

Call for Evidence – [Electricity Connection Policy Framework Review](#) – Utility Regulator

Introduction –

The National Franchised Dealers Association (NFDA) is the leading representative body for franchised vehicle retailers in the United Kingdom. In Northern Ireland (NI), we represent some of the biggest companies in the motor trade industry, including Donnelly Group, Agnew Group and Charles Hurst Group. Our members make up a critical part of the Northern Ireland economy with Automotive Retail employing approximately 16,000 men and women across the country.

Response

NFDA-NI statement –

NFDA-NI strongly believe a shift towards a shallow charging regime is the right move in Northern Ireland, it would benefit all users of the electricity grid and engender investment into the network.

We do not consider the current ‘partially deep’ connection boundary in Northern Ireland appropriate. The current methodology is stifling charging infrastructure expansion by acting as a barrier to investment. The current approach dictates that a customer is charged for the specific section of the network which needs upgrading to facilitate their capacity. Some NFDA members have been quoted figures of £50,000- £200,000 to upgrade their DNO substations which is unsustainable. An NFDA dealer member was quoted a staggering c. £55,000 to increase electricity and install an 11Kv connection station on their premise. This is completely economically unviable for businesses, which will stop investing in the green transition.

The distribution connection costs in Northern Ireland are absurdly high in comparison to other areas of the UK, as seen below. The Deep Charging Regime means the customer is required to cover the costs of the dedicated asset and all of the costs to reinforce the network at their connecting voltage plus one voltage level above. eSmart’s example below shows the approximate difference in cost to connect a 2MVA EV charging hub in GB (12-24 350kW chargers), compared with NI.

Scenario	Total cost of Primary Substation Upgrade + 11kV Network Upgrade	Approximate cost of Primary Substation Upgrade to customer	Approx costs of 11kv network upgrade to customer	Approx cost of dedicated connection (e.g. 500m 11kV cable & new customer substation)	Total cost customer has to pay to connect
NI	£2M + £1M	£2M	£1M	£200K	£3.2m
GB	£2M + £1M	£0	£0	£200K	£200k

Table 1 – Cost of connection comparison

This model creates a first-mover disadvantage - the first company/user to pay for a connection will potentially enable their competitors to step in afterwards, exploiting the location without having to pay anything for grid strengthening. This effectively creates a first-mover disadvantage, which can leave CPOs waiting for each other to ‘go first’ and currently represents a key barrier to entry and investment.

Analysis completed by NIE Networks forecasts that the impact of socialised costs using shallower connection charging methodologies on an average domestic customer’s bill in 2030 is expected to be

less than £3 per year,¹ a small price to pay to ensure a fair and non-discriminatory approach for everyone.

Rural location issues –

Under the current charging regime, there are large discrepancies in distribution connection costs between rural and urban customers depending on the level of network reinforcement required. The average price of a new electricity supply connection is £1,790, yet a large site in a rural location might force the distribution company to carry out a 60m road dig, bringing the total cost up to £10,140.² This issue is compounded by the fact that NI has the highest rural population in the UK, with 36% living in rural areas.³

The current deep distribution connection charging regime disproportionately affects rural customers and does not accommodate their specific needs. A shift to a shallower distribution connection charging approach would accelerate the adoption of EV charging infrastructure by creating a non-discriminatory and fair energy transition. It would directly tackle the key barrier to adoption for many, which is the cost.

EV sales and chargers in Northern Ireland are falling behind the rest of the UK. Between 2012 and 2020, EV sales registration grew by 52% on average in NI compared to 88% across the whole of the UK.⁴ The charging infrastructure is also rapidly falling behind. Public charging devices per 100,000 of the population are lower in NI (23) than in any other UK region, and well below the UK average of 67 (see the graph below). Also, a number of the existing chargepoints within Northern Ireland are antiquated and need to be replaced or upgraded. Currently chargepoint operators across the province.

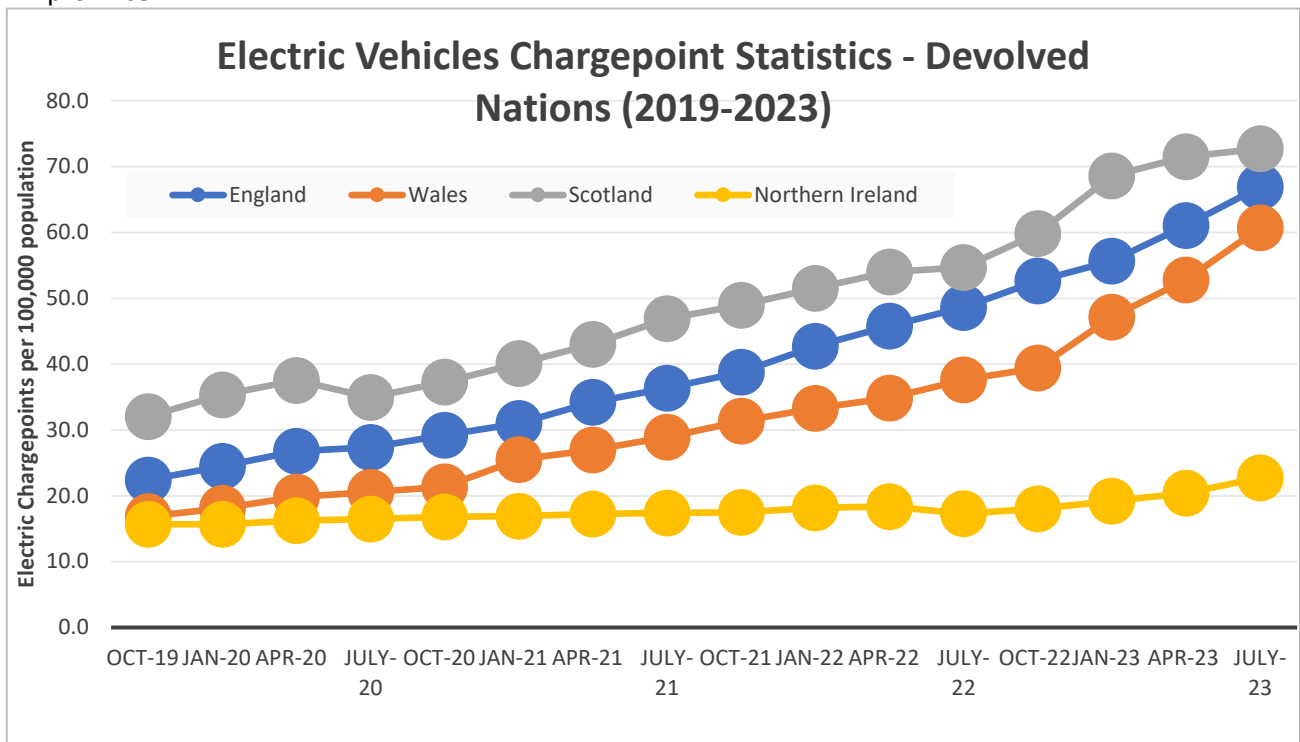


Table 2 – EV Chargepoint comparison

¹ [nien-response-ur-dfe-cfe.aspx \(nienetworks.co.uk\)](https://nienetworks.co.uk/nien-response-ur-dfe-cfe.aspx)

² Ibid

³ [DAERA Key Rural Issues, Northern Ireland 2022 \(daera-ni.gov.uk\)](https://daera-ni.gov.uk/DAERA-Key-Rural-Issues-Northern-Ireland-2022)

⁴ [nien-response-ur-dfe-cfe.aspx \(nienetworks.co.uk\)](https://nienetworks.co.uk/nien-response-ur-dfe-cfe.aspx)

Impact on the Environment and Investment -

Northern Ireland is falling behind other nations because, under this current system, it is not viable for businesses to invest. A shallower charging regime would place NI more in line with others, such as the UK and the Republic of Ireland. This would create a level playing field for businesses looking to invest in green technologies, especially car dealerships looking to transition their business to be more environmentally friendly and pro-electric. The absence of shallower charging in Northern Ireland would result in the distribution connection cost for chargepoint operators and dealerships looking to install chargepoints being much higher than in the rest of the UK.

Along with discouraging investment in NI, a deeper connection regime decreases the economic viability of installing chargepoints in NI. This would seriously risk Northern Ireland reaching its climate change targets and commitments set out by the Climate Change Act. A lack of Charging Infrastructure is one of the key reasons that many consumers are unwilling to switch to an EV, and with transport making up 16.7% of all emissions in NI, decarbonising this sector is essential.⁵

Under the current distribution connection charging regime, this issue of the high up-front cost will only get worse. Many NI consumers are required to install Low Carbon Technologies (LCTs) as part of new building regulations. This, coupled with legislation like the ban on new petrol and diesel car sales from 2035, will mean that the high-cost connections will no longer be an “option” for those who want to help tackle climate change, but instead the only option.

If connection costs are left exceedingly high for the customer, they will be left in an impossible situation, with the need to decarbonise pitted directly against these high costs. There is the potential for many businesses, certainly car dealerships, to simply close. This will be damaging to Northern Ireland’s economy.

Furthermore, socialising the costing regime spreads the costs and therefore mitigates market price volatility which could affect more rural consumers with poorer grid connection.

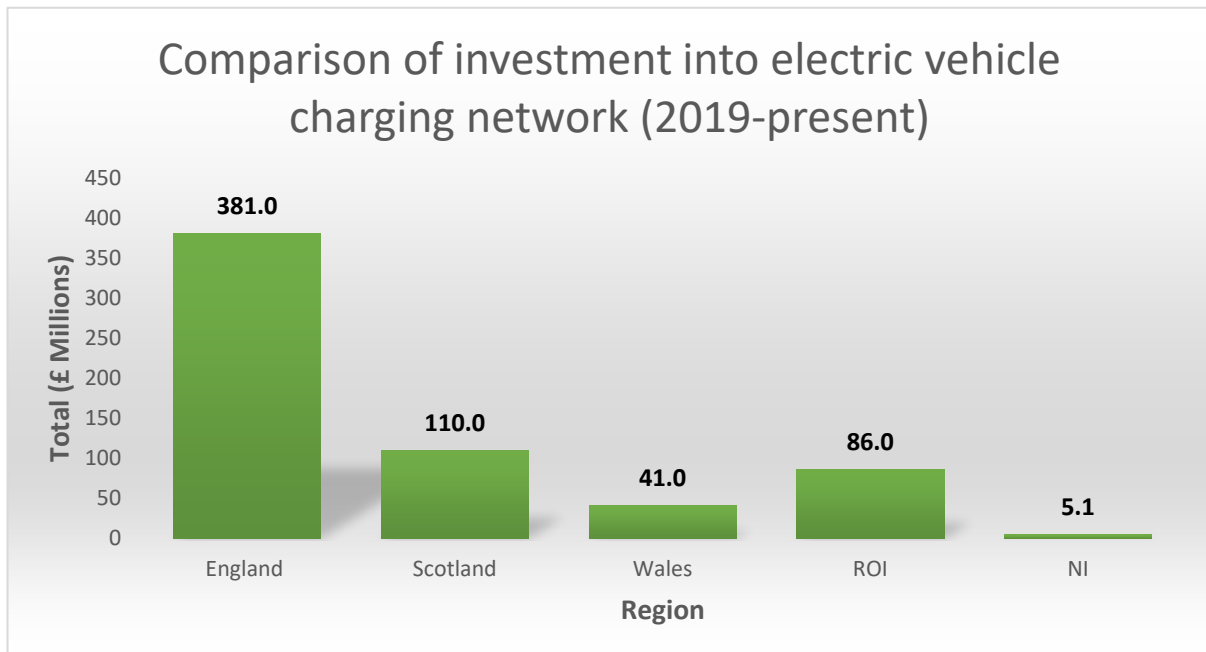


Table 3 – Investment comparison

⁵ [Northern Ireland greenhouse gas statistics 1990-2021 released | Department of Agriculture, Environment and Rural Affairs \(daera-ni.gov.uk\)](#)

Summary

To summarise, the NFDA-NI remains concerned that the wider transport decarbonisation targets will not be achieved, and automotive businesses and investments will decline within the current regulations and framework which exist in Northern Ireland. An urgent overhaul of the legislative side of the electricity system is required to modernise and accelerate EV uptake. The existing deep charging regime is holding back investment into the electricity grid and inhibiting the critical upgrades it needs to improve the network for all consumers. Bringing NI more in line with the socialised GB grid costing regime will drastically increase grid coverage and also enable upgrades to take place more quickly and more frequently, which again is a benefit for all users of the electricity. The negligible increase (£3 per annum) in overall costs for consumers is a trade-off that is required

The lack of an adequate EV charging network remains a major barrier to EV adoption and leaves NI far behind the rest of the United Kingdom in terms of progress moving towards the electrification of the vehicle parc. Until substantial and sustained investment in the electricity grid takes place within NI, the coverage of EV chargepoints will remain poor. This will disincentivise consumers from making the transition towards a cleaner and greener mode of private motor transport.

Northern Ireland is at risk of falling further behind every other nation in its attempts to decarbonise and greatly risks missing its net-zero targets. The current regime will stifle both the personal and commercial EV charging infrastructure and rural mobility. Changing to a shallow connection would be a positive step in generating investment in the electricity grid and improving the service and coverage for all consumers in Northern Ireland.