

Roger Henderson
 Director
 Northern Ireland Electricity Networks
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19th July 2021

NET/E/TH/409

Dear Roger

Low Carbon Technology Mid-Term Review

This letter sets out the Utility Regulator's decision in respect of LCT mid-term review under paragraph 4.34 of Annex 2 of the NIE Networks Distribution Licence.

Our decision takes account of the information provided in your submission of 5 October 2020 and the subsequent query process.

We have determined two allowances:

1. an additional allowed CAPEX amount (ACDR_{X_t}) of £825,411 (2015/16 price base) for the works as profiled below:

	Total Cost	Expenditure Profile		
		FY 21/22	FY 22/23	FY 23/24
Network investment associated with the connection of HP & PV technologies and upgrade works to primary substations to remedy reverse power flow issues	825,411	275,137	275,137	275,137

2. A volume driven amount (2015/16 price base) for the works as explained below.

	Unit Rate (£)
Unit rate for fast (at home) EV chargers connected.	438.52

The additional amount (ACDR_ X_t) will be calculated on an annual basis by multiplying the volume of fast, (at home) EV chargers connected in year t (as reported in the RIGs) by the unit cost identified in the table above.

The number of EVs used to determine the unit rate above was the number of connected chargers known to NIE Networks having been reported by consumers or identified by NIE Networks through load surveys and other work. The number of EVs used to determine the RP6 allowances will also be the number of connected chargers known to NIE Networks having been reported by consumers or identified by NIE Networks through load surveys and other work.

It is possible that the investment necessary to accommodate EV chargers connected up to the 31 March 2024 will not be completed within the RP6 period. NIE Networks should assess and report the level of investment to be undertaken in RP7 to accommodate EV charger connections made up to the 31 March 2024 and identify the quantum which it considers to be RP6 deferred investment.

The use of a unit cost per EV charger connected addresses the risk associated with projecting the number EVs in an uncertain and rapidly changing environment. In our discussions, you identified the risk associated with determining a unit rate based on the historical distribution of a small number of EVs charger connections across transformers. You will be aware that it is good regulatory practice to base decisions on past experience and performance unless there is robust evidence available to show that the future will be different. In our opinion it is reasonable to do so in these circumstances because the number of EVs connected by 2024 will still impact a small proportion of consumer connections. However, we have asked you continue to report detailed information on LCT connections and justifiable network upgrades linked to LCT connections. If this shows a material change in the distribution of LCT connections which has an impact on the unit cost upgrades necessary to serve LCT, at each year end we will consider whether it is appropriate to revise the unit rate for EV connections for future years (by either increasing or decreasing the unit rate by a subsequent determination).

We will publish the decision by uploading it to our website and including it in the public register required under Article 57 of the Electricity (Northern Ireland) Order 1992

Under paragraph 4.35 of Annex 2 of the NIE Networks Distribution Licence the Utility Regulator may make a determination subject to conditions with which the Licensee shall be required to comply, including conditions as to the monitoring, audit and reporting in relation to the project.

In respect of this determination the Licensee shall, in addition to ongoing RIGs reporting, maintain records LCT connections against individual transformers and the cost of transformer

upgrades using the same structure of information submitted for this determination and report this information to the Utility Regulator annually.

Should you require any further information or clarification please do not hesitate to contact me.

Yours sincerely



Tanya Hedley

Director of Networks

Cc Jonny Pollock (NIE Networks)
Carl Hashim (NIE Networks)
John Mills (UR)
Alan Craig (UR)
Paul Stewart (UR)