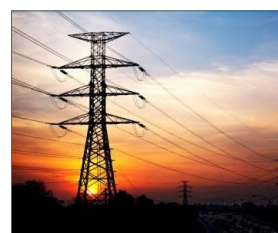


# **Modifications to Transmission Interface Arrangements (TIA) between NIE and SONI resulting from the implementation of the Third Energy Package (IME3)**

Utility Regulator Consultation  
22 January 2014



# 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, proportional, accountable, and targeted.

Be a united team.

Be collaborative and co-operative.

Be professional.

Listen and explain.

Make a difference.

Act with integrity.

## Abstract

In Northern Ireland, the functions of transmission system operation are currently shared between NIE and SONI. The Transmission Interface Agreement (TIA) sets out the arrangements to enable each to fulfil their respective licence obligations.

NIE and SONI have jointly proposed modifications to the TIA at the Utility Regulator's request. The modifications are required in conjunction with licence modifications to ensure that the content of the TIA allows effective implementation of the Third Energy Package (IME3) certification decision.

This consultation paper presents the proposed TIA modifications as an Annex. The Utility Regulator invites comment on the modifications from all interested parties.

## Audience

This document is most likely to be of interest to regulators, Transmission System Operators (TSOs), generation developers, generation licence holders, and other parties interested in the operation of the transmission system. The UR welcomes industry and other stakeholder views and comments on all the proposals set out in this consultation paper.

## Consumer impact

Modifications to the TIA for the purposes of the Third Energy Package are unlikely to result in significant additional costs for consumers in the short term, and should give rise to reduced costs in the medium/ long term. The modifications to the TIA are subsequential to the modifications to the NIE and SONI licences which have previously been consulted on by the Utility Regulator.

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Annex 1: Mark-Up of Modified Transmission Interface Arrangements between SONI Ltd and NIE Ltd

# 1 Introduction

## **Purpose of the paper**

Modifications to the licences of NIE and SONI and to the Transmission Interface Arrangements (TIA) which exists between the companies have been required to ensure compliance with the Third Energy Package (IME3).

This consultation paper presents modifications to the TIA as proposed jointly by NIE and SONI. The Utility Regulator invites comment from interested parties on the modifications prior to approval to allow interested parties to highlight any concerns or unforeseen issues that may arise due to these modifications.

The Utility Regulator has approved modifications to the TIA in the past without consultation, however the modifications resulting from IME3 compliance were significant so views are being sought to ensure smooth operation of the arrangements.

## **How to respond**

Responses should be sent to the addresses indicated below no later than 5pm on Wednesday 19 February 2014. Our preference would be for responses to be submitted by email, although hard copy responses are also welcome.

Any questions on this document and responses should be directed to:

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This paper is available in alternative formats such as audio, Braille etc. If an alternative format is required, please contact the office and we will be happy to assist.

## 2 Background

### The Third Energy Package

In Northern Ireland, the functions of electricity transmission system operation are currently shared between NIE<sup>1</sup> and SONI<sup>2</sup>. SONI is presently responsible for the day to day operation of the transmission system, and connections to the transmission system; NIE presently has an important role regarding planning, developing and maintaining the system. NIE will continue to be responsible for financing and carrying out the necessary maintenance and developments however the planning function is now transferring to SONI.

The Transmission Interface Arrangements (TIA) outlines the commercial and operational interactions between NIE and SONI and enable the efficient planning and operation of the transmission system. In order to comply with IME3, revisions were required to the TIA to reflect modified licence conditions and responsibilities of both parties.

Directive 2009/72/EC of IME3 concerns common rules relating to electricity transmission and the functions of electricity Transmission System Operators (TSOs). In particular they relate to the certification of TSO's as fully independent from any business which engages in electricity generation or supply. They also aim to ensure that TSO's cooperate with each other and are treated consistently.

NIE applied for certification under Article 9(9) of the Directive and on 12 April 2013<sup>3</sup>, the European Commission certified SONI as the transmission system operator (TSO) for Northern Ireland.

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<sup>1</sup> Northern Ireland Electricity (NIE) is the owner of the transmission assets and distribution system operator in Northern Ireland. NIE has been a separate, wholly owned subsidiary company of a vertically integrated undertaking (VIU) with generation and supply interests, previously under the ownership of Viridian and currently under the ownership of the Electricity Supply Board (ESB).

<sup>2</sup> SONI is the transmission system operator and is owned by Eirgrid plc (Eirgrid). SONI is a separate legal entity with no interests in generation or supply. SONI directs the output of each generating unit on the NI system to match supply to demand taking into account exchanges with other interconnected systems and ensuring the availability of ancillary services.

<sup>3</sup> [http://ec.europa.eu/energy/gas\\_electricity/interpretative\\_notes/doc/certification/2013\\_059\\_uk\\_en.pdf](http://ec.europa.eu/energy/gas_electricity/interpretative_notes/doc/certification/2013_059_uk_en.pdf)

## **Process followed to date**

In order for the Utility Regulator (UR) to give effect to the European Commission's decision on the Certification of SONI as Transmission System Operator (TSO) for Northern Ireland, modifications were required to the NIE and SONI licences..

The Utility Regulator held a number of face-to-face meetings with NIE and SONI in 2013 regarding next steps for the implementation of IME3 arrangements.

The licence modifications were subject to consultation<sup>4</sup> and a subsequent decision will be published in due course.

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<sup>4</sup> [http://www.uregni.gov.uk/uploads/publications/Consultation\\_paper\\_-\\_measures\\_for\\_the\\_purposes\\_of\\_IME3\\_-\\_Final\\_200913.pdf](http://www.uregni.gov.uk/uploads/publications/Consultation_paper_-_measures_for_the_purposes_of_IME3_-_Final_200913.pdf)



## **3 Transmission Interface Arrangements (TIA) Modifications**

To strengthen arrangements further and guarantee more effective independence going forward, amendments were also required to the Transmission Interface Arrangements (TIA) to reflect the arrangements defined by IME3.

The UR held a number of face-to-face meetings with NIE and SONI in the latter half of 2013 regarding next steps for the implementation of IME3 arrangements. The UR requested that the TIA be modified by NIE and SONI and submitted to the UR for approval. The companies provided the UR with a modified version of the TIA in mid-January 2014.

Although modifications to the TIA have not been formally consulted on previously, the UR has decided to consult on these most recent proposed amendments given the significant nature of changes to working arrangements between NIE and SONI.

The modifications to the TIA which have been proposed by NIE and SONI are attached as Annex 1 to this consultation document. The TIA is presented as mark-up of the existing arrangements to assist review.

While Licence Condition 25 of the SONI licence still requires SONI to offer terms to connection applicants in no more than three months from the date of application, the allocation of transmission planning responsibilities to SONI requires TIA changes in terms of the how the three month period is allocated between the companies. The companies are still in discussion on this matter but suggested time periods are set out in the marked-up version of the TIA. It should be noted that these time periods may not be final but Users will not be affected by any changes.

## 4 Next steps

Modifications to the TIA resulting from the implementation of IME3 will be subject to a 4 week consultation. Readers are asked to comment on the proposed modifications which are outlined in Annex 1. The consultation period closes at 5pm on Wednesday 19 February 2014.

A decision paper on measures for the purposes of IME3 which follows on from the Utility Regulator's consultation will be issued during the first quarter of 2014. It is intended that the updated TIA in Annex 1 will take account of the NIE and SONI licence modifications. Further minor changes to the TIA may be required subsequent to the publication of the IME3 decision paper to ensure all finalised licence modifications are considered; however the Utility Regulator does not foresee a need for further public consultation to approve minor modifications.

A decision on required modifications to the TIA will be published in March 2014. All actions to ensure compliance with Directive 2009/72/EC of IME3 are required to be complete by April 2014.