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By Email Only: John.Heywood@nienetworks.co.uk

Date: 06 December 2023

Our Ref: NET/E/DH/747

Dear John,

Application for consent to a longer period for the issuance of a Connection Offer for a battery energy storage system (BESS) at Larne: NIE Networks reference 23/07794 (“the Application”)

Thank you for your letter dated 20 October 2023 (the **Letter**) setting out the Application made by NIE Networks Limited (**NIE Networks**).

1. The Application

The Letter describes the relevant background¹ to the Application. Reference is made to Condition 30 of NIE Networks’ licence authorising participation in the activity of distribution (**the Licence**).²

Condition 30 (6) (of the Licence) provides that (barring specified exceptions)³ NIE Networks is obliged to make an offer for connection to the distribution system *as soon as practicable* and (by operation of Condition 30 (6)(b)) *in any event* within *3 months* from receipt of a valid/completed application for connection to the distribution system.

¹ What follows is a summary of the Application. It is not intended to be a complete rehearsal. All parts of the Application (and related correspondence, to include the consultation response from the Connection Applicant of 27 October 2023) have been considered in making the decision set out in this correspondence. Failure to mention parts of the Application (or related correspondence) should not be taken as representing any failure to have regard to those parts.

² [NIE Distribution Licence](#)

³ Recorded in Art 21 of the Electricity (NI) Order 1992 (**the Electricity Order**).

Condition 30 (7) of the Licence allows NIE Networks to make an application to the Authority⁴ for a (written) consent that the period specified in Condition 30 (6)(b) be longer than 3 months. The making of such an application does not change NIE Networks' licence obligation⁵ (under Condition 30(6)(a)) to make a connection offer *as soon as practicable*. Nor does the grant (by the Authority) of any such application made change the position. The primary obligation, recorded in Article 20 the Electricity Order - to offer a connection offer *as soon as practicable* - remains.

By its Application NIE Networks applies for consent for the relevant period under Condition 30(6) – for to be substituted by a longer period ending **16 September 2024**.

The Letter explains that on 1 August 2023 NIE Networks received a valid application for an offer of connection for a 20MW Battery Energy Storage System (**BESS**) - into Larne Main BSP - requiring 20MW Maximum export capacity (**MEC**) and 20MW (maximum import capacity (**MIC**)). We shall refer to the person making the application as the **Connection Applicant**.

It is explained that the “license standard” - at this time - for provision of the relevant Connection Offer – to the Connection Applicant – was **1 November 2023**.

After an initial assessment it was determined that the maximum capacity available for both import and export was 17.5MW due to the “power swing conditions”. The Connection Applicant was advised of this on 29 August 2023 and asked to confirm if this was an acceptable reduction. The Connection Applicant responded *three days* later, on 1 September 2023.

The Letter makes the case that this period of three days is to be added to the previously applicable connection offer timeline period, meaning that the applicable licence standard timeline for the making of a Connection Offer (under Condition 30) to the Connection Applicant ended on **4 November 2023** (out from 1 November 2023). NIE Networks has not specifically explained why this is so. However, the circumstances are such that we do not need to resolve this potential issue. Whether the longer period requested in the

⁴ In this correspondence we use the words “us” “we” “our” “UR” “Utility Regulator” and “Authority” interchangeably to refer to the Northern Ireland Authority for Utility Regulation.

⁵ Which aligns with the statutory duties reflected in Article 19-15 of the Electricity Order.

Application extends out from 1 November 2023 or 4 November 2023 is not considered material to our consideration of whether the Application is considered justified.⁶

The Letter further explains that the existing 45MVA Transformers at Larne Main BSP⁷ are currently at capacity for generation. Normally this would be grounds for a refusal to connect. However, the transformers are due to be replaced with 90MVA Transformers which would free up sufficient capacity to facilitate a potential Connection Offer to the Connection Applicant.

NIE Networks states that it is unable to provide a Connection Offer based on the transformers being replaced, until the requisite Transmission Project Agreement has been signed. Prior to this: SONI will be required to issue NIE Networks (as transmission owner (TO)) with a Functional Specification (expected end of October); NIE Networks (TO) will have to return a design Specification to SONI (which will take approximately 6 months); the Transmission Project Agreement will need to be prepared (approximately 1 month); and an appropriate “governance meeting” arranged. Blocking in these periods aggregates out to the longer period ending **16 September 2024**.

In the Letter, NIE Networks describes the rationale for the proposed extension (to the requisite Condition 30(6) period) as follows:

1. As the Transmission Project Agreement is estimated to be approximately 8 months from being signed, a Connection Offer cannot be issued to the Connection Applicant.
2. As the planned transformer replacement is imminent it would not be reasonable to refuse the connection on this basis.
3. Once the Transmission Project Agreement has been signed, the Connection Offer design can be progressed with certainty.
4. As these timescales are outside of NIE Networks’ control it is not able to progress the connection design until the Transmission Project Agreement has been signed.

⁶ That said, there is a case that the Application – if the relevant licence period expired on 1 November 2023 (without the grant of the Application) and not 4 November 2023 – was not submitted within the 14 day period set out in our electricity Connections Review Decision Paper: [Electricity Connections Decision FINAL.pdf \(uregni.gov.uk\)](#) (the Decision Paper). We do not consider that any such delay (and we make no finding that it is a delay) would cause us to refuse the Application.

⁷ The Application refers to capacity at “Larne BESS”. We view this as a typo with the intention to refer to Larne Main BSP.

The Letter explains that the extension sought in the Application would:

- (i) allow a Connection Offer to be issued against the expected upgrades to the transmission system
- (ii) facilitate a fair and transparent network capacity allocation and queuing process for the capacity available, and
- (iii) enable NIE Networks to progress the connection design and production of a Connection Offer subject to capacity becoming available.

It is further asserted that not granting the extension sought would result in a refusal to connect and would prevent 17.5MW of energy storage being connected to the network.

2. Consultation associated with the Application

Condition 30(7)(a) of the Licence provides that NIE Networks must consult with the applicant for connection in respect of which the application under Condition 30(7) is made. The Application provides evidence of written and oral consultation on the Application with the Connection Applicant. The Connection Applicant provided a detailed consultation response by letter dated 27 October 2023 (**the 27 October Letter**).

In its 27 October Letter, the Connection Applicant raised concern about the timing of the Application. Concern was expressed as to how the substantial delay to the making of the Connection Offer could come so late in the connection process. The following statements were made:

“The upgrade to the two 45 MVA Larne transformers was originally identified in the TDPNI 2021-2030, a draft of which was published in January 2022 for consultation and which was a key driver for our project. The upgrade is also included in Table 15 “Potential Transmission Load Projects” of NIEN’s RP7 Business Plan Full Report published in March 2023. The preceding paragraph to this table states that, “Before issuing a functional specification to NIE Networks, SONI will undertake more in-depth analysis of the case of need for each project as well as developing the optimal solution.” During our call on 20th October, it was noted that NIEN anticipates receiving SONI’s Functional Specification within the next week. This would suggest that the aforementioned in-depth analysis of need case for the replacement is complete on SONI’s side, giving a high degree of certainty to the progression of the replacement programme, thus making the substantial delay we face perplexing. The delay also appears to be radically at odds with the widely publicised commitment of

both NIEN and SONI to improve both the speed of connections and to support realisation of the legally binding energy targets set out in the Climate Change Act (Northern Ireland) 2022.”

Can NIEN confirm this approach to delay is consistent with that implemented in other connection offer requests which are coupled with asset replacement?”

Notwithstanding, following in-depth deliberation and to prevent the potential issuance of a 'refusal to connect' by NIEN, with reluctance, we acknowledge and accept the proposal for an extension of the issuance of the Connection Offer. Nevertheless, I would urge NIEN to take all measures available to expedite the design process with a view to completing it ahead of the anticipated 6 month timeframe needed as noted on our call. I would also request that NIEN consider commencing the preparation of our Connection Offer as soon as internal approval for network upgrades is granted so that the preparation of both designs occur simultaneously, streamlining the process and minimising any further delays.

...

We look forward to working with you to advance a productive resolution.”

(underlining added).

We have not yet seen a response to the specific underlined query. We shall return to this matter in our decision part of this correspondence.

The Application also references applicable consultation with SONI.

The Authority's decision

In making our decision on the Application we have regard to:

- (a) our published decision document on extension applications⁸

⁸ [Electricity Connections Review Decision Paper | Utility Regulator \(uregni.gov.uk\)](#)

- (b) our principal objective (and related statutory objectives) under Art 12 of the Energy (NI) Order 2003
- (c) the contents of the Application
- (d) the 27 October Letter.

Having considered the matter fully, the Authority hereby confirms that it provides the consent sought in the Application. It follows that the period under Condition 30(6)(b) of the Licence (in respect of the application for connection made by the Connection Applicant for the BESS at Larne) is now extended until **16 September 2024**. We consider the Application justified for the reasons set out in the Letter.

We have not failed to note that the Connection Applicant is aggrieved at what it considers to be the late timing of the Application. We too have some initial concerns on this aspect of the Application. We would remind NIE Networks of the expectations set out in the Decision Paper. The Decision Paper includes the following:

“3.5. Where the Licensee receives an application from an applicant, we expect it to consider at the earliest point possible, whether there is a need for an extension request. We expect this to be considered in light of the fact that requesting an extension should be based on exceptional circumstances.”

(our underlining).

The Decision Paper also emphasises the need for *timely* consultation with the applicant for connection on potential applications under Condition 30.

We note too that we have not heard whether NIE Networks has responded to the underlined query in the 27 October Letter (see above). We consider that we need not learn this response to properly adjudicate the Request. We note that the 27 October Letter settled on a reluctant acceptance of the Application.

We would take this opportunity to confirm that the period ending 16 September 2024 is a “long stop” date. The obligation under Condition 30 of the Licence is (now), subject to applicable exceptions⁹, to make a Connection Offer to the Connection Applicant for the BESS at Larne “as soon as practicable” and “in any event no later than” 16 September

⁹ Consonant with NIE Networks’ licence obligations and its statutory duties set out in Articles 12 and 19 of the Electricity Order.

2024. The Licence obligation is not (now) simply to offer connection terms by 16 September 2024. It appears from the consultation correspondence with the Connection Applicant that NIE Networks is aware of its responsibilities in this regard. NIE Networks should, we consider, give due consideration to the proposals made in the 27 October letter as regards co-operation with the Connection Applicant.

This decision will be published in the normal way.

Please do return to us should you require any clarification.

Yours sincerely,



Donald Henry

Duly authorised by the Authority