



A new model for land
access for transmission
network development in
Northern Ireland:
landowner
compensation and
easements

Consultation
Paper

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Who we are

SONI is Northern Ireland's electricity Transmission System Operator (TSO). That means we manage the high voltage electricity grid to ensure that power can flow safely, securely, and reliably from where it is generated to where it is needed.

In addition to managing the grid in real time, our expert engineers are responsible for planning the upgrades to the transmission system required to meet Northern Ireland's future energy needs.

About this consultation

To deliver the infrastructure projects required to develop and maintain the transmission system network, SONI and NIE Networks require the appropriate consents to secure access to the necessary land.

This consultation sets out a new proposal for securing land rights for the construction of new overhead lines on agricultural land based on a standard model for landowner compensation on the provision of a voluntary easement. This approach, if implemented, would replace the existing model of annual wayleave payments for all future overground transmission system network projects.

This consultation is seeking feedback on these proposals from interested stakeholders and parties. Following the consultation, a new model will be adopted in due course.

SONI has been in close discussion with the Utility Regulator which has indicated that it understands the rationale for the proposals set out in this consultation.

Policy context

The Northern Ireland Energy Strategy 'Path to Net Zero Energy'¹ and Climate Change Act (2022)² set an ambitious and challenging legal target that requires 80% of all electricity consumed to come from renewable sources by 2030.

To enable the integration of more renewable energy, facilitate demand growth and maintain security of supply, a significant programme of grid infrastructure is required. SONI's draft Transmission Development Plan 2023-2032³ sets out a programme of infrastructure investment which includes 32 network development projects and a total investment of approximately £630 million. Some of these projects will require the construction of new overhead lines along new routes across Northern Ireland.

¹ [The Path to Net Zero Energy. Safe. Affordable. Clean. \(economy-ni.gov.uk\)](https://www.economy-ni.gov.uk/path-to-net-zero-energy)

² [Climate Change Act \(Northern Ireland\) 2022 \(legislation.gov.uk\)](https://www.legislation.gov.uk/uk/2022/12/1)

³ [TDPNI 2023 draft.pdf \(soni.ltd.uk\)](https://www.soni.ltd.uk/tdpni-2023-draft.pdf)

This means more electricity grid infrastructure will be required, in the form of overhead lines, underground cables, pylons, poles and substation extensions, to expand the capacity of the existing network and connect new generation and demand across Northern Ireland.

To deliver this extensive infrastructure programme to support Northern Ireland's renewable energy policy ambitions, SONI and NIE Networks will need to engage with more landowners across Northern Ireland to secure the required agricultural land access.

Our role and the current landscape

The Electricity (Northern Ireland) Order 1992 places the following duties on the Transmission System Operator:⁴

(2) It shall be the duty of the holder of a licence under Article 10(1)(b), as appropriate having regard to the activities authorised by the licence, to—

(a) take such steps as are reasonably practicable to—

(i) ensure the development and maintenance of an efficient, co-ordinated and economical system of electricity transmission which has the long-term ability to meet reasonable demands for the transmission of electricity; and

(ii) contribute to security of supply through adequate transmission capacity and system reliability; and

(b) facilitate competition in the supply and generation of electricity.

As part of its network planning role, SONI plans the infrastructure projects required to maintain and upgrade the transmission system through its "Three-Part Grid Development Process".

In doing so, and in consultation with NIE Networks as the Transmission Owner, SONI identifies the need and options and secures the required planning permission and land consents before handing the project over to NIE Networks for construction and maintenance.

These roles and responsibilities are established in the Transmission Interface Arrangements (TIA) between SONI and NIE Networks.

More specifically, as part of SONI's Three-Part Grid Development Process, SONI engages with the relevant landowners for transmission network projects to secure a consensual

⁴ Section 12, Electricity (Northern Ireland) Order 1992, <https://www.legislation.gov.uk/nisi/1992/231/article/12>

voluntary wayleave agreement. Landowners receive an annual wayleave payment based on a schedule set by NIE Networks.

While SONI engages with landowners extensively and on many occasions during the grid development process, voluntary wayleave agreements are typically sought once a project has received planning permission.

Once sufficient land consents have been obtained, SONI can proceed with project handover to NIE Networks.

As Northern Ireland's Transmission System Operator, SONI always seeks to secure the required land consents by working collaboratively with landowners on the basis of consensual agreement. In June 2024, SONI published a revised "Landowner Charter" which sets out the principles and standards for its landowner engagement.

However, in some circumstances, where voluntary agreement cannot be reached, SONI is required to apply for a "Necessary Wayleave" to the Department for the Economy. The guidance for this process is set out on the Department's website.⁵

In the last number of years, a different approach was agreed specifically for the North South Interconnector Project for a bespoke package of compensation based on the provision of a voluntary easement.

While there are many different approaches taken to land access and the associated compensation across Europe, Northern Ireland is an outlier in its current approach in comparison to the UK and the Republic of Ireland.

Proposals for change – the case for change and general principles

Consistent feedback from stakeholders who represent rural communities and landowners has indicated that the existing approach to landowner compensation is insufficient and unlikely to secure the required voluntary agricultural land consents in a timely or amicable fashion.

Given the significant programme of infrastructure works required to support Northern Ireland's renewable energy policy and time-bound statutory targets, SONI engaged with the Utility Regulator for Northern Ireland and the Department for the Economy in 2023 on introducing a standard model of landowner compensation based on the provision of a voluntary easement for all future overground transmission network infrastructure projects.

⁵ Electricity Wayleaves (Necessary), <https://www.economy-ni.gov.uk/articles/electricity-wayleaves-necessary>

This approach would replace the existing model of voluntary wayleaves and the associated annual payments.

The introduction of a standard model for compensation would incur further upfront project costs that would ultimately be funded by Northern Ireland consumers through their electricity bills. These costs would be spread out over many years, in line with the current approach taken to the costs associated with all network infrastructure, and will vary depending on the scale of the project, the exact nature of the model of compensation deployed and average land values in a given year.

However, as an example, in the case of the existing Mid Antrim Upgrade Project, based on the high-level model outlined below, the increase in the overall upfront cost is expected to be approximately £3 million if every landowner participated. Given that this approach would replace the existing model of wayleaves and annual payments, this overall cost should be considered minus the costs of annual wayleave payments over the life of the infrastructure and the potential net benefit from the reduction in constraint costs.

As the Transmission System Operator, our professional assessment supports the case for change based on the following principles:

- **A new policy context:** The Northern Ireland Energy Strategy and Climate Change (Northern Ireland) Act 2022 has significantly increased the renewable energy policy ambition and introduced time-bound statutory targets. As such, the enabling policies required to develop the transmission system network infrastructure, need to be considered in this new policy context.
- **Northern Ireland as an outlier:** Northern Ireland is an outlier in terms of its approach to landowner compensation in comparison to Great Britain and Republic of Ireland. In the context of the operation of the Single Electricity Market, this creates a disparity in policy between Northern Ireland, the Republic of Ireland and Great Britain.
- **Obtaining the required land access in a timely fashion:** The introduction of statutory renewable energy targets for Northern Ireland has created a time imperative for the development and construction of new transmission system network infrastructure. Feedback from key stakeholders suggests that a standardised model of compensation is more likely to result in the required voluntary land consents being secured in a timely fashion while maintaining landowner and community acceptance. The use of the option agreement which underpins an easement also means SONI can seek voluntary consents ahead of a project receiving planning permission which could result in significant time savings on the grid development critical path. The

timescales to secure “Necessary Wayleaves” can also be significant and as such the more land access that can be obtained on a voluntary basis, the less likelihood there is for lengthy delays in grid development projects.

- **Whole project costs and cost-benefit analysis:** While further upfront investment would be required to facilitate a new model for landowner compensation and therefore add to project costs, it is important this is considered in a “net whole project cost” and cost/benefit analysis context. Many grid infrastructure projects are required to alleviate constraints on the grid. At present, these constraints entail costs to the consumer until they are alleviated. As such, in the context of the development of transmission system infrastructure, there is a tangible cost to the consumer of “do nothing” or delays in delivery. Furthermore, if projects can be delivered more expeditiously without delay, it is possible to save consumers money. For example, the constraint costs associated with the North South Interconnector are independently estimated by the European Network of Transmission System Operators to be approximately £20 million a year in Northern Ireland. In the case of the existing Mid Antrim Upgrade Project, the increase in upfront costs would be approximately £3 million (minus annual wayleave payment allocation) but the existing constraints costs are approximately £12.5 million annually. As such, there is a net benefit to consumers of avoiding project delays associated with challenges in securing land access or delivering the project more expeditiously.

Moving to easements from wayleaves: a change in approach

The transmission grid is critical national infrastructure which is crucial to the daily lives of homes, farms, businesses and public services across Northern Ireland. It is important the legal standing of the appropriate land consents is robust to enable its efficient maintenance over time.

Wayleaves

The wayleave agreement provides limited security of tenure for NIE Networks. Throughout the life of the asset there remains the inherent risk of a landowner seeking to withdraw from the agreement.

Easements

An easement is an identified corridor permanently registered on the landowner’s property folio which provides SONI/NIE Networks the legal entitlement to access the land to build and maintain the electricity infrastructure. Therefore, the acquisition of easements along the line route will provide the security of tenure required and will also benefit the delivery of the

project by facilitating timely agreement with landowners by addressing concerns surrounding compensation and devaluation.

Use of easements will also prevent a change of use of the land that could threaten the safe and secure operation of the line. For example, NIE Networks would have rights to prevent building developments or tree planting within the corridor, and thus minimising avoidable maintenance costs such as additional tree cutting or removal of rights to access the land.

In either of the above circumstances, NIE Networks or SONI may apply to the Department for the Economy (DfE) for its consent for a 'Necessary Wayleave', which is in effect, the compulsory imposition of a wayleave if consensual agreement cannot be reached.

Introduction of new, standard model of compensation and easements: general principles

In developing these proposals, we have considered the following general principles and parameters:

- **A proportionate approach** – any approach to compensation must consider the cost to the consumer and be proportionate in this respect.
- **Use of precedent and benchmarking** – we have considered a range of models and best practice elsewhere, including Great Britain and Ireland. We have also considered the precedent set by the model used for the North South Interconnector and UK case law in the appropriate assessment of land value for easement corridors.
- **Future-focused** – this model will apply to the construction of new overhead transmission projects given the change in policy ambition and the introduction of statutory targets in 2022. It will not apply to the distribution network and will not be applied retrospectively to existing transmission overhead lines. This would entail prohibitive and unacceptable costs to the consumer.
- **Voluntary consent** – to protect consumers, this model would only be made available for voluntary agreements. We are also considering the option that a Wayleave may still be offered to a landowner in cases where an easement is not preferred, however, a decision on this has not been finalised. The wayleave would be subject to the existing annual wayleave payment schedule set by NIE Networks. Any requirement for land access to be secured through the Necessary Wayleave process would also be subject to the existing annual wayleave payment schedule set by NIE Networks.
- **Fairness and standardisation** – while land values differ across Northern Ireland, we have sought to develop a model that is standardised and creates a “level playing field” across Northern Ireland.

- **Budget certainty** – land values can fluctuate up and down in line with market conditions. It is important to balance appropriately accounting for changes in the price of land over the lifetime of a project with the need to protect consumers and the need for certainty in project budgets.

Compensation components

Below we set out the basic components of the proposed compensation package. As previously highlighted, the below package is closely aligned with previous compensation models deployed in Northern Ireland. Some additions have been made to account for good practice elsewhere.

The total value of the compensation package will be set based on the year that SONI seeks regulatory funding approval and the nature and footprint of the infrastructure. However, the payments are adjusted for inflation over time.

The compensation package is made up of the following components below. We have provided a hypothetical worked example below based on a single landowner.

Compensation package component	Description
Easement corridor payment 50% diminution in value of the NI average agricultural land value.	<p>Industry standards in the utility sector adopt a 50% diminution in value of the land for the prescribed easement right. This recognises that while the landowner has consensually agreed to the prescribed right, they can continue to farm the land in the applicable manner to their farm business or sector.</p> <p>The payment of a % of the value of the land for the corridor area is a recognised method to provide a payment for the establishing of a right. Some statutory processes do not enable this payment but under a voluntary agreement it is an applied formula.</p> <p>We have engaged with Land and Property Services to determine the most robust dataset for assessing land values on an annual basis. We propose setting the land value at the year when SONI seeks regulatory funding approval. We recognise that it is possible that land values may increase between a consensual agreement and construction of the project. We also recognise that there is large disparity in land prices across Northern Ireland. To acknowledge the need to proportionally address this, we propose providing a small uniform, flat percentage uplift to</p>

	<p>this component. We would welcome the views of stakeholders on what they would consider to be a proportionate, reasonable uplift level. The acceptance of the easement corridor payment is on a full and final basis and will negate any further injurious affection claim for the apparatus in situ on or across any agricultural land.</p>
<p>Steel tower payment E.g. £4,000 per tower for 110kv single circuit (pro rata per leg based on location)</p>	<p>This is an additional compensation payment to landowners for a tower(s) on their land on top of the easement payment, to recognise that this infrastructure can cause disturbance to farming practices over the lifetime of the line.</p> <p>The exact steel tower payment depends on the size and footprint of the tower e.g. 110kv/275kv/400kv single/double circuit. This is based on a capitalisation (30 years) on the existing annual wayleave payments.</p>
<p>Pole payment E.g. £2,000 per pole set (pro rata per pole based on location)</p>	<p>This is an additional compensation payment to landowners for a pole set(s) on their land on top of the easement payment, to recognise that this infrastructure can cause disturbance to farming practices over the lifetime of the line. The exact pole payment depends on footprint and whether it is a single or double pole set. This is based on a capitalisation (30 years) on the existing annual wayleave payments.</p>
<p>Tower based reduction</p>	<p>This is a calculation of the area of the tower base multiplied with the easement purchase price and deducted from the easement payment to ensure there is not double payment or overlap of payment for the prescribed rights from easement corridor to tower base. This reduction will depend on the size and footprint of the tower.</p>
<p>Early incentive payment</p>	<p>This is an additional one-off top up payment based on 5% of the total easement and apparatus payment which can only be received subject to swift legal completion of the Option Agreement and Easement usually within a 12-week time bound period from our initial offer. We would welcome</p>

	the views of stakeholders on what they would consider to be a proportionate, reasonable level of early incentive.
Agent and solicitor	£1,000 + VAT Agent Fees and £1,000 + VAT Solicitor Fees. Note: this payment is made directly to the agent and not the landowner.
Crop loss and disturbance	This payment will be negotiated and settled between the landowner and or their agent and NIE Networks during the construction phase of the work.

Compensation Example Offer – Based on 300m of Overhead Line for a 40m wide easement 1 Tower and 2 Pole Sets.

	Compensation Offer
Total area of easement	2.96 acres
Market land value per acre	£15,173⁶
Easement purchase price (50% of market value) minus tower base reduction	£22,457
Tower Payment – 1 Tower	£4,000
Pole Payment – 2 Pole Sets	£4,000
Total Easement & Apparatus Payment	£30,457
Early Incentive; 5%	£1,523
Total Compensation Offer	£31,980
Solicitor and Agent Fees	£1,000 + VAT each⁷

⁶ Average Northern Ireland land value taken from the 2023 Irish Farmers Journal annual land value report plus 10% uplift. We have commissioned additional expert advice on the most robust methodology to assess land values on an ongoing basis.

⁷ These fees are paid directly to the landowners nominated solicitor and agent subject to written confirmation from the landowner.

Questions

We would be interested in the views of stakeholders and interested parties in relation to the following areas:

- Views on the overall policy principle of the proposals.
- Views on the advantages and disadvantages of the proposals.
- Views on the components of the overall package.
- Views on the most reliable dataset to assess land values in Northern Ireland on an annual basis.
- Views on the approach that should be taken to the early incentive component.
- Views on how to address changes in land value over time fairly and proportionately while still maintain budget certainty and a level playing field.
- Any other views you may wish to raise.

How to respond

The consultation will remain open from **Wednesday 11 September 2024 to Friday 25 October 2024 at 17:00**. Submissions can be made via the SONI Consultation Portal or by email to William Sufferin (William.sufferin@soni.ltd.uk).