

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

25 March 2022

Ref: NET/E/TH/489

Dear Alan

Application for the Authority's¹ consent to extend the Connection Offer Timelines regarding the Connection Application for the Feeny Cluster.

Thank you for your letter of 11 March 2022 ("the **Letter**").

We treat the Letter as an application, made 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 NIE Networks as the Distribution Network Operator ("**NIEN**"). 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 (**C25**) of the Licence.

1. Condition 25 of the Licence.

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

"[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.

¹ In this letter "we", "UR" "us", and "the Authority" are used interchangeably to refer to the Northern Ireland Authority for Utility Regulation.

2. Background

On 14 October 2021, SONI received an application from NIEN, in its role as the Distribution Network Operator ("**DNO**"), under Section S of the Transmission Interface Arrangements (**TIA**), seeking an offer from SONI to provide necessary transmission works associated with, and including, a proposed connection to the transmission system (as operated by SONI pursuant to the Licence) of a new distribution cluster substation in the vicinity of Feeny ("**Feeny Cluster**").

SONI deemed the application to be a valid application as of **24 December 2021**. It follows that, unless SONI has the consent of the Authority for a longer period to apply, Condition 25(5) [when read with C 25(7))] obliges SONI to offer the requisite connection offer to NIEN as soon as practicable and, in any event, by no later than **26 March 2022** (this being the date which is three months from the validation date).

SONI state that NIEN's Section S application requested:

- Accommodation of 90MVA capacity;
- That capacity located at Grid Co-ordinates 261031, 406015 based on the DNO's preliminary analysis of a location.

In SONI's C25 submission the below comments are made [by SONI] in regards to the Construction Offer:

"SONI has carried out connection studies to identify the Least Cost Technically Acceptable ("LCTA") which has identified the construction of a 275 kV double busbar substation with one 275/33 kV transformer located along the Coolkeeragh-Magherafelt 275 kV double circuit and connected into both of the existing Coolkeeragh-Magherafelt 275 kV circuits. SONI submitted the associated Construction Application to NIE Networks, in its role as Transmission Owner ("TO") on 2 February 2022."

"On 9 February 2022 the TO advised that it did not consider that SONI's Construction Application was effective as, in their view, it was not complete and clear in all material respects, as is required by Section D paragraph 2.4.1 of the TIA." [As per reasons set out within SONI's C25 submission]

"Therefore, in line with Section D, paragraph 2.5 of the TIA, SONI and TO discussed the detail of the information which TO deemed was missing. Although some of the information highlighted by the TO could be viewed as over and above SONI's responsibilities with respect to setting out a high-level functional design in a Construction Application, in the interests of progressing the application, SONI subsequently submitted an Addendum to the Construction Application with additional information to the TO on 1 March 2022."

“On 9 March 2022 the TO advised that it still did not consider that SONI’s Construction Application was effective as again, in their view, it was not complete and clear in all material respects.” [As per reasons set out within SONI’s C25 submission.]

“SONI is currently of the view that the Construction Application (including the Addendum) does provide the level of detail that SONI is required to provide in a Construction Application to fulfil its obligations under Schedule 2 of the TIA as it contains the high-level functional design and is complete and clear in all material respects. However, again in line with Section D, paragraph 2.5 of the TIA, SONI will discuss further with the TO.”

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 Section S Offer to the DNO for the Feeny Cluster from **26 March 2022 to 25 May 2022.**”*

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

- *The associated Construction Application not being deemed effective by the TO. Therefore additional time is requested to account for discussions that have already taken place with the TO, and also for further discussions with the TO to take place going forward to get to a position where the Construction Application is made effective by the TO as soon as reasonably practicable.*

Alternative options were considered by SONI:

- *There are no viable alternatives available to SONI at this stage in the absence of the TO deeming the Construction Application effective and confirming that they will issue a Construction Offer. Should the TO confirm that they will not be issuing a Construction Offer then SONI will be unable to issue the Section S Offer to the DNO, as per Condition 25(6) of the SONI Transmission Licence.*
- *In line with the normal process and as part of determining the LCTA connection arrangement, SONI have considered other options. However, the other options would require SONI to go outside its remit to issue a Section S Offer with LCTA connection arrangements.*
- *In addition, the other options considered (e.g. connection into existing 110 kV Transmission Assets) would be difficult to deliver due to the distance of the overhead 110 kV circuits lines and obtaining the required planning consent for this and the timescales to deliver this would also be well in excess of the proposed LCTA.*

- *SONI discussed these options and associated difficulties with the DNO and explored the option of a revision to the Section S Application. The DNO submitted a revised Section S Application on 10 March 2022. SONI is currently assessing this revised Section S Application but the steps required to confirm that it is effective may not be completed before 26 March 2022, meaning that this does not remove the need at this stage for SONI to seek a derogation, within the timeframes as set out Utility Regulator's guidance document on derogations, from the requirements under Condition 25 of the SONI Transmission Licence*

4. The Application Consultation

An application by SONI under C 25(5) requires SONI to consult with:

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

SONI has consulted with NIE Networks (in its capacity as the DNO making the application for connection) and NIE Networks (in its capacity as the Transmission Owner – TO) on the Application. The views of NIE Networks (acting as DNO and as TO) are set out below.

The views of the respective consultees are quoted as follows:

NIE Network – Distribution Network Operator

"We wish to make it clear that NIE Networks has applied for an offer under Section S of the TIA to provide the necessary transmission works for Feeny Cluster. We have not applied to SONI for an offer under Licence Condition 25 of the SONI Licence. As such, the deadlines for the SONI offer are not defined in the SONI licence. What we require from SONI is an offer in accordance with the TIA to provide the necessary Transmission Works to connect Feeny cluster to the Transmission System."

"We understand that NIE Networks (TO) has not yet received an effective construction application from SONI and therefore the timelines for achieving a section S offer are still unknown. Once NIE Networks (DNO) are in receipt of a revised Section S timeline we will consult with our current applicants who are waiting on an offer for Feeny Cluster."

"We highlight again that NIE Networks (DNO) has made a revised application for Feeny cluster on the 10th of March 2022, outlining the justification for doing so within the application."

NIE Network – Transmission Owner

“We wish to make it clear that NIE Networks has applied for an offer under Section S of the TIA to provide the necessary transmission works for Feeny Cluster. We have not applied to SONI for an offer under Licence Condition 25 of the SONI Licence. As such, the deadlines for the SONI offer are not defined in the SONI licence. What we require from SONI is an offer in accordance with the TIA to provide the necessary Transmission Works to connect Feeny cluster to the Transmission System.”

“SONI has provided confirmation of the Section S timelines to NIE Networks to receive a Section S offer for Feeny Cluster in your e-mail below dated 8th March requesting feedback from NIE Networks by close of business on 10th March.”

“On 8th March 2022 NIE Networks TO confirmed that they still do not consider that the construction application is effective as it is not complete and clear in all material respects, as is required by Section D paragraph 2.4.1 of the TIA. This has not been updated in your Section S timelines.”

“On 10th March 2022 NIE Networks issued a revised application to SONI for Feeny cluster outlining our rationale for doing so. I will check our availability to meet with SONI on the times that you have provided earlier today and will come back to you on this.”

SONI Consultation Response

“SONI is aware of NIE Networks’ views that there is no requirement to apply SONI Licence Condition 25 for applications made under Section S of the TIA. As you are aware SONI does not share this view and there are other ongoing interactions between SONI and NIE Networks to try and address these differing views. As such, SONI has made a request under SONI Licence Condition 25 as we believe that we are required to do so to ensure that we meet our Licence obligations.”

“NIE Networks TO advised on 8 March 2022 that it still did not deem the SONI Construction Application (including the Construction Application Addendum) effective. However, after considering the points raised by NIE Networks TO on this SONI does not agree that the Construction Application is still not effective. However, to clarify, SONI have included additional time as part of its extension request to the Utility Regulator to cover delays resulting from the Construction Application being deemed not effective by the TO initially, and also for further discussions with the TO going forward to get to a position where the Construction Application is made effective as soon as reasonably practicable (being conscious that there are technical complexities that NIE Networks TO need to consider). We are keen to work with and assist NIE Networks TO on this where we can.”

“Please note that although NIE Networks DNO submitted a revised Section S Application to SONI for the Feeny Cluster on 10 March 2022, we have not yet been able to deem this revised application effective and therefore had to proceed with the extension request to the Utility Regulator based on the original application received.”

5. Our Decision on the SONI Application

Having considered the matter fully as a request under Condition 25 of SONI's Transmission Licence 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 period – within which SONI is required to make a connection offer to NIEN (DNO) in respect of the application made to SONI and effective 24 December 2021 –to **25 May 2022** (as requested by SONI).

In making this decision the Authority has had proper and full regard to the consultation responses from NIE Networks – acting in its separate capacities and DNO and TO, including a consultation response from SONI.

We are informed that SONI has made the Transmission Owner aware of the extensions timelines and in particular the timelines surrounding the construction offer, however we do note the disagreements between both parties in regards to the construction offer.

We note NIE Networks (DNO) comments, *“We understand that NIE Networks (TO) has yet to receive an effective construction application from SONI and therefore the timelines for achieving a section S offer are still unknown. Once NIE Networks (DNO) are in receipt of a revised Section S timeline we will consult with our current applicants who are waiting on an offer for Feeny Cluster...”*

We have taken account of SONI's concerns in regards to the justification for their request and expect that all parties will engage with each other to resolve the issues highlighted within the request to ensure that a sufficient connection offer can be made as soon as practicable.

Whilst there are issues to resolve between the relevant parties within this connection offer process, we expect SONI and NIE Networks (DNO and TO) to continue to work collaboratively throughout the connection process, and within the provisions of the TIA and their respective Transmission and Distribution Licences.

We welcome SONI's acceptance (in the Letter) that it will make an offer of connection (where possible) *before 25 May 2022 “if possible”*. We would remind SONI that the grant of consent relayed in this letter does not absolve SONI of its C25 obligation to make a connection offer to NIEN *as soon as practicable*. The newly substituted C25 date (25 May 2022) is a long stop date.

We trust this is satisfactory. If you have any queries, please contact Jody O'Boyle.

Yours sincerely,



Tanya Hedley
Director Networks