

**eSmart Networks Response to:
A REVIEW OF THE CONNECTIONS POLICY
FRAMEWORK IN NORTHERN IRELAND**

October 2023



Contact:

eSmart Networks Grid Consultancy Team

eSmart Networks, The Innovation, Centre, Queens Rd, Belfast, BT3 9DT

grid@esmartnetworks.co.uk



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1). Introduction

1.1). Who Are We?

eSmart Networks Limited (eSN) is a leading provider of smart grid infrastructure and large grid connections across the UK.

1.2). Our Eco System

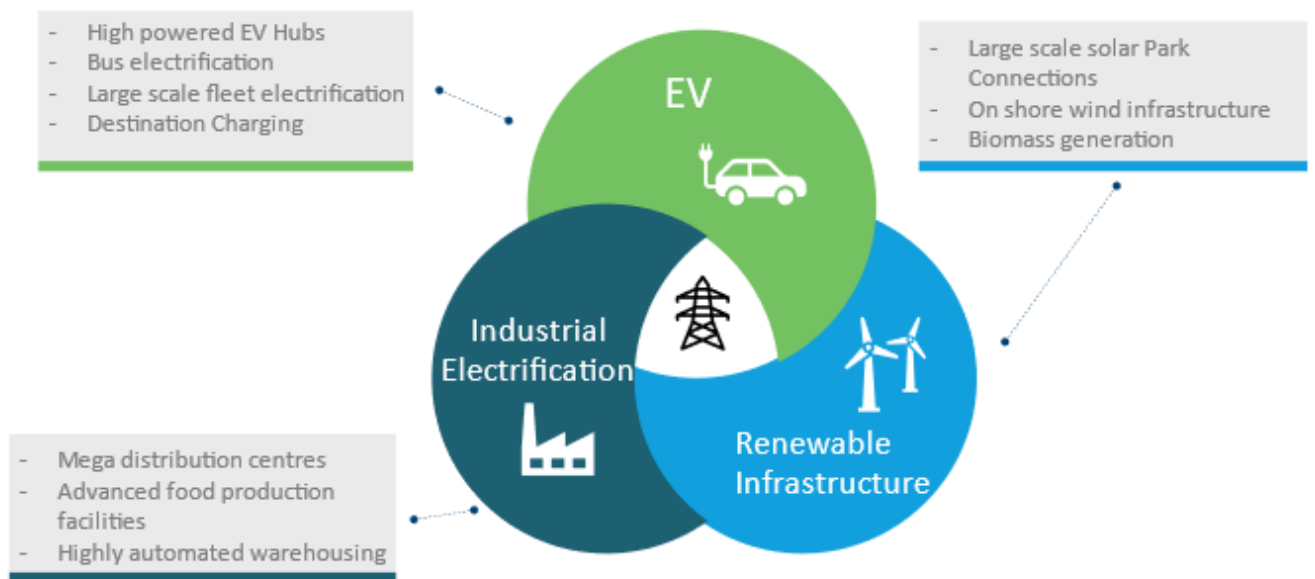


Figure 1 - eSmart Networks Projects Overview

eSN provides grid infrastructure & services for public electric vehicle (EV) charging, industrial electrification and renewable energy connections. The business was created to respond to the UK's need for charging infrastructure as the transition from internal combustion engines to EVs gathers pace and has since broadened its services to provide grid connection solutions and renewable energy infrastructure. Of particular value to customers is eSN capacity to manage the grid connection process – effectively removing the monopoly Distribution Network Operator (DNO) from the process, greatly reducing project timescales.

The highly technical skills and specialised electrical accreditations allow eSN to offer customers a complete package of services which spans grid constraint solutions, grid connections and the onsite specialised civil and electrical installations as detailed below:

- Analysis of DNO networks in advance of Point of Connection (POC) applications
- Grid Due Diligence
- Self-determination of POC



- Harmonic, flicker, earthing, protection studies required by the DNO
- Live Low Voltage connections
- Commercial Low Voltage, High Voltage and Extra High Voltage connections
- Full turnkey design, build & commission

This unique approach provides an end-to-end service from Concept to Go Live which is highly valued by the customer base as outlined in figure 2.



Figure 2 - Concept to 'Go Live'.

1.3). eSmart Networks Northern Ireland

eSmart Networks NI (eSN NI) is a prominent technical hub situated in Belfast. Despite our 'Northern Ireland' (NI) base, most of our operations are currently centred on servicing projects in Great Britain (GB). The eSN NI team possesses a wealth of knowledge and hands-on experience across various regions including NI, the Republic of Ireland (RoI), GB, and beyond. This extensive expertise positions eSN NI as a valuable contributor to the ongoing discussions regarding the regulatory challenges faced within NI's grid connections landscape. Additionally, this diverse experience uniquely positions us to make informed comparisons between the regulatory environments.

1.4). Regulatory Challenges in NI

We believe that the regulatory landscape in NI discourages investment from companies such as ours and our investor/developer clients involved in EV charging, Renewables and Industrial Electrification projects.

We have identified 2 key areas where NI lags behind GB:

1. Connections Charging Regulation: NI's underinvestment and the absence of a progressive connection charging regime has resulted in a relative lack of investment in network capacity. More progressive policies in place in GB for several years, and



their subsequent switch to an even more progressive regime in April 2023 means that the gap between the jurisdictions is significant and continuing to widen.

2. Lack of Regulatory Framework to Facilitate IDNO's: The absence of a regulatory framework to facilitate Independent Distribution Network Operators (IDNO)s in NI significantly increases connection costs and undermines the viability of the contestable connections market.

Progress in these areas could make NI a more attractive jurisdiction for our company to invest in and participate actively in NI's energy transition. Many of our investor/developer clients involved in EV, Renewable, and Industrial Electrification Projects share this sentiment.

In addition to the two key areas above, we also highlight the issue of connection standards, with particular emphasis on Connection Offer timescales, which are notably slower in NI compared to GB. The delays associated with obtaining connection offers in NI have led to frustration among investor/developers as well as contributing to increased investment costs and delayed large-scale EV infrastructure rollouts.

Whilst outside of the scope of this review, we also note the additional challenges faced by infrastructure investment and development in NI due to NI's well-publicised comparatively slower planning system. This puts even more emphasis on getting Grid Connection regulation correct, to help attract investment to NI. We would also call on DfE to work with their counterpart departments to address the issues in the planning system in parallel with this Connections Policy Framework Review. We would like to highlight the need to ensure policy driven interactions between the Planning system and Grid Connections framework are designed in a compatible and functional way.



2). Questions posed in the Call for Evidence

2.1). Question 1

What are the risks and opportunities in relation to the development of micro grids and what issues do these raise for the connections framework in NI?

An enabler of technological innovation and ‘micro-grids’ in GB is the ability to establish IDNO networks so that these Micro-grids fall under a regulated environment with consumers protected. We have therefore chosen this section to put forward our views on establishing a framework for IDNO’s in NI. This section could also be considered for our response to question 3.

Creating a regulatory framework for Independent Network Operators (IDNO’s) in NI

Technical Innovation & Subsidising Connection Costs:

The presence of IDNO’s in GB and their ability to provide connecting customers, such as EV Connection Point Owners (CPOs), with a contribution towards connection costs (called an Asset Value (AV)) reduces the network connection cost and therefore overall development cost of EV Charging and Industrial Electrification projects. They also facilitate innovation in technical standards that can reduce costs and/or timescales.

To provide some very high level examples of potential benefits, a typical £300k demand connection in GB could potentially avail of a £50k-£100k asset value ‘subsidy’ from an IDNO. With regards to technical innovation, they could allow more cost-effective or shorter lead time equipment to be used to build the grid connection. These are simply some high level examples to avoid going into too much detail in this response and we note the levels of technical innovation go much deeper into what might be recognised as a ‘micro-grid’ network.

These benefits are facilitated by the existence of a competitive market for the adoption of the network connection infrastructure which drives technical innovation and commercial efficiencies. We also note that neither electricity bill payers nor connecting customers pay more for these benefits, as end user bills are match to the incumbent DNO.

In NI, there is a lack of a well-defined regulatory framework, including standardised IDNO license application processes and associated license obligations, as well as other mechanisms aimed at achieving comparable outcomes. This makes EV charging and other types of development in NI more costly and time consuming, which in turn reduces the feasibility of EV charging or other Industrial Electrification development.

Facilitating Competition in the Connections market:

IDNOs play a pivotal role in subsidizing contestable connections and facilitating technical innovation, thereby serving as a crucial driver of the competitive connections market in GB. IDNOs collaborate closely with Independent Connection Providers (ICP) to establish an effective and competitive connections ecosystem within GB. However, in NI, the absence of a supportive regulatory framework for IDNO is notable. This is why there have been very few contestable works completed in NI to date, particularly for Industrial & Commercial (I&C) and EV connections. As a result, we anticipate that the contestable connections market in NI will continue to lack the appeal witnessed in GB unless this issue is addressed. It’s worth noting



that we are a National Electricity Registration Scheme (NERS) accredited ICP operating in both NI and GB, affording us firsthand experience in both markets.

Legislative & Regulatory Review of IDNO's in NI

In GB, IDNOs are granted Distribution Licences under Section 6(c) of the Electricity Act 1989, which closely resembles NI's Electricity Order 1992 Article 10(bb). It is worth noting that both provisions have undergone subsequent amendments since their initial publication. These revisions separated the distribution of electricity as its own licensable activity, aligning both provisions. The Utilities Act 2000 brought about this change in the former, while The Gas and Electricity (Internal Markets) Regulations (Northern Ireland) 2011 accomplished it in the latter.

In the 2000s, after the granting of several licenses to IDNOs, regulations were introduced in 2010 to formalise the licensing process through The Electricity (Applications for Licenses, Modifications of an Area and Extensions and Restrictions of Licenses) Regulations 2010. It's important to note that NI does not currently have analogous regulations in its legal framework. However, this should not serve as a hindrance to the issuance of IDNO licenses in NI, given that numerous licenses had been issued in GB before the introduction of these regulations.

Additionally, we observe that an equivalent to The Electricity Regulations 2010 could be adopted in NI by the Utility Regulator Northern Ireland (URGENI) through the publication of guidance notes or similar means, without necessitating legislative amendments.

In summary, it seems that there exists a legislative framework in NI, like that in GB, which permits the licensing of IDNOs in NI without the need for legislative alterations. However, it is worth noting that since this activity is relatively new to NI, there is currently a shortage of guidance, standardised license conditions, and other related documentation that we believe would fall under the remit of the URGENI. These aspects would require development and advancement.

We are of the opinion that the steps can be implemented swiftly, following a 'fast follower' strategy of GB regulation. Much of the groundwork in this regard has already been completed by The Office of Gas and Electricity Markets Authority (OFGEM), with potential for only minor adjustments and amendments to align these practices with NI's legislative and regulatory framework. We note UREGNI's obligation to facilitate competition with respect to the Distribution of electricity and think this should be given attention by UREGNI. We are open to further discussions and collaboration with URGENI to delve into the specifics of this matter.

2.2). Question 2

Do you agree with our guiding principles? Please expand your answer.

eSN acknowledges the principles outlined in the Call for Evidence (CfE) and also wishes to propose additional guiding principles. We believe the following two principles should also be incorporated:

1. The principle articulated concerning a 'just transition' appears to primarily consider the cost to electricity consumers. However, it is imperative to broaden the scope of 'just transition' to ensure that broader Northern Irish society has equitable



access, where reasonably feasible, to services that will be essential in the future. For instance, it should not be deemed socially equitable and just if certain regions of the country are left without access to vital public EV charging infrastructure due to a post-code lottery. We believe under current regulations that this would be the case; in areas where local substations lack further capacity, it is typically economically unfeasible for any EV charging developer to upgrade the entire local network. These same principles apply to facilitating all kinds of economic development and prosperity across NI.

2. A further principle to be incorporated is that policy should align and facilitate key NI strategies, such as the 10X economic strategy and any other relevant strategies (such as on EV charging or renewable targets)
3. A further principle should be that the connections charging framework should be clear, without any conflicts or ambiguity that would lead to increased uncertainty for connecting customers. i.e. to ensure no conflicts or ambiguity between Distribution and Transmissions policy frameworks, and no uncertainty in any capital approvals for socialised costs- see query in Q4 regarding clarity on current arrangements.

2.3). Question 3

Do you agree with our proposed scope in relation to this connection review, this includes: Are there other issues which you consider we should take into account. If so, please explain why. Are there any connection areas we should remove from the scope of our review? If so, please explain why.

Please see response to Q1 regarding IDNO's.

2.4). Question 4

Do you consider the current 'partially deep' connection boundary in NI appropriate? Please explain your rationale further and provide evidence.

Our thoughts align with those mentioned in Northern Ireland Electricity's (NIE) response to this CfE¹. Please also refer to Question 6 – (Paragraph 3 onwards)

Like NIE's response, we believe that the CfE does not accurately depict the consequences of maintaining the status quo for the 'Do Nothing' approach - see NIE's response below:

"NIE Networks have major concerns that the implications of the 'do nothing' approach presented in the Call for Evidence are not being correctly outlined. Since it has been included in the document, NIE Networks wishes to clarify what 'do nothing' may mean in reality.

¹ <https://www.nienetworks.co.uk/documents/regulatory-documents/nien-response-ur-dfe-cfe.aspx>



The idea that a “do nothing approach” will have “zero impact” is incorrect and needs to be considered and explored fully if it is to be considered as an alternative approach. The connection costs and ongoing costs of a generator connecting in NI will have major impacts on the bidding behaviours of that generator in the Single Electricity Market (SEM) (and other markets available to it e.g., DS3 System Services and Flex) to recover costs. If a ‘do nothing’ approach is chosen, higher connection costs for the connecting customer will be reflected in higher bidding costs in markets to recover investment made by developers to connect the renewable generation. This in turn, will lead to electricity suppliers paying a higher price for electricity. These costs then need to be recovered by the suppliers and are eventually passed on to a customer’s bill. The overall result of the “do nothing” approach is therefore an increase in customer bills. It is disappointing that these market economics have not been outlined in the CfE document as at present the ‘do nothing’ approach is set out implying zero impact.”

We would further add that clarification needs to be made on the current connection charging methodology. Utility Regulator (UR) have stated that connecting customers are not responsible for covering reinforcement costs beyond one voltage level up. Nevertheless, it appears that there is considerable ambiguity regarding the funding of reinforcements above one voltage level, with a notable risk that adequate funding may not be secured, potentially leading to customer connection refusals.

We kindly request that the UR provides clarity on the current reinforcement charging mechanism, specifically addressing the following concerns:

1. Is the charging mechanism based on the Point of Supply (metered) voltage or the Point of Connection (POC) voltage of the connecting customer?
2. Could the process be outlined for when a customer applies for reinforcement and triggers such works? Should they anticipate receiving a connection offer that includes reinforcement at no additional cost in all instances, with NIE Networks having automatic capital approval to commence the works promptly upon offer acceptance? Or is there a potential for significant delays and/or the refusal of the required Capital Expenditure (CAPEX), which could result in significant delays or even refusal to connect for the customer?
 - If the latter scenario is a possibility, it’s important to highlight that this would present an additional significant disadvantage of the NI connection charging regime and blocker to electrification and new development.
 - If reinforcement funding can be withheld, and connecting customers lack the regulatory mechanism to fund it independently, it raises concerns that NI connection charging regulation may inadvertently impede a substantial number of connections, without a viable pathway for these customers to secure their desired connections.
 - We note that whilst the Electricity Order in NI permits NIE Networks to refuse to connect based on a lack of capacity, there is no similar mechanism in GB which further puts connection customers at a disadvantage in N.I.
3. We kindly request that UR publishes statistics pertaining to the number of connections facilitated through the socialised funding of reinforcement works in NI and how many projects have faced connection refusals. This data would provide valuable insights



into the estimated costs of maintaining the status quo and consideration of alternative charging regimes.

In parallel to the NI regime, the GB networks have benefited from the Common Connections Charging Methodology (CCCM) for a significant period of time (>10 years) which has allowed a continual uptake of new connections to the network which have paid their share of wider network development and in turn created additional capacity on those networks that can be availed of for EV charging and other energy transition projects today.

In further contrast to the NI charging regime, OFGEM began a review process of the CCCM in 2018² (Access and Forward-Looking Charges Significant Code Review, 'SCR') as they believed that the CCCM did not go far enough to enable the energy transition.

OFGEM's "...objective of the Access SCR is to ensure that electricity networks are used efficiently and flexibly, reflecting users' needs and allowing consumers to benefit from new technologies and services while avoiding unnecessary costs on energy bills in general."

The outcome of the SCR was a decision to completely remove any network reinforcement costs from being levied on connecting demand customers (subject to a few minor exclusions). This creates an even larger disparity between Connections Charging Regulation & Methodology in NI vs GB which creates an even wider gap in the feasibility of EV Charging Infrastructure between the two jurisdictions.

OFGEM's rationale for this change to regulation was to address the social challenges posed by EV charging (and other necessary electrification) only being available in areas where grid capacity already exists, alongside generally enabling the EV infrastructure (and other green infrastructure) required to facilitate the energy transition.

It's also important to note that NIE Networks is generally expected to adopt innovations developed across the UK efficiently and cost-effectively. However, we want to emphasise that as regulatory differences continue to widen, as seen in the recent gap in connection charging regulation since April 2023, it becomes increasingly challenging for NIE Networks to maintain a fast-follower approach. Many innovations designed within the GB regulatory environment may become less suitable for implementation in NI under these circumstances.

There is a significant difference between Grid Connection costs and charging mechanisms in GB vs Grid Connection in NI. Costs levied on connecting customers in GB are governed by a set of rules called the Common Connections Charging Methodology³ (CCCM).

The old rules in GB meant that connecting customers pay the full cost of any new line or cable needed to connect from their site to the nearest existing piece of network and then pay a share of any upgrade costs required on the existing network. The sharing mechanism is based on the capacity that the customer uses as a fraction of the total capacity being created by the upgrade.

The equivalent rule in NI requires the connecting customer to fund the full costs of any network upgrades. This is a particular issue, since as highlighted in the earlier section of this report,

² OFGEM, Access and Forward-Looking Charges Significant Code review, last accessed 25/08/22:

<https://www.ofgem.gov.uk/publications/access-and-forward-looking-charges-significant-code-review-decision-and-direction>

³ <https://www.dcusa.co.uk/dcusa-digital->

[document/index.html#t=DCUSA%2FDCUSA_Schedule_22%2FDCUSA_Schedule_22.htm](https://www.dcusa.co.uk/dcusa-digital-document/index.html#t=DCUSA%2FDCUSA_Schedule_22%2FDCUSA_Schedule_22.htm)



there is limited capacity left on the network in NI. With network capacity continuing to degrade, it is totally unfeasible to expect single customers to pay to upgrade and create capacity on the wider network.

Therefore, a much higher percentage of new connections for major load installations, such as EV charging, do not proceed in NI because the Connection Charging Regulation & Methodology makes them unfeasible and any consequential network upgrades to create further capacity do not happen either. This results in capacity stagnation which greatly limits the numbers of feasible projects that are required for the Energy Transition or other economic development.

In summary, it would therefore appear that a 'do nothing' approach would have the following negative outcomes:

- Higher energy prices from Renewables
- Delays in reaching Renewable targets
- Delays or absence of Public EV charging facilities
- Blocking economic development
- Societal inequality and communities left behind in the energy transition
- Regulatory divergence from GB, reducing the ability of NIE Networks to adopt a fast follower approach, likely to leading to increased costs overall for NIE Networks as well as creating barriers to private investment
- Reduced economic development due to lack of viable grid capacity
- The potential for customers to be refused connections on the basis of no regulatory funding mechanisms from either the customer or socialisation
- Lack of underpinning regulatory framework to promote a 'flexibility first approach' by NIE Networks, as promoted by OFGEM in their connection charging reform in GB to reduce the overall cost of the energy transition.

We therefore believe that change is necessary to address the points set out above.

2.5). Question 5

Do you consider a shallow connection boundary to be appropriate in the NI context? Please explain your rationale further and provide evidence. If so, which of the following connection types should have a shallow connection boundary; • Demand only • Generation only • Demand and Generation • An alternate connection type (for example Domestic/Non-Domestic connections) Please explain your rationale further.

Answered in Q6).

2.6). Question 6

Do you consider a shallow-ish boundary to be appropriate in the NI context? Please explain your rationale further and provide evidence. If so, which of the following connection types should have a shallow-ish connection boundary;



For reasons set out in our answer to Q4, we recommend considering only two options for the grid connections framework in NI: an apportionment system (like the old GB system) or a shallow connection system (like the new GB system). We believe that other alternatives like connection subsidies or standardised charges could lead to unintended consequences and market distortions in terms of contestability and flexible connection markets. Implementing these alternatives in NI would necessitate the creation of bespoke policies in various areas, limiting the possibility of adopting a ‘fast follower’ approach.

2.7). Question 7

Do you believe that moving to a more shallow connection boundary in NI will deliver NI renewable targets that otherwise would not be met? Please provide evidence to demonstrate your answer.

Connection charging reform will be an enabler and part of the solution. The current regime is a blocker.

2.8). Question 8

Please provide evidence on the potential impacts on energy affordability in NI if reinforcement costs were socialised further? What would the impact on energy affordability be in NI if household bills were to increase per annum by; • 1-3% • 4-7% • 7-10% • > 10%

We would like to draw attention to NIE’s report (see note below), which indicates that the expected costs associated with the proposed changes are relatively modest. Furthermore, it is important to note that any transition towards a shallower regime can incorporate mechanisms aimed at controlling cost escalation and safeguarding vulnerable customers. Such mechanisms could include High-Cost Customer (HCC) provisions, Lowest Cost Technically Acceptable (LCTA) rules, among others.

Excerpt from NIE Networks document below:

“To provide some context and in an effort to quantify what moving to a shallower distribution connection charging regime might look like, as opposed to highlighting general percentage increases, it is vitally important to outline the piece of work NIE Networks completed with an external consultant to model the impact of socialised reinforcement costs on a customer bill if NI were to move to a shallower distribution charging regime. This project included modelling new demand and generation connections out to 2030 using forecasts developed as part of the RP7 business plan submission and calculating the amount of network reinforcement required to facilitate those connections. The total reinforcement costs were then apportioned based on the charging scenarios to find the amount of reinforcement that would be socialised.

The results of this analysis showed that for an average domestic customer in NI, the socialisation of reinforcement costs under the previous GB charging methodology



(shallowish) amounted to approximately £2 extra per annum in 2030 and under the current GB (shallow) charging methodology amounted to approximately £3 extra per customer per annum in 2030.

When converted to a percentage increase and compared with an average household electricity bill per annum, this amounted to a percentage increase on each customer's bill of below 1% for both the previous GB charging (shallowish) methodology and the current GB (shallow) charging methodology.

With any forecasting piece of work there are certain assumptions that need to be made. As such, even allowing for a significant degree of variance in the forecasted cost impact on customer bills calculated within the report, the overarching conclusion was that for less than £5 extra per year on the average domestic customer's bill, a whole new set of possibilities are opened up to allow NI to meet the 2030 carbon reduction and RES-E targets and allow all customers, including vulnerable customers, to be able to integrate renewable generation, heat pumps or EV charging into their homes and businesses without the fear of debilitating upfront connection costs or overburdening existing customer bills. Some additional analysis was carried out during this project to investigate the cost impact on domestic customers' bills from variance in the forecasted quantum of reinforcement that would be liable for socialisation. This analysis looked to calculate the impact on a domestic customer's bill due to differing amounts of forecasted reinforcement. With that in mind, the analysis looked to find what amount of additional yearly socialised reinforcement would add £1 yearly to a domestic customers bill. This value was found to be approximately £4 million per year. Therefore, every additional £4 million per year in socialised reinforcement costs would equate to a £1 increase on the average domestic customers bill per year. These values are intended for illustrative purposes in this section, in order to give a scale as to how much increasing socialised reinforcement costs could affect a domestic customer's bill. The values were calculated under the shallowish charging approach (i.e. GB previous). As discussed previously, there are many design decisions to be made when developing a new distribution connection methodology, all of which will impact the level of socialised cost."

In addition, this question assumes that reinforcement works will need to take place before the network can accommodate a new connection, on many occasions this may not be the case.

NIE Networks assumptions when studying for a new connection requires them to not only look at the loads on the network currently but also to consider large, contracted loads which are not fully utilised. See paper on MIC charging⁴⁵.

The effect of underutilisation of the MIC is to block available capacity to new customers applying to be connected to the network. When customers apply for new connections, the contracted MIC of existing customers connected to the same section of the network is considered as part of a network design for the new load. This is to ensure that NIE networks' contracted obligation to existing customers is maintained while safeguarding the performance of the network following the connection of the new load. NIE Networks has both a licence and statutory obligation to maintain standards of safety and performance through the appropriate design and operation of the network. To manage the new load while maintaining contracted obligations to existing customers potentially requires additional network reinforcement

⁴ <https://www.nienetworks.co.uk/documents/regulatory-documents/final-mic-charging-consultation-10-1-2020.aspx/>

⁵ [https://www.nienetworks.co.uk/documents/cfe-mic-charging-consultation-\(1\).aspx](https://www.nienetworks.co.uk/documents/cfe-mic-charging-consultation-(1).aspx)



resulting in higher cost for the connecting party. NIE Networks cannot ignore contracted obligations to existing customers to facilitate lower cost connections. In the scenario that NIE Networks were to base a connection charge for new customer on the usage of existing customers rather than their MIC, the new customer may receive a lower cost for connection but the liability for future network reinforcement should existing customers realise their MIC would rest with the Northern Ireland customer base through the existing regulatory funding mechanism.

With the introduction of charging reforms where upstream reinforcement is socialised NIE should look to use a flex first solution, monitoring the network, consider flex then reinforcement. We believe that this has been one of the key principles behind OFGEM's changes in their significant code review, which will reduce the overall cost and timescales of the energy transition.

2.9). Question 9

Can NIE Networks differentiate between RP6 allowances, RP7 business plan connection requests and how these differentiate and have been factored into the analysis that has been done on potential reinforcement connection costs analysis NIE Networks have completed?

We are unable to provide a response to this question, as it appears to be directed specifically at NIE Networks. Nevertheless, to the best of our knowledge, RP7 allowances primarily focus on reinforcing works for domestic Low-Cost Tariff Adjustment (LCTA) uptake, subject to stringent criteria.

It is our understanding that there are no RP7 allowances allocated to create capacity for the essential requirements of renewables, public EV charging infrastructure and industrial electrification necessary to meet NI's decarbonisation objectives and economic strategies. In essence, capacity for initiatives such as public EV charging hubs and both small and large-scale renewables, as well as the electrification of industries, does not seem to have been incorporated into RP7 planning. This could be attributed to the inherent challenge of predicting precisely when and where such capacity will be required.

2.10). Question 10

Do you think that a developer led or plan led is the best approach for the future development of connections in NI? Please explain your answer.

When considering reform to the connection process and regulatory framework, we believe a distinction should be made between large generation connections and all other types of connection.



We recognise that the present methodology can act as a blocker to developer lead. Therefore, we propose a collaborative approach between both developers and network operators as the best way to address the issue.

We would also note that regulatory obligations in GB, such as the 'Long Term Development Statements' in GB, where DNO's are required to publish large amounts of network data in a standardised way (soon to include network models), help facilitate a more collaborative approach.

2.11). Question 11

Do you think the current 3-month timeframe for SONI and NIE Networks to issue a connection offer is appropriate? Please explain your answer.

Regulation for GB Network operators sets out much faster timescales for Network companies to issue Connection Offer to customers, particularly for connections in the 1-2MVA capacity bracket (such as High-Power Charging (HPC) sites). A typical timescale for connection offer for a 1MVA EV HPC site in GB is 4 weeks⁶, compared with 3 months⁷ in NI.

Whilst shortening these timescales by several weeks may not sound like it would have a significant impact, we illustrate below how this timescale difference has a significant impact on the rollout of a programme of public EV charging infrastructure. The illustration shows how a GB developer could investigate and obtain 12 different connection offers at the same time as an NI developer would only have received 4 if they explored different sites sequentially.

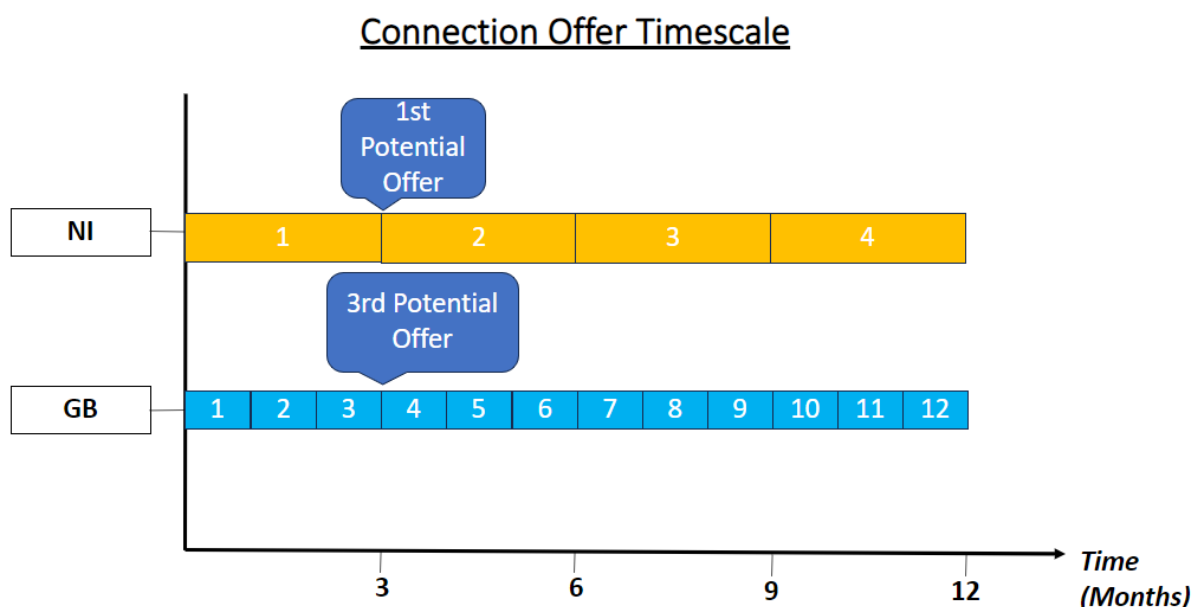


Figure 3 - Connection Offer Timescale NI vs. GB

⁶ Refer to any GB DNO Statement of Connection Charges, available on all GB DNO websites

⁷ UREGNI, NIE Networks Distribution Licence, last accessed 25/08/22:

<https://www.uregni.gov.uk/files/uregni/documents/2021-08/nie-distribution-licence-effective-16-08-2021.pdf>



2.12). Question 12

If our legislation facilitated it, should obtaining planning permission be a prerequisite in order to receive a grid connection? Please explain your answer.

In the section addressing the need for planning, we propose starting with a general assertion that distinguishes between large-scale generation connections and all other types. For large-scale generation connections, we recommend a cautious approach to change, aligning with the potential reforms currently under consideration in GB, as indicated by the British Prime Minister. Additionally, we acknowledge the recent slowdown in the RoI's capacity auction and the ongoing discussions regarding reforms to its connection process.

The introduction of planning as a mandatory prerequisite for application, as suggested, might be a somewhat blunt & rigid approach that could potentially impede future regulatory innovations. Instead, we propose incorporating a legislative mechanism that empowers the URGENI to specify additional prerequisites for new applicants. This flexible approach would enable URGENI to establish more nuanced criteria tailored to different types of connections. Furthermore, it would facilitate the rapid adjustments of regulations in response to future reforms and innovative developments.

Whilst we remain neutral on the requirement for large-scale generation projects and have advocated seeking further info on reforms in GB and RoI, we strongly advocate against making planning a mandatory prerequisite for applications for all other types of development, as this could potentially hinder investment and cause significant unnecessary delays. However, we acknowledge the challenges associated with capacity hoarding and suggest considering an approach such as the Energy Networks Association (ENA) milestone scheme, to address these concerns more effectively.

2.13). Question 13

If our legislation facilitated it, do respondents consider any other issues associated with the current queue process? Or that a different approach to managing the connection queue, would result in quicker connections? If so, what would that be? Are there any lessons to be learned from other jurisdictions?

We note the UK prime minister's recent public statement which indicated significant change in the UK connections regime and referred to a move away from a 'first-come, first-serve approach'.

Our current interpretation of this statement is that it will apply only to large scale renewable projects.

We believe it would be prudent for NI to take stock of new developments in GB prior to making any significant change. We would reiterate the point that as a general principle, regulation should be aligned so far as possible with GB to enable NIE Networks to adopt a fast-follower approach with the aim of reducing the overall costs to end consumers and connection customers as much as possible.



2.14). Question 14

Do you have any other information relevant to the subject matter of this Call for Evidence that you think we should consider?

OFGEM's significant code review brought regulation for flexible and phased connections from April 2023 in GB. This also, alongside the connection charging reform, promoted a 'flexible first' approach over network reinforcement in GB.

Consideration should be given to implementing similar regulation for phased and flexible connections and alignment to the connection charging reform; to jointly create a regulatory framework to facilitate NIE Networks in taking a flexible first approach. We note that UKPN is targeting a saving of £415M by deploying this approach and it will also have benefits in allowing customers to connect and transition to electricity earlier.

We believe that the Department for the Economy (DfE) and URGENI should draw insights from the impactful capacity constraints and hindered economic development experienced in areas like Dublin and West London, where substantial demand users exceeding 30 MW played a significant role. It would be wise to explore potential policy or regulatory reforms to proactively mitigate similar challenges from arising in NI.

We would also note recent ENA policy in preventing battery storage schemes from being granted firm demand capacity to prevent them from sterilising other types of economic development. A similar policy in NI would be prudent.

2.15). Question 15

Please list any connection issues you have raised in order of priority.

1. Connection Charging Reform
2. Facilitation of IDNO's
3. Connection offer timescales and other guaranteed standards
4. Wider connection process reform and other items