

**Connections Policy Framework in
Northern Ireland – Call for Evidence
Responses - Cover Paper**

**Department for the Economy (DfE)
and Utility Regulator (UR)**

27/06/2024

About Department for the Economy (DfE)

The Department for the Economy (**DfE**) was established in May 2016. Its responsibilities include:

- wider economic policy, including specific areas like Energy, Tourism and Telecoms
- the operation of a range of employment and skills programmes
- oversight and funding of the further and higher education sectors
- various aspects of employment law
- the management and operation of various EU funding programmes

Our Vision:

Our vision is for Northern Ireland prospering through a decade of innovation which will deliver an economy that is ten times better than it is today, with benefits for all our people.

Our Mission:

To develop and implement agile policies and programmes which promote a competitive, sustainable and inclusive economy through investment in:

- skills
- economic infrastructure
- research and innovation
- business development

DfE Energy Group:

The Northern Ireland Executive adopted the Energy Strategy for Northern Ireland in December 2021. The vision of the Strategy sets out how Northern Ireland will achieve net zero carbon and affordable energy, in line with UK Government commitments, by 2050.

The Energy Strategy identified a target of 70% of electricity consumption to be from a diverse mix of renewable sources by 2030. This target has since increased to 80% through the [Climate Change Act \(Northern Ireland\) 2022](#).

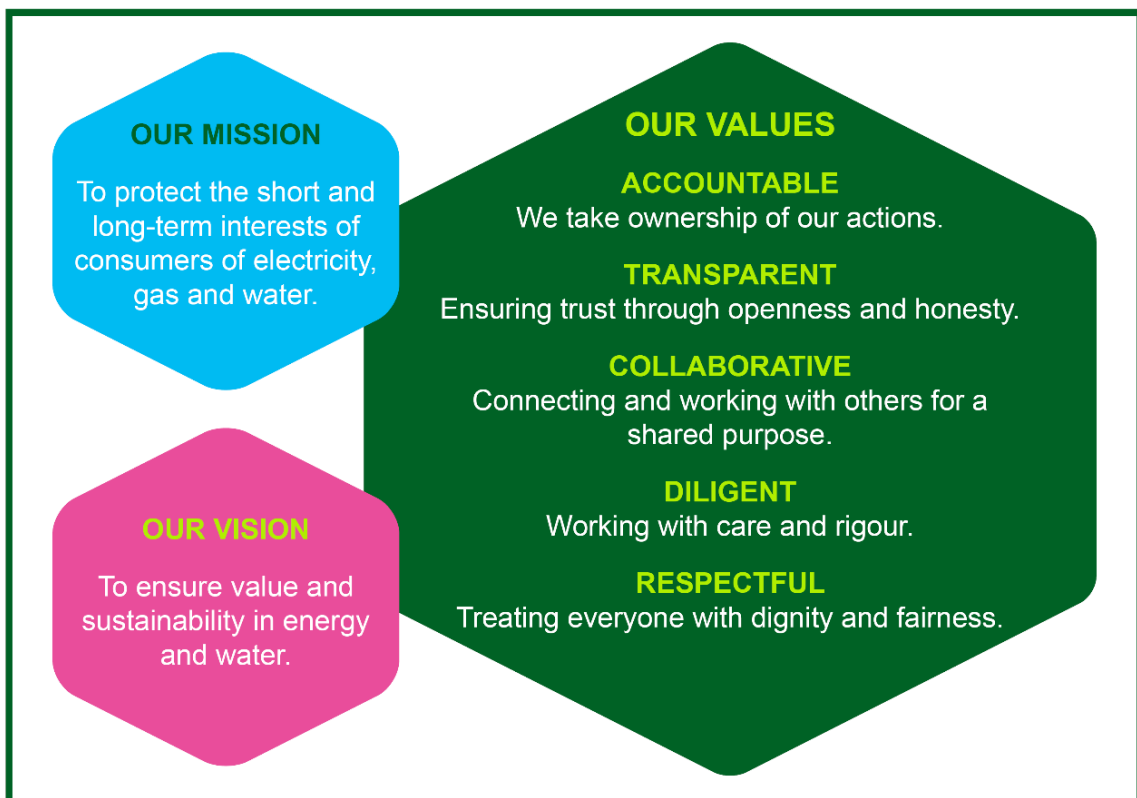
About the Utility Regulator

The Utility Regulator is the independent non-ministerial government department responsible for regulating Northern Ireland's electricity, gas, water and sewerage industries, to promote the short and long-term interests of consumers.

We are not a policy-making department of government, but we make sure that the energy and water utility industries in Northern Ireland are regulated and developed within ministerial policy as set out in our statutory duties.

We are governed by a Board of Directors and are accountable to the Northern Ireland Assembly through financial and annual reporting obligations.

We are based at Queens House in the centre of Belfast. The Chief Executive leads a management team of directors representing each of the key functional areas in the organisation: Corporate Affairs, Markets and Networks. The staff team includes economists, engineers, accountants, utility specialists, legal advisors and administration professionals.



Abstract

This paper provides a brief summary of responses to UR and DfE's joint Call for Evidence (CfE) on the Electricity Connection Policy Framework Review, which asked stakeholders for evidence to demonstrate whether moving away from how connections are currently paid for will deliver renewables targets that otherwise would not be met.

Appendix 1 provides a list of respondents and a more detailed summary of responses to the CfE.

Audience

This paper will be of interest to respondents to the joint CfE. This includes stakeholders such as electricity distribution and transmission companies, organisations representing connecting and wider, public consumer interests. This will also be of interest to licensees, new and existing connectees, developers and those modifying connections.

Consumer impact

As this paper is for the purpose of providing a summary of the joint CfE responses only, there will be no immediate consumer impacts. The consumer impacts will be considered further in our upcoming consultation paper.

Executive Summary

On 7 July 2023, UR and DfE published our joint CfE, which closed on 6 October 2023. There were 40 responses received from stakeholders. Most stakeholders (mainly generators) have expressed a favourable inclination towards transitioning to a shallower connection charges policy. A smaller, but significant segment of respondents (mainly 3rd party/consumer representatives) raised concerns regarding the potential short-term financial burdens of shallow connection charges on the fuel poor and other vulnerable groups.

UR and DfE are currently analysing these responses in detail with a view to publishing a joint consultation paper in July 2024 and our final decision paper in Q4 2024.

While the analysis of the stakeholder responses is ongoing, we have published the non-confidential responses to the CfE on [UR website](#) and [DfE's website](#). A summary of these responses has been included in Appendix 1.

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1. Background

UR/DfE joint Call for Evidence

- 1.1. On 7 July 2023, UR and DfE published our joint CfE¹, which closed on 6 October 2023.
- 1.2. Our CfE contained fifteen questions which aimed to gather stakeholder evidence to assess potential changes to the current connections policy framework in NI and the costs and benefits of those potential changes. We posed questions that provided stakeholders with the opportunity to provide evidence on potential changes to the connections process in NI.
- 1.3. They included the potential² further socialisation³ of network reinforcement costs across demand and/or generation (distribution and transmission) connections. We posed questions to gather evidence from stakeholders on:
 - moving to a fully shallow connections boundary⁴ for demand and/or generation, and
 - moving to a semi shallow⁵ connections boundary for both demand and/or generation connections
 - the connection boundary in NI remaining as status quo⁶
- 1.4. As well as questions on the current connection boundary in NI, we posed questions to stakeholders to understand:

1 <https://www.uregni.gov.uk/consultations/call-evidence-electricity-connection-policy-framework-review>

2 Since the drafting of this paper, the Minister of the Economy has stated he plans to introduce socialisation of grid connection charges. Through this connections review, we will work to achieve the Minister's requirements.

3 Socialisation: where more network reinforcement costs are paid for from the bills of all NI electricity customers, not only the customer whose connection necessitated the network reinforcement.

4 Shallow Boundary: the customer is required to cover the costs of the dedicated connection asset only. Socialised costs cover the remaining reinforcement costs.

5 Semi shallow Boundary: the customer is required to cover the costs of the dedicated asset and a portion of the cost to reinforce the network to facilitate their connection (reinforcement required at connection voltage). Socialised costs cover the remaining portion of the reinforcement costs.

6 At present in NI a customer connecting to the system NI electricity network is required to pay for the assets necessary to: Connect the customer's equipment to the electricity network; and Reinforce the network at the connection voltage level and one voltage level above

- the potential impacts on energy affordability if reinforcement costs were socialised further
 - if stakeholders felt that a developer or plan led approach is the best approach for the future development of connections in NI
 - if the current 3-month timeframes for SONI and NIE Networks to issue connection offers is appropriate
 - if obtaining planning permission should be a prerequisite in order to apply for, or receive a grid connection
- 1.5. Although we provided questions on specific areas of the connections process, we advised stakeholders that our CfE was opened-ended. To ensure respondents were provided with the opportunity to express evidence on any aspect of the on-shore connections framework⁷ that we should consider, we included a 'catch all' question.
- 1.6. The CfE was clear that any decision to change to the current connection charging policy needs to be evidenced based which;
- ensures a fair allocation of cost between connectees and other consumers, being mindful of the impact on customer bills
 - supports delivery of DfE's energy strategy now and into future

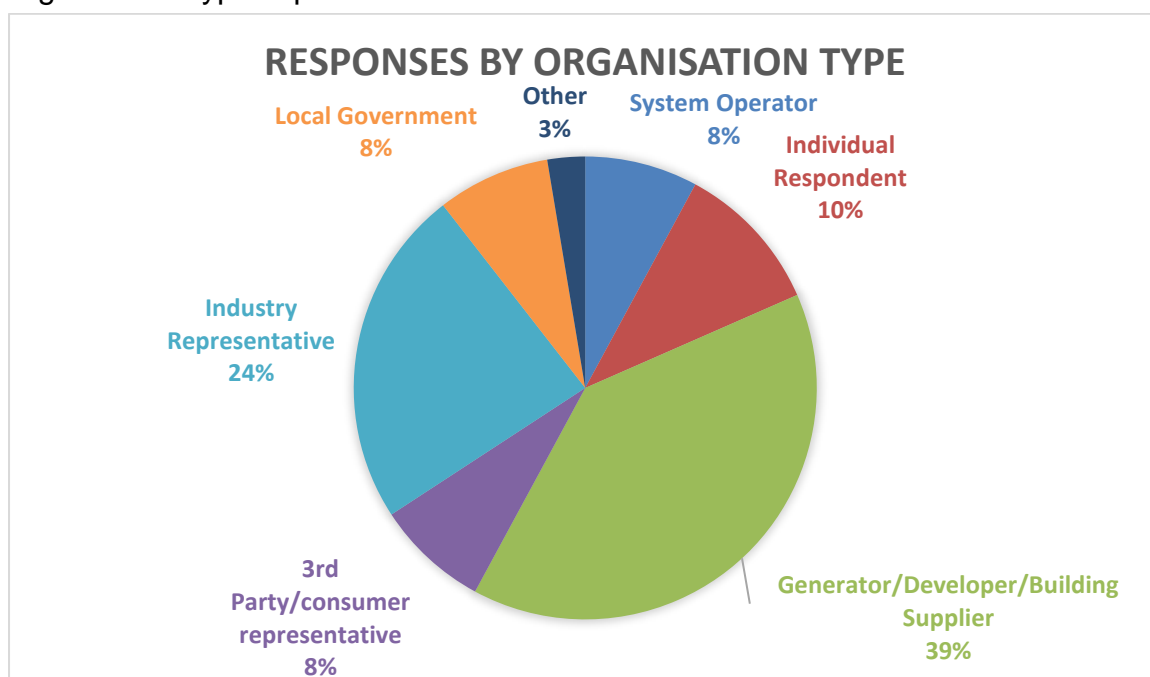
Stakeholder Engagement

- 1.7. Throughout the connections review process, we have had various individual engagements with relevant stakeholders such as NIE Networks, SONI, RenewableNI, EVANI and the Consumer Council.
- 1.8. After our CfE was published, UR and DfE hosted an online electricity stakeholder engagement event with approximately 90 stakeholders in attendance. The meeting's purpose was to present the main themes of the Call for Evidence and to host a question-and-answer session with stakeholders.

⁷ We were not seeking views on the Standard Connection Charge within NIE Networks' Statement of Connection Charges (for example changes to the standard connection charge associated with the connection of 12 or more individually services Domestic Premises), nor any issues to do with future offshore connections as this is the subject of a separate DfE workstream.

2. Call for Evidence Responses

- 2.1. On the 6 October 2023 our Call for Evidence closed, we received 40 responses from stakeholders. A breakdown of the CfE responses grouped by organisation type is provided in the chart below.



Key findings

- 2.2. With the assistance of external consultants, UR and DfE are analysing the responses to our CfE. Appendix 1 has provided a more detailed summary of responses, and the non-confidential responses have been published in full on the [UR website](#) and [DfE's website](#). Below, we have highlighted some of the key views coming from the CfE responses.
- 2.3. Most stakeholders have expressed a favourable inclination towards transitioning to a shallower connection charges policy (this view was demonstrated mainly by generators, developers and building suppliers).
- 2.4. A smaller, but significant segment of respondents (mainly 3rd party/consumer representatives) raised concerns regarding the potential short-term financial burdens of shallow connection charges on the fuel poor and other vulnerable

groups and suggested that UR/DfE should seek further evidence on the costs involved.

- 2.5. NIE Networks has indicated that having a shallower connection boundary will result in a potential increase on an average domestic customers bill in 2030.
- 2.6. Various respondents felt the current first come, first served connection queue process in NI should be changed, suggesting the existing approach to connection queue management in GB was more appropriate.
- 2.7. Many respondents took the opportunity to raise additional connections-related suggestions, comments, and issues as to how the present situation could be improved for the future, largely to the benefit of Net Zero objectives. Two key themes recurred through the responses, these being:
 - the length of time it takes to receive a grid connection offer, and for a project to be connected is currently too long, and
 - the actual cost of a grid connection, which many respondents claim, or imply, is too high. It is worth noting that some respondents did not specify whether the total cost of the connection was too high or if it was a certain element of the connection cost which they considered to be too high.

3. UR/DfE Next Steps

UR/DfE Next Steps

- 3.1. The responses to the CfE provided UR and DfE with an understanding of the connections issues which are important to the stakeholders. We have used these responses to understand the priorities that are shared by many respondents, as well as the areas of potential change to the connections charging policy where there are different views between groups.
- 3.2. UR and DfE anticipate publishing a joint consultation paper, which will consult on the options in July 2024 with a decision paper being published in Q4 2024. It is important to note that in order to facilitate any potential further socialisation of connection costs, legislative changes may need to be made.

Therefore, legislative changes will need consideration before a decision is reached.