

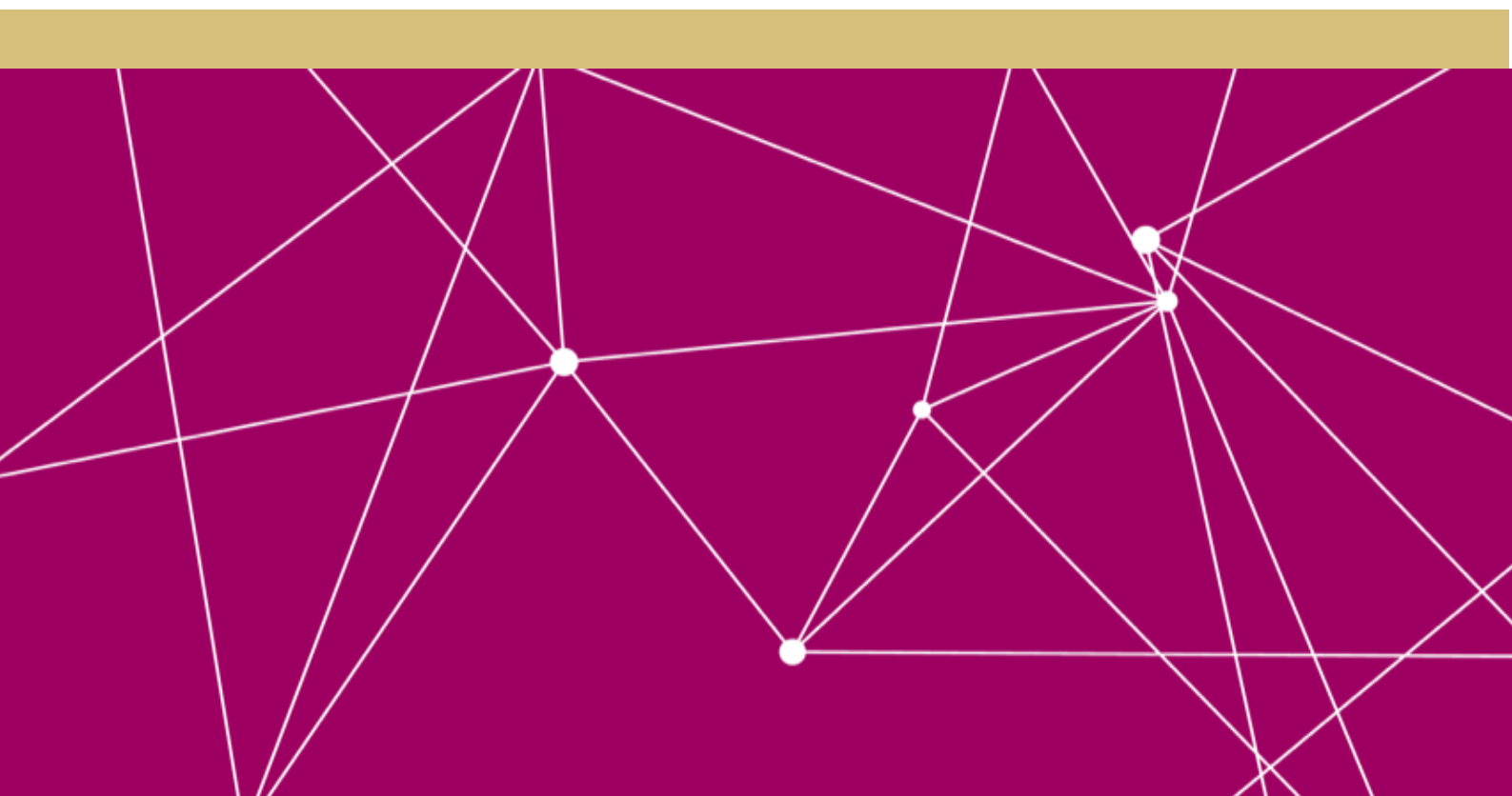


# Connections Policy Update

## Explanatory Note

To be read in conjunction with the SONI  
Connections Policy dated October 2024

October 2024



# Introduction

This explanatory note intends to explain the main proposed changes/clarifications to the SONI Connections Policy (as outlined below) in order to manage the Offer Process and the connections queue more efficiently.

For the avoidance of doubt, the references and definitions used in this policy shall have the meaning as assigned to them in the Grid Code, the TIA or the SONI Transmission Connection Charging Methodology Statement (the “TCCMS”) unless otherwise stated herein or where the context otherwise requires. In the event of any conflict or inconsistency between the definitions in the Grid Code, the Transmission Interface Arrangements (the “TIA”) and/or the TCCMS, the Grid Code shall prevail.

In recent years, the volume of applications to connect to the transmission system (“Connection Applications”) received and connection offers (“Offers”) issued by SONI has increased significantly<sup>1</sup>, with connection arrangements becoming more complex with many substations across the transmission network at capacity and needing expansion and/or refurbishment to accommodate the increased demand for grid connection.

The Climate Change Act (NI) 2022 (“The Act”)<sup>2</sup> has set a target that at least 80% of electricity consumption must be from renewable sources by 2030. Together with the Department for the Economy’s (“DfE”) proposal of a Contracts for Difference (“CfD”) renewable energy support scheme<sup>3</sup> to help meet the renewable energy target, it is likely that there will be a further increase in Connection Applications to SONI for renewable projects and supporting technologies.

Under Article 12 of the Electricity (Northern Ireland) Order 1992 (the “1992 Order”)<sup>4</sup>, SONI is under a duty, to take such steps as are reasonably practicable to “*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*”, as appropriate, having regard to the activities authorised by its Transmission Licence<sup>5</sup> (the “Licence”).

Under Licence Condition 25, SONI is obliged to issue an Offer to any person that applies, subject to certain exceptions. These obligations mean that SONI has a critical role to play in facilitating the delivery of statutory decarbonisation targets, however SONI does not currently have a role in deciding where generation or demand is situated. SONI has obligations under Licence Condition 20 to plan the transmission system in an efficient, co-ordinated and economical manner.

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<sup>1</sup> Connection Applications received between 2021 and 2023 increased from two (2) to eighteen (18), whilst Connection Offers issued during the same year increased from four (4) to eighteen (18).

<sup>2</sup> <https://www.legislation.gov.uk/nia/2022/31/contents/enacted>.

<sup>3</sup> <https://www.economy-ni.gov.uk/publications/design-considerations-renewable-electricity-support-scheme-northern-ireland-response>.

<sup>4</sup> <https://www.legislation.gov.uk/nisi/1992/231/article/12>.

<sup>5</sup> <https://www.uregni.gov.uk/files/uregni/media-files/SONI%20TSO%20Consolidated%20Feb%202019.pdf>

Recently, SONI has experienced increased tension between these two obligations as a result of the “developer-led” approach and the increased demand for transmission connections.

This results in a more reactive and less co-ordinated approach to connections and grid development. In SONI’s assessment, this is inefficient and contributes to increased timescales and congestion to the connections queue. By shifting to more of a plan-led approach in the future, working with industry, government and regulatory partners, collectively we can increase grid capacity in a proactive and more timely manner through more anticipatory investment while reducing costs and timescales for grid connections.

Whilst SONI’s current management of the SONI Connection Offer Process (the “Offer Process”) (which requires the relevant form of consent<sup>6</sup> (“Relevant Consent”) at an earlier stage in the process than in Great Britain (“GB”)) facilitates a less congested connections queue, there is room for increased efficiency within the policy to prevent projects that are not yet ready to deliver from blocking a path to connection from a project that is, and to enable more timely progression and delivery of projects that are ready to deliver.

We have reviewed and considered the changes in the approach to connections and network development processes in GB that allow for a more co-ordinated, plan-led approach to network development with robust measures and milestones built into the Offers, ensuring that projects that have a place in the queue deliver.

SONI is a key enabler in the achievement of the Northern Ireland renewable energy ambition by facilitating increased levels of renewable generation, along with other technologies to support the energy transition. The current and further anticipated increase in applications for connections to the NI transmission system is becoming increasingly challenging to manage in the absence of a formal remit for SONI to implement a ‘plan-led’ approach to connections, either under legislation or under Licence.

However, there is an opportunity for SONI to create efficiencies, in as far as SONI’s current remit allows, within the Offer Process outlined within the SONI Connections Policy to improve the Offer Process to better facilitate the energy transition and align the Offer Process not only with Condition 25 of the Licence but also Condition 20.

These changes will help prevent capacity hoarding which would otherwise delay and increase the costs of projects that can be delivered more efficiently.

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<sup>6</sup> As outlined within the Connections Policy

# Changes

## Relevant Consent

Since 2021, requests to SONI to extend Offer acceptance periods have increased. Each one is considered carefully on a case-by-case basis in line with policy and Licence obligations. This process does not align well with SONI's obligations to plan the transmission system in an efficient, co-ordinated and economical manner creating additional administrative burden on SONI and creating uncertainty in the connections queue and for grid development and for (prospective) applicants.

Whilst the proposed change is not an ideal solution for either SONI or applicants, it is a compromise which will give (prospective) applicants longer to obtain Relevant Consent, and decrease the time and resource inefficiently spent by SONI in processing requests to extend Offer acceptance periods.

Having reviewed the market, the change will more closely align with the approach taken by NIE Networks for distribution connections.

Relevant Consent will be required on the later of thirty (30) calendar days post Offer acceptance or two-hundred and ten (210) calendar days from and including the connection application effective date. If the Relevant Consent has not been granted by this date, an accepted Offer will be terminated.

Given the additional time granted to allow applicants to obtain the Relevant Consent, **SONI will not accept requests to extend the Offer acceptance period.**

## Relevant Consent specific to Offshore

SONI recognises the strategic importance of Offshore Wind in meeting the target of at least 80% of electricity consumption, as set out in the Act, must come from renewable sources. Analysis undertaken in producing the Shaping Our Electricity Future Roadmap (v1.1) ("SOEF") published by EirGrid and SONI<sup>7</sup> shows that in order to achieve this target by 2030, at least 500 MW of offshore wind is required. We note however that the current ambition for offshore generation in Northern Ireland is from 2030 as set out in DfE's Path to Net Zero Energy – 2024 Action Plan Report.<sup>8</sup> There is need to progress development of offshore wind in Northern Ireland ("NI") to support the delivery of Northern Ireland's renewable ambitions.

SONI therefore proposes a temporary change to timing of the Relevant Consent requirement for offshore projects.

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<sup>7</sup> <https://www.soni.ltd.uk/the-grid/shaping-our-electricity-f/>.

<sup>8</sup> [https://www.economy-](https://www.economy-ni.gov.uk/sites/default/files/publications/economy/Energy%20Strategy%20-%20Path%20to%20Net%20Zero%20Energy%202024%20Action%20Plan%20Report%20-%20Final%20%281%29.PDF)

[ni.gov.uk/sites/default/files/publications/economy/Energy%20Strategy%20-%20Path%20to%20Net%20Zero%20Energy%202024%20Action%20Plan%20Report%20-%20Final%20%281%29.PDF](https://www.economy-ni.gov.uk/sites/default/files/publications/economy/Energy%20Strategy%20-%20Path%20to%20Net%20Zero%20Energy%202024%20Action%20Plan%20Report%20-%20Final%20%281%29.PDF)

Currently, offshore developers in NI are unable to apply for an Exclusivity Agreement or Agreement for Lease from The Crown Estate (“TCE”) (the Relevant Consent for offshore projects) which could disadvantage the development of offshore projects in NI. Until such time as a leasing round for NI is held by TCE, the consent is unattainable and not within the control of an applicant.

In the absence of this, the applicant must provide proof that they have entered into and have been granted an Agreement for Lease or Exclusivity Agreement in the next available leasing round for NI, no later than four (4) weeks from the date the outcome of the leasing round is made available.

If the applicant is unsuccessful in that leasing round, the Offer will be withdrawn and SONI will reserve the right to draw down on the Maximum Export Capacity (MEC) Bond associated with the project as per the terms of the Offer.

## Offer Milestones

Offers will include milestones related to project delivery. Failure to meet these milestones will result in an accepted Offer being terminated.

Offers will include milestones in relation to Grid Code compliance. Failure to meet these milestones will result in the Offer being terminated.

## Pre-Application Meetings & Feasibility Studies

SONI has and continues to engage in a high volume of pre-application meetings with prospective applicants. These meetings facilitate discussion of proposed projects and the Offer Process. SONI endeavours to assist in answering queries in relation to connection, in as far as is possible during these meetings. SONI cannot provide assurances regarding any potential connection arrangements and/or connection charges for the proposed project at this stage. However, a meeting can be helpful in directing potential applicants to relevant and/or published information.

With this in mind, and with the ever-changing environment of transmission connections and indeed the connections queue, production of formal feasibility studies is not an efficient use of time or resource.

In place of this, SONI is seeking to work with industry partners to move towards a more strategically plan-led approach to connections, whereby there would be more flexibility for SONI to signal the most appropriate and strategic locations and technology type. In our view, this would quicken the timescales and reduce costs by reducing the technical complexity of connections and the need for wider unnecessary network reinforcements.

In progressing this approach with the relevant stakeholders, SONI can develop the grid more proactively and in more of a plan-led fashion which can ensure the required grid and connection capacity is available for the right generation, in the right places, in a timelier manner.

We believe this shift in approach, (which would require collaboration between government, industry and regulatory partners) would accelerate progress towards Northern Ireland's renewable energy targets and deliver better value for money for consumers.

In the coming months, SONI intends to engage with industry and the Utility Regulator on what more of a plan-led approach would look like for Northern Ireland and the formal changes to the Licence that would be required to facilitate this.

## Initial Application Fee

The "initial application fee" will no longer apply, *subject to an update to the TCCMS*. The application fee must be paid in full on submission of a Connection Application. The two-stage approach to application fees creates unnecessary administrative burden for both the applicant and SONI, with no appreciable benefit gained from the approach.

## Clarifications

### Procurement Processes

The Offer Process is not directly linked to any other processes, including for example, the Balancing Market, the Capacity Market and System Services procurement processes. Changes to Transmission System Operator ("TSO") **timelines** associated with these other processes may prompt change to Offer Process timelines and/or milestones and timelines within Offers. In this scenario, the applicant must demonstrate to SONI that all terms for Offer Acceptance (including Relevant Consent) are in place.

### Multiple Applications

SONI will not accept more than one Transmission Connection Application concurrently for the same project in order to ensure compliance with Condition 20 of the Licence.

## Route to Obtaining Licence

SONI will only accept Connection Applications for projects that can currently obtain the relevant licence from the Utility Regulator<sup>9</sup>. A Transmission Use of System Agreement (“TUoS Agreement”) is a pre-requisite to connecting to the power system, and a licence is required to apply for that.<sup>10</sup>

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<sup>9</sup> i.e. The UR **can** issue a licence to the applicant for the project

<sup>10</sup> This aligns with the UR’s “Final Decision on request for changes to Condition 25(1) of SONI TSO Licence and related SONI connection and use of system documents: Cross-Border Framework for Connections” dated March 2024, and is in accordance with the Licence