

Connections Update

UR Connections Policy Call for Evidence Workshop
Joint presentation by NIE Networks and SONI
12 December 2016

Outline Agenda

- Connections Market Overview
- Progress with Contestability at Distribution
- Status of Generation Connections – SONI and NIE Networks
- Stakeholder engagement / consultation over the past year
- Challenges going forwards

The NI Distribution Network

- 860,000 customers in NI
- 47,000km of network
- Circa 8,000-10,000 demand connection applications each year
- Typically 75 / 25 split domestic/commercial
- Vast majority of demand connections < 5MW
- Over **1008MW** of renewable generation connected to date
- Vast majority of Generation applications for Small Scale Generation < 5MW
- Limited remaining grid capacity and unprecedented levels of generation applications in NI has resulted in an alternative application and offer process for generation connections

[http://www.nienetworks.co.uk/documents/Generation/Alternative-Connection-Application-and-Offer-P-\(1\).aspx](http://www.nienetworks.co.uk/documents/Generation/Alternative-Connection-Application-and-Offer-P-(1).aspx)



Distribution Charging Principles

- For all connections - applicant pays
 - Unique connection assets
 - Network reinforcement at voltage of connection and level above
- Rebate applies to domestic customer only
- Cluster principle
 - To forward fund investment through regulatory mechanism

Contestability in Distribution Connections $\geq 5\text{MW}$

- **Contestability is available for connections of 5MW and greater to the distribution network- this covers both generation and demand**
- **You now have the choice to ask an Independent Connections Provider (ICP) to undertake the ‘contestable’ work required for your connection or to ask NIE Networks to undertake all connection works.**
- **14 ICPs are accredited through Lloyds Register to work in Northern Ireland**
- **Whichever option you choose, we will send you a quotation for the work we will undertake.**
- **This is called a ‘Connection Offer’ and will explain our costs and the different choices you have.**



<https://www.uregni.gov.uk/publications/decision-paper-contestability-electricity-connections>

<http://www.nienetworks.co.uk/documents/Connections/Contestability-Guidelines-Version-2-2016-05-30.aspx>

Independent Connection Provider Portal

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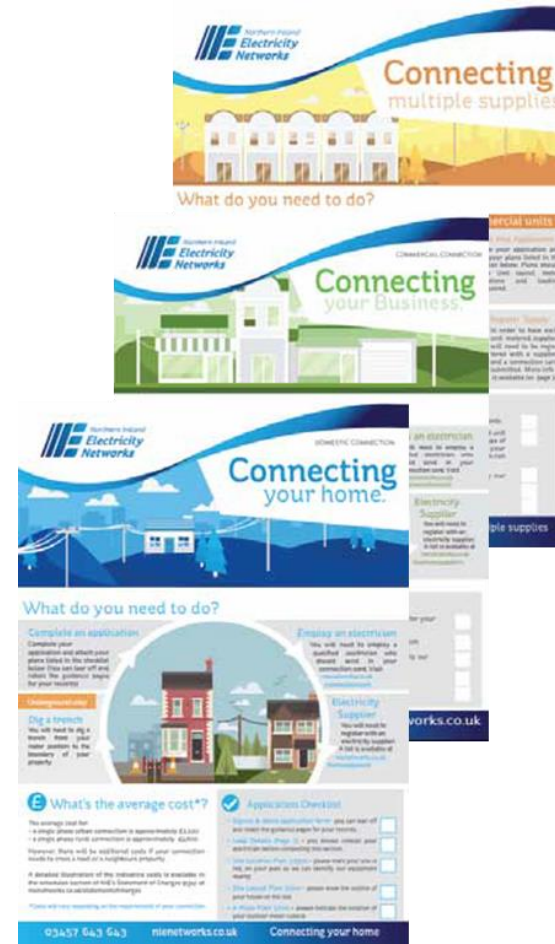
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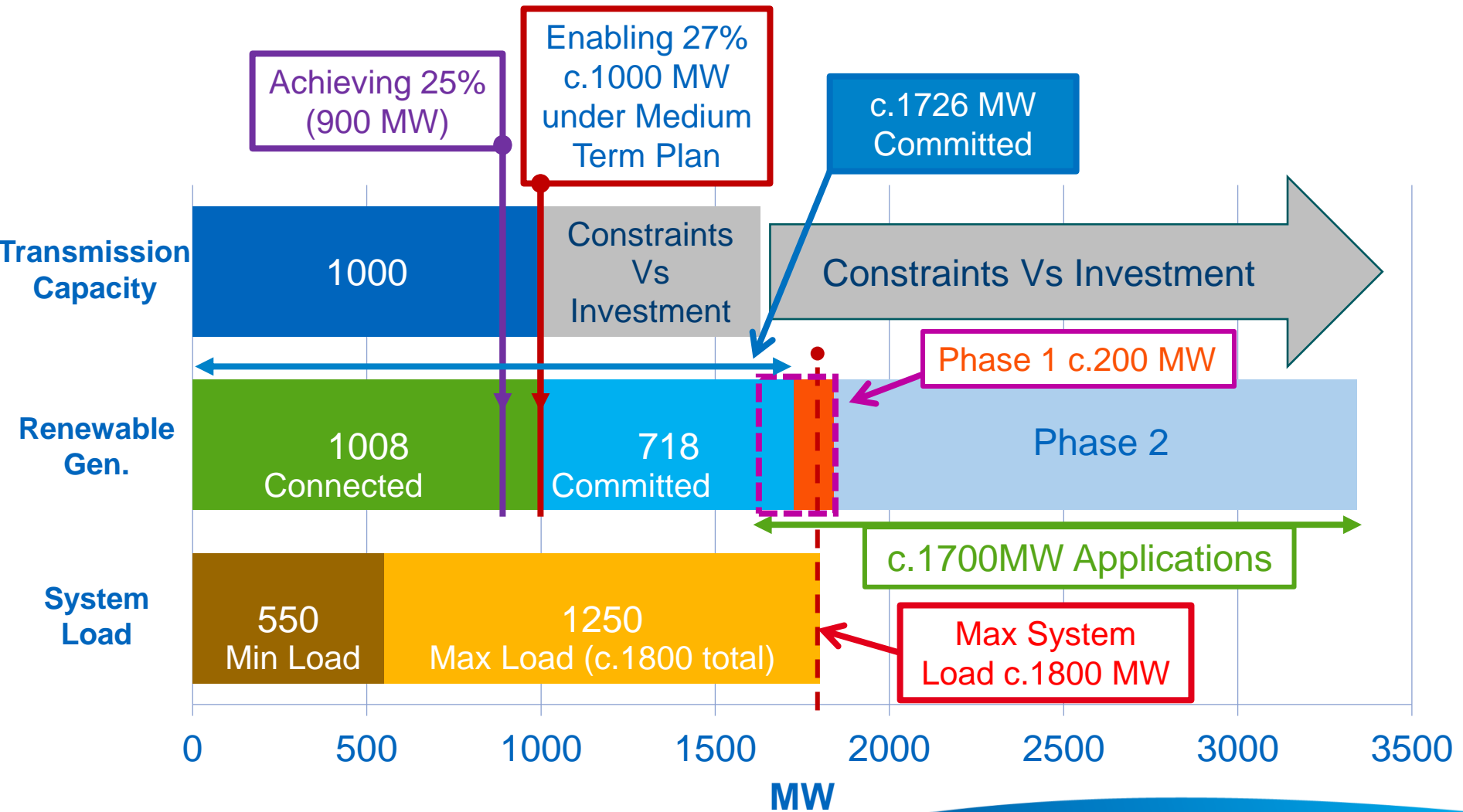
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Shaping the future of Connections

- Market open for all new distribution connections $\geq 5\text{MW}$ from June 16
- Business transformation underway to facilitate a competitive market for all new connections in NI in 2018
- Learning from GB DNOs and ICPs on best practice
- Delivering great customer service for contestable and non-contestable works is a key priority for us
- Contestable offers being issued – and accepted

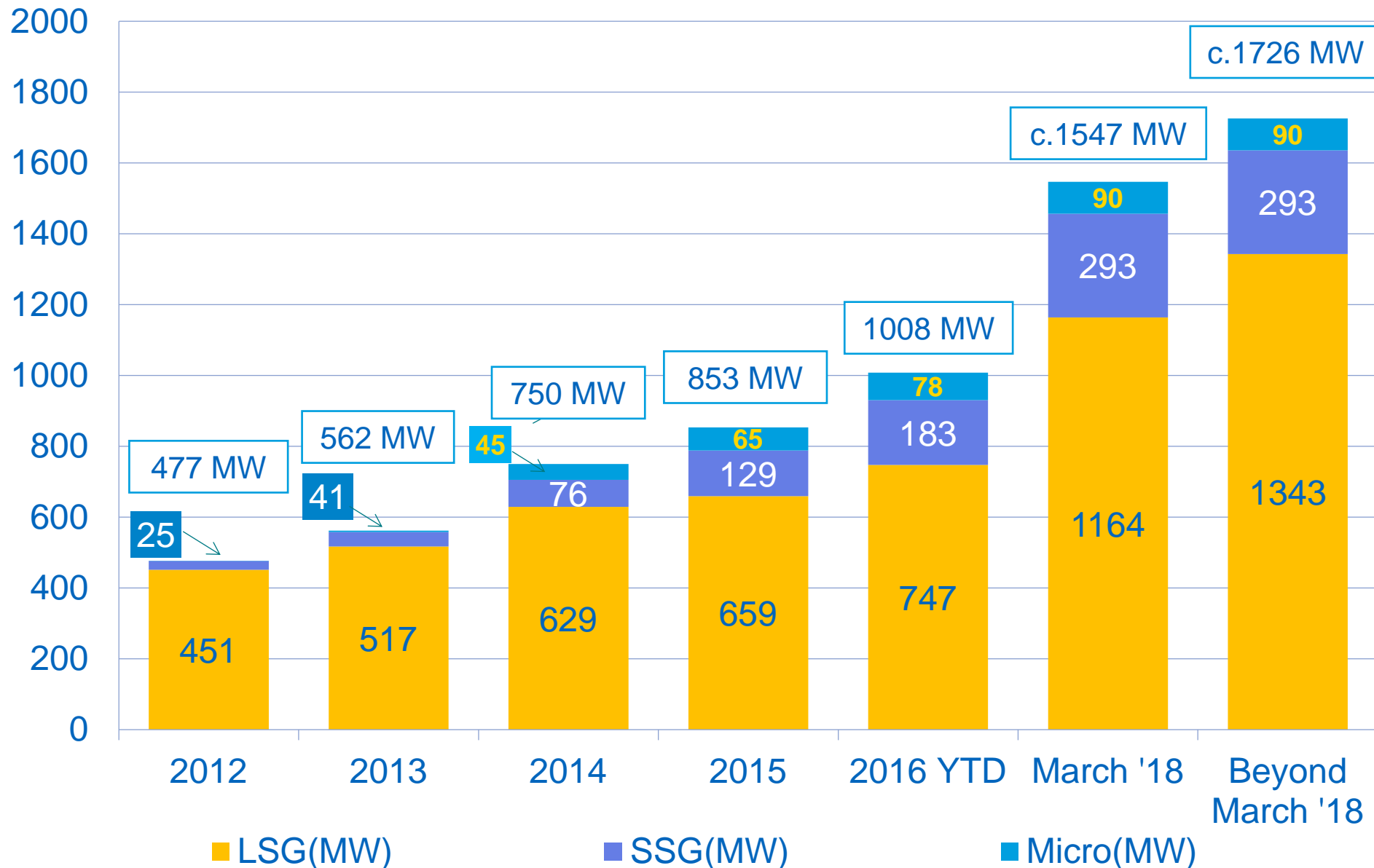


Generation Connections Status



*Predictions accurate based on current information at the beginning of December 2016 nienetworks.co.uk

Potential Total Generation (Connected and committed)



*Predictions accurate based on current information at the beginning of December 2016

Alternative Connection Application and Offer Process Consultation Process to Date

- Utility Regulator (UR) Determination DET-572 in July 2015.
- NIE Networks removed planning permission requirement – Aug 2015.
- Unprecedented level of generation connection applications received
- NIE Networks and SONI engaged with industry to develop an “Alternative Connection Application and Offer Process”
- Industry engagement workshop December 2015
- Consultation Paper and industry workshop in March 2016.
- Decision Paper issued on 31 May 2016.

Progress to Date with Phase 1

- Phase 1 – will potentially release c200MW of network capacity
- Overall – Offers issued for c130MW Export; 13MW Zero Export
- Current Position - LSG
 - 10 Offers issued c120MW
 - 4 Contestable Offers issued
- Current Position – SSG
 - 57 Offers issued c11MW
- Zero Export – total of 25MW to be issued
 - 25 Offers issued c13MW
- Over-install
 - Expect to commence issuing Offers very shortly

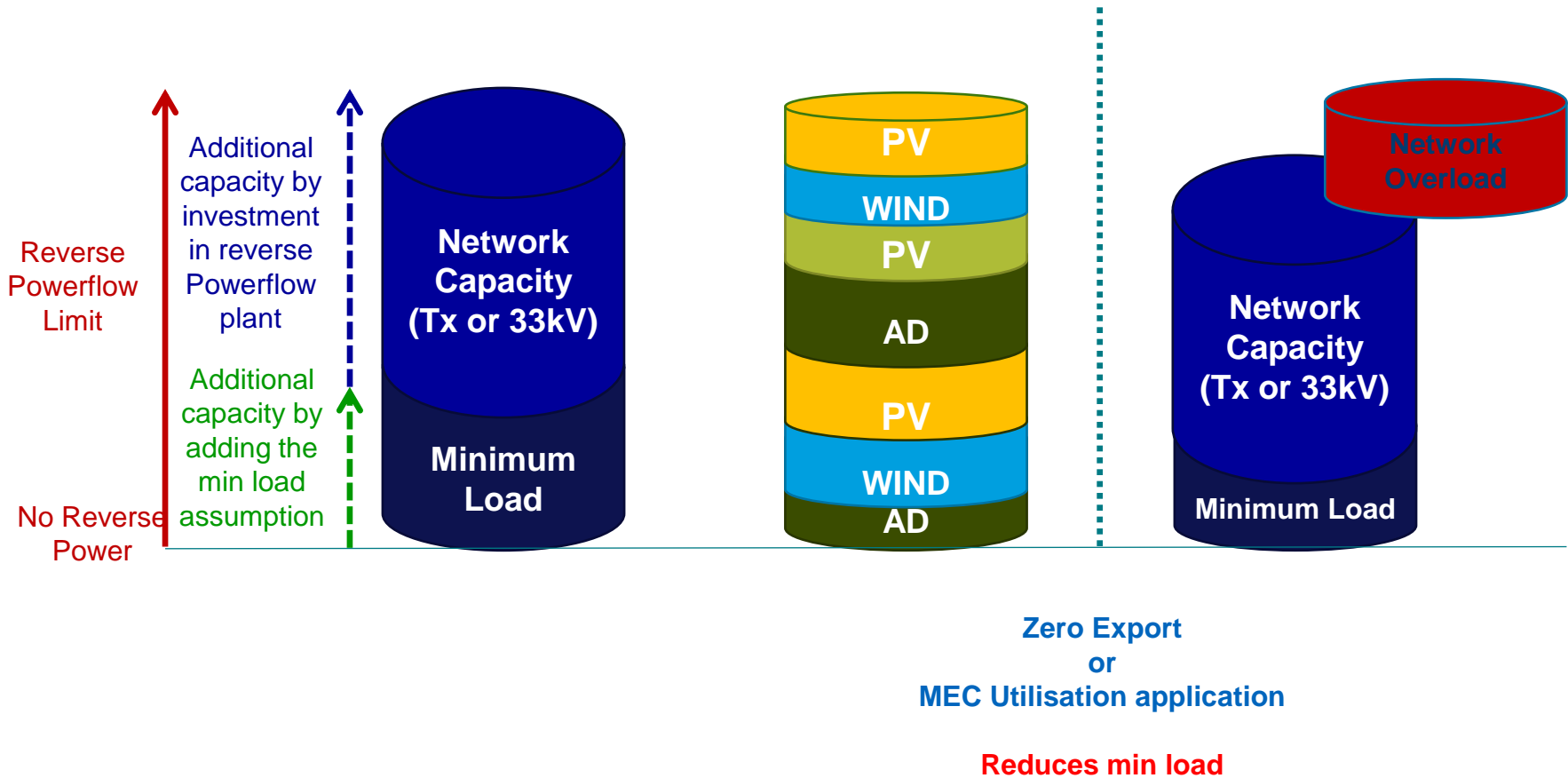
Decision on Phase 2

- Concluded that “Batch Process” should not be implemented without further engagement with industry stakeholders and policy makers
- Key to this conclusion was:
 - uncertainty around renewable energy policy and targets
 - uncertainty around UR approval of network investment
- An enduring offer process should allow NIE Networks and SONI to plan and develop the Distribution and Transmission Systems with more certainty around network investment and energy policy.
- Enabling connection offers to be issued with more certainty around how the network will be developed to accommodate the connection

Next Steps for NIE Networks and SONI

- NIE Networks and SONI have had initial engagement with the UR and Department for the Economy in relation to the uncertainty around network investment and energy policy.
- UR has issued their Call for Evidence as part of their review of Connections Policy.
- We will work with UR to put in motion the commitments we have made to industry in the Decision Paper on the Alternative Connection Application and Offer Process through:
 - Responding to the UR consultation papers.
 - Participating in the UR's working group.

The Reverse Powerflow Issue



Concluding Points

- Contestability now active for Distribution
 - LSG Contestable Offers issued and being accepted
 - Working toward full market opening
- Design of Alternative Method for scarce capacity
 - Good progress with Phase 1 release of Offers
- Shift from demand to combination of generation and demand
 - Impact on network
- Strategic decisions required on energy policy and network investment