare to large-scale generation? Which is more profitable: that large-scale generation or the figure of 7·85p?

Mr Steele: That 7·85p is a regulated tariff. It is controlled by our price control and is therefore caught up in the overall piece of price control. In most cases, depending on the scale, larger-scale generation above 10 MW will be owned by the developer or the company that developed it. That developer or company will bid that into the market and operate that in the market. As I said, Power NI does not own any generation.

Mr K Buchanan: I do not want to know your business figures, but at what price are you purchasing electricity raw from large generation, and what price are you exporting it at, in comparison to the 7·85p? Give me something to go on. Is it lower or higher?

Mr Steele: The large generators will bid into the single electricity market, and we will buy it from the single electricity market, in the same way that other suppliers do and in the way that the market operates. Once you are over that sort of scale, you bid into the market, and we then purchase from the market.

Mr K Buchanan: But is it more or less?

Mr Steele: They would get the market price, which, because of their scale, would be more dynamic, as it is settled on a half-hour-by-half-hour basis, whereas, for microgen, we try to take a view of what the market rate out turn will be and reflect that in the payment to the microgen customer. The design of the tariff tries to reflect to the microgen customer effectively what they would be able to achieve in the marketplace, which is the same as what a larger-scale generator would achieve. The fundamental design of the microgeneration tariff is that it is cost-reflective, and therefore, in many ways, Power NI is buying from the microgen customer rather than having to buy the equivalent volume from the wholesale market. The market arrangements allow for those to be netted off, so it works in that way. It tries to mirror the wholesale market arrangements.

Mr K Buchanan: My last question is this: does the microgenerator get a raw deal at 7·85p? Are you giving more to the larger generators?

Mr Steele: No, the microgeneration customer gets a cost-reflective generation price, which, by design, attempts to mirror the cost that would be achievable on the wholesale market. It should be equivalent.

Mr K Buchanan: Thank you, William and Philip.

Mr Dickson: I have two brief questions. Following on and drawing from that last question, I think that you were saying to us that, when it comes to a price comparison, there is not that big a difference between an individual microgenerator and the large generators; it is just the way that the electricity is purchased that is different, in that the regulator fixes the price for microgeneration but the larger generators bid into the single market. Is it possible for a group of microgenerators to come together, for example, as a social enterprise or a cooperative, group their sales to you and go into the single market, rather than sell at that 7·85p rate?

Mr Steele: That is possible within the market arrangements. It uses the concept of an aggregator at the minute, and there are rules in the market that allow aggregation to take place. It is possible for customers to group together and either contract with someone in a group or form a social enterprise and enter the market themselves. Certainly, when we look forward to the energy transition, we expect that that sort of arrangement for communities and local generation is likely to become more prevalent, and there are routes to market that currently exist.

Mr Dickson: Is that route to market currently used? Do you have any microgenerators grouping together to take that advantage, or might that be an interesting and exciting way forward, particularly in the light of the Bill?

Mr Steele: Typically, at the minute, we see microgeneration customers contracting with us individually, rather than collectively.

Mr Dickson: Is it the case that the opportunity is out there and there is nothing to prevent it from happening?

Mr Steele: Correct.

Mr Dickson: Thank you very much. That is helpful.

Chair, I do not know whether this question was answered at the beginning. I appreciate that it is not your end of the business, but can we get an indication of the average connection cost per microgenerator, for either a small turbine or photovoltaic cells at a property? On the assumption that there is a reasonable ability to connect to the grid, what would be the average cost for that connection? Have you any idea what that price would be?

Mr Steele: Apologies. Only NIE Networks could answer that question.

Mr Dickson: That is fine. I take it, Chair, that we will have an opportunity to ask NIE Networks those questions.

The Chairperson (Dr Archibald): Yes. Hopefully, we will.

Mr Weir: Thank you for your presentation. I have a couple of follow-up questions. First of all, I want to be absolutely clear in my mind. We have talked about the generator selling on, the cost to you and what would be received by the microgenerator as opposed to the large-scale generator. To be absolutely clear, from what you have explained about the mechanisms by which payments are made and covered, the other concern is not simply what the microgenerator would receive but the cost to the overall network and the potential cost of electricity that would then be passed on, ultimately, to the consumer. If we are looking at where the balance should be between microgeneration and large-scale production, from the mechanism that you have outlined, is it reasonable to say that the overall cost to the system is a relatively moot point, and that, with regard to the exact balance, it would not really have much impact on the cost that is, ultimately, passed on to consumers? Have I interpreted what you said wrongly?

Mr Steele: There are probably a couple of elements to the question: the cost of connection and the network reinforcement cost. Again — apologies — the question about system reinforcement and the scale of system reinforcement that would be required is probably best answered by NIE Networks. Obviously, there is an economy of scale with larger installations as opposed to a lot of smaller installations. Again, NIE Networks would probably be better answering that.

Mr Weir: I will come on to installation and the support mechanism in a moment. If we slightly disaggregate the issue as regards the purchase of the electricity and what the impact of that will be, we are, obviously, highly concerned about what overall energy costs will be and what will, ultimately, be critical for many people: the bill that comes through their door. We are trying to establish what the impact will be if, for instance, there are variations in the extent to which we use — leaving aside the initial set-up costs — small generators and microgeneration. What impact, if any, that will have for the consumer?

Mr Steele: If you disaggregate it in the way in which you have mentioned, leaving aside the connection costs and subsidy or incentive and focusing on just the energy element of it, as I have described, the Power NI microgeneration export tariff is designed to be cost-reflective, i.e. reflective of the cost that the customer could achieve in the wholesale market. Therefore, that process, essentially, also reflects what a larger generator could achieve in the wholesale market. If that wholesale market price is being reflected back to the consumer who does not have microgeneration, it should be largely similar.

Mr Weir: OK. Both Mike and Stewart raised the issue of the cost of establishment. In your paper, you talk about support mechanisms. We have looked at what the support mechanism would be for an individual applicant and what the connection costs would be. I appreciate that some of that will lie outside your area of expertise. As regards the overall support mechanisms that are needed, leaving aside those for the individual, do you have any ballpark figure for the support mechanism that is needed for Northern Ireland plc, if I can put it that way, with regard to either capital or resource?

Mr Steele: The support mechanism for Northern Ireland plc will depend on the levels and extent of the support. The NIRO, for example, provided support at all levels of renewable generation — larger and smaller scale — had tiers in it and was able to be adjusted in that regard. The NIRO very much did what it was designed to do. It was implemented in 2005, when NI plc was at a 3% level of renewable generation, and we probably closed, last year, at around 50%. That is a phenomenal increase. Going forward, we expect that the Department will consider new support mechanisms. We understand that it is doing so, and there are examples — models in GB and Ireland — of what the support mechanism could look like. Ultimately, it will depend on what the overall target is and, from a policy perspective, the type and scale of renewables on which he policy will focus, whether that is small-scale, large-scale, offshore etc. I imagine that the support mechanism would be tailored in line with that policy.

Mr Weir: The extent would depend on what is available from a practical point of view, and it would, broadly speaking, reflect the cocktail of measures in the policy. To some extent, it is impossible, at this stage, to put a ballpark figure on it, because it flows from that rather than following any set-piece formula.

Mr Steele: That is correct.

Mr O'Toole: Part of the reason for your scepticism, if I correctly discern scepticism in your view of the Bill, is that you think that new incentives for microgeneration should wait for the energy strategy.

Mr Steele: As I said at the outset, we are supportive of support for microgeneration. We think that it has a key role to play. The difficulty that we have, looking at the Bill in isolation, is that we do not yet have view of the overall energy strategy; it has not been published. Therefore, we do not have a clear view of what targets will be contained in it, whether there will be a policy preference for larger- or smaller-scale types of technology, what incentive mechanisms might sit alongside that and what, if any, obligations will sit alongside that. In summary, it is difficult for us to provide detailed and substantive comments on the Bill without the backdrop of the energy strategy and when we are conscious that it is coming.

Mr O'Toole: You say that it is coming. What is the latest that you have heard from the Department on timing?

Mr Steele: We understood that it would be published in November. I am sorry, but I do not have any greater insight than that.

Mr O'Toole: I might be overreaching myself, but, assuming that the energy strategy is published before Christmas — say Santa delivers it to our proverbial stocking — would you be willing to give us your view promptly afterwards? Could you give us a more detailed commentary on the Bill once you have seen the strategy?

Mr Steele: Assuming that the strategy has detail and so on, I will be happy to provide a written submission to the Committee. That is no problem. We could look to do that as promptly as possible. As I said, it is difficult to provide details, numbers and so on without the broader context of what the overall target might look like, whether there is any incentive or support mechanism and what it looks like and what obligation may or may not be contained in it. If that information comes out and we get a chance to review it, we would be happy to make another written submission to the Committee.

Mr O'Toole: Does what you said allude to the fact that the energy strategy may be more aspirational and strategic in its framing, rather than having specific targets? It will not have any legislative effect; it will be a policy document. Is there not a concern that, if it is an aspirational document, it cannot, by definition, give any of us guarantees on how it will interact with a specific piece of draft legislation? There could then be a bit of a chicken-and-egg thing that happens: you wait for the energy strategy in order to endorse one specific legislative proposal around microgeneration, but the energy strategy is aspirational, so it cannot give you that. Do you see what I mean? It is about the challenge of creating some kind of binding target in this one area versus a long-delayed and, possibly, mostly aspirational strategy document.

Mr Steele: I certainly understand the point that you make. It is difficult for me to comment on a policy document that I have not seen.

Mr O'Toole: I realise that I am being slightly mischievous in asking you to comment on it, but thank you.

Mr O'Dowd: To continue the Santa theme, Santa's little elves were working on the Bill last Christmas, so it has been in production for a while. When the energy strategy is published, as the Bill sponsor, I will have to look at the Bill in the context of the strategy and see what changes have to be made to it as a result. It is also worth noting that the Department has said that no legislation will come from the energy strategy in this mandate, regardless of what happens in the next mandate.

I want to clarify one point with you, William, in relation to Keith's questions. Did you say that the average microgeneration capacity is 4 kW, or was that Philip?

Mr Carson: Yes. PV forms the vast majority of the microgeneration portfolio in not just Power NI's tariff but the wider market. We can get a specific number for the average size, but it will be in the region of 4 kW.

Mr O'Dowd: How much, on average, of that 4 kW production is exported to the grid?

Mr Carson: It is roughly 50%. Again, it will depend on the circumstances. I think that I mentioned a number for what proportion of time that 4 kW system will be generating. Again, in big, round numbers, on an annual average basis, it will be about 10%, and, typically, half of that volume will be exported on to the grid and paid for through the tariff, and the other half will be consumed on site. The customer is,

obviously, offsetting the need or requirement to import. That 50% is probably more lucrative to them than the 50% that is being exported.

Mr O'Dowd: Can I take it that that is domestic properties with solar power?

Mr Carson: Yes, that will be domestic installation. I think that there was a question regarding larger installations of up to, perhaps, 50 kW. Typically, they will not be in a domestic setting. In all likelihood, they will export more, but, in your typical domestic setting, those are the typical numbers that we see.

The Chairperson (Dr Archibald): Thank you very much for your time. If, as Matthew suggested, you would be willing to give us a further submission on the energy strategy when is published, that would be useful to us. We would appreciate that. We will keep in touch with you.

Mr Steele: Thank you, Chair, and thanks to the Committee.