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11 August 2022

Ref: NET/E/TH/559

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 6 July 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 Limited (**NIE Networks**) as the Distribution Network Operator ("**NIE Networks DNO**"). 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**)² 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 SONI (and NIE Networks) will be familiar with the regulatory background. However, this letter is intended for a wider readership. This explains the definitions and references provided in this letter.

2. Background

On 10 March 2022, SONI received a “revised” application (the **revised Section S application**) from NIEN DNO under Section S of the Transmission Interface Arrangements (TIA), seeking an offer from SONI to provide necessary transmission works associated with a proposed connection to the transmission system of a new distribution cluster substation in the vicinity of Feeny (the **Feeny Cluster**).

This revised Section S application is a revision of the application (the **original Section S application**) made by NIEN DNO to SONI on 14 October 2021. The original Section S application was the subject of a previous application (the **previous Condition 25 application**) by SONI (to the Authority) for consent under Condition 25(5). The previous Condition 25 application was granted so that the Authority consented to the relevant (Condition 25(7)) date being extended out to 25 May 2022.

SONI deemed the revised Section S application valid as of **4 April 2022**. 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))] obliged³ SONI to offer the requisite connection offer to NIE Networks DNO as soon as practicable and, in any event, by no later than 7 July 2022 (this being the date which is three months from the validation date).

SONI states that NIE Networks DNO’s (revised) Section S application seeks Transmission Works associated with establishing a cluster substation that can;

- Accommodate 90MVA capacity in the vicinity of Feeny;
- Provide capacity located at Grid Co-ordinates 261557, 408957 based on NIEN DNO’s revised preliminary analysis of a location.

SONI’s Application contains the following comments on the interactions on the Construction Offer made by NIEN as Transmission (System) Owner (**NIEN TO**)⁴:

“NIEN have updated the information on the distribution projects that were designated to connect into the Feeny Cluster. This was deemed a material change to the original DNO application and therefore meant that the 3 month offer timeline was reset from when SONI

³ We note that there is a disagreement between SONI and NIE (DNO) as to whether Condition 25 is engaged when the NIE DNO makes an application for connection under the TIA. We do not consider that we need to resolve that controversy here. SONI is making the application under C 25 (5) on the assumption that it is obliged to. We consider this the prudent course of action and are content to proceed on that basis at this stage.

⁴ NIEN is the licenced owner of the transmission system. It provides construction offers to SONI in respect of applications made to SONI for offers of connection to the transmission system.

were in a position to deem the revised Section S Application effective, which was on 8 April 2022, meaning the Section S Offer would be due on 7 July 2022.”

Based on the information available it, SONI carried out connection studies to identify the Least Cost Technically Acceptable (“LCTA”) connection arrangement which, despite the change in location, still 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.

On 16 May 2022 SONI met with NIEN to set out the SONI options assessment, the comparison of technically acceptable options, the high-level costs and SONI’s intention to submit a Construction Application on the basis of a 275/33 kV LCTA connection arrangement.

On 18 May 2022, the TO provided additional information and high-level costs relating to the proposed 275/33 kV connection arrangement that SONI had identified as the LCTA connection arrangement. This resulted in a change to the LCTA connection arrangement from a 275/33 kV to a 110/33 kV connection arrangement that included circa 17 km of 110 kV overhead line circuit and 1 km of underground cable to Limavady Main 110/33 kV Substation.

SONI subsequently submitted the Construction Offer to the TO on 18 May 2022 for a 110/33 kV LCTA connection arrangement based on the information then available to SONI at that time.

On 23 June 2022 the TO issued a Construction Offer to SONI on the basis of the 110/33 kV connection arrangement to SONI. However, the charges under the Construction Offer were significantly higher (circa £11m) to what SONI had assumed when determining the LCTA connection arrangement, which has introduced a significant risk as to what the LCTA connection arrangement for the Feeny Cluster is.”

On 24 June 2022 SONI wrote to the TO to seek clarification on the costs relating to 110/33 kV connection arrangement and further wrote to the TO on 27 June 2022 seeking further information on the potential cost for a 275/33 kV connection arrangement. The TO responded on 1 July 2022, however, there remains a significant level of doubt as to what the LCTA connection arrangement is and SONI is now seeking an extension to enable it to continue discussions with the TO on this issue and get a clearer view from the TO on the cost of each option as SONI does not currently have all relevant information available to fulfil our obligations at this time.

3. The SONI Application

We have already quoted a part of the Letter setting out the SONI Application. The following (further) quotes provide a working summary of the SONI Application.

“...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 7 July 2022 to 7 October 2022.”

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

- A significant level of doubt as to what the LCTA connection arrangement is and SONI is now seeking an extension to enable it to continue discussions with the TO on this issue and get a clearer view from the TO on the cost of each option as SONI does not currently have all relevant information available to fulfil our obligations at this time.*

Description of alternative actions considered by SONI. SONI state;

- There are no viable alternatives available to SONI at this stage in the absence of obtaining the further information from the TO to allow it to review and determine the correct LCTA connection arrangement for the Feeny Cluster.*
- 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 significant uncertainty as to what the actual LCTA connection arrangements are.*

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 NIE Networks DNO] and such other persons as [SONI] considers may be affected or interested.”

SONI has consulted with NIE Networks DNO NIE Networks TO on the Application. The views of NIE Networks (acting as DNO and as TO) are now quoted.

NIE Networks DNO

Thank you for your e-mail below seeking NIE Networks' views on an extension to issue the Section S Offer to the DNO for the Feeny Cluster from 7 July 2022 to 7 October 2022 under the provisions of Licence Condition 25 of the SONI Transmission Licence.

We wish to make it clear that NIE Networks (DNO) has applied for an offer under Section S of the TIA to provide the necessary transmission works for Feeny Cluster. They 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 NIE Networks (DNO) 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.

In our letter of 8th March 2022 NIE Networks (TO) raised several concerns with the proposed 275/33kV option; 1. The prospective fault level would exceed the switchgear rating of the standard 33kV switchgear under existing contracts. To provide a suitable 33kV board a new contract enquiry would need to be issued and this would be expected to take between 12-18 months to complete.

2. In addition the number of cables required to facilitate the cyclical current would require changes to switchgear and transformer specifications and subsequent studies to ensure the interaction of the cable capacitance and transformer reactance does not result in resonance. Again these studies are likely to take 12-18 months to complete

We advised SONI that it would not be possible to provide realistic costs for this proposal, unless the above issues are resolved and comprehensive studies completed.

We advised SONI that NIE Networks TO had also consulted with the Distribution Network Owner/Operator which has expressed a number of concerns in relation to the SONI proposal given that the DNO seeks a SONI TIA Section S offer for a 110/33kV substation as is referred to in Annex 2 of the DNO Statement of Connection Charges. Since Annex 2 does not envisage a transformer of the type proposed by SONI it is unclear how the proposed transformer can be charged for by the DNO or whether it will be approved by the Utility Regulator as is required by Annex 2. The DNO is also concerned that the time required to install and test the proposed 275/33kV transformer will not be acceptable to those generators who have applied to the DNO for a connection.

We advised SONI that these concerns would have to be addressed before the Transmission Owner will be in a position to consider the Construction Application effective.

In this instance we are advising SONI that the relevant studies outlined above will take 12 to 18 months. NIE Networks will not be in a position within 3 months to resolve the concerns outlined in our letter of 8th March.

Connections Innovation is handled through the Connections Innovation Working Group with the relevant consultations and studies being carried out before innovation is brought into business as usual. This approach has worked well. We believe that SONI should bring your proposal for the 275/33kV option to CIWG and NIE Networks and SONI would need to agree how the relevant studies should be funded. A 275/33kV cluster arrangement would need to

be publicly consulted upon with the outcome of that consultation determining whether changes to Annex 2 of the SOCC should be made. Only once the UR has approved any such changes would the arrangement be offered to customers.

We trust that SONI will agree that this is the best way to introduce connections innovation in Northern Ireland.

NIE Networks TO

Thank you for your e-mail below seeking NIE Networks' views on an extension to issue the Section S Offer to the DNO for the Feeny Cluster from 7 July 2022 to 7 October 2022 under the provisions of Licence Condition 25 of the SONI Transmission Licence.

We wish to make it clear that NIE Networks DNO 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.

NIE Networks as the Distribution Network Owner/Operator has expressed a number of concerns in relation to the SONI proposal given that the DNO seeks a SONI TIA Section S offer for a 110/33kV substation as is referred to in Annex 2 of the DNO Statement of Connection Charges. Since Annex 2 does not envisage a transformer of the type proposed by SONI it is unclear how the proposed transformer can be charged for by the DNO or whether it will be approved by the Utility Regulator as is required by Annex 2.

As previously advised NIE Networks DNO has consulted with NIE Networks Transmission Owner (TO) and understand that in a letter dated the 8th of March 2022, they raised several concerns with the proposed 275/33KV option;

1. The prospective fault level would exceed the switchgear rating of the standard 33kV switchgear under existing contracts. To provide a suitable 33kV board a new contract enquiry would need to be issued and this would be expected to take between 12-18 months to complete.

2. In addition the number of cables required to facilitate the cyclical current would require changes to switchgear and transformer specifications and subsequent studies to ensure the interaction of the cable capacitance and transformer reactance does not result in resonance. Again, these studies are likely to take 12-18 months to complete.

NIE Networks (TO) has advised SONI that it would not be possible to provide realistic costs for this proposal, unless the above issues are resolved and comprehensive studies

completed. They also advised SONI that these concerns would have to be addressed before the Transmission Owner will be in a position to consider the Construction Application effective.

In this instance NIE Networks (TO) are advising SONI that the relevant studies outlined above will take 12 to 18 months. NIE Networks will not be in a position within 3 months to resolve the concerns outlined in our letter of 8th March.

NIE Networks DNO is concerned that the time required to install and test the proposed 275/33kV transformer will not be acceptable to those generators who have applied to the DNO for a connection.

Connections Innovation is handled through the Connections Innovation Working Group with the relevant consultations and studies being carried out before innovation is brought into business as usual. This approach has worked well. We believe that SONI should bring your proposal for the 275/33kV option to CIWG and NIE Networks and SONI would need to agree how the relevant studies should be funded. A 275/33Kv cluster arrangement would need to be publicly consulted upon with the outcome of that consultation determining whether changes to Annex 2 of the SOCC should be made. Only once the UR has approved any such changes would the arrangement be offered to customers.

We trust that SONI will agree that this is the best way to introduce connections innovation in Northern Ireland.

SONI Consultation Response to NIE Networks DNO

As set out previously, SONI is aware of NIE Networks' views that there is no requirement for SONI to apply under Condition 25 of the SONI Licence for offer made as a result of applications made by the DNO under Section S of the TIA. As you are aware SONI does not share this view. As such, SONI has made a request under SONI Licence Condition 25 in relation the Feeny Cluster Section S Offer as we believe that we are required to do so to ensure that we meet our Licence obligations. (For reference, we would also point you towards recent approvals that SONI have received from the Utility Regulator in relation to derogations under Condition 25 of the SONI Licence for extensions to Section S Offer issue dates. See: SONI Condition 25 Extension to Feeny Cluster & SONI Condition 25 Extension to Cam Cluster).

SONI is obliged to issue the LCTA connection arrangement within its transmission offers as per the SONI TCCMS. If Annex 2 of the DNO Statement of Connection Charges does not align with this then SONI is happy to work with eth DNO to support then in any updated to Annex 2 that it may feel is necessary to bring this into line with the TCCMS.

In addition, if the DNO is unclear as to how it how the proposed connection arrangement can be charged for by the DNO or whether it will be approved (if required) by the Utility Regulator as set out by Annex 2, then it may be more appropriate that the DNO discuss this directly with the Utility Regulator. Again, SONI will be happy to assist with this where it is deemed appropriate to do so.

SONI recognises that there are technical complexities for both the TO and the DNO to consider as part of any detailed design. Again, SONI is willing to help and assist both the TO and the DNO on these where we can and within our own remit. We have advised the TO that this includes supporting any extension to the Construction Offer timelines that the TO may need to request from the Utility Regulator under Condition 20 of its Transmission Licence to allow the TO sufficient time to consider the technical complexities highlighted by the them as potentially taking 12 – 18 months to resolve as outlined in letter to SONI from the TO on 8 March 2022.

SONI would point out that a 275/33 kV connection arrangement is not ‘new’ or indeed ‘innovative’ technology. As set out in the SONI presentation to the TO and DNO on 25 February 2022 this is existing technology that is in place in GB, albeit SONI acknowledge that it is new to Northern Ireland. SONI note your suggestion that any 275/33 kV connection arrangement should be brought to the Connections Innovation Working Group and SONI is happy to discuss how this can be done in a collaborative way with both the TO and the DNO.

Also, as highlighted previously with both the DNO and TO, SONI has concerns with the deliverability of a 110/33 kV connection arrangement and in particular the circa 17 km of 110 kV OHL. This may take just as long as it would take to install and test the proposed 275/33 kV transformer which would equally not be acceptable to those generators who have applied to the DNO for a connection. In addition, there is a high risk that any planning permission sought for the 110 kV OHL would ultimately be refused, particularly if there may be an alternative connection arrangement at 275/33 kV.

However, at this stage, SONI are currently seeking the extension due to uncertainties around transmission costs that arose when SONI received the Feeny Construction Offer from the TO on 23 June 2022. SONI believe it is prudent to have further time to review the costs with TO in the first instance to either re-confirm the LCTA as the 110/33 kV arrangement for the Feeny Cluster or revisit a potential alternative 275/33 kV connection arrangement.

In the meantime, we shall forward you response on to the Utility Regulator as part of their consideration of our requested offer extension under Condition 25 of the SONI Licence.

SONI Consultation Response to NIE Networks TO

As set out previously, SONI is aware of NIE Networks' views that there is no requirement for SONI to apply under Condition 25 of the SONI Licence for offer made as a result of applications made by the DNO under Section S of the TIA. As you are aware SONI does not share this view. As such, SONI has made a request under SONI Licence Condition 25 in relation the Feeny Cluster Section S Offer as we believe that we are required to do so to ensure that we meet our Licence obligations. (For reference, we would also point you towards recent approvals that SONI have received from the Utility Regulator in relation to derogations under Condition 25 of the SONI Licence for extensions to Section S Offer issue dates. See: SONI Condition 25 Extension to Feeny Cluster & SONI Condition 25 Extension to Cam Cluster).

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In addition, if the DNO is unclear as to how it how the proposed connection arrangement can be charged for by the DNO or whether it will be approved (if required) by the Utility Regulator as set out by Annex 2, then it may be more appropriate that the DNO discuss this directly with the Utility Regulator. Again, SONI will be happy to assist with this where it is deemed appropriate to do so.

As set out in the SONI letter dated 16 March 2022, SONI recognises that there are technical complexities for TO and the DNO to consider as part of any detailed design it believes is required before it is in a position to provide realistic costs in a Construction Offer for a 275/33 kV connection arrangement for the Feeny Cluster. Again, SONI is willing to help and assist both the TO and the DNO on these where we can and within our own remit. This includes supporting any extension to the Construction Offer timelines that the TO may need to request from the Utility Regulator under Condition 20 of its Transmission Licence to allow the TO sufficient time to consider the technical complexities highlighted by the TO as potentially taking 12 – 18 months to resolve as outlined in the TO's letter to SONI dated 8 March 2022.

SONI would point out that a 275/33 kV connection arrangement is not 'new' or indeed 'innovative' technology. As set out in the SONI presentation to the TO and DNO on 25 February 2022 this is existing technology that is in place in GB, albeit SONI acknowledge that it is new to Northern Ireland. SONI note your suggestion that any 275/33 kV connection arrangement should be brought to the Connections Innovation Working Group and SONI is happy to discuss how this can be done in a collaborative way with both the TO and the DNO.

Also, as highlighted previously with both the DNO and TO, SONI has concerns with the deliverability of a 110/33 kV connection arrangement and in particular the circa 17 km of 110 kV OHL. This may take just as long as it would take to install and test the proposed 275/33

kV transformer which would equally not be acceptable to those generators who have applied to the DNO for a connection. In addition, there is a high risk that any planning permission sought for the 110 kV OHL would ultimately be refused, particularly if there may be an alternative connection arrangement at 275/33 kV.

However, at this stage, SONI are currently seeking the extension due to uncertainties around transmission costs that arose when SONI received the Feeny Construction Offer from the TO on 23 June 2022. SONI believe it is prudent to have further time to review the costs with TO in the first instance to either re-confirm the LCTA as the 110/33 kV arrangement for the Feeny Cluster or revisit a potential alternative 275/33 kV connection arrangement.

In the meantime, we shall forward your response on to the Utility Regulator as part of their consideration of our requested offer extension under Condition 25 of the SONI Licence.

5. Our Decision on the SONI Application

Having considered the matter fully and taking 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 08 April 2022 – to **7 October 2022**.

In making this decision the Authority has had proper and full regard to the consultation interactions between SONI and (i) NIE Networks (DNO) and (ii) NIE (TO).

We acknowledge there are significant challenges in regards to the detail for transmission works associated with the Feeny cluster project. We note that the consultation responses indicate that there is a potential for associated studies to take 12-18 months. The SONI Application does not relate to that potential being confirmed to be presented on the more limited basis described.

In these circumstances we would encourage all parties to engage constructively to resolve any ongoing issues in the best interests of all those affected or potentially affected (to include those who have applied for a connection to NIE DNO for connection) and to do so within the applicable regulatory framework.⁵

We note that the consultation responses refer to potential issues with the NIE SOCC. There is also reference to potential engagement with the Authority. We stand ready to assist and engage in any relevant dialogue.

⁵ SONI and NIE Networks licence obligations within Transmission Interface Arrangements.

We welcome SONI's acceptance (in the Letter) that it will make an offer of connection *before* 7 October 2022 "*if possible*". SONI is reminded that the grant of consent relayed in this letter does not absolve SONI of its C25 obligation⁶ to make a connection offer to NIEN as *soon as practicable*. The newly substituted C25 date (7 October 2022) is a long stop date.

Noting that the consultation responses suggest that a connection offer by 7 October 2022 may not be feasible, we would record our expectation that SONI identify the need for potential further extension of the relevant Condition 25 date as early as possible and furnish the Authority with any appropriate submissions in good time. The (present) SONI Application was not presented until near close of business on the day prior to the relevant C25 date. We shall write to SONI separately with our views on that.

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

Yours sincerely,



Roisin McLaughlin
Head of Network Operations

⁶ Again, we note the controversy over the applicability of Condition 25 in circumstances where the application for connection is made by NIE DNO. The SONI Application is being processed on an assumed basis.