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Date: 17 May 2024

Ref: NET/E/DH/945

Dear Eimear

Request for Authority's¹ consent to Extend the Connection Offer Timelines Relating to the Connection Application for the TI LIRIC Ltd Interconnector

Thank you for your letter of 10 May 2024 ("**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 period for the making of an offer by SONI to TI LIRIC Ltd (referred to for ease as the **Connection Applicant**), for the connection of an electricity transmission asset proposed to be constructed, owned and operated by the Connection Applicant (which transmission system we refer to for ease and the purposes of this letter as the **Interconnector**), to the transmission system owned by NIE Networks and operated by SONI. This application follows two previous applications for extension of the connection offer timeline, which was approved by the Authority on 16 March 2023, the "**second application**" and the application for extension of the connection offer timeline, which was approved by the Authority on 10 April 2023, the "**third application**". We note that there now have been multiple requests that consent for the extension of the period for the making of an offer has been made for this connection.

We start by setting out the relevant terms of Condition 25 of the Licence. We then move to the next application:

1. Condition 25 of the Licence.

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

"[SONI] shall offer terms for [connection agreements] . . . as soon as practicable and (save where the Authority consents to a longer period, which consent may be given on the

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

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, unless the Authority has consented to a longer period.

2. Background

The application (by the Connection Applicant) for the connection of the Interconnector was deemed effective by SONI on 11 January 2023. The resultant Condition 25 obligation was for SONI to make a connection offer by 11 April 2023. On 3 February 2023, the Authority received an application (the “**first application**”) from SONI seeking extension of this timeline to 11 April 2024, with the explanation that such additional time was needed to allow SONI the opportunity to properly assess how to facilitate the Connection Applicant’s connection at the Kilroot 275 kV substation (potentially including taking account of a preliminary preferred option – via approved TNPP – for the replacement/refurbishment of the Kilroot Substation), and to fully understand the impact on the system of the proposed 730MW MIC. This request for extension was granted by the Authority on 16 March 2023.²

The second application was received by the Authority on 26 March 2024. SONI explains in the second application how, since the extension requested in the first application was granted, work has been continuing to establish the Least Cost Technically Acceptable (LCTA) connection method for the project. SONI labelled this work “*complex*,” and stated that “*changes to the makeup of the projects in the connections queue at Kilroot led to changes in study assumptions and as a consequence SONI could only confirm that the LCTA had been established in early 2024.*”

On 13 February 2024, SONI then delivered their application to NIE Networks for construction works required for the purposes of making the requested connection. SONI had understood that (applying TIA³ timelines) NIE would be due to deliver the offer for the construction works (**Construction Offer**) to SONI on or before 26 March 2024. However, on 22 February 2024, NIE Networks confirmed to SONI that it would not be able to deliver the Construction Offer by this date. SONI noted that “*it is at this point that the anomaly between the NIE Networks TO licence⁴ and the TIA comes into focus. Condition 20 of the NIE Networks Licence provides for a maximum of 2 months from the receipt of a Construction Application in which*

² [2023.03.16 TI LIRIC Decision Letter Redacted_0.pdf \(uregni.gov.uk\)](#)

³ Meaning the Transmission Interface Arrangements entered into by SONI and NIE Networks pursuant to a condition in their respective electricity transmission licences.

⁴ By which it is referring to the electricity transmission licence held by NIE Networks Ltd.

to deliver the Construction Offer. NIE Networks advise that may not be able to deliver the Construction Offer until 13 April 2024”. As such, SONI could not be able to issue a Connection Offer by 11 April 2024, and accordingly made a Condition 25 application for an extension to the Connection Offer timeline, of which the Authority agreed to the request.

This is now a further extension request. In processing the connection application, SONI has stated that it believes that a specialist legal review is required before it can provide an offer, as such, SONI is therefore now requesting a further extension to on or before 28 June 2024.

3. The SONI Application

SONI is applying for an extension of the Condition 25 period for the making of the Connection Offer from 10 May 2024 to **28 June 2024**. SONI’s rationale for this request differs from the first, second and third application, and is detailed further below:

SONI in its request stated;

...” specialist legal review is required as a result of the complexities associated with interconnector access and revenue rights following Brexit and the recent SEMC publication of SEM-24-025 (Compensation Arrangements for Net Transfer Capacity Reductions)....”

“This will be the first interconnector offer to be delivered by SONI and it is being issued at a time when many factors around the contractual and legal rights provided to an Interconnector on the SEM-GB border are in a rather uncertain state. The TCA places obligations on TSOs with regard to interconnectors and the SEM Committee recently published a decision around the treatment of revenues when the net transfer capacity has to be reduced for system security reasons. Our Governance process has questioned if the approach we have taken within the Offer to deal with these uncertainties is optimal to protect NI consumers in the longer term. This proposed offer date gives what we believe is a prudent allowance of some additional time for SONI to seek specialist legal advice.”

SONI has concluded that a pragmatic approach to progress is to request an extension to the date for Connection Offer to on or before 28 June 2024.

4. The Application Consultation

An application by SONI under Condition 25(5) requires SONI to consult with “...the person making the application for connection, and such other persons as [SONI] considers may be affected or interested.”

SONI has consulted with the Connection Applicant, and with NIE Networks. Their views are set out below.

The Connection Applicant

SONI consulted the Connection Applicant on 10 May 2024. We note that, this consultation is on the date that the offer should have been issued. In past applications, the Connection Applicant expressed concerns about the length of time being taken to issue a connection offer. However, in respect of the this application, the Connection Applicant confirmed in their reply dated 10 May 2024 that it had no specific comment but wished to be kept informed on milestones:

“Thank you very much for the update, we understand your position and have no specific comment other than we request that you keep us up to speed with progress.

Additionally, it would be helpful to us to see, for information purposes only, any elements of the forthcoming grid connection offer that you could share at this time, in particular the technical elements, proposed grid connection date and key milestones?”

SONI states in the application that it has considered the Connection Applicant’s response and conclude that the request for extension is still appropriate and that it would continue with their proposal to the Authority.

NIE Networks

SONI also consulted the NIE Networks on 10 May 2024, informing the company of their intention to seek an additional extension. SONI’s request shows NIE Networks response confirming that the company are content to support the extension request.

5. Our Decision on the SONI Application

We judge the Application against: (i) our principal objective and general duties set out in Article 12 of the Energy (NI) Order 2003; and (ii) the published Decision Paper Guidance⁵. We consider the Application to have been made in accordance with the Decision Paper Guidance, save the aspects relating to the expected date of submission (described above).

Our decision is to:

- (i) accede to the Application considering it properly founded; and (accordingly)

⁵ [Electricity Connections Decision FINAL.pdf \(uregni.gov.uk\)](https://www.uregni.gov.uk/Electricity_Connections_Decision_FINAL.pdf)

- (ii) give consent to an extension to **28 June 2024** for the purposes of Condition 25(5) as regards the Connection Application made by the Connection Applicant for the connection of the Interconnector.

In making this decision we have had proper and full regard to the consultation responses from the Connection Applicant. Although the Authority notes that there now have been multiple applications in regard to this connection, which was deemed affective at the start of 2023, we are now approaching mid-2024 and still have not provided the applicant with an offer. We do not consider that the understanding of treatment of revenues and net transfer capacity should stop the provision of an offer, but we acknowledge that legal clarity around contractual and legal rights may impact the detailed elements and conditions of an offer and therefore we are satisfied to grant the Application.

We are however concerned and disappointed that this has been submitted in a very short time frame for the Authority to consider and does not follow the guidance to provide a reasonable time to consider the request.

We continue to remind SONI that the grant of consent relayed in this letter does not absolve SONI of their Condition 25 obligation to make a connection offer to the Connection Applicant *as soon as practicable*. The newly substituted Condition 25 period does not affect that key licence obligation.

This decision shall be published and placed in the Electricity Register.

We would also further welcome, SONI to include in any upcoming compliance reports and evaluation framework submissions, an update report on their connection extensions requested within each annual period, including timeline of submissions in correlation to expected offer dates.

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

Yours sincerely,



Donald Henry
Networks and Energy Futures Director