

**DECISION UNDER
ARTICLE 14(8) OF
THE ELECTRICITY
(NORTHERN
IRELAND) ORDER
1992**

**Decision on Licence Modifications regarding
the socialisation of reinforcement
connection costs**

23/03/2026

About the Utility Regulator

The Utility Regulator is the independent non-ministerial government department responsible for regulating Northern Ireland's electricity, gas, water and sewerage industries, to promote the short and long-term interests of consumers.

We are not a policy-making department of government, but we make sure that the energy and water utility industries in Northern Ireland are regulated and developed within ministerial policy as set out in our statutory duties.

We are governed by a Board of Directors and are accountable to the Northern Ireland Assembly through financial and annual reporting obligations.

We are based at Millennium House in the centre of Belfast. The Chief Executive and two Executive Directors lead teams in each of the main functional areas in the organisation: CEO Office; Price Controls; Networks and Energy Futures; and Markets and Consumer Protection and Enforcement. The staff team includes economists, engineers, accountants, utility specialists, legal advisors and administration professionals.

OUR MISSION

To protect the short and long-term interests of consumers of electricity, gas and water.

OUR VISION

To ensure value and sustainability in energy and water.

OUR VALUES

ACCOUNTABLE:

We take ownership of our actions.

TRANSPARENT:

Ensuring trust through openness and honesty.

COLLABORATIVE:

Connecting and working with others for a shared purpose.

DILIGENT:

Working with care and rigour.

RESPECTFUL:

Treating everyone with dignity and fairness.

ABSTRACT

This paper sets out our decision to modify Annex 2 within NIE Networks Distribution Licence. The proposed modifications reflect the UR's commitment to adopt the policy set out in DfE's published document "Fairer Grid Connection Costs"¹. The modifications will be implemented unchanged from the UR's consultation.

AUDIENCE

This document will be of interest to anyone that wishes to connect to the Northern Ireland Electricity system. It is likely to be of interest to regulated companies in the energy industry, government, industry groups, consumer bodies, environmental groups and those with an interest in the energy industry and network planning and connecting to the electricity network.

CONSUMER IMPACT

Any costs approved under this policy will increase consumer bills. Any costs approved under this policy will facilitate new connections to the Northern Ireland electricity system and help enable the energy transition in Northern Ireland which will both benefit consumers and contribute to the achievement of Energy Strategy targets.

¹ <https://www.economy-ni.gov.uk/publications/decision-fairer-grid-connection-costs>

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Executive Summary

Utility Regulator (UR) has decided to proceed with the proposed modifications to Annex 2 of the NIE Networks Distribution Licence² to give effect to the policy of increased socialisation of reinforcement connection costs, as set out in the UR's public consultation of 15 January 2026³. This decision follows consideration of the consultation response and aligns with the Department for the Economy's (DfE) strategic direction on fairer grid connection costs⁴.

One consultation response was received by NIE Networks. The individual consultation response can be found in Annex C.

Our decision is to proceed with the modifications unchanged from those set out in the consultation document. The modifications remove provisions within Annex 2 (Paragraph 4 and Paragraph 6) of NIE Networks Distribution licence, we consider that the modifications facilitate the UR's decision to adopt the policy set out in DfE's published document "Fairer Grid Connection Costs", while aiming to support timely and fair access to the electricity distribution network, reduces first-mover disadvantage, and facilitates Northern Ireland's wider energy transition objectives.

² <https://www.uregni.gov.uk/files/uregni/documents/2024-11/NIE%20Networks%20Distribution%20Licence%20-%20effective%2025%2011%202024.pdf>

³ <https://www.uregni.gov.uk/consultations/consultation-launched-licence-modifications-nie-networks-distribution-licence>

⁴ <https://www.economy-ni.gov.uk/publications/decision-fairer-grid-connection-costs>

1. Introduction

Purpose of this document

- 1.1 On 15 January 2026, the UR launched a consultation on licence modifications required to implement the policy framework set out in DfE's Fairer Grid Connection Costs decision.
- 1.2 The purpose of the consultation was to gather stakeholder views on removing certain restrictions in the NIE Networks Distribution Licence that currently prevent the socialisation of reinforcement costs triggered by new connection requests.
- 1.3 This document sets out the UR's final decision under Article 14(8) of the Electricity (Northern Ireland) Order 1992, following consideration of the one stakeholder response we received.

Document Structure

- 1.4 This consultation paper is structured in several chapters, as follows:
 - a) Executive Summary
 - b) Chapter 1- Introduction (Purpose of the document)
 - c) Chapter 2 – Background
 - d) Chapter 3 – Stakeholder Responses
 - e) Chapter 4- Conclusion (Decision and Reasons and effects)
 - f) Chapter 5- Annexes

2. Background

- 2.1 On 26 November 2025⁵, DfE announced its decision on changes to Northern Ireland's (NI) electricity connection charging policy with the objective of improving fairness and supporting decarbonisation. These reforms provide the policy basis upon which UR is now implementing changes to the distribution connection charging framework.
- 2.2 While the overall distribution connection costs in NI remain broadly comparable to those in Great Britain (GB) and the Republic of Ireland (ROI), the allocation of those costs between connecting customers and the wider customer base has differed. Under the existing NI regime, customers connecting to the distribution network are required to fund the costs of connection assets as well as any reinforcement at their connection voltage and one voltage level above. Stakeholders have highlighted that this has created a “first-mover disadvantage”.
- 2.3 Consistent feedback received throughout the policy development process has identified this approach was creating an inequitable burden on early connectees, with disproportionate impacts on rural customers, renewable energy developers, and households or businesses adopting low carbon technologies such as electric vehicles and heat pumps.
- 2.4 In its January 2025 consultation⁶, DfE set out four potential options for reform, ranging from retention of the status quo to full socialisation of reinforcement costs. Following assessment of responses, DfE concluded that full socialisation (Option 4) offers the strongest basis for addressing fairness concerns and enabling decarbonisation.
- 2.5 The majority of respondents supported full socialisation, reinforcing DfE's conclusion that this approach is appropriate and justified in light of NI's decarbonisation objectives and the need for a fair allocation of network costs.
- 2.6 To give effect to UR's decision to adopt the decision set out in DfE's published document “Fairer Grid Connection Costs”, modifications to NIE Networks' licence are required. These modifications will enable further socialisation of connection-related reinforcement costs and will allow NIE Networks to recover from the wider customer base the costs of distribution network reinforcement that would previously have been recovered from individual connectees. NIE Networks will also be required

⁵ <https://www.economy-ni.gov.uk/publications/decision-fairer-grid-connection-costs>

⁶ <https://www.economy-ni.gov.uk/consultations/increased-socialisation-connection-costs-electricity-distribution-network>

to update its *Statement of Charges for Connections* to reflect UR's final decision and ensure alignment with the revised charging policy.

3. Stakeholder Responses

- 3.1 We received one stakeholder response from NIE Networks, which highlights that NIE Networks is satisfied that the modifications proposed will enable the policy decisions to socialise the necessary costs. This response, in full, can be found in Annex C.

4. Conclusion and Decision

Decision

- 4.1 UR grants licences, subject to the satisfaction of certain criteria, to those who wish to engage in electricity activity under Article 10 of the 1992 Electricity Order, such as generation or supply. These licences are issued and maintained under legislative provision conferred by Articles 10, 11, 12 and 13 of The Electricity (Northern Ireland) Order 1992.
- 4.2 NIE Networks holds both a Transmission and Distribution licence under the Order, however, we are only amending the NIE Networks Distribution licence. Our decision is to modify the NIE Networks Distribution Licence, in line with the modification proposal that had been set out in our consultation on the implementation of increasing the socialisation of connection reinforcement costs of electricity distribution network, published on 15 January 2026⁷. The amendments to this licence have been set out in Annex B. The licence amendments will come into effect on 18 May 2026.

Reasons and Effects of our decision

- 4.3 The reason for the modifications to Annex 2 of the NIE Networks Distribution Licence is to ensure that the regulatory framework fully reflects and implements the UR's decision to adopt the policy set out in DfE's published document "Fairer Grid Connection Costs". These modifications are necessary to enable NIE Networks to recover, through socialisation, those connection-related reinforcement costs that will no longer be charged directly to the customer requesting the connection.
- 4.4 The decision to remove the existing text in the CC_Xt and OCt terms is because the previous licence drafting limited the recovery of connection related reinforcement costs to only two categories, large housing sites and approved generation clusters. This restriction is incompatible with the policy decision adopted by the UR, which requires that reinforcement costs for all qualifying new or modified connections be socialised.
- 4.5 In NI socialisation occurs for much of the reinforcement/development costs (2 levels above the connection voltage level) for the electricity network through works approved under the regulatory price control process e.g. RP7, and these are currently already recovered from customers through electricity bills. These policy changes extend this

⁷ <https://www.uregni.gov.uk/consultations/consultation-launched-licence-modifications-nie-networks-distribution-licence>

existing level of socialisation, allowing a higher proportion of connection costs to be added to NIE Network's Regulated Asset Base⁸ (RAB) and then spread across all consumption over the lifetime of the asset.

- 4.6 The reason for the introduction of a High-Cost Cap is to address concerns about an excessive burden being placed on all consumers, balancing fairness and cost-efficiency by limiting how much reinforcement cost can be spread across all consumers.
- 4.7 The effect of removing the proposed wording from the NIE Networks Distribution Licence broadens the scope to include reinforcement costs for all relevant connections. Although large housing sites and approved generation clusters are no longer explicitly identified, they remain included within the capex and opex totals.
- 4.8 This change ensures that all new and modified connection reinforcement costs are aligned with the Department's policy intent, with recovery occurring through electricity tariffs rather than being selectively charged to individual connectees.
- 4.9 The effect of the modifications will enable NIE Networks to recover costs to facilitate the reinforcement element of new connections (subject to CAP allowances) and submit projects for approval in relation to the recovery of costs incurred by NIE Networks.
- 4.10 The modification aims to eliminate the imbalance where the first customer triggering network reinforcement bears a high cost, while subsequent customers benefit from that reinforcement without contributing (unless they meet the criteria of the Electricity (Connection Charges) Regulations (Northern Ireland) 1992⁹). By eliminating this imbalance, the change will remove the existing "first-mover advantage" and establish a fairer, more equitable cost-sharing approach for all connectees.
- 4.11 This issue is particularly acute in rural areas, where network strength is generally weaker and reinforcement is more likely to be required for new or increased connections, whether demand or generation. DfE has highlighted that respondents agreed rural areas face greater challenges under the current policy, "*responders agreed that rural areas generally have weaker network strength and are therefore more likely to require*

⁸ The Regulatory Asset Base (RAB) is the value of NIE Networks regulated assets (such as transmission and distribution infrastructure) that UR allows it to earn a return on. It represents the capital invested in building and maintaining the network, adjusted for depreciation and additions. [Annex S](#) of the RP7 Final Determination outlines the framework for how the return is recovered on RAB investments

⁹ <https://www.legislation.gov.uk/nisr/1992/119/contents/made>

reinforcement to allow new or increased connections, either demand or generation”

- 4.12 The effects of these changes are expected to lower barriers to connection, thereby promoting uptake of renewable generation, electric vehicles, heat pumps, and new business connections. This can support decarbonisation goals, enhances regional competitiveness, and encourages economic growth, especially in rural areas.
- 4.13 Under the new approach, NIE Networks will include the cost of network reinforcement, previously paid by individual connection applicants, within its RAB. This means these costs become part of the regulated network assets. Consumers will then pay for these investments gradually over the asset’s lifespan (typically 40 years) through their bills, which cover both the original cost and an allowed return. NIE Networks’ RAB will be adjusted over various price controls due to inflation, depreciation, additions and the Price Control Rate of Return, these elements will impact the future socialised amounts which NI consumers will pay through their tariffs for the lifetime of the asset.
- 4.14 The overall effects on the cost to NI consumers of these changes are very difficult to predict. The total cost depends on how many new connections occur, their size, their location and the amount of reinforcement that is needed to facilitate them. These factors vary year to year and are influenced by various factors, including:
- a) Renewable project pipelines
 - b) Market conditions
 - c) Planning approvals and grid capacity
 - d) Load and Demand profiles

Since these variables are unpredictable, any estimate is inherently approximate.

5. Annexes

5.1 Table 1 provides an overview of the annexes of this consultation document.

| Annex | Annex name |
|---------|--|
| Annex A | Article 14(8) Licence Modification Notice |
| Annex B | NIE Networks Distribution Licence Modifications Decision |
| Annex C | Response to Article 14(2) Consultation |

Table 1- List of annexes supplementary to this decision paper