

Alan Campbell  
SONI Ltd  
Castlereagh House,  
12 Manse Road,  
Belfast,  
BT6 9RT

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Ref: NET/E/TH/407

Dear Alan

**Application that the Authority<sup>1</sup> consent to extend the Connection Offer Timelines for Connection Application for the Atlantic Hub Data Centre Project**

Thank you for your letter of 24 June 2021 (“the **Letter**”).

We treat the Letter as an application, under Condition 25(5) of SONI’s Transmission Licence (“the **Licence**”), seeking the Authority’s consent for the extension of the time period within which SONI (“the **Licensee**”) is required to issue a connection offer to Atlantic Hub Property Limited (“**AHPL**”). We shall refer to the application contained in the Letter as “the Application” or the “SONI Application”.

Before setting out the background to the SONI Application, we would make a preliminary reference to the relevant terms of Condition 25 of the Licence.

**1. Condition 25 of the Licence.**

Condition 25(5) provides as far as relevant as follows (our underlining added):

5 [SONI] shall offer terms for agreements in accordance with paragraphs 1 and 2 as soon as practicable and (save where the Authority consents to a longer period, which consent may be given on the application of [SONI] following consultation by [SONI] with the person making the application and such other persons as [SONI] considers may be affected or interested) in any event not more than the period specified in paragraph 7 after receipt by [SONI] of an application containing all such information as [SONI] may reasonably require for the purpose of formulating the terms of the offer

Condition 25(7) provides that the “period specified” in this case is three months.

**2. Background**

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<sup>1</sup> In this letter “we”, “UR” “us”, and “the Authority” are used interchangeably to refer to the Northern Ireland Authority for Utility Regulation.

On 17 September 2020, SONI received a transmission connection application from **AHPL** for the Atlantic Hub Data Centre project, on a Least Cost Technically Acceptable (“**LCTA**”) connection arrangement basis.

On 6 January 2021 - following further engagement between SONI and AHPL - AHPL requested *“that the application checks process cease on this connection application as AHPL was minded to request a CPO that was not the LCTA connection arrangement.”*

An updated connection application was received by SONI on 27 January 2021, seeking a connection offer to connect a data centre with a Maximum Import Capacity (“**MIC**”) of 80 MW on the Customer Preferred Option (“**CPO**”) connection arrangement of a 110 kV connection into an extended 110 kV switchboard at the Coolkeeragh Substation.

SONI has determined that the requested customer preferred connection arrangement *“would require re-configuration of the 110 kV switchboard at Coolkeeragh Substation. This extension would require work in land that is potentially contaminated and therefore technical investigations are required to enable preparation of this offer. This connection also overlaps with a wider network need and potential network project.”*

SONI assessed AHPL’s CPO application, and following the provision of additional information and payment of the relevant connection application fees, deemed the AHPL application to be a valid application with effective date **9 April 2021**. It follows that, barring a successful application to the Authority for a longer period, Condition 25(5) [when read with C25(7)] obliges SONI to offer the requisite connection offer to AHPL as soon as practicable and, in any event, no later than **8 July 2021**.

### **3. The SONI Application**

The SONI Application is summarised as follows in the Letter.

*In line with Condition 25 of the TSO Licence, SONI requests that the Authority consents to extend the time required to issue the connection offer to Atlantic Hub Property Limited for its data centre project from 8 July 2021 to **8 February 2023**.*

The following factors have been identified by SONI in support of the Application:

*“The complexity of the CPO connection arrangements for the data centre project is such that there are significant environmental unknowns. This is in regard to the lands adjacent to the existing 110 kV switchboard which will need to be investigated before a meaningful connection offer could be issued; and”*

*“In addition to the above SONI is also examining the network need at this substation. Provision is being made within the Transmission Investment Plan and draft TDPNI to address the potential need for voltage support (already included in the current TDPNI*

*and will probably will be required as a deep reinforcement in any case for the AHPL project), to re-establish a second bus coupler to enhance operational flexibility and enable the longer term need to facilitate a third transformer.”*

*“This will also examine options to remove barriers to facilitate connection of projects including those that may contribute to the pathway to net zero. This process has its own timelines involving environmental and civil surveys, development of an options report for a preferred option, submission of a TNPP to the Utility Regulator for approval as well as internal governance for same. The timeline for this is set out below in the High Level Activities of the Proposed Extension Timeline.”*

Work Item	Estimated Time (Months)	Responsible	Comment(s)
Environmental survey and civil engineering report	6	SONI/consultant (Input from NIEN)	
Options report – to select final option for Coolkeeragh 110 kV extension	3	SONI	
Preparation and submission of TNPP	3	SONI	
TNPP approval	4	UR	
Internal SONI Governance & Approvals (Control Point 1)	1	SONI	Subject to NIEN requiring an extension for Construction Offer.
Connection Offer preparation (including Construction Application / Offer)	2	SONI / NIEN	
<b>Total Time:</b>	<b>19</b>		

*“Although the AHPL’s data centre project is separate to this work, their requested CPO is directly dependent on the outcome of it in terms of whether or not their requested CPO connection arrangement is technically feasible from a delivery point of view.”*

*“the submission of the Construction Application to the NIE Networks Limited (“**NIE Networks**”), in its role as Transmission Owner (“**TO**”) has been delayed as SONI requires more time to assess the technical complexities of the requested CPO connection arrangement.”*

*“SONI will endeavour, to issue the connection offer ahead of the requested extension date if possible however they note that there remains unknown and potentially unforeseen impacts of the ongoing Covid-19 pandemic in relation to the connection offer process including, but not limited to, availability of key staff both within SONI and the TO.”*

*“SONI will continue to investigate was of reducing the requested extension timelines as the work develops as there may be opportunities that are identified to do this.”*

An application by SONI under C25(5) requires SONI to consult with:

“ . . . the person making the application [for connection: in this case AHPL] and such other persons as [SONI] considers may be affected or interested.

SONI has complied with this requirement by consulting with NIE Networks [as the Transmission System Owner] and AHPL on the Application. The views of NIE Networks

and AHPL are annexed to the Application and make up part of it. NIE Networks provided an emailed response. The response from AHPL was in the form of a letter. The views of the respective consultees are summarised<sup>2</sup> as follows:

### **NIE Networks**

*"[SONI has] recognised the final solution still needs to be identified which, subject to the level of complexity, may necessitate an extension of our own in preparation of the Construction Offer. This will become more apparent nearer the time but useful to flag at the outset."*

*"NIE Networks recognises the need for SONI to consider the longer term plan at Coolkeeragh and to ensure the selected final option is the most efficient from a cost perspective while addressing current and future system needs. To ensure SONI has the time to arrange and complete the necessary investigations, surveys and system studies to identify the optimal solution at Coolkeeragh, NIE Networks are strongly in favour of the extension being granted."*

### **AHPL**

AHPL has concerns in respect of the proposed timelines, *"which have continuously been pushed out from 6 to 12 months and to 18 months, and now further to 19 months. These extended timelines will have a severely negative impact on the Atlantic Hub project and potentially lead to failure of this project."*

AHPL highlighted its concerns regarding SONI's Transmission Development plan ("TDPNI") and questioned SONI's 2020-2029 TDPNI in relation to future projects identified to develop the Transmission Network for the North West area. AHPL is of the view that *"SONI's requirement to assess the wider system needs should already be developed as part of their ten year transmission development plan."*

AHPL acknowledged the importance of the Transmission Network Pre-construction Projects ("TNPP") process in providing optimal capital expenditure and transparency for electricity consumers. However, AHPL has questioned SONI's seven-month estimation for the TNPP process, and have called for *"co-operative working between SONI, NIE Networks and UR to reduce this timeline."*

AHPL has expressed the view that there is support for the project from political representatives and local councils. It states that *"the project is central to the overall North West Green Region Project"*, noting that the project would represent Northern Ireland's "largest demand connection".

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<sup>2</sup> As with all aspects of the Application the full contents of the consultee responses have been considered by us. A failure to include part of the full consultee response in this decision document should not be considered to suggest otherwise.

*The North West Green Region project has full support and cooperation of local district and county councils from the surrounding NI and ROI jurisdictions”.*

AHPL also notes that SONI's plan is “*high level and does not provide a sufficient breakdown of individual tasks. It is not possible for AHPL to determine if the current timelines are optimal and efficient*” and have therefore requested that SONI provide a “*detail project plan that should set out the individual tasks / important milestones associated with items being carried out coherently.*”

AHPL also contends that the length of time posited by SONI for certain reports “seems lengthy”.

In conclusion, AHPL states that it is “*not supportive of the [SONI Application]*” and requests that “*SONI, NIE Networks and UR review the estimated time scales, and resourcing efforts to determine where efficient savings can be made.*”

#### **4. Our Decision on the SONI Application**

Having considered the matter fully, and taken all relevant matters into account, the Authority (i) determines to accede to the Application considering it properly founded and, accordingly (ii) gives its consent to the extension of the C25(5) period – within which a requisite connection offer must be made to AHPL in respect of its application effective 9 April 2021 – out from 8 July 2021 to **8 February 2023**.

In making this decision the Authority has had proper and full regard to the consultation responses from NIE Networks and AHPL. NIE Networks is strongly supportive of the application. AHPL – is not supportive of the Application. AHPL has raised various concerns in its consultation response. We have evaluated that the matters set out in the Application justify the extension of the long stop period (for C25(5) purposes) out to 8 February 2023.

However, whilst we are persuaded that the Application should be granted, we also consider that we should address concerns expressed by AHPL in its consultation response. We now set out how we propose to do that.

#### **5. Addressing the concerns raised by AHPL**

First, we emphasise the terms of C25 itself. SONI is obliged by the terms of C25(5) to offer the requisite “terms” to AHPL - in respect of its application for same (deemed effective 9 April 2021) - “**as soon as practicable**”. For the avoidance of doubt, that key obligation is not affected by our decision to grant the Application. Our decision on the Application does not mean, and should not be interpreted as meaning, that SONI will now meet its C25 obligations in respect of the AHPL connection application provided it turns around an offer of terms by 8 February 2023. To the contrary, SONI remains obliged to make the requisite offer “**as soon as practicable**” and in any event, no later than 8 February 2023. The (new) C25 date (for AHPL’s connection application) is a long stop date.



Second, we record our willingness to work co-operatively with all stakeholders, to include AHPL, in order to facilitate the timely provision of connection terms. We note that in its consultation response AHPL has mentioned a particular concern about the posited 7 month time period for working through any required TNPP process. In that regard, we would affirm our commitment to expedite any such process within the parameters of the accepted procedures.

Third, we intend to put some specific measures in place as to the monitoring of this connection process. AHPL is right to point out that its project is of clear significance. That much is accepted in the matters rehearsed in SONI's Application. We consider it appropriate, therefore, having granted the Application, to exercise bespoke vigilance over the timely provision of a connection offer to AHPL; all the while expecting that SONI shall continue to fully comply with its Licence obligations.

In those circumstances, we have decided to (and do) call upon SONI to provide us with periodic update reports on the progress of the making of a connection offer to AHPL. Those update reports should deal with the steps/milestone events outlined in the high level plan contained within the Application; further explored in light of new circumstances. Plans for further and timely process should be identified: noting SONI's licence obligation to make an offer of "terms" as soon as practicable.

The update reports should be a product of appropriate liaison between AHPL and SONI. The Authority will co-operate with the parties to better prepare for any future role it may have as a result of the contents of the update reports. For example, it will work to streamline the process (where practicable) for the determination on any TNPP procedures advised in the update reports (or otherwise) as then scheduled.

We would look to SONI to provide the first update report to us by 14 February 2022, but not before 7 February 2022.<sup>3</sup> By then SONI should be able to provide a substantive update in relation to the steps/milestone events recorded in the high level plan for the next 6 months. We consider that SONI should provide the first update report to AHPL at least two weeks prior to its submission to the Authority so that AHPL may (if it wishes) make representation on the progress of the connection offer process.

Our aim would be to reply to the first update report within 28 days of receipt. Our reply shall set out our further assessment as to future steps; to include the frequency of further update reports.

Our expectation is that the first update report should include further developments on any anticipated TNPP process. We expect that SONI shall, moving forward, engage with the relevant parties (to include the Authority) as to preparation of anticipated TNPP requirements.

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<sup>3</sup> We have chosen this date rate so as to allow SONI time to assess the first 6 months of progress (from the date of this decision) and then prepare a requisite update report to be prepared to both AHPL and the Authority.

Our general expectation is that all relevant parties should actively co-operate in order to achieve a timely offer of connection to AHPL (and indeed, the timely completion of the connection for the project, where applicable). We shall play our full part in that.

SONI is asked to return to us by 21 July 2021 indicating its agreement to provide the (above mentioned) first update report by 31 January 2022. Precise arrangements can follow future discussion.

We trust this is satisfactory.

Yours sincerely,



**Tanya Hedley**  
**Director Networks**

**For and duly authorised by the Authority**