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21 October 2019

**Consultation on Proposed Modifications to NIE Networks Transmission and Distribution  
Licences for Capex Connection Costs on a pass through basis**

Dear Jody,

We are writing to you in response to your consultation on modifications to NIE Networks' licences in relation to Capex Connection Costs. SONI's interest in this relates to protecting our Transmission connected customers who under Section 7 of the SONI Transmission Connection Charging Methodology Statement (TCCMS) would become entitled to a partial rebate when new connecting parties make use of Transmission Connection Assets that our existing customer has already funded and connected to within a 10 year period.

Where relevant, SONI includes a Use of Shared Assets Charge under connection offers to allow SONI to make the relevant partial rebate to our customer. Where the new connectee is NIE Networks, in its role as Distribution Network Owner (DNO), then this Use of Shared Assets Charge is equally applied. As such the DNO will need to be able to access the funds necessary, however that may be achieved, to discharge their obligations under the Transmission Interface Arrangements (TIA).

SONI notes that the proposed mechanism under the consultation is essentially a temporary measure and that going forward, a review of the DNO's distribution connection charging methodology is required to consider whether it is necessary and/or appropriate for the methodology to be changed in respect of the recovery of costs incurred by the DNO in relation to the connection of Distribution infrastructure to the Transmission System (for example a Cluster Substation) being developed and constructed for the purposes of facilitating connections to the Distribution System. SONI would welcome this review and would be willing to work with both NIE Networks and the Utility Regulator (UR) to assist with this should that be required.

We note that under the proposed mechanism it will be up to NIE Networks to submit a request for a pass through Capex and for NIE Networks to identify under which Licence (i.e. either Distribution or Transmission but not both) the request is made. Also, in submitting its request NIE Networks shall provide such information, including in such manner, format and within such period, as may be required by the UR (and notified to the Licensee) for the purposes of making our determination. Subject to what the manner, format and within such period may be, SONI may also need to provide input to NIE Networks to allow them to meet these requirements. As such SONI would welcome a discussion with the UR and NIE Networks to agree the manner, format and timelines for this process to allow for a consistent approach to be taken.



While SONI notes and agrees that the UR should consider a request for pass through Capex from NIE Networks in line with its duties, we also note that the UR may also make the determination subject to conditions with which NIE Networks shall be required to comply and that only those costs approved by the UR shall be recoverable by NIE Networks. Taking into consideration that SONI would only include a Use of Shared Asset Charge to enable it to pass through a partial rebate to its existing customer who would be entitled to it under Section 7 of the TCCMS, then should the case arise where UR doesn't approve, adds conditions that cannot be met or only partially approved NIE Networks' request then there is potential that SONI may be in a position where it may not be able to fulfil its duties under the TCCMS approved by the UR. We would therefore welcome a discussion around the risks that the details of this proposal could create for SONI.

In addition, the proposed mechanism only applies where the DNO is required to pay a Use of Shared Asset Charge to SONI to allow us to pass this through to our existing Transmission customer. However, there are other scenarios where money flows are required to fulfil connection offers under Section S of the TIA. The mechanism does not seem to take into account these alternative scenarios where SONI would be paying a partial rebate back to the DNO. SONI would therefore suggest that the 'reverse' scenario should also be taken into consideration as part of this process, with the objective of securing a level playing field for all parties competing in the wholesale market.

We would strongly welcome an opportunity to discuss this response with you, at your convenience.

Yours sincerely

Sarah Friedel  
Group Regulation

Sent by email