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7 November 2022

Ref: NET/E/TH/601

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 dated 23 September 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**") for the Feeny Cluster. We shall refer to the application contained in the Letter as "**the Second Application**".

Before setting out the background to the second 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 **11 August 2022**, the Authority granted consent to a longer period under Condition 25 of SONI's Transmission Licence- out to **7 October 2022** - in respect of the offering of connection terms to NIE Networks DNO's Section S Application³ regarding the Feeny Cluster. We refer interested parties to that published decision⁴, which provides substantial detail to the background of the second application and should be read alongside this determination.

On **23 September 2022**, the Authority received the Second Application. The Second Application requests consent of a longer Condition 25(5) period out to **7 January 2023**.

The Second Application sets out the timeline of events and relevant engagement with NIE Networks Transmission Owner (TO)⁵. Annex A summarises relevant interactions in the period prior to and after receipt of the Second Application.

3. The Second Application

The following (further) quotes provide a working summary of the Second Application. References to the "TO" are references to NIE Networks as the owner ("**TO**") of the NI Transmission System (**NIE Networks TO**).

*"...In line with Condition 25 of the . . . Licence, SONI requests that the Authority consents to extend the time required to issue the Section S Offer to [NIE Networks DNO] for the Feeny Cluster **from 7 October 2022 to 7 January 2023**."*

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

- *All relevant costs needed to establish a business case, including criteria relative to connection costs, deeper reinforcements and dispatch down impacts*
- *Further extension to facilitate further discussion with the TO on this as it is important that all costs of each option are considered to determine in a transparent way as to what, if any benefit there may be is progressing a potential SOP option as part of the Feeny Cluster Connection arrangements.*

³ We note that there is a disagreement between SONI and NIE Networks (DNO) as to whether Condition 25 is engaged when NIE Networks 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 [2022-08-11 SONI C25 Feeny Cluster - UR Decision.pdf \(uregni.gov.uk\)](#)

⁵ NIE Networks limited 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.

- *Issues outlined within the second application present difficulties in being able to get a clear view of what the LCTA connection arrangement is for the Feeny Cluster*
- *Seeking an initial further extension of 3 months to fully understand with the TO what any wider timelines may be to enable SONI determine a full cost benefit analysis of each option.*

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 and NIE Networks TO on the Second Application. The views of NIE Networks (acting as DNO and as TO) are now quoted. NIE Networks TO and NIE Networks DNO provided a joint response to SONI.

NIE Networks DNO & NIE Networks TO

Points and concerns raised by NIE Networks (DNO & TO) are summarised as follows:-

- NIE Networks currently has two applications awaiting a connection offer into Feeny Cluster. Due to the need to establish costs for the designated Feeny cluster via a Section S offer, NIE Networks applied to the UR for an extension to the 3 month connection offer licence requirements to allow [NIE Networks] 3 months after receipt of the Section S [from SONI] offer to issue the offers to our applicants inclusive of the unique connections.
- NIE Networks had made a further request to the UR on 23 September 2022 for an extension to issue offers to our applicants until 16 January 2023
- Advised SONI that this request [the Second Application from SONI] will require NIE Networks to make a further extension request to UR to defer issuing offers to our applicants until April 2023.
- Realistic Costs were unavailable to NIE Networks “*at a point in time*”. Clarified SONI's misinterpretation [in NIE Networks view] that NIE Networks “*are not in a position to provide costs*”.

- Expressed dissatisfaction regarding the NIE Networks applicants awaiting connection offers into the Feeny Cluster. Meeting with applicants scheduled 13 October 2022. SONI and NIE Networks requested to attend.
- Set out timelines regarding discussion in which NIE Networks raised concerns with the 275/33kV option that we had outlined in our letter of 8 March 2022 and that it would not be possible to provide realistic costs for this proposal, unless the concerns were resolved and comprehensive studies completed. Customers connecting into the cluster were not likely to support a 12 to 18 month delay associated with the relevant studies required to address these concerns.
- Risk that even after the studies were completed that the results of the studies could show that the technical concerns remained and this would be an unacceptable outcome for customers.
- Discussed the options for a 275/110/33kV solution and the 110/33kV solution. Options discussed resulted in costs that exceeded the cost of previous clusters and that developers may not proceed. We also discussed the option for 33kV direct connections.
- [SONI] discussed with NIE Networks the benefits of having a cluster in this area to potentially reduce transmission reinforcements required to achieve 2030 targets and discussed that the 275/110kV element of the 275/110/33kV solution may be a potential System Operator Preferred (“**SOP**”) option.
- Confirmed that NIE Networks will provide SONI with the high level 275/110/33kV solution costs by end of next week (i.e. w/c 10 October 2022).
- Requested that SONI determine if there is a potential SOP solution for the 275/110 kV element of the 275/110/33kV solution for Feeny Cluster as soon as practicable to allow us to agree the next steps for Feeny Cluster and to explain the way forward to our applicants.
- Open to continued engagement and believe that the best way forward is for NIE Networks and SONI to meet with the UR to discuss all options and concerns associated with Feeny cluster [in order] to find a way forward.

5. Our engagement with SONI and NIE Networks on the Second Application

We acknowledge the complexities associated with the Feeny Cluster arrangements. Offers from SONI to NIE Networks DNO are influencing where NIE Networks DNO finds itself in its dealings with those persons applying to NIE Networks DNO for connection to the NI

Distribution System. NIE Networks DNO has made a Condition 30 applications⁶ for consent - to extend the time within which to make requisite offers to its applicants – which follows on from our decision dated 11 August 2022. That application from NIE Networks DNO was submitted – like the Second Application – on 23 September 2022. It does not factor in the Second Application.

In these circumstances we considered it appropriate to engage with NIE Networks (TO and DNO) and SONI in the period following receipt of the Second Application and the Condition 30 application (from NIE Networks DNO). Clarification sought included:

- Potential material impact on the Second Application of additional costs information signalled for receipt in w/c 10 October 2022 (as stated by NIE Networks DNO)
- Outcomes of scheduled meeting with NIE Networks (DNO) “applicants”
- Impact on NIE Networks’ DNO Condition 30 application

Responses received from SONI and NIE Networks to our concerns are summarised as follows:

SONI

- Additional costs received from NIE Network TO have been helpful.
- TO “currently” not in a position to provide costs for a 275/33kV option
- SONI is not in a position to consider a 275/33kV option
- Continue to assess need for System Operator Preferred (SOP) and wider system needs.
- Hopeful of initial high level assessment in early November 2022
- Longer period beyond 7 January 2023 needed to issue Section S Offer to NIE Networks DNO.
- Unable to definitively determine this date beyond 7 January 2023.
- Request to meet UR/NIE Networks (TO & DNO) mid November 2022 to discuss options and project progression.
- Better position to determine progression following meeting mid-November

NIE Networks DNO

- Require 14 days to consider potential adjustment to Condition 30 applications following the Authority’s decision on the Second Application.
- Further Condition 30 period potentially out to April 2023

We note that the scheduled meeting took place on 13 October 2022 between SONI, NIE Networks DNO and the NIE Networks (DNO) “applicants”. A joint communication from NIE and SONI provided further clarification as to the following high-level outcomes of that meeting:

⁶ One for each applicant to NIE Networks DNO

- NIE Networks (DNO) to request further extensions following a decision from UR on the Second Application.
- The NIE Networks (DNO) “applicants” are to provide NIE Networks DNO with their formal view on the cluster by the 1st week in November so that this can be factored into the asked for meeting with the Authority (and SONI) in “mid-November.”
- SONI is to complete its studies to determine if there is a system need that can be justified.
- SONI/NIE Networks request to meet with the Authority in mid-November.

6. Our Decision on the Second Application

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 have also had regard to the interactions between the Authority and the network companies in the period after receipt of the Second Application (and the NIE Networks (DNO) Condition 30 applications) on 23 September 2022.⁷ We consider the effect of those interactions to be – inter alia – that SONI maintains the Second Application but concedes that a further Condition 25 extension might be required depending on developments.

Having considered the matter fully and taking all relevant matters into account, the Authority:

- (i) Determines to accede to the Second 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 NIE Networks DNO in respect of the application made by NIE Networks (DNO) to SONI and effective 8 April 2022 – to **7 January 2023**.

7. Reasons for our Decision on the SONI Application

As mentioned above, we accept that the Second Application - and the related Condition 30 applications from NIE Networks - reveal a complicated picture so far as the connection potentials for the Feeny Cluster are concerned. In essence, we accept that SONI has made out the case for a longer Condition 25(5) period in all the circumstances. Our engagement with SONI and NIE (DNO and TO) following receipt of the Second Application fortifies our views in this regard.

It seems to us that there is further substantive and critical engagement required between all interested parties in order to facilitate the appropriate connection offer being made by SONI to NIE Networks DNO. Important and extensive deliberations are required in respect of such matters as “costs” and potential design options. Further time will be required in order to accommodate the relevant assessments.

⁷ Again, see summary of interactions in Annex A

We are content to meet with SONI and NIE Networks (TO & DNO) later in November to discuss the progression of the Feeny Cluster and its impacted connections. We shall liaise with SONI and NIE Networks on that. It is right to record that any such meeting shall have to be cognisant and respectful of the applicable regulatory framework.⁸

We welcome SONI's acceptance (in the Letter) that it will make an offer of connection *before 7 January 2023* "if possible". SONI is reminded that the grant of consent relayed in this letter does not absolve SONI of its C25 obligation⁹ to make a connection offer to NIE Networks (DNO) *as soon as practicable*. The newly substituted C25 date (7 January 2023) is a long stop date.

Should the making of a connection offer by 7 January 2023 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; this includes a submission with all appropriate received consultation responses (where practicable). We note that in this case UR was not provided with a copy of the NIE Networks consultation response on the Second Application until after close of business on 7 October 2022. We appreciate that there might be particular reason for this on this particular occasion.

We anticipate that this determination on the Second Application will likely see NIE Networks (DNO) wish to recalibrate its current Condition 30 applications (viz. the NIE Networks (DNO) connection "applicants"). NIE Networks (DNO) is aware of the situation.

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

Yours sincerely,



Tanya Hedley
Director Network Operations

⁸ That framework includes the facility for the Authority to act as a dispute resolution authority in respect of certain types of dispute.

⁹ Again, we note the controversy over the applicability of Condition 25 in circumstances where the application for connection is made by NIE Networks DNO. The Second Application (from SONI) is, as flagged above, being processed on an assumed basis.

Annex A – Relevant Engagement

Date (2022)	Engagement
10 March	SONI received revised Section S application from NIE Networks DNO
8 April	SONI deemed revised Section S Application effective
16 May	SONI and TO meet to set out SONI's option assessment
18 May	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
18 May	SONI submitted Construction Offer to TO: based on the information then available to SONI.
23 June	SONI wrote to the TO seeking clarification on the costs relating to 110/33 kV connection arrangement
27 June	SONI further wrote to the TO on 27 June 2022 seeking further information on the potential cost for a 275/33 kV connection arrangement.
1 July	TO responded to SONI. However, there remained a significant level of doubt as to what the LCTA connection arrangement was at this stage.
6 July	SONI sought an extension [from the Authority] 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 did not have all relevant information available to fulfil its obligations.
10 August	SONI and NIE Networks (in both its roles as DNO and TO) met to discuss further and explore other potential options to move the Feeny Cluster forward
11 August	The Authority provided consent under Condition 25 of SONI TSO Licence granting an extension out to long stop date 7 October 2022.
16 Sep	TO confirmed [via email] to SONI <i>"As we have discussed NIE Networks are not in a position to provide costs for a 275/33kV option"</i> .
23 Sept	SONI wrote to NIE Networks, informing them that in order to establish any business case it needed to have all the relevant costs. SONI also informed NIE Networks of the Second Application.
23 Sept	SONI submits Second Application. Requested longer date out to 7 January 2023. [NIE Networks (DNO) submits Condition 30 applications based on the decision made on 11 August.
07 Oct	Authority receive NIE Networks TO and DNO response to second extension.

12 Oct	UR email to SONI and NIE Networks on clarification on position and approach to Feeny Cluster.
12 Oct	NIE Networks DNO confirm timings re re-submission of DNO C30 applications
17 Oct	SONI provide email clarification re next steps for the Feeny Cluster.
19 Oct	UR query outcomes of scheduled meeting with DNO applicants
21 Oct	NIE Networks DNO provide a joint response on the scheduled meeting, its outcomes and actions.