

Alan Campbell
SONI LTD
Castlereagh House
12 Manse Road
Belfast
BT6 9RT

25th June 2021

Our Ref – NET/E/JF/402

Dear Alan

RE: SONI Limited - Derogation request by EP Kilroot seeking a 36 Month Derogation from Transmission Grid Code clause CC.S1.1.3.8 for gas unit KTG7.

The Authority¹ has decided to grant EP Kilroot Limited (**EPKL**) a direction (the **EPKL Direction**) under Condition 4(2) of EPKLs licence to generate electricity (the **EPKL Licence**). The EPKL Direction applies to EPKL's operation of its KTG7 (OCGT) unit at Kilroot Power Station and relieves EPKL from its licence obligation to comply with certain specified parts of the Grid Code. SONI has supported the making of the EPKL Direction.

The EPKL Direction, and our reasons for making it, are fully set out in a letter (with the EPKL Direction as an Annex) which we have also published today.

Condition 16(1) of SONI's TSO Licence (**the SONI Licence**) obliges it to implement the Grid Code. Condition 16(12) of the SONI Licence Grid Code provides that the Authority may relieve SONI of its obligation to implement (or enforce) the Grid Code to the extent specified in any direction.

We have considered whether, upon making the EPKL Direction, we should exercise our power under Condition 16(12) to grant SONI appropriate related relief. We have consulted with SONI as to the exercise of our power under Condition 16(12) of the Licence. SONI is supportive of the making of a requisite direction.

The Authority's Decision

¹ In this letter (and the direction found at the Annex) the words "Authority" "we" "our" "us" and "UR" are used interchangeably to refer to the Northern Ireland Authority for Utility Regulation.

From the office of the Chief Executive

We have considered the matters outlined in the EPKL Direction, our published 2017 Guidance² on derogations, and our principal objective and general statutory duties as set out in Article 12 of the Energy (NI) Order 2003. We have also taken into account the fact that SONI is supportive of the making of a requisite direction.

- 1.1. Having considered these matters the Authority has decided to make an appropriate direction in exercise of its power under Condition 16(12) of the SONI Licence, being satisfied that the making of the EPKL Direction renders the making of the direction justified. The direction:
 - (a) is attached as an Annex to this letter; and
 - (b) relieves SONI of any obligation it has to comply with, implement (or enforce) the provisions of the Grid Code in respect of EPKL's obligation to comply with Clauses CC.S1.1.3.8, of the Grid Code in relation to the KTG7 Unit to the extent specified in the direction.
- 1.2. For the avoidance of doubt, the direction now given only relieves SONI from its Condition 16(1) licence obligation – in respect of EPKL's operation of the KTG7 Unit – to the extent that EPKL's operation of the KTG7 Unit is non-compliant with the relevant clauses of the Grid Code (as in effect at the date of this direction) but nonetheless within the scope of the derogation offered by the EPKL Direction.
- 1.3. Should EPKL fail to operate the KTG7 Unit within the parameters permitted and provided for by the relevant clause of the Grid Code and/or the EPKL Direction then SONI remains bound to take the appropriate action (pursuant to the Grid Code arrangements) in respect of any such default by EPKL. We do not expect that this situation will arise, fully expecting that EPKL will continue to operate the KTG7 Unit within the allowed parameters.
- 1.4. The direction shall cease to apply should the KTG7 Unit be de-commissioned or replaced.
- 1.5. The direction shall be entered and maintained in the Electronic Register

² [Decision Paper on Derogations - February 2017.pdf \(uregni.gov.uk\)](#)

ANNEX

**DIRECTION UNDER CONDITION 16(12) OF THE LICENCE TO PARTICIPATE IN
TRANSMISSION OF ELECTRICITY HELD BY SONI LIMITED**

Whereas:

- (A) SONI Limited (“**SONI**”) (“**the licensee**”) holds an electricity transmission licence (the “**Licence**”) granted to it on 3rd July 2007.
- (B) The licensee is authorised to participate in the transmission of electricity for the purpose of giving a supply to any premises or enabling a supply to be so given.
- (C) The Grid Code is required to be prepared by SONI Limited, approved by the Utility Regulator (“**UR**”) and applied by SONI Limited to permit the development, maintenance and operation of an efficient, co-ordinated and economical Transmission System.
- (D) Paragraph 1 of Condition 16 of the Licence requires the licensee to comply with the provisions of the Grid Code insofar as applicable to it.
- (E) Paragraph 12 of Condition 16 of the Licence provides that the UR may issue direction(s) (after consultation with the licensee), relieving the licensee of its obligations to implement or comply with, or to enforce against any other person any provision of, the Grid Code in respect of such parts of the Transmission system to such extent as may be specified in the directions.
- (F) The Authority has now made a direction (the **EPKL Direction**) granting EP Kilroot Limited (**EPKL**) relief under Condition 4(2) of EPKLs electricity generation licence (the **EPKL Licence**) from its obligation under Condition 4(1) of the EPKL Licence to comply with the Clause CC.S1.1.3.8 of the Grid Code (as in effect at the date of this direction) in respect of the KTG7 Unit and subject to the conditions specified in the EPKL Direction.
- (G) The Authority has consulted with SONI as to the making of a direction under Condition 16 (12) of the licence and SONI is supportive of the making of a requisite direction.

The Authority now directs as follows:-

1. Pursuant to the power available under paragraph 12 of Condition 16 of the Licence, the Authority directs that the Licensee is relieved of its obligations under Condition 16 of the Licence to implement, comply with and enforce, Clause CC.S1.1.3.8 of the Grid Code (as in effect at the date of this direction) in respect of the KTG7 Unit for the relevant period defined in the EPKL Direction (the **relevant period**) but shall instead implement, comply with and enforce the amended minimum generation requirement on EPKL in respect of the KTG7 Unit as set out at paragraph 2(a) of the EPKL Direction.

From the office of the Chief Executive

2. The Authority may revoke, vary or replace this direction by a further Direction before the end of the relevant period.
3. This direction shall further cease to apply on and from any date that the KTG7 Unit is de-commissioned or replaced.
4. The reasons for this direction are set out in a letter accompanying and published with it.



John French CEO

Date: 25th June 2021

Authorised by and on behalf of the Northern Ireland Authority for Utility Regulation