18 June 2012

Dear Sirs

Development of 110kV Wind Farm cluster substations

As you are aware NIE has developed proposals to connect a significant proportion of the onshore wind farms in NI to the grid using shared assets. These ‘cluster’ proposals have been widely discussed with wind farm developers, the Utility Regulator, the Planning Service and other relevant stakeholders over the last two years.

NIE issued a consultation paper on 16 March 2010 to seek views on the charges that should be applied to generators whose grid connection uses a clustered arrangement. A decision paper\(^1\) was issued by the Utility Regulator (UR) on 21 April 2011 that sets out the proposed charging methodology.

The Statement of Charges for Connection to the NI Distribution System (SOC) details how NIE charge customers for a connection to the network. Before the new cluster charging principles can be implemented, the SOC must be suitably amended. Although this work is almost complete the amended SOC cannot be approved by UR at this stage due to a concern that the methodology required to justify the need for an individual cluster has not been specifically consulted on.

To address this issue NIE proposes to carry out a consultation on how it intends to define the requirement for a cluster. Subject to further discussion with UR, NIE plans to issue the consultation by mid July 2012 and invite responses by the

end of Aug 2012. Subject then to the volume and range of issues raised in the responses, NIE would plan to have the methodology finalised by the end of Sept 2012. This will allow the updated SOC to be approved and implemented soon after.

If you have any queries please contact Denzil Conn at 028 9095 4340 or denzil.conn@nie.co.uk or myself at 028 9095 4353 or gerry.hodgkinson@nie.co.uk.

Yours sincerely

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