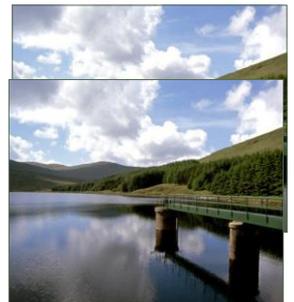
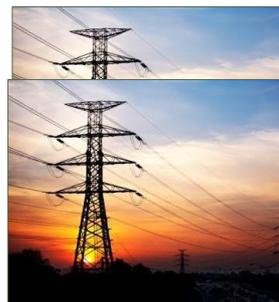


# Review of Electricity Distribution and Transmission Connections Policy

Decision 31 May 2017



# 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; Electricity; Gas; Retail and Social; and Water. The staff team includes economists, engineers, accountants, utility specialists, legal advisors and administration professionals.

## Our Mission

Value and sustainability in energy and water.

## Our Vision

We will make a difference for consumers by listening, innovating and leading.

## Our Values

Be a best practice regulator: transparent, consistent, proportionate, accountable, and targeted.

Be a united team.

Be collaborative and co-operative.

Be professional.

Listen and explain.

Make a difference.

Act with integrity.

## Abstract

A connections market which works well for Northern Ireland (NI) consumers is essential. Getting connected easily and at a fair price is important for domestic consumers, businesses and generators. This should happen in way which means other network consumers only pay what is necessary for their energy.

This paper represents our decision.

## Audience

This decision paper will be of interest to electricity distribution and transmission companies, persons seeking connection to the electricity network and organisations representing connecting and wider consumer interests.

## Consumer impact

Our objective is for efficient, timely, high quality connections which are transparent to consumers.

# Executive Summary

A connections market which works well for Northern Ireland consumers is essential. Getting connected easily and at a fair price is important for domestic consumers, businesses and generators. It is also important that other network consumers only pay what is necessary for their energy.

The way electricity is supplied and demanded in Northern Ireland is changing. In particular, a lack of capacity on the network is presenting challenges for new generation connecting to the distribution electricity network. In light of these challenges, stakeholders have raised concerns about how well connections policy is working.

We have consulted extensively since we launched the review in November 2016. We thank respondents for all their valuable input, whether it be via written response, workshops or other. This paper represents decisions:

- To clarify NIE Network's current ability to refuse to provide connection offers, whilst ensuring customers are connected where it is efficient to do so.
- On how extensions should be treated. It is our view that requesting and granting extensions should be considered on an individual basis and be the exception rather than the norm. Where extensions are necessary, the process should be made more transparent and bring further accountability. In light of responses, we have removed one of the minimum requirements.
- On a list of actions which stakeholders feel are important. We expect NIE Networks and SONI to consider what steps they need to take, and begin delivering these actions. We have asked NIE Networks for a workplan on these and will further engage with it on how to take forward.

Modifications to both NIE Network's and SONI's licences are required to give effect to certain decisions. We are consulting on a modification to NIE Network's licence today, and will do so for SONI in the near future.

These decisions will provide clarity for affected parties, and provide benefits for connecting parties, whilst preserving the interests of NI network consumers.

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# 1. Extension and connection offer requirements

## Background

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- 1.1. In our April 2017 consultation, we explained how in recent years we had granted numerous extensions to issue blocks of connection offers. We said that, going forward, we would expect issuing extensions to be the exception rather than the norm. These should be considered on an individual basis.
- 1.2. But we also recognised that granting further extensions for individual connections may indeed be justified depending on the given circumstances. We explained that where such extensions are necessary, the process should be made more transparent and bring further accountability. We, therefore, consulted on how extensions should be treated and set out minimum requirements for the process of seeking approval.
- 1.3. We also consulted on our intention to modify NIE Network's Distribution Licence to take account of inconsistencies and duplication between the licence and legal obligations. In particular, we explained that Condition 30 could be made more reflective of the Electricity (Northern Ireland) Order 1992 (the Order).
- 1.4. We highlighted that this would mean that the grounds in legislation which allow NIE Networks to refuse a connection on the grounds of a lack of capacity would be written into Condition 30 of its Distribution Licence.
- 1.5. However, we explained that it is not our intention to strengthen NIE Networks ability to refuse provision of connection offers. We also said that it is important that NIE Networks continues to provide connection offers where it is efficient to do so.
- 1.6. We also said that we would consider whether we can and should make any similar changes with respect SONI.
- 1.7. We summarise and consider responses before setting our proposals below.

## Grounds for refusing to provide a connection offer

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### Responses

- 1.8. Many stakeholders were concerned with our proposals to modify NIE Network's licence to reflect legislation.
- 1.9. NIE Networks considered that Article 32 of the EU Directive does not apply to connections. It went on to say that the exemptions in Article 21 of the Order would apply irrespective of whether they are in Condition 30, and so the changes we are making are unnecessary.
- 1.10. NIE Networks and SONI both considered that the current exemptions in the licence should remain in place even though they are not in legislation, as they provide clarity from being in the licence.
- 1.11. SONI noted that there is no legislation in the Order which allows it to refuse a connection where there is no capacity, but said that Article 32 of the EU directive does provide for this. It asked for a licence modification to reflect this.
- 1.12. NIRIG and many generators were concerned that if NIE does not invest in transmission reinforcements then grid applications will continually be refused. They were concerned that proposals to allow NIE Networks to refuse access on basis of lack of capacity would mean there will never be a robust business case for network reinforcement upgrades for NIE Networks to present to the UR under a D5.
- 1.13. Some were concerned that our proposal for NIEN to implement a test to safeguard customer interests could be excessive. SSE and ABO Wind were concerned that this seems to be an extension of control by the UR over NIE Networks and SONI's ability to issue offers. CCNI said it would support the licence modification if customer supporting measures were introduced.

### Our view

#### Making the Licence Condition 30 consistent with legislation

- 1.14. We note stakeholder concerns that the changes with respect to Condition 30 are unnecessary and that certain exemptions should not be removed

from the licence.

- 1.15. In light of these concerns we feel it is worth setting out some background to explain how provisions in the Order have changed. In turn, we set out why differences have arisen between the Order and the Licence. This may help further clarify our proposed changes.
- 1.16. Prior to 2007, at a time when NIE Networks had a supply business, Articles 19 – 21 contained a duty to supply customers on request. In order to meet that duty, NIE Networks was required to connect the customers to whom it would then supply electricity.
- 1.17. As, at that time, the Order contained no duty to connect generators or other systems, that duty was imposed through Condition 30. However, in 2007, Articles 19 – 21 of the Order were amended to refer to a duty to connect, rather than a duty to supply.
- 1.18. Those provisions are, therefore, not entirely aligned with Condition 30 and the condition has not been amended to take account of the differences between them. For example, the grounds on which NIE Networks may refuse to make an offer of connection are wider under Condition 30 than under Article 21 of the Order. Condition 30 also contains an obligation to make an offer within three months which is not contained within Article 19.
- 1.19. These inconsistencies have proved problematic for the UR in the past when determining disputes. This is because different applicants have relied on the Condition or the Order. It is also unclear as to whether it is the Order or the Condition which binds NIE Networks where there is any discrepancy between them.
- 1.20. In making the above point, it is worth adding that one of the objectives of our review is to clarify the regulatory and legal framework to increase certainty. The changes we have proposed are, therefore, very much in keeping with this objective.
- 1.21. In summary, we propose removing the existing grounds for refusal of a connection. This is on the basis that including additional grounds for refusal is unnecessary and causes confusion as to NIE Network's obligations. The

proposed amendments will remove the unnecessary duplication, overlap and inconsistency with the legislation. Therefore, it is appropriate that we propose removing certain aspects of the Condition 30 in this way.

### Supporting measures

- 1.22. We set out in the April 2017 consultation that our intention is not to strengthen NIE Networks ability to refuse provision of connection offers.
- 1.23. NIE Networks may already refuse to make an offer on the grounds of a lack of capacity in keeping with the legislation. So the proposed changes do not strengthen NIE Network's ability to refuse offers as suggested by many generators.
- 1.24. However, more could be done by NIE Networks to clarify its connections obligations and decisions to its customers, especially where it may refuse a connection offer. This is particularly relevant within the wider context of its network investment plans during RP6.
- 1.25. Where NIE Networks is given an allowance in RP6 for network investment allowing connections to the network, we would expect it to progress this work. We recognise that, in doing so, it must work within the wider RP6 framework (as well as any other relevant obligations it must meet).
- 1.26. Where NIE Networks refuses to provide an offer on lack of capacity grounds, under Article 32(2) of the EU Directive, it must provide reasons for the refusal, based on objective, technically and economically justified criteria.
- 1.27. We would expect NIE Networks to explain to the customer the reasons for refusal with reference to these criteria where there is a lack of capacity. In line with this, we are also consulting on a licence modification requiring it to give reasons where one or more of the exceptions (set out in Article 21(1)) are triggered.<sup>1</sup>
- 1.28. We agree with points made by stakeholders that it would not be for us to

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<sup>1</sup> We are also proposing in the statutory consultation, published separately today, that a similar provision should be included within the Condition 30 with respect to Use of System, as we see no reason why these requests should be treated differently from connections. Although the exceptions which trigger this will remain the same as set out in the current NIE Network Distribution Licence.

prescribe criteria. However, we would expect that clear reasoning is given to the customer which is based on accurate and sufficiently robust analysis (e.g. system studies).

- 1.29. We would also seek to monitor, in a proportionate way, how NIE Networks is consistently applying its obligation.

#### NIE Networks Licence Condition 31

- 1.30. We are also proposing to modify NIE Networks Licence Condition 31. This Condition sets out the functions of the Authority with respect to both use of system and connection distribution disputes. The statutory basis for resolution of disputes in relation to connections is in Article 26 of the Electricity Order. It is appropriate to remove reference to connections aspect from the Condition given that this is duplicated in legislation.

#### **Actions**

- 1.31. We are consulting on a proposed modification to NIE Network's distribution licence today. This sets out the changes we are making above.
- 1.32. We also ask that NIE Networks clarifies the criteria it uses. We will engage further with NIE Networks on this.
- 1.33. We are of the view that these actions should and can be in place for 31 August 2017, at which point the current connection offer extensions we have granted will expire. However, we will engage with NIE Networks to further understand its concerns on timing. Pending the outcome of this engagement, we will then clarify the date on which the modification should come into effect by. We will clarify this within the decision on our licence modification (which we aim to publish in early July 2017).
- 1.34. We note SONI's points that the same powers should apply to it in relation to refusing a connection offer request where there is a lack of capacity. We consider this could be a matter for the Single Electricity Market (SEM) committee to input on. We will engage with it before considering next steps.

#### **Extensions**

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#### **Responses**

- 1.35. Most generators agreed that granting of extensions should be the exception rather than the norm, and that the process could be more transparent. NIE Networks also agreed that the current process should be reviewed with a view to making it more transparent.
- 1.36. NIE Networks was concerned that it may have to refuse applicants on the grounds of no capacity, if complex capacity queuing allocation principles have not been developed in time. This may frustrate such applicants when capacity becomes available. It asked for further engagement with UR, industry and Depart for Economy to address the complex capacity queuing principles. It also said another extension may be required based on the existing process.
- 1.37. AES said that applicants should be given the option to go 'on hold', pending future system development, rather than face an immediate refusal (implying that further extensions could be given).
- 1.38. Stakeholders were concerned that there may not be time to implement by end of August 2017, and potentially on a more enduring basis, partly due to the design of the process.
- 1.39. NIE Networks disagreed that the process should require consultation with customers as it would not address the issue of no capacity. However, it agreed that engagement is required to inform customers of network constraints.
- 1.40. There were mixed responses in terms of the role of the customer in the new process. CCNI said the proposed process was customer focused (roles, timelines and information requirements clearly defined). DP Energy requested that sufficient weight is given to the input of the connection applicant during the process. SONI was concerned that giving a connecting customer the ability to raise an extension request may give it the incentive to jump the queue or hoard capacity.
- 1.41. SONI was concerned that the process should not disclose information which is commercially sensitive.

## Our view

- 1.42. We welcome that respondents agree that extensions should be the exception rather than the norm, and more transparency is required.
- 1.43. While NIE Networks may require more time to create new capacity allocation process/principles, we do not see this, in itself, as being a reason for asking for further 'block' extensions via the existing process.
- 1.44. The question of whether an extension applies must be dependent on the precise circumstances of the customer in question. This means we must consider each case on its merits and be satisfied that the reasons for the request justify the grant of an extension.
- 1.45. We note stakeholder concerns that it could take time to implement the process. While we recognise this is a new process, we think the timelines are workable:
- First, many aspects of the process are either not particularly new (e.g. scoping), or if they are new, should not be particularly time intensive (e.g. publication), when considered in the round.
  - Second, we understand that concerns about the process being time intensive are, in part, driven by concerns around the volume of applicants in the queue who are yet to receive an offer. However, we would not expect extensions to apply for each and every one of these. Indeed, we would expect these may be much lower based on current information.<sup>2</sup>
  - Third, we are of the view that the licensee has sufficient time to plan for this change. We first set out these requirements in April 2017. We are not making any material changes in this decision which would lengthen time-frames.
- 1.46. Some respondents were concerned about the need to consult with affected parties. The need to consult, however, forms an essential part of the process, and so is a key aspect of the changes we are proposing.

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<sup>2</sup> NIEN considers that based on its latest information it may have to refuse c440 applicants based on a lack of capacity.

- 1.47. It is essential because it allows us to make appropriate decisions, as the party ultimately required to either grant or not grant an extension. In order for us to make a decision as to whether an extension is appropriate or not, we need to be sufficiently aware of all relevant considerations in order to come to a well-informed view. Keeping the applicant sufficiently informed is also what we would expect from a customer facing business.
- 1.48. However, we do recognise, as set out in the April 2017 consultation, that information which is commercially sensitive or confidential should not be shared with the applicant or published.
- 1.49. We also note concerns that allowing an applicant to request an extension may cause unintended consequences, such as hoarding capacity. We agree that such unintended consequences would clearly cut against the grain of the rationale for allowing an applicant to request an extension. This is because it may not make for an effective and efficient connections process.
- 1.50. Accordingly, after carefully considering this issue further, we no longer propose to include the requirement for applicants to request an extension. It is worth noting that this does not mean the customer's role in the process should be unduly diminished as a result. This is because the customer will still be consulted on during the process. This means sufficient weight can still be given to the input of the connection applicant in question, but in a more appropriate way.

## **Actions**

- 1.51. The requirements and process (taking account of the change noted above<sup>3</sup>) are re-produced in the Appendix of this document.
- 1.52. We are also consulting on a proposed modification to NIENs distribution licence today. This sets out a change we are making to reflect aspects of the above process, along with reasons and affects.
- 1.53. We are of the current view the process can be implemented by 31 August and the licence modification should take affect from this point. However, we

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<sup>3</sup> To remove ability of applicant right to request and extension.

will engage further with NIE Networks to further understand concerns on timing. Pending the outcome of this engagement, we will then clarify the date which the modification should come into effect by. We will clarify this within the decision on our licence modification (which we aim to publish in early July).

- 1.54. We plan to consult on changes required to SONI's licence in June.

## 2. Other connections issues

### Background

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2.1. We received responses on various other connections issues. We set out our final view and any actions we expect NIE Networks or SONI to deliver. We will engage further with them on these.

### Connections network management

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#### Utilising network capacity

2.2. In our November 2016 and April 2017 consultations we noted that whilst RP6 is concerned with providing allowances for efficient investment, the scope of this review is considering whether connections policy can promote its use more efficiently.

2.3. We explained proposals on innovation being considered in the RP6 DD. In light of stakeholder responses, we also encouraged network and system operators to consider whether planning and connections standards could be relaxed further to allow potentially cheaper connections, whilst preserving level of service to customers.

#### Responses

2.4. Many generators supported more innovation and using capacity more efficiently. But some were concerned this would not be a substitute for reinforcing the network (see comments below in 'building network').

2.5. SONI noted that transmission capacity is constrained but said there may be an opportunity to review the application of transmission planning standards to ensure that transmission access rights are being calculated appropriately depending on the access required.

2.6. NIE Networks explained that it trialed managed connections, has requested an RP6 allowance for innovation and is open to considering flexible type connections in the future.

#### Our decision and next steps

2.7. We note stakeholder points on innovation. Our RP6 Final Determination will set out our final position on NIE Network's allowances in this respect.

2.8. We welcome SONI's view that there may be an opportunity for it to review its planning standards. We will engage with it on how it intends to progress this.

### **Recovering network capacity**

2.9. In our April 2017 consultation, we discussed measures that were being used on other jurisdictions to recover network capacity where it is persistently not being used. We asked NIE Networks to consider whether this is and could be an issue, and if so, whether solutions are required.

### Responses

2.10. Most respondents were largely supportive of NIE Networks considering whether capacity is being under-utilised and taking action if required.

2.11. NIE Networks and SSE considered this was less of an issue than in GB as many customers have built out to their MEC as a result of the planning permission requirement, and considered there has been limited success in GB in any case. However, NIE Networks committed to review the process of issuing offers in relation to any amendments required to help recover under-utilised generation capacity in the future.

### Our decision and next steps

2.12. NIE Networks considers that for parties already contracted this may be less of an issue. Many respondents were in favour of considering the issue further. NIE Networks committed to reviewing with respect to issuing offers in the future.

2.13. We will engage with NIE Networks on how this can be further progressed with respect to future offers.

### **Building more network capacity**

2.14. Many respondents to our November 2016 consultation were very concerned about the lack of a plan from SONI on transmission development. They were also concerned that more transmission capacity is required.

2.15. We said that will further engage with SONI on releasing further transparency in relation to proposed network investment.

### Responses

2.16. Many respondents again voiced strong concerns on this issue. Some generators and NIRIG were concerned that a proportion of 'committed' (or contracted) connections need more transmission investment in order to connect. Some asked that we commit to providing firm access for these committed connections.

2.17. NIE Networks, SONI and many generators considered that a longer term energy policy from government is required to develop the network.

2.18. SONI welcomed engagement with us to increase the transparency of the process around proposed network investment.

### Our decision and next steps

2.19. Contrary to respondents' views, our role is not to commit to providing firm access for connections. In this respect, it is worth summarising the responsibilities of relevant parties.

2.20. It is SONI's responsibility to plan and develop the transmission system to facilitate connection of generation and demand growth in accordance with the Northern Ireland planning standards. Based on these plans, NIE Networks as the transmission owner set out its proposals for allowances in its price control (e.g. RP6) business plan. We then scrutinise to ensure that it delivers best value for money for all consumers.

2.21. We do, however, agree that more could be done to aid transparency with respect to transmission network development. We have engaged with SONI and plan to draft a new licence condition requiring it to develop and publish a 10 year network development plan. We plan to consult on this Licence Modification in June 2017.

2.22. We are also open to engaging with industry and government. At the recent Renewable Grid Liaison Group (RGLG) it was agreed that a briefing note be prepared. The note should set out how the renewable electricity consumption

target is being met and the potential implications of predicted electricity consumption levels up to 2020 for levels of network investment. NIE Networks and SONI are producing this note. We expect they can provide an update at the June 2017 RGLG.

### **Connections charging framework**

2.23. In the April 2017 consultation, we said that we did not plan to further review the connections charging structure to make it deeper.

2.24. We recognised views that a deeper policy, where charges are set administratively, risks raising barriers to entry on a network which is heavily constrained. We also said that there are opportunities to pay more for a connection, on a voluntary basis.

2.25. We said that while, in principle, we supported reviewing rebates there is currently no legislation which provides for changes requested.

### **Responses**

2.26. Responses on charging were mixed, but broadly similar to those we received in response to our November 2016 consultation.

2.27. Some were in favour of our position not to review the distribution charging framework to make it deeper. Others were in favour of a review, particularly to make certain types of generation connections deeper than others.

2.28. Many re-iterated their support for reviewing rebates. SONI and NIRIG observed that there is no mechanism for TSO customers to receive rebates from DSO connections and vice versa. SONI asked for clarification on this. NIE Networks noted that rebates would not apply where NIE Networks have adopted assets from an Independent Connection Provider (ICP), and asked that we consider with the Department. SONI also asked that we clarify whether a rebate could apply in a situation where a connecting transmission customer voluntarily agrees to pay more than the voltage level they are connecting at.<sup>4</sup>

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<sup>4</sup> The question is whether a customer should receive a rebate for the work at one voltage level up if another customer were to use that capacity in the future when connecting

### Our decision and next steps

2.29. We have decided not to review the charging framework as set out in our consultation.

2.30. With respect to rebates, we agree with the principle that those who connect and make partial use of others assets should have to contribute some payment towards their use. We have written to the Department, noting stakeholder views and that we are open to engagement on this issue.

### **Cluster connections policy**

2.31. We said in the April 2017 consultation that we do not plan to review the connections cluster methodology at this time.

### Responses

2.32. The majority of respondents of respondents were still in favour of our proposal, but some reiterated that the policy should be changed.

2.33. NIE Networks said that it noted the support of stakeholders for the existing cluster methodology and is considering the proposal for a working group to clarify the methodology.

### Our decision and next steps

2.34. We have decided to maintain the connections cluster methodology. We support NIE Network's commitment to clarify any points on the methodology and are content to support this effort.

### **Connections process and queue**

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2.35. In our April 2017 consultation, we said that we were open to engaging with the Department on whether a requirement for planning permission should be introduced. However, we explained that there are alternatives that could be considered which fit within the regulatory framework.

2.36. We also set out our view of when it may be permissible to prioritise the connecting of one type of connection over another.

2.37. We considered that it would be beneficial if a robust process is in place for

considering new applications beyond Phase 1.

### Responses

2.38. Many generators were still in favour of using planning permission to manage the queue. Some, like NIRIG, considered that this is best done by giving us additional, general, powers to develop connections policy.

2.39. NIE Networks stated that while there may be benefits requiring applicants to apply with planning permission, it does not intend to reintroduce this without legislation. Instead NIE Networks said that it would consider how planning permission could be used as a milestone for those with offers.

2.40. Others noted different methods. Some said that connections could be managed using a 'Multi-Criteria' approach, where connections could be given where certain criterion are met. Some examples of criterion were given, including those which sit within the remit of government (e.g. job creation). One respondent explained that this could involve discrimination between comparable generators to meet certain desirable outcomes.

2.41. In terms of prioritising connections, NIE Networks and SONI considered further work could be done, but that this would require further engagement with industry, UR and (from NIE Network's perspective) Government. SONI noted that one driver for this could be to allow efficient generation participate in the 2018 capacity auctions. Many generators reiterated their concerns that connection policy needs to support this process.

### Our decision and next steps

2.42. We consider that responsibility for this best sits with NIE Networks and SONI. We welcome NIE Network's view that it does not intend to use planning permission to manage the queue without changes in legislation.

2.43. We recognise there are many approaches that could be taken to managing the queue and allocating capacity. We are happy to engage with NIE Networks, SONI and other parties on these. Government input would be required to consider some of these fully.

2.44. We note SONI's view that more work could be done to ensure efficient

generation can participate in the 2018 capacity auctions. As we set out in our November 2016 call evidence, one of our strategic priorities was that connections policy should not prevent the issuance of efficient connections which could support an appropriate level of security of supply. We would support this work, in principle, and will seek to engage with SONI and others on this.

### **SONI offer timelines**

2.45. In the April 2017 consultation, we recognised SONI's concerns that dealing with complex connections mean that it can, on occasion, require more time to make a connection offer. We discussed whether changes were required to resolve this, for example, allowing SONI to declare complex offers in some way.

### Responses

2.46. SONI was in favour of deeming transmission connection applications as complex and therefore providing longer than the 90 day licence obligation to issue an offer.

2.47. NIE Networks said that similar circumstances apply to itself, in the sense that it may have a distribution connection which is complex as it requires transmission assessments. It asked that we modify its licence to provide for an alternative period for the issue of connection offers (currently 90 days) in certain circumstances.

2.48. Many other respondents, however, strongly disagreed. NIRIG considered longer time frames to offer the connection should be the exception rather than the rule and extensions can be requested.

### Our decision and next steps

2.49. In light of responses, and after considering further, we have decided not to change SONI's licence to allow it to declare complex offers.

2.50. Instead SONI and NIE Networks can use the new extensions framework. This process is sufficient to address the problem and so we do not see a strong rationale for creating a new framework. Indeed, designing the new condition

may be more complex and/or inflexible, whilst adding little additional value.<sup>5</sup> We would also note that we would not expect many transmission applications annually and so we consider that if extensions are relevant they are likely to be the exception rather than the norm.

2.51. In summary, there is already a mechanism which is being developed further which can deal with this issue effectively.

2.52. SONI also made related points that the Transmission Interface Agreement (TIA) and Distribution framework do not align. While we consider the underlying problem is catered for (the problem being that SONI may legitimately need more time to make a connection offer), we do accept there are inconsistencies between frameworks. We would therefore support any work NIE Networks and SONI wish to undertake to resolve these, for example, by aligning TIA with licence.

## **Customer service, engagement and transparency**

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### **Pricing transparency**

2.53. In the April 2017 consultation, we asked stakeholders whether the level of connections charging pricing transparency should be strengthened.

2.54. We noted that NIE Networks has a Distribution Licence Condition 30 to ensure its prices are clear and referable to its statement, and asked whether NIE Networks should consider strengthen comparability. We also asked whether a Quotation Accuracy Scheme (QAS), which is a form of Guaranteed Service Standard (GSS) should be introduced.

### Responses

2.55. NIE Networks said that it is encouraged by customer feedback it has received on pricing transparency, but agreed to review its range of connection offers. It said that this review would ensure there is as much information as possible to support comparability with the connections charging statement.

2.56. Other respondents strongly agreed with our proposal to strengthen pricing

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<sup>5</sup> We may have to define 'complex' and it is unclear how this process would fit with the extensions framework.

transparency.

2.57. The majority of respondents considered that something like a QAS would be beneficial. NIE Networks said that introduction of guaranteed standards of service in connections should follow only after the market has been opened up fully to competition. It said it would consider introducing voluntary standards after March 2018.

#### Our decision and next steps

2.58. We welcome that NIE Networks will review its offers to ensure there is as much information as possible to support comparability with its charging statement. This would be of value to customers and so we will engage further with NIE Networks to present a workplan/milestones for how and when it will deliver this.

2.59. We also welcome that NIE Networks is making further steps on GSS connections on a voluntary basis. We will engage with NIE Networks to developing these with a view to having a formalised offering for RP7.

#### **Network and generator information**

2.60. We asked NIE Networks to consider what measures are appropriate to ensure further provision of generator and network information (and engages with industry). We said that we would consider a licence modification if necessary.

#### Responses

2.61. The vast majority of respondents were strongly in favour of this.

2.62. NIE Networks said that it is investigating the provision of further network and capacity information around both demand and generation in the form of a heat map. It said that any information published will require caveats that it is the best available information at a point in time.

#### Our decision and next steps

2.63. We welcome that NIE Networks will consider further information disclosure. We note that such measures are likely to be of value to customers. We will engage with NIE Networks to present a workplan/milestones for how and when

it will deliver this (including how it will engage with interested parties).

### 3. Appendix: Requirements and process for requesting and granting an extension

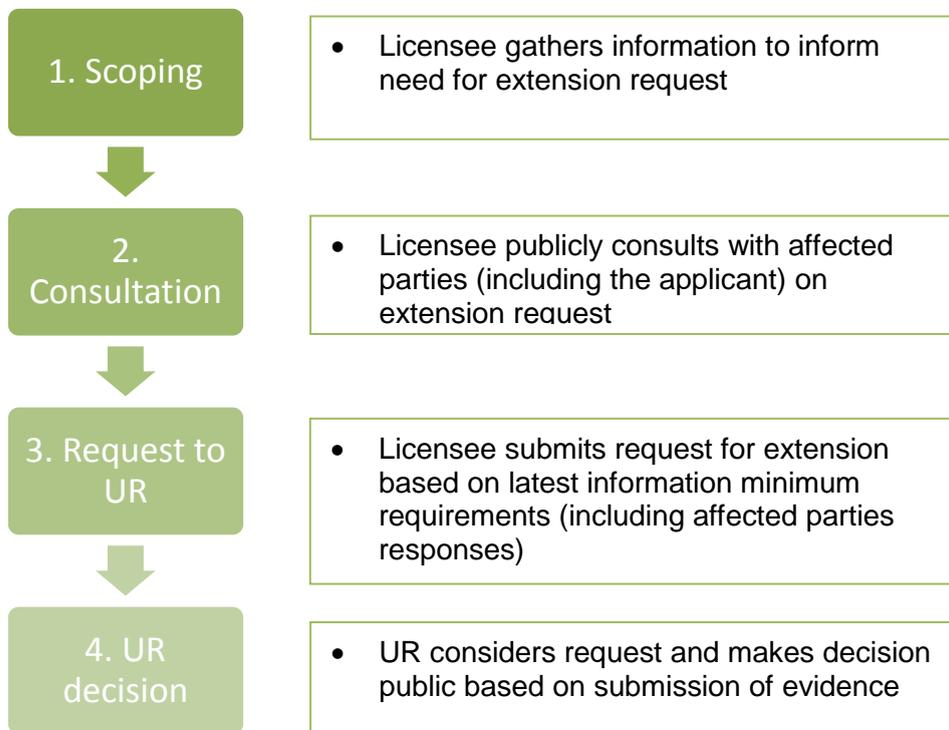
3.1. We set out our approach below.

#### Criteria and requirements for considering and requesting extensions

3.2. We illustrate the criteria and requirements considering and requesting extensions for providing connection offers, in the diagram below. We then go through each in more detail.

3.3. We recognise that some of the actions within these criteria are already undertaken by Licensees. It our intention to formalise and make other parties aware of them.

3.4. There is also a balance between providing certainty and allowing flexibility. For example, we have set out minimum requirements in terms of what information we and others may expect to see.



## **Stage 1 – Scoping**

- 3.5. Where the Licensee receives an application from an applicant, we expect it to consider at the earliest point possible, whether there is a need for an extension request. We expect this to be considered in light of the fact that requesting an extension should be based on exceptional circumstances.
- 3.6. We expect the Licensee to consider the following minimum requirements (including any other relevant useful information) for the application in question:
  - a) The provision of the relevant license to which the extension relates.
  - b) The rationale for the extension and proposed duration;
  - c) A comprehensive assessment of the impact of the extension where it to be granted;
  - d) A comprehensive assessment of the impact where an extension is not granted;
  - e) A description of any alternative actions that have been considered, if appropriate;

## **Stage 2 – Consultation**

- 3.7. We expect the Licensee to consult adequately and in a timely manner with affected parties. For example, by affected parties we mean the connection applicant(s) in questions, and where relevant the TSO or DSO licensee.
- 3.8. As part of its consultation, we expect the Licensee to share the information collated in “Stage 1 – Scoping” (as described above) with the affected party and seek its views on the proposed extension request. We would, for example, expect the connection applicant(s) to consider how it would be affected by the Licensee’s proposed decision.
- 3.9. We also expect the licensee to communicate the timelines for seeking a response and subsequently submitting a request to the Authority.
- 3.10. In taking account of affected party views, we expect the Licensee to re-consider whether need for the request for extension remains appropriate. If the Licensee considers that an extension request remains the appropriate course of action, then it should consider whether any changes to the proposal are appropriate.

3.11. We then expect the Licensee to communicate the outcome of its consideration (i.e. whether or not it now intends to submit a request for extension to the Authority, including any revision(s) where appropriate).

### **Stage 3 – Request to the Authority**

3.12. We would expect to receive a request from the licensee at least two weeks before end of the three month connection application period (or in the case of the existing extension, two weeks before the end of August 2017).

3.13. This request should take the form of a report which includes:

- f) Minimum information requirements (see a) to d) above);
- g) An identification of the particular connection to which the extension relates (size, technology, type etc.);
- h) Affected parties consultation response(s):
  - o Opinion of the connectee for the extension request (including the impact of the proposed request on the applicant);
  - o Opinion of other parties affected by the extension, DSO/TSO.

### **Stage 4 – UR Decision**

3.14. We expect to make a decision on whether to grant an extension request at least one week before the end of the three month connection application period (or in the case of the existing extension period, two weeks before the end of August 2017)

3.15. Our decision concerning the individual request will be taken based on the evidence provided with reference to the relevant Licence Condition(s), and in accordance with our principal objective and general duties.

3.16. We will publish our decision and relevant information from responders on our website. We will also keep a record of the information and decision on the Public Electricity Register as required by the Electricity (Northern Ireland) Order 1992.<sup>6</sup>

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<sup>6</sup> <http://www.legislation.gov.uk/nisi/1992/231/article/52>