

NIE Networks Consultation on Cluster Updates

Thanks for joining

The presentation will begin soon

Please mute your mic

Mid Consultation Stakeholder Event 11th November 2024

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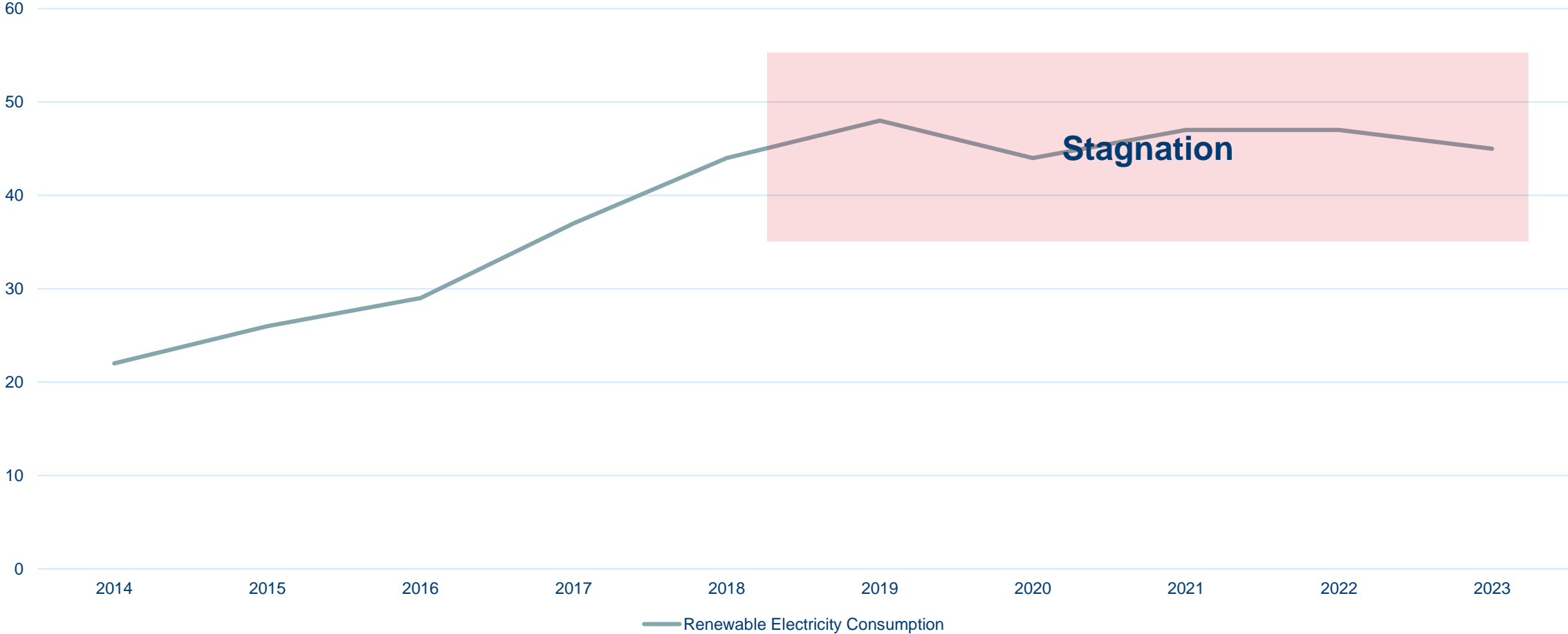
Agenda

- **Welcome**
- Justification
- **Proposals**
- Questions & Discussion
- **Close**



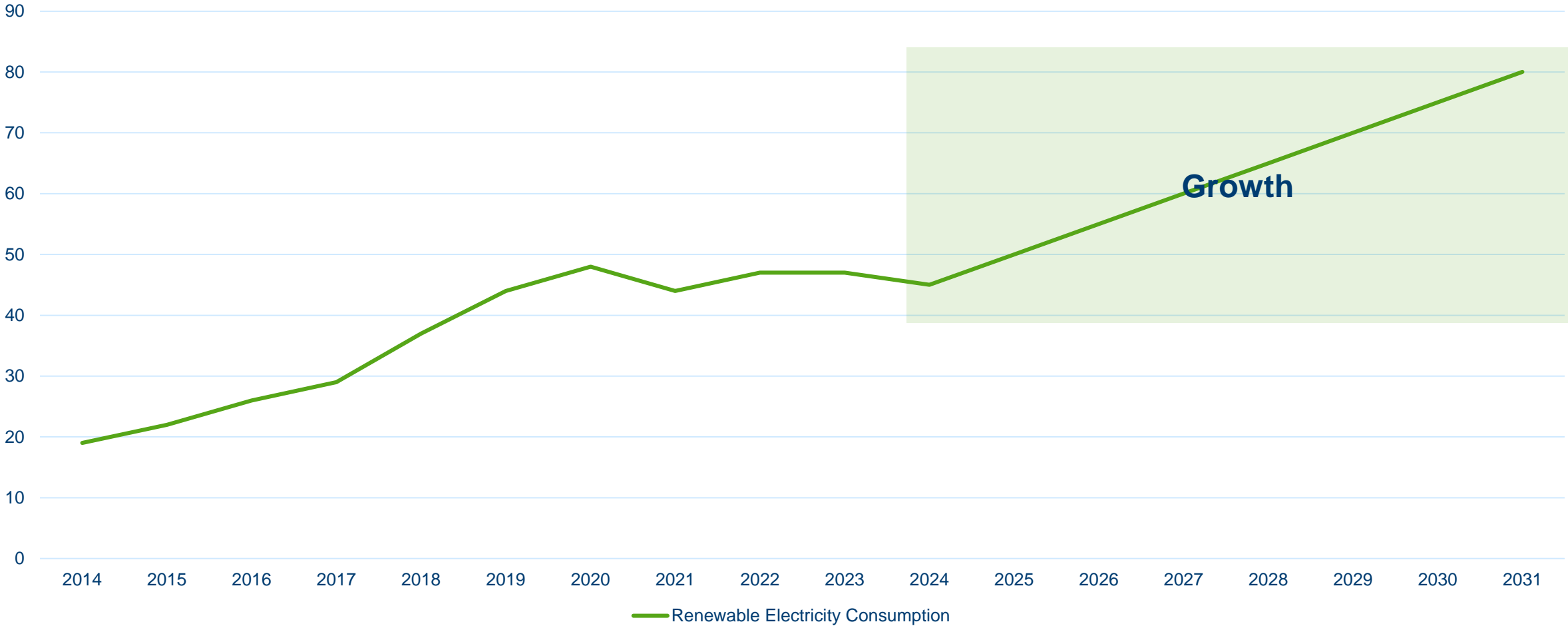
Renewable Percentage

Renewable Generation as a Percentage of Consumption between June 2014 and June 2024

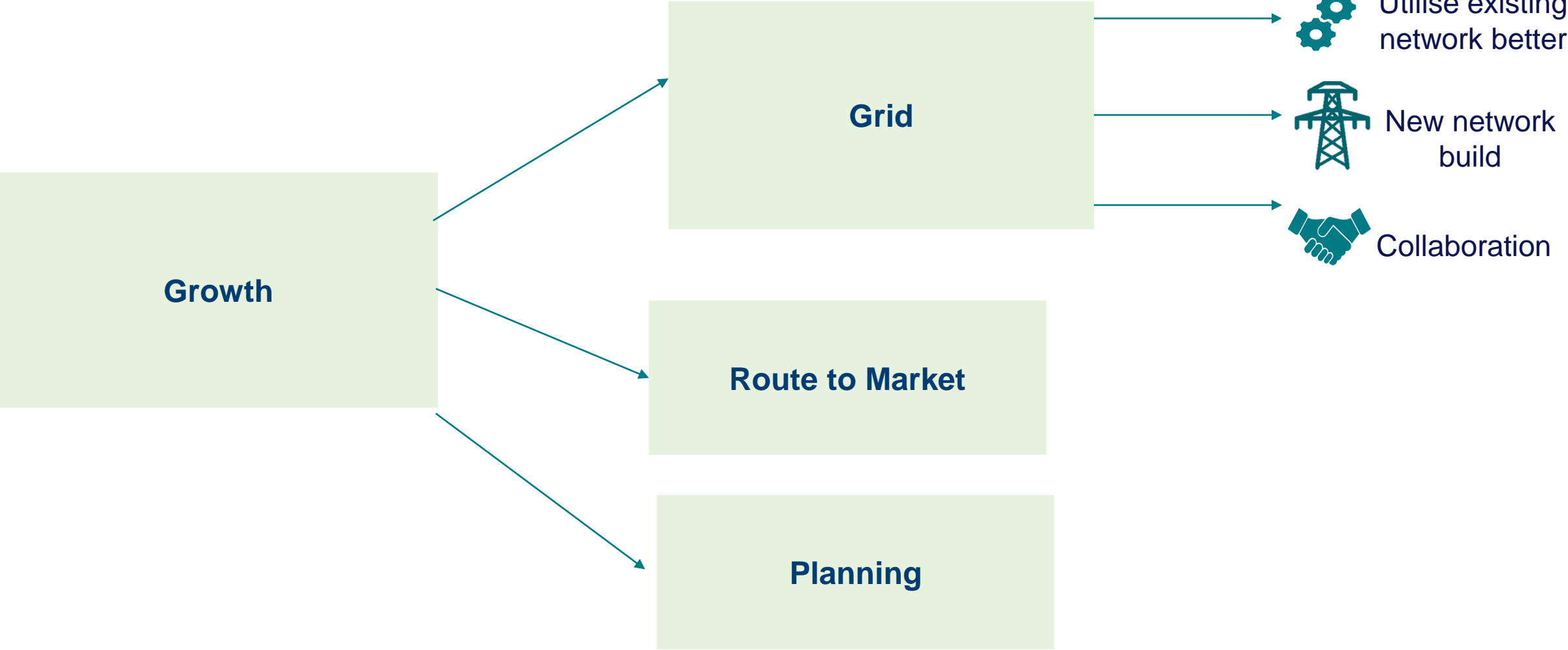


Renewable Percentage

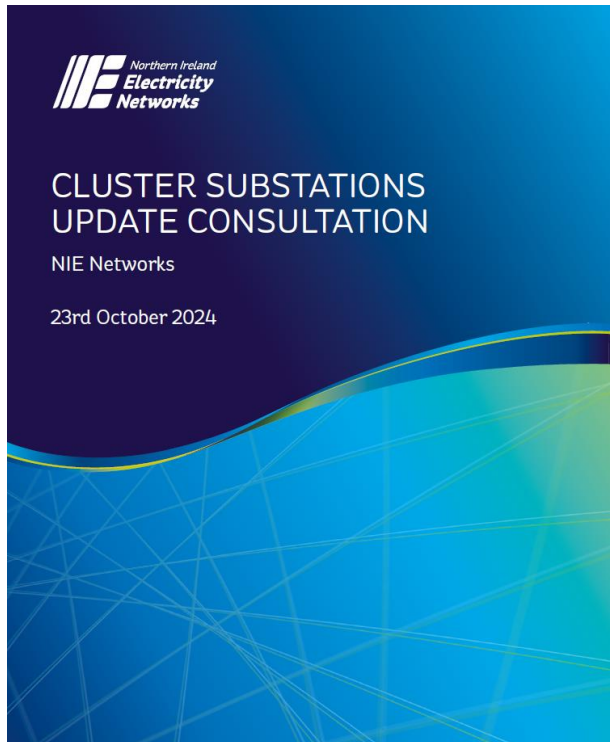
Renewable Generation as a Percentage of Consumption between June 2014 and June 2024



Growth - How?



What are we proposing?



1

2

3

4

What are we proposing?

1

Develop four existing clusters by adding second transformers and creating 360MVA of capacity

2

3

4

What are we proposing?

1

Develop four existing clusters by adding second transformers and creating 360MVA of capacity

2

Update cluster designation weightings to take account of projects in earlier stages of planning

3

4

What are we proposing?

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Develop four existing clusters by adding second transformers and creating 360MVA of capacity

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Update cluster designation weightings to take account of projects in earlier stages of planning

3

Update second transformer charging arrangements, so they are in line with initial cluster infrastructure charging

4

What are we proposing?

1

Develop four existing clusters by adding second transformers and creating 360MVA of capacity

2

Update cluster designation weightings to take account of projects in earlier stages of planning

3

Update second transformer charging arrangements, so they are in line with initial cluster infrastructure charging

4

Amend how & when second transformers are triggered, including considering them from the outset

1

Develop four existing clusters by adding second transformers and creating 360MVA of capacity

Rasharkin

c. 60MVA in generation pipeline including consented, pre-planning, in planning

Tremoge

c. 16 MVA in generation pipeline including consented, pre-planning, in planning. Anticipatory approach

Cam

c. 140MVA in generation pipeline including consented, pre-planning, in planning

Kells

c. 100MVA in generation pipeline including consented, pre-planning, in planning

1

Develop four existing clusters by adding second transformers and creating 360MVA of capacity

Rasharkin

Tremoge

Cam

Kells

- The proposals above total approximately £15.5 million, which would initially be recovered through NIE Networks RAB until the cost recovery mechanism of generators paying the per MVA cost of the cluster asset begins as generators connect
- To quantify this, in the absolute worst case (and highly unlikely) that no generators connect to the second transformers, the highest impact on a domestic bill across the full 40 years in the scenario where no generators connect is an increase of c.15p on the annual bill for each transformer. If, as expected, the capacity is fully utilised, the impact is 0p.
- Benefits of developing existing sites - timeframes, planning, consents
- This means we will have an additional four clusters that are demand connection capable - releasing 360 MVA of demand connection capacity including for low carbon technologies that can assist on the path to net zero like battery energy storage and electrolyzers

2

Update cluster designation weightings to take account of projects in earlier stages of planning

- Existing Weightings :

| Stage | Weighting Factor |
|--|------------------|
| Consented | 1.0 |
| Submitted to Planning or PAC | 0.8 |
| EIA Commenced | 0.0 |
| EIA Commenced with Generator in an AONB or similar | 0.0 |
| Withdrawn from Planning | 0.0 |
| Early Stage | 0.0 |

Table 2 Weighting Factors

56MVA Designation Threshold

- Potential New Weightings :

Values are illustrative only

| Stage | Weighting Factor |
|--|------------------|
| Consented | 1.0 |
| Submitted to Planning or PAC | 0.8 |
| EIA Commenced | 0.50 |
| EIA Commenced with Generator in an AONB or similar | 0.50 |
| Withdrawn from Planning | 0.0 |
| Early Stage <u>(Pre Planning)</u> | 0.20 |

Table 2 Weighting Factors

We need developers to tell us the best way to source early stage planning information!
 And to share any sites in development stage currently that hasn't been already shared

3

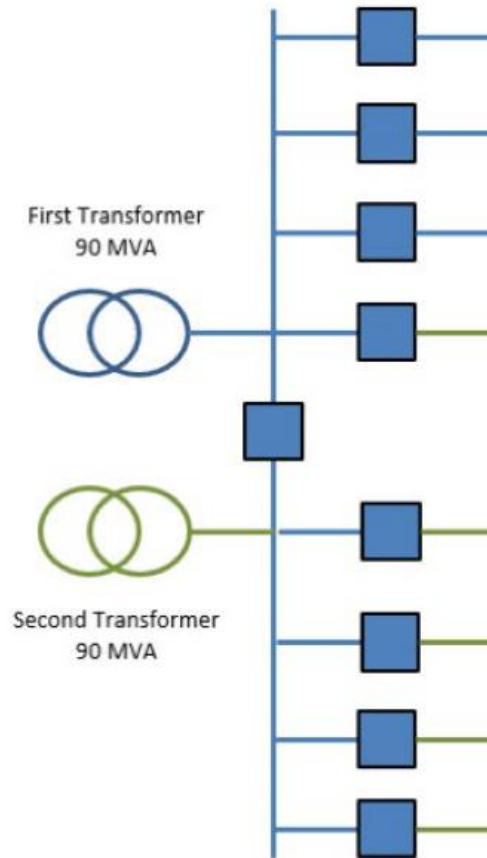
Update second transformer charging arrangements, so they are in line with initial cluster infrastructure charging

- 7.11 **In circumstances where an Authorised Generator makes an application for connection which has the effect of increasing the electrical capacity required from the Designated Cluster Infrastructure or Approved Cluster Infrastructure or Constructed Cluster Infrastructure above the capacity of the First Transformer and therefore necessitates the installation of a second transformer or a third transformer (where the capacity of a second transformer is exceeded by the connection application) or triggers the need for further transmission reinforcement then that Authorised Generator shall be required to pay for the full cost of the second transformer or the third transformer or further transmission reinforcement (as the case may be) and associated works notwithstanding that the transformer and / or further reinforcement may subsequently become a shared asset.**

Proposing that second transformer costs are paid on a per MVA basis, where generation customers only pay for the amount of capacity their connection requires

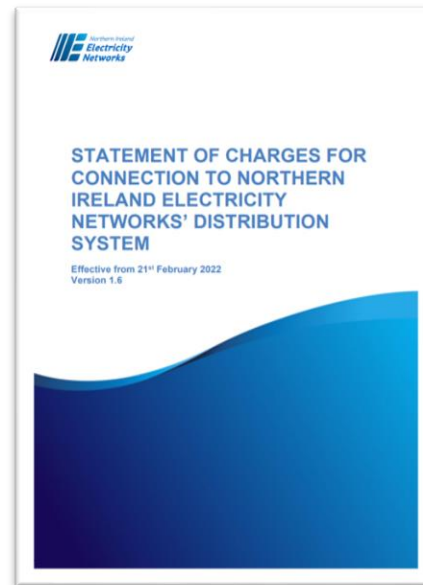
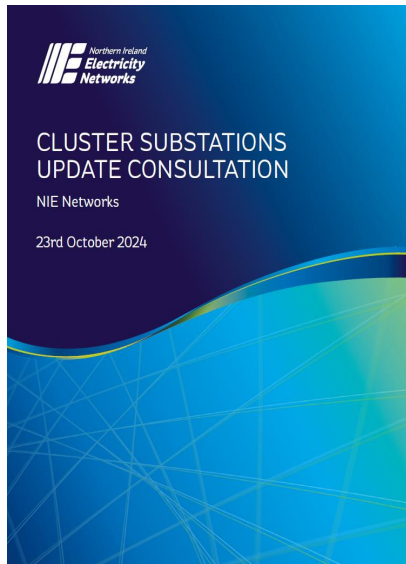
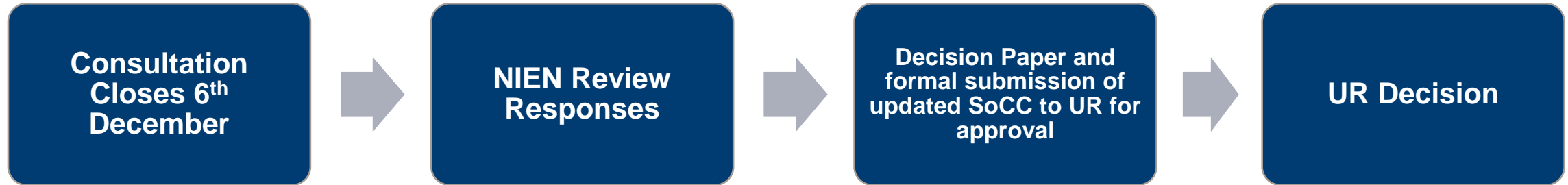
4

Amend how & when second transformers are triggered, including considering them from the outset



- A. The timing for NIE Networks seeking an approval request for a second transformer at an existing cluster substation - trigger based on a connection exceeding existing capacity or a set in stone threshold of capacity?
- B. Second transformer from the outset - always or only after a certain threshold of capacity has been met?

What are the next steps?



Q. At what point do generators who apply for connection stop being charged for the second transformer?

A. If approved, the changes will go live one month after the updated version of the SoCC is published on our website. Generators who apply after this would not be charged for the second transformer at a cluster if they are connecting into that cluster, but would not be energised until after the second transformer has been energised which as outlined in the paper is constrained by long lead times for second transformers (currently 3 years).

Q. What does this mean for small scale generation (<5MW)?

A. Clusters have traditionally focussed on the connection of large scale generation. However, this means large scale generation not connecting into BSP's which then frees up capacity for small scale generation. Additionally, we are progressing a project internally looking at ways we can create more capacity for small scale generation.

Q. What does this mean for demand connecting into clusters?

A. If these proposals are approved, one huge added benefit is that this means we would have an additional four clusters that would now be demand connection capable i.e have security of supply in terms of two transformers - releasing 360 MVA of demand connection capacity too and that would include capacity for low carbon technologies that can assist on the path to net zero like battery energy storage and electrolysers. Demand connections would still only be offered connection when it is the LCTA, and there are no proposals to change how demand connections are charged when connecting into a cluster. I.e. Until the second transformer is energised the cost of the second transformer would still be included in the cost to connect to a cluster.

Close

- Thank you all for your engagement at this event
 - These slides will be published on our website – updated with any questions
 - Encourage you to respond positively to the consultation proposals
 - Consultation closes at COB on 6th December - please respond!
 - Any questions in the interim, send to connectiondesign@nienetworks.co.uk
-

Questions from the event

Q: What will happen to in-flight applications? Will they change if there is an updated and approved SoCC?

A. Changes will only apply to applications once the updated and approved SoCC is effective. Only applications received after the updated SoCC has been accepted and published (1month following publishing on our website) will be considered

Q: It is understood there have been no grid export connection offers to renewable generators in the Fermanagh area since 2017 which has stopped new projects being developed. Is there anything in this consultation which changes this situation? And if so what is proposed and what is the timeframe? What would be the associated investment in the Fermanagh area network associated with this?

A. Current proposals do not lean towards a Fermanagh cluster at the distribution level but NIEN is working in close collaboration with SONI to explore ways to release capacity at Bulk Supply Points with a particular focus on Small Scale Generation. However, if there are indicators in the generation pipeline data gathered from this consultation that point to increased connections in the Fermanagh area then the position will be revisited.

Q: From an NIEN perspective, what kind of information would be of benefit going forward in helping with cluster designations and what more can developers do to help progress this work?

A. The key information that would help NIEN in understanding the generation & demand pipelines would be: Size, Location, and Development Stage (i.e. Consented, planning, or pre-planning).

Q: Is the scope of this consultation only applicable to the 4 named clusters in the paper or will it apply to all future clusters?

A. The 4 existing clusters (constructed and in pre-construction) will be affected but the changes to the SoCC (e.g. updated weightings, 2nd Transformer Charging Arrangements, when 2nd transformers are triggered etc.) will affect ALL cluster sites going forward if the changes to the SoCC are approved.

Questions from the event continued

Q: Have NIEN quantified the risk to the consumer if no generators were to connect into new clusters?

A. Cluster costs can vary significantly from site to site (£6-20M historically). Cost is always considered during any proposal brought forward to the UR. Where cluster costs and customer impact are concerns, the proposals will always be accompanied with thorough impact assessments and justifications to show that both benefits to the generating customer and consumer are balanced.

Q: What is the projected implementation timeline for these changes after the consultation closes on December 6th 2024?

A. After the consultation closes on December 6th, a Decision Paper will be drafted alongside a formal submission of the changes to the SoCC. If there is strong industry engagement, the turnaround to release the decision paper will be short. This comes from industry data being shared with NIEN as well as feedback on topics such as updating cluster weightings to accelerate the implementation timeline of the consultation. Ultimately, the goal would be to have a UR final response by the end of Q1 2025. NIEN hopes for a quick turnaround on this matter as the sooner the consultation is approved, the sooner the build-out of the network can happen, helping Northern Ireland to meet its climate targets.

Q: Is there any way to respond to the consultation or ask further questions before the consultation closes?

A. Yes. Any further questions or responses to the consultation should be forwarded to connectiondesign@nienetworks.co.uk before December 6th