Relevant Consent for Interconnectors to Accept a Transmission Connection Offer

Consultation Paper

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Introduction

The System Operator for Northern Ireland ("SONI") is the electricity transmission system operator for Northern Ireland. We bring electricity to every part of Northern Ireland and plan ahead for future growth. From our control centre in Belfast, we match supply and demand for power every second of every day by using the transmission system.

The transmission system brings power from where it is generated to where it is needed and also powers NIE Networks' distribution system, which in turn, supplies electricity to homes, farms and businesses.

Since 2014, SONI has been responsible for planning for the future of the transmission system, while NIE Networks is responsible for the development, construction and maintenance of the transmission system.

SONI is responsible for connections to the transmission system in Northern Ireland. We are required by the Electricity (Northern Ireland) Order 1992 (the "**1992 Order**")[1] to develop the transmission system in an economic, efficient and coordinated manner. Our licence[2] prohibits undue discrimination against any party of class of parties.

The Department for the Economy[3] is currently developing an energy strategy for Northern Ireland for 2030 and beyond. While the precise energy mix that this will deliver is currently uncertain, the Minister has highlighted that she firmly believes that the target for electricity generated from renewable sources should not be below 70% by 2030[4].

To help achieve a renewable generation portfolio capable of achieving this target, new interconnection to other balancing zones will probably be beneficial.

SONI has reviewed its connection policy to ensure that this remains appropriate for this class of connectee. This review has shown that the current conditions precedent for accepting a transmission connection offer could potentially be considered to be ambiguous and potentially interpreted as being more onerous for a new merchant interconnector than for other connecting customers.

In this paper we set out the principles that underpin SONI's current connection policy and seek comments on the milestones in the process of the development of an interconnector project that could potentially be used as the relevant consent for an interconnector to accept a transmission connection offer and applied to ensure a new interconnector would enter the overall onshore transmission network planning processes at a stage where SONI would not be compromising its duty to plan the transmission system in an economic, efficient and coordinated manner.

[1] https://www.legislation.gov.uk/nisi/1992/231/contents
[2] https://www.uregni.gov.uk/electricity-licences
[3] https://www.economy-ni.gov.uk/topics/energy/energy-strategy
[4] https://www.economy-ni.gov.uk/news/minister-highlights-plan-ambitious-new-renewable-electricity-target

Next Steps

Views and comments are invited on all aspects of this document. Responses to the consultation should be sent to: **connections@soni.ltd.uk** by **19 February 2021**.

It would be helpful if answers to the questions include justification and explanation. It would be helpful if responses are not confidential. If you require your response to remain confidential, you should clearly state this on the coversheet of the response. We intend to publish all non-confidential responses. Please note that, in any event, all responses will be shared with the Utility Regulator.

Background

This section sets out the recent developments in SONI's connection policy and explains the principles that underpin our approach to the potential for conflicts between our licence obligation to offer a connection and to enter into a Connection Agreement to any person that applies[5] and our statutory duty under the 1992 Order to plan the transmission system in an efficient, economic and coordinated manner.

Any person seeking a connection (or a modification to a connection) to the Northern Ireland Transmission System must enter into a Connection Agreement with SONI. A Connection Agreement will specify the capacity and characteristics of the equipment which may be connected to the Transmission System.

The electricity network in Northern Ireland has become increasingly congested in recent years; however the Northern Ireland Executive target of 40% electricity consumption from renewable sources was met before the end of 2020. Connecting further renewable capacity or inter-balancing zone[6] interconnection beyond the current levels will require further substantive network investment.

SONI Policy up to February 2018

Before February 2018, applicants seeking to connect to the Transmission System had to meet three pre-requisites before an application was deemed effective and the transmission connection offer process began. These pre-requisites were to have:

- Provided evidence that the relevant consent for the project had been obtained[7]. The relevant consents are as follows:
    - The required level of consent for onshore projects[8] is Full Planning Permission;
    - The required level of consent for a Compressed Air Energy Storage ("**CAES**") plant is a Mineral Prospecting Licence;
    - The required level of consent for offshore projects is either an Exclusivity Agreement or an Agreement for Lease from The Crown Estate;

[5] Condition 25 of the SONI Licence sets out this obligation and any exemptions to it.

[6] For clarity, the second North-South Interconnector that SONI is currently developing is wholly contained within one balancing zone and therefore inter-zone congestion rules and arbitrage benefits are not applicable to that project.

[7] See 8 October 2014 Decision Paper on consenting requirements (available here).

[8] Onshore projects include generation projects such as conventional generators, wind farms, solar parks, biomass plants, energy from waste plants amongst others.

- Completed the relevant connection application form for the project and containing all such information SONI may reasonably require for the purpose of formulating the terms of the connection offer and undertake the necessary connection studies; and
- Paid the relevant connection application fee in full.

At that time, an applicant was required meet all three pre-requisites in order for an application seeking a connection to the Transmission System to be deemed effective and SONI could only start to progress work on the connection offer and associated studies from the point. These arrangements were effective in delivering connections over that period and were widely supported by industry.

The Utility Regulator Position Regarding the use of Planning Permission as a pre-requisite for Transmission Connection Applications

Not all system operators use planning permission as a milestone, in these cases a number of issues have emerged, including:

- Significant amounts of capacity being allocated, through the connection offer process, to projects without planning permission and which are unlikely to materialise; and
- Development of a queue of applicants that wish to connect but cannot due to their queue position relative to projects ahead of them that may or may not materialise and/or may be triggering a need for system reinforcements that may not otherwise have been triggered.

In its consultation paper on the 'Proposed Licence Modifications to SONI TSO Licence regarding the electricity connection review'[9], the Utility Regulator stated its clear position that SONI should not use planning permission[10] as a condition precedent for transmission connection applicants, nor should SONI refuse to accept connection applications on this basis. Furthermore, the Utility Regulator advised that they were taking steps to ensure that SONI removed what was, in the Utility Regulator's view, a barrier that SONI was placing on Transmission connection applications. It should be noted that this issue did not form any part of the consultation itself.

SONI gave careful consideration to the Utility Regulator's position, as the previous process has been successful in ensuring the connection of viable generators, facilitating competition, preventing queuing issues, preventing capacity hoarding and avoiding unnecessary system reinforcements as well as having had broad industry support.

However, SONI also recognised that changing this requirement within the connection offer process could provide a range of benefits to developers.

[9] https://www.uregni.gov.uk/sites/uregni/files/media-files/Electricity%20Connections%20SONI%20Lic%20Mod%20Consultation%20FINAL.docx.pdf
[10] SONI interpreted this to include all relevant consents and not just full planning permission for onshore projects.

SONI's Current Policy since February 2018

Following a review, and taking into account the Utility Regulator's clear position, SONI amended the connection application process to allow connection applications to be submitted prior to the relevant consents being obtained for the project that was seeking to connect. However, obtaining relevant consents remains a key milestone within the Transmission connection offer process. This aimed to provide the following advantages to potential connectees to the Transmission System:

- allowing an applicant to apply for a connection prior to receiving the relevant consent, would help to facilitate competition in the market, *For example, where this would allow generators to participate in other processes such as Capacity Auctions or DS3 System Services tendering processes (where they might otherwise be excluded due to the timing of a connection offer)*);
- helping to ensure the development of viable projects connecting to the Transmission System because using the relevant consent as a milestone enables projects that have a greater chance of deliverability to connect to the system (e.g. helps to eliminate the risk of connection offers being accepted by projects without relevant consents, and which may never materialise); and
- for projects where obtaining the relevant consent is imminent, this enables an applicant to make a better informed commercial decision to enter the SONI transmission connections offer process earlier which may provide a number of advantages to the connecting party.

In February 2018, SONI modified the processes to allow a Transmission connection application that had no relevant consent in place at the time of the application to be submitted. However, the relevant consent continues to be an important and early milestone within the transmission connections offer process.

The provision of evidence that the relevant consent has be obtained is now a condition precedent for the acceptance of any Transmission connection offer issued by SONI. Therefore it is expected that the majority of projects will have reached an advanced stage in obtaining their relevant consent at the time a connection application is submitted, if not already obtained.

In the connection offer issued by SONI to the applicant, there will be three terms of the offer that the applicant will need to meet by the end of the 90-day offer acceptance period for the Connection Offer Acceptance to be deemed valid by SONI. These are:

1. Any required deposit is paid;
2. Any required security cover, such as a relevant capacity bond[11], is in place and in a form agreed with SONI; and
3. Evidence that the relevant consent has been obtained.

[11] See Section 9 of the SONI Transmission Connection Charging Methodology Statement: http://www.soni.ltd.uk/media/documents/SONI-TCCMS-1-April-2019.pdf

In addition, the relevant consent must be relevant to, and accurately reflect, the project that is described in the connection application form and for which the connection offer has been issued for. The submission of a connection application without the relevant consent is done entirely at the sole technical, commercial and financial risk of the applicant.

Evidence which demonstrates (to SONI's reasonable satisfaction) that the relevant consent is obtained must be submitted to SONI along with the offer acceptance. If the relevant consent has not been obtained by the end of the 90-day offer acceptance period, then the offer will lapse unless the applicant has been granted a formal written extension to the offer timelines by SONI based on a limited set of circumstances as set out in the SONI connection policy. Full details of SONI's current connection policy can be found here.

Review of SONI's Connection Policy

SONI's current connection policy provides a balance between the speed of connection for developers and the efficient development of the Transmission System. Transmission network capacity is only reserved by projects that are technically viable and speculative projects are unable to hoard capacity. However, SONI's current policies do not consider the potential for further interconnection between Northern Ireland and other balancing zones.

We are aware that additional sub-sea interconnection to other balancing zones is likely to be beneficial if Northern Ireland is going to achieve any increased renewable electricity target and especially if a target for an average consumption of at least 70% of electricity from renewable sources is set by the Northern Ireland Executive, as indicated likely by the Minister for the Economy in 2020. In anticipation of this, we have reviewed our connection policy relating to interconnector connections to ensure that the milestones are appropriate to secure the dual goals of timely connection and efficient development of the deeper Transmission System. This section sets out the findings of that review.

Comparison between Generation/Demand/Storage Projects and Sub-Sea Interconnectors

Condition 15 of SONI's licence prohibits SONI from discriminating and states that SONI "*shall not unduly discriminate as between any persons or class or classes of persons*". Therefore, the first step in SONI's review process was to understand which class a sub-sea interconnector linking Northern Ireland to a different balancing zone fits in to.

When we updated our connection policy in 2018, we focused on connections between the existing Transmission System and projects where the developer has a specific location in mind. A party connecting a generation, demand or storage unit to the Transmission System is likely to be participating in the wholesale electricity market. In these cases, SONI's role is to facilitate competition, ensuring a level playing field for all.

The location of generation units, including generators who have accepted connection offers and who are in the process of connecting to the Transmission System, influences investment decisions in other parts of the Transmission System. When the SEM Committee harmonised access to the Transmission System across the island in 2008, they introduced locational charging for use of the Transmission System[12]. This means that generators whose location drives the need for investment in deeper reinforcements pay more to use the Transmission System than those whose location does not trigger investment[13].

[12] In the original SEM High Level Design decision published in June 2005 (AIP/SEM/42/05) the Regulatory Authorities stated that: "As a corollary of shallow connection charges, generators should pay a locational charge as part of their TUoS – i.e. they should pay more to contribute to the cost of the deep reinforcement which their shallow connection has caused".

[13] The SEM Locational signals paper can be found here

However, under European law, TSOs are not permitted to charge interconnector owners for use of the Transmission System and charging rules in Great Britain were updated in 2010 to reflect this principle[14]. This is because the relevant legislation defines an interconnector as a transmission line. As a consequence, in the context of the EU Internal Market in Electricity, interconnector flows are neither classed as production (generation) nor consumption (demand), but part of the overall transmission infrastructure facilitating the wider market and to be certified and designated as a TSO.

This means that an interconnector does not compete in the wholesale market in its own right but instead its assets are used to facilitate the efficient flows of electricity between two balancing zones. The European Network Codes place obligations on to interconnectors as TSOs, and the Utility Regulator is currently consulting upon its allocation of TSO responsibilities between SONI, NIE Networks and an existing sub-sea interconnector owner[15].

An interconnector is therefore, in SONI's opinion, a different class of person to other connecting parties. Based on this premise, we are not obliged to apply identical conditions precedent to a new sub-sea interconnector to enable it to accept a Transmission connection offer; however we interpret our licence Condition 15 to mean that we are still obliged to "*not unduly discriminate*".

Question 1: Have you any comments on SONI's conclusion that interconnectors form a different class of connectee and therefore non-identical conditions precedent can be included in a Transmission connection offer issued to an interconnector, so long as they do not unduly discriminate and are consistent with our duties set out in the statutory and licencing framework.

Status of Existing Interconnection

The current interconnector between Northern Ireland and Scotland (Moyle Interconnector[16]) was developed by NIE Networks, in its role as Transmission Owner, and was commissioned before the European legislation that defines the legal status of interconnection came in to force. Because of this fundamental change in the legal framework, SONI is unable to rely on any precedent from the process of connecting the Moyle Interconnector to the Transmission System.

The Moyle Interconnector is operated for the interests of Northern Ireland electricity consumers and is funded through low risk bonds, with SONI collecting any revenue shortfall (as Moyle's agent) through its tariffs. Under Condition 37 of our TSO licence we are obliged to act as Moyle's agent in certain circumstances, with the Utility Regulator approving the terms of our agency agreements.

[14] https://www.ofgem.gov.uk/ofgem-publications/52472/ecm-26-decision-letter-published-041010pdf
[15] https://www.uregni.gov.uk/consultations/consultation-tso-network-code-obligations
[16] http://www.mutual-energy.com/

While we do not currently expect our relationship with any future interconnector to precisely mirror the arrangements between Moyle and SONI, we do expect it to be one that is between two TSOs and underpinned by a regulatory framework.

Equivalent & Appropriate Treatment

The landing point for a sub-sea interconnector is usually not fixed at an early stage of the project, unlike the way that generation locations are fixed by the developer's access to a specific site which facilitates good access to a source of energy (e.g. wind, gas pipelines or docks for solid fuel). Likewise, for demand projects, the locations are usually fixed based on factors such as access to good road infrastructure or proximity to a particular customer base. Instead, for interconnectors there is flexibility to land at numerous locations along the coast, and the connection point to the existing Transmission System is a key factor in the choice of the landing point and interconnector route between Northern Ireland and the market/balancing zone that it is being connected to.

The topography of Northern Ireland and its Transmission network is very relevant here and there are a number of potential landing sites on both sides of Belfast Lough and also the potential to land a new interconnector in the Island Magee area or in the North West. This decision as to where any landing site would be will determine both the costs to the developer for the connection of the interconnector and the cost of reinforcing the Transmission System that is paid for by other users of the Transmission System through their TUoS charges. Optimisation of the interconnector's connection point to the existing network (and in turn the landing site and interconnector route), could therefore be construed to be in the public interest, contrary to the choice of location of individual generation or demand connections, which are driven by competitive forces within the market. These competitive forces are shaped by the locational signals set through GTUoS and TLAFs, as approved by the SEM Committee.

The next step in SONI's review process is therefore to understand which aspects of our policy and duties would need to be reflected within the terms of a Transmission connection offer. In our opinion our policy for the connection of new interconnection to the all-island Transmission System will need to:

1. ensure that we are not unduly discriminating either in favour of or against a sub-sea interconnector;
2. be balanced with our duty to continue to ensure that the Transmission System is planned in an economic, efficient and coordinated manner without the economic signals sent by locational charging for ongoing use of the Transmission System; and
3. seek to ensure that Northern Ireland consumers are able to take advantage in a timely manner of the additional competition that additional interconnection can bring while avoiding nugatory investment in wider network reinforcement should the project turn out to be unviable.

<u>Question 2</u>: Do you agree with the three objectives we have set out above which we will use to determine the process that we will adopt for processing a transmission connection application from a new sub-sea interconnector?

Potential Equivalent Conditions Precedent

A sub-sea interconnector requires more consents than a generator, demand or storage site that is connecting to the Transmission System. Given that interconnectors are defined in law as part of the Transmission System, SONI's duties could be construed to include ensuring that they are planned in an economic, efficient and coordinated manner. However, where an interconnector is being developed as a commercial project, we would also need to facilitate this in a way that maintains a level playing field.

It is important to remember that projects with accepted transmission connection offers are included within SONI's network planning decisions. Therefore, we need to identify the appropriate point in the development of a commercial interconnector project to determine the connection arrangements and also feed into the network planning decisions. If this is too early and the project turns out to be unviable, SONI may have nugatory investments in the associated reinforcement works. On the contrary, if this is at the end of the interconnector consenting process, the benefits that customers can receive from additional interconnection could be delayed.

SONI employed consultants to provide advice about the processes that a generic interconnector project connecting Northern Ireland to another UK jurisdiction. We therefore consider a number of key points in the development process to ensure that this review is as comprehensive as possible.

In this section we set out the relevant stages that an interconnector project would progress through and assess each of these against the three criteria we identify above. We then ask for opinions on our understanding of this development process and our assessment of the potential milestone to use as a condition precedent for acceptance of a transmission connection offer.

Interconnector projects need to make 3 main applications to government departments:

- Apply to the Local Planning Authority of Department for Infrastructure (DfI) for Planning Permission for both the onshore elements of the project down to the low water mark;
- Apply to Department of Agriculture, Environment and Rural Affairs (DAERA) for a Marine Licence for works in the Mean High Water Spring Tide out to 12 nautical miles;
- Apply to Department for the Economy (DfE) for the consent required under the Electricity (Northern Ireland) Order 1992.

In addition, an interconnector will have to apply to the Utility Regulator for:

- TSO licence; and

- certification in line with Article 10B[17] of the Electricity Order 1992.

SONI has identified 5 milestones for consideration as the point at which an interconnector project could accept a connection offer, and thereby secure capacity on the network and be included within the network reinforcement decision making process. These are:

- Contracting for seabed surveys;
- Completion of seabed surveys;
- Completion of onshore environmental surveys and the pre-application community consultation;
- Receipt of all Northern Ireland statutory consents;
- Completion of TSO licencing and certification processes.

Contracting for Seabed Surveys

In the early stages of assessing the feasibility of an interconnector project, the developer will contract for surveys of the seabed. While this shows a considerable financial commitment to the project, it does not prove that the route is technically viable. On the other hand, if the node on the existing network where the interconnector will connect to the Transmission System is not fixed, this phase of the project could be inefficient.

At the request of connecting parties, SONI can undertake feasibility studies to provide an indication of the most likely connection point[18]. SONI also publish a Ten Year Transmission Forecast Statement[19] that identifies where capacity is available on the network. Other developers take commercial risks based on this information.

Our assessment of this as a suitable milestone is set out in the table below.

	Criteria	Comments
1	No undue discrimination	If SONI were to provide a contractually binding connection offer at this point, an interconnector developer would be considerably de-risked when compared to other connectees. Therefore SONI would need to demonstrate strong benefits in other areas for this to fall outside the definition of undue discrimination.

[17] https://www.legislation.gov.uk/nisi/1992/231/article/10B

[18] This is optional for a developer and it should be noted that there is no licence requirement for SONI to carry these studies out, nor does any feasibility study form any part of the formal connection offer process and does not secure capacity or a positon in a connection queue. It is also important to note that any assumptions used in a feasibility study may change by the time a subsequent formal connection application is submitted.

[19] Link to latest version here: http://www.soni.ltd.uk/the-grid/projects/tdpni/the-project/

	Criteria	Comments
2	Economic, Efficient & Coordinated planning of the transmission system	At the start of the seabed survey, the technical and commercial viability of a project is unproven. It therefore is too early to say with any certainty if the project will be delivered. We would therefore be uncomfortable including this within our planning decisions for the wider network at this stage.
3	Timely access to benefits for NI Customers	These surveys take place many years before the interconnector is built and the eventual connection date is uncertain.

In SONI's opinion, this would be too early in the process for us to enter into a contractual position that could trigger costs to Northern Ireland consumers and therefore, using the start of the survey process as the connection offer milestone would not balance the three criteria that this policy is aiming to deliver.

Completion of Seabed Surveys

SONI assumes that at the end of the seabed survey process, a developer will only be seeking connection if they have identified a viable route the developer will have established a viable route between NI and a point in the other balancing zone. The commercial viability of the project can also be established with more certainty. SONI requires bonds to be put in place when the capacity on the NI system is reserved by a connecting party, which can be drawn down if a party does not use the capacity within a certain time.

Our assessment of this as a suitable milestone is set out in the table below.

	Criteria	Comments
1	No undue discrimination	This milestone could be considered to be close to the technical viability that would be known when a developer makes its submission for on-shore planning permission;, however risks associated with the consenting process remain.
2	Economic, Efficient & Coordinated planning of the transmission system	Once a viable seabed route between the jurisdictions is identified, the project is more certain to proceed. There may be merit in SONI beginning to include the potential interconnector within the longer term plans for Transmission System reinforcement at this stage, noting that the capacity bond should be sufficient to cover any nugatory costs incurred should it fail to proceed.

	Criteria	Comments
3	Timely access to benefits for NI Customers	Any deeper reinforcement projects would also require time to develop and will need to also obtain consents. Starting these once a viable interconnector route is confirmed, would unlock benefits for NI customers as early as possible after the new interconnector is energised.

At this stage technical viability of the subsea section of the project would be confirmed, however SONI is unsure if the overall project would be viable or if the timeline to energisation would be sufficiently certain at this stage to alter projects within the Transmission Investment Plan.

Completion of onshore environmental surveys and the pre-application community consultation;

At this stage in the project any major obstacles to delivery should have been identified: the technical feasibility should have been confirmed through the seabed surveys; environmental investigations should have quantified potential impacts and community acceptance should be ascertained through the pre-application consultations. The developer would remain responsible for the approach to overcoming these obstacles and mitigating the commercial risks that would be created by accepting a connection offer at this stage.

Our assessment of this as a suitable milestone is set out in the table below.

	Criteria	Comments
1	No undue discrimination	While permitting the acceptance of a connection offer at this stage would be treating the interconnector differently than other connection applications, it could be considered to not be undue because the interconnector will form part of the transmission system. Including an interconnector project within SONI's transmission development planning process at this stage would however be later than the process adopted for other projects that are expected to be owned by NIE Networks. While SONI plans the development of projects at transmission voltages, distribution investments are planned by NIE Networks and these are reflected in the transmission development plan when the need for the project crystallises.

	Criteria	Comments
2	Economic, Efficient & Coordinated development of the transmission system	Waiting until this stage, when major obstacles are known before including the interconnector within our network planning decisions could be considered to be prudent and would substantially reduce the risk of nugatory investments, however risks remain. At this stage the project would be clearly presented in the public domain and it may be confusing for stakeholders if it is not reflected in the next revision of the Transmission Development Plan for Northern Ireland.
3	Timely access to benefits for NI Customers	Including the interconnector within SONI's plans for the development of the transmission system once the developer is confident that the major obstacles are identified and mitigatable would mean that the benefits available to Northern Ireland customers would not be unreasonably delayed.

SONI considers that the acceptance of a connection offer at this stage might strike a reasonable balance between certainty of progression and the risks associated with nugatory investments in deeper reinforcements that would arise if planning permission is not obtained, however some risks would remain with Northern Ireland customers also.

Receipt of all Northern Ireland Statutory Consents

The developer will need to obtain three governmental consents to permit construction of its onshore assets in Northern Ireland.

The Department of Agriculture, Environment and Rural Affairs (DAERA) Marine Division[20] carries out the Marine Licencing function under the Marine and Coastal Access Act (MCAA) Part 4 in all Northern Ireland Inshore Waters (i.e. from the mean high water spring tide out to 12 nautical miles).

A sub-sea project will also be screened as to whether or not they are required to provide an Environmental Impact Assessment (EIA), which given the project type, scale, and potential impact on the environment, SONI believes this would be highly likely to be required in the case of sub-sea interconnectors.

Responses gathered from the October 2014 decision paper suggested that obtaining a Marine Licence was more onerous than the granting of full planning permission for an onshore generator and that full planning permission for onshore elements of the project would provide more certainty.

Full planning permission is not required before SONI considers the impact of distribution projects on the transmission system.

[20] https://www.daera-ni.gov.uk/topics/marine

Our assessment of this as a suitable milestone is set out in the table below.

	Criteria	Comments
1	No undue discrimination	Planning permission: While nominally the same as the obligation we place on other connection applications, the risk that the developer would take on to achieve this consent before the connection point is both identified technically and defined contractually is greater. It also differs from the approach for other system related investments. We would therefore need to have a clear reason to maintain this obligation for a project of this nature. Marine Licencing: SONI's investigation in 2014 suggested that this was more onerous than the requirements for other connectees. Therefore requiring an interconnector developer to obtain this before accepting a connection offer could be considered to be excessive. There would need to be strong reason, consistent with SONI's duties, to drive this approach.
2	Economic, Efficient & Coordinated development of the transmission system	Waiting until this stage before including the interconnector within our network planning decisions could be considered to be prudent and would substantially reduce the risk of nugatory investments. However, the deeper reinforcements will also require consents, because the new interconnector would legally form part of the transmission system, SONI could improve the efficiency of the outcome by commencing these works in parallel with the finalisation of the planning permission for the onshore elements of the project.
3	Timely access to benefits for NI Customers	Waiting until after all consents for the interconnector project have been obtained before including the interconnector within SONI's network planning process would delay access to the benefits for customers.

Replicating the process for other parties applying for a connection offer, where full planning permission is required before it can be accepted, does not appear to SONI to be consistent with its duties set out in the Electricity Order because it would represent a significant distortion to the approach adopted for other projects that form part of the transmission and distribution systems.

Obtaining an Interconnector TSO Licence and Associated Certification

As set out above, the eventual operator of the new sub-sea interconnector will be required to hold a licence to participate in transmission in Northern Ireland. One of the conditions of this

is to obtain certification under Article 10B of the 1992 Order. Therefore this is not as straightforward as obtaining a generation licence.

	Criteria	Comments
1	No undue discrimination	Other connecting parties are only required to obtain licences before they can energise their connection. While the risks, lead time and complexities associated with obtaining a TSO licence means that the process is likely to complete earlier in the project cycle than other connection projects, it appears to SONI that requiring this to be in place before the connection offer is accepted would be excessive.
2	Economic, Efficient & Coordinated development of the transmission system	The licence and certification relate to the standing of the party who will be operating the interconnector and does not in itself verify the technical or commercial viability of the project. Therefore SONI would be unlikely to consider this to be an appropriate milestone to trigger deeper reinforcement work.
3	Timely access to benefits for NI Customers	While the licence and certification are required before the interconnector can be operated, they can be obtained relatively far through the project and may take time to secure. Waiting until this point would delay access to the benefits for customers.

Obtaining a licence to operate an interconnector does not appear to SONI to be an appropriate choice of milestone, under any of the three criteria we are considering.

<u>Question 3</u>: Have you any comments or observations on the potential milestones or SONI's assessment of their appropriateness for this situation? Are there any other aspects of the development process that SONI should consider as a potential milestone?

Next Steps

While SONI is not currently processing any formal applications from developers of interconnectors, the lead time for a project of this nature is such that any project that will assist in the achievement of the anticipated 2030 ambition[21] is likely to already be under consideration by investors[22].

We therefore see a need to provide clarity for any parties that will be seeking to connect a sub-sea interconnector to the Northern Ireland Transmission System around the relevant consents that they will need to secure in order to meet the conditions precedent for accepting a Transmission connection offer.

SONI welcomes all responses to this consultation paper, which should be submitted to **connections@soni.ltd.uk** before **5pm on Friday 19 February 2021**.

[21] See https://www.economy-ni.gov.uk/news/minister-highlights-plan-ambitious-new-renewable-electricity-target for further information

[22] https://tyndp2020-project-platform.azurewebsites.net/projectsheets/transmission/1040