

We would summarise the key themes of your Review as follows:

1. should NI move to shallow or shallowish connections (i.e. reinforcement costs are fully or partly socialised, probably subject to a High Cost Project Threshold as applied in GB);
2. should the network be plan led or developer led;
3. are there better ways to manage the connection queue/process - finding the right balance between hoarding capacity vs applying an unrealistic timeframe for securing planning (90 days, sometimes extended to 180);
4. any other proposals on the connections process.

to provide an evidence base for decision making and would respond as follows:

### **1. Shallower connection (costs) for developers**

NI is highly unlikely to meet its 80% renewables commitment without significant improvement in the economics for developers (evidence = slowdown in new projects [less than 100MW in last 10 years]). The NI target will only be met with improvements in technology (which are happening, but not quickly enough), a reduction in the cost of capital (this is unfortunately moving against us at this critical time), increased revenue certainty (we are pleased to see DfE consulting on an NI CfD), or reduced project costs. If NI is to ever achieve the aim of developing unsubsidised renewables development - or a very minimum - grid costs must be reduced for developers (as the rest of the project supply chain cost is moving against developers).

Under a scenario that meets NI's binding 80% renewables scenario, consumers will need to effectively pay the [entire] returns required by developers to bring forth the projects that deliver this target - so the suggestion that socialisation of grid costs will cause higher bills is flawed. Indeed, if NIE & SONI, with a lower cost of capital than developers, seeks to recover grid costs from consumer, this will result in lower bills.

### **2. Plan led or Developer led**

NIE and SONI do not have the resources to analyse the full array of viable renewables projects (plus ancillary system services) to deliver NI's targets, so should not lead site or even area selection. However, to deliver NI's renewables targets through a just and affordable transition process, network expansion needs to be properly planned, to optimise efficiency. A mixed approach, sometimes with anticipatory investment into Development Hubs, such as adopted by EirGrid and ESB, provides a framework to examine. And NIE & SONI should also prioritise those projects that can connect to the grid, to achieve the DNO & TSO's renewables and system security objectives most cost-effectively, without discouraging investment and innovation by developers; the High Cost Project Threshold has been tested and proven in GB to safeguard cost effectiveness in GB and NIE/SONI should apply equivalent criteria.

### **3. Connection timeframes**

Some connections are becoming more complex and NIE & SONI should be offered 180 days to issue a new connection; however, they should have to stick to 90 days when there is an existing line that can be upgraded without any need for reinforcement (e.g. an MEC increase, or lifting MEC to MIC). Planning (or a statement from a qualified planner that [additional] planning permission is not required) should be the key developer milestone, to prevent the hoarding of the scarce network resource required to transition to an 80% renewable electricity system.

#### **4. Other proposals**

Other connections actions SONI & NIE could take to accelerate the just and affordable transition to an 80% renewable electricity system include:

- MEC sharing;
- Expanding NIE Flex to minimise grid reinforcement costs;
- Creating headroom for flexible connections for Demand Side export, which is allocated when a scarcity-type event is signalled by the TSO;
- Removal of 120% over-install;
- Maximising instruction sets and ensuring NI generators secure equal access to constraint payments as RoI “firm” connections – so as not to disadvantage (overcharge/undercompensate) the NI consumer.