Claire Whiteside Northern Ireland Electricity Networks Ltd 120 Malone Road Belfast BT9 5HT

By Email Only: Claire.Whiteside@nienetworks.co.uk

Date: 24 March 2025

Our Ref: NET/E/JF/1175

Dear Claire,

Application for consent to a longer period for the issuance of a Connection Offer for 25 Annesborough Road Lurgan, NIE Networks Reference: 24/12826

Thank you for your letter received 7 March 2025 (the Letter) setting out an application (the Application) made by NIE Networks Limited (NIE Networks) for an extension to the period within which NIE Networks is required to make a connection offer (the relevant Connection Offer), concerning a Combined Heat and Power (CHP) at 25 Annesborough Road Lurgan.

In this letter we shall refer to the person making the application for the relevant Connection Offer as the **Connection Applicant**.

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

¹ What follows is a summary of the Application. It is not intended to be a complete rehearsal. All parts of the Application 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 <u>NIE Distribution Licence.</u>

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*

"after receipt by [NIE Networks] of an application containing all such information in relation to the required connection as [NIE Networks] may reasonably request."

Condition 30 (6) is to be read alongside and reflects the provision made in Article 20(3) through to Article 20(5) 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 (following requisite consultation) for a consent (in writing) that the period specified in Condition 30 (6)(b) shall be substituted by a longer period and subject to any conditions as specified in the consent.

Significantly, the making – or grant - of a Condition 30(7) type application does <u>not</u> alter NIE Networks' licence obligation⁵ (under Condition 30(6)(a)) to make a connection offer *as soon as practicable*. The primary obligation (recorded in Condition 30(6)(a) of the Licence and Article 20 the Electricity Order) - to make a connection offer *as soon as practicable* - remains.

The Letter states:

"[the application for the relevant Connection Offer from the Connection Applicant] was deemed compliant on 9 December 2024. The license standard at this time for provision of this Connection Offer was 22 March 2025."

The Application (made in the Letter) is for consent – under Condition 30(7) - for a longer substituted Condition 30 (6)(b) period out (from **22 March 2025**) to **16 August 2025**.

The Application refers to NIE Networks receiving a large number of applications in the past year. They say *"Export applications coupled with a surge in zero applications has made the demand to reach the 3-month licence standard much greater."*

³ Recorded in Article 21 of the Electricity (NI) Order 1992 (**the Electricity Order**): see Condition 30(6) (d) of the Licence.

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 Articles 19 and 20 of the Electricity Order.

NIE Networks states that *"this work has taken considerably more resource and time to complete than it would take during normal application levels"* and cites this as a reason for requesting more time to facilitate related liaison with SONI and (if transmission capacity is available) to carry out detailed design and costing work to produce a relevant Connection Offer.

NIE states that "These large volumes have had a knock-on effect to the Generation Queue and the number of applications NIE Networks can process in a week."

The Application further records that:

"Over the past month our team has grew **[sic]** in size, which will help manage the workload. We are already seeing the benefits of these changes which is improving work load management and an important step in getting back to our 3-month licence standard for export and zero-export applications."

The Application also states that NIE Networks will issue the relevant Connection Offer <u>before</u> 18 August 2025 should it be in a position to do so but acknowledges that a further C30(7) type application might be required "*if other complex issues arise during NIE Networks*' or SONI's analysis."

Reflecting the points above, NIE Networks explains the rationale for seeking the consent sought in the Application as follows:

"Given the influx of applications it will allow

- 1. SONI to determine if transmission capacity is available considering of the interactivity of other applicants in the queue ahead of them
- 2. NIE Networks time to accurately design and cost connections taking account of the impact of others in the queue ahead of them."

NIE Networks also states that granting the consent sought would enable "SONI and NIE Networks to determine if capacity is available, complete connection design and production of a connection offer subject to capacity becoming available," while not granting the extension "would result in NIE Networks not being able to meet its licence standard."

2. Consultation associated with the Application

Condition 30(7)(a) of the Licence provides that NIE Networks must consult with the Connection Applicant when making an Application (for extension) under Condition 30(7).

The Application sets out such consultation with the Connection Applicant – the Connection Applicant has not provided a response.

So far as affected parties' consultation is concerned, the Application says this:

"Affected Parties Consultation

In line with the process outlined in NIE Networks' 'Distribution Generation Application and Offer Process Statement' NIE Networks are engaging with SONI in determining if there is Transmission Capacity available for this applicant.

As highlighted earlier NIE Networks still need to determine alongside SONI how each applicant affects others in the queue ahead. NIE Networks therefore have not been able to consult with individual applicants about the impacts of those ahead of them in the queue as it may not be a true reflection. For that reason, NIE Networks does not consider it appropriate to engage with any further parties in consultation at this stage of the process. When NIE Networks becomes aware of which applicants affect others we will access if individual extensions have had a determinantal impact on them and whether we need to consult with them at that stage."

3. The Authority's decision

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

- (a) our published decision document on extension applications⁶
- (b) our principal objective (and related statutory objectives) under Article 12 of the Energy (NI) Order 2003
- (c) the contents of the Application
- (d) the consultation with the Connection Applicant

⁶ <u>Electricity Connections Review Decision Paper | Utility Regulator (uregni.gov.uk)</u>

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 **Example CHP** at **25 Annesborough Road Lurgan**) is now extended until **18 August 2025**. We consider the Application justified for the reasons set out in the Letter.

The Authority notes that NIE Networks refers to the increased demand to reach the three month licence standard, due to the number of export applications and a recent surge in zero export applications. A sustained increase in levels of applications for extension, beyond levels seen before 2024, have been a subject of concern for the Authority, referenced in previous Decision Letters. We recognise NIE Networks has stated in the Application it has expanded the team responsible for connection requests, and are already seeing the benefits of these changes. We hope this will be reflected in numbers of extension requests falling, and therefore will continue to monitor through the course of this year whether export and zero export applications are decreasing from the levels seen in the early months of 2025.

We welcome the commitment of NIE Networks to work with SONI in progressing the relevant connection applications to include that of the Connection Applicant.

We would take this opportunity to confirm that the (extended consented to) period ending 18 August 2025 is a "long stop" date. The obligation under Condition 30 of the Licence is (now), subject to applicable exceptions,⁷ to make a relevant Connection Offer to the Connection Applicant for the CHP at **25 Annesborough Road Lurgan** "<u>as soon as practicable</u>" and "<u>in any event no later than</u>" 18 August 2025. The Licence obligation is <u>not</u> (now) simply to offer connection terms by 18 August 2025.

This decision will be published and placed on the Register in the normal way.

Please do return to us should you require any clarification.

Yours sincerely,

Jillian Ferris Head of Networks Duly authorised by the Authority

⁷ Consonant with NIE Networks' licence obligations and its statutory duties set out in Articles 12 and 19 of the Electricity Order.