

From: [REDACTED]
Sent: 29 June 2021 19:46
To: McLaughlin, Roisin <Roisin.McLaughlin@uregni.gov.uk>
Subject: RE: Consultation Response

Hi Roisin,

This response is made on a non-confidential basis, however, i would request that my email address is redacted in any publications.

I have also noticed a few typos and grammatical errors in my submission - I have corrected below, but understand if you are unable to accept the corrections at this point.

Regards,

Ex-SONI Employee

From: [REDACTED]
Sent: 25 June 2021 17:01
To: McLaughlin, Roisin <Roisin.McLaughlin@uregni.gov.uk>
Cc: UREGNI Electricity Networks Responses <Electricity_Networks_Responses@uregni.gov.uk>
Subject: Consultation Response

Hi.

Thank you for your work to date on the SONI Governance issues and the opportunity to respond to your consultation. I am a former employee of SONI, who left mainly due to the frustrations with how SONI was being managed.

Although I have left, I still work within the electricity industry and so I wish to stay anonymous.

Whilst in SONI I felt that I could not raise the many concerns via internal whistleblowing policy because (as you also mention in your consultation) this ultimately goes to the

EirGrid Board and so the protections for the whistleblower would likely not apply as the EirGrid Board is in a separate jurisdiction with separate laws and protections that would not apply to a SONI employee. Likewise, on some of the concerns, it was also clear that some individuals within the Utility Regulator's office could be deemed as be complicit in those particular issues as well and so the external whistleblowing route was also risky.

My frustrations were mainly that the EirGrid Group Executive Team and EirGrid Group Management Team priorities are related to Ireland and Irish Government policies but a 'one size fits all' approach tended to be applied to issues in Northern Ireland. From an EirGrid Group Executive and EirGrid Board point of view that is probably the proper thing to be doing (given that EirGrid is an Irish state own company), but it does not allow for sufficient protection for consumers in Northern Ireland. Effectively EirGrid are operating as though there is a single TSO on the island of Ireland.

In the absence of the implementation and proper operation of the System Operator Agreement (SOA), there were also no routes to ensuring that the Northern Ireland consumer had adequate protections via that process. A ridiculous situation when that is one of the key points for the SOA to exist.

It is also worth noting that the EirGrid Group Executive Team has 8 people (including the EirGrid CEO) and only one is a SONI employee (the SONI MD) who reports directly to the EirGrid CEO rather than the 'SONI Board'. Meanwhile the Management Team has only 7 out of 41 SONI staff with only 3 of those managers reporting directly to the SONI MD (and a peculiar situation where one of these 3 managers is also the SONI MD).

Please see responses to your specific question below.

Best regards,

Ex-SONI Employee

Questions

1. Do you agree with our vision for good governance and our assessment of whether SONI meets this vision?

Yes, the UR vision for good governance is sensible and appropriate approach along. The application of the UK Corporate Governance Code (UKCGC) as should apply as a minimum.

Having worked in SONI previously, it was obvious to the 'dogs in the street' that SONI has evolved into a vassal TSO of EirGrid. As it currently stands, and based on the evidence set out in your consultation, effectively SONI has no control of TSO decisions in Northern Ireland at any level.

2. Do you agree with our analysis of the effectiveness of the existing licence in mitigating the majority of concerns raised within the CfE?

Most SONI Licence Conditions are appropriate and effective – but only if they are actually followed and complied with. The issue is that SONI have not been doing so in many instances and also, it must be pointed out, that to date the Utility Regulator have been ineffective at monitoring and ensuring compliance. I have heard it stated that SONI is currently in the state it is because EirGrid have been allowed to do what they have done. That comes back to effective regulation of SONI which also need to be reviewed.

3. Have we adequately assessed the residual potential for harm given the current drafting of the Licence and statutory duties?

I understand that this consultation is mainly looking at the harm (or potential harm) to the Northern Ireland Consumer through how SONI TSO is managed and the lack of transparency on issues such as cross-business charging between SONI and the rest of the EirGrid Group.

However, this is one small part of the overall the harm (or potential harm) to the Northern Ireland Consumer. There are much more serious consequences for harm (or potential harm) to the Northern Ireland Consumer based on the actual decisions that are taken at a Group level on policy that can result in increased cost to the Northern Ireland Consumer and is some case totally unnecessary costs to the Northern Ireland Consumer.

The example that I was made aware of recently (by a well-established wind farm developer looking to connect in Northern Ireland) related to the DS3 system services payments where payments for certain system services can be claimed for services that are not actually used in Northern Ireland, and in fact can't actually be used, but it was explained that because it was a 'group' policy it would be paid to his project nevertheless. Although outside the remit of this consultation, given recent scandal of RHI this is an area that should be investigated, but the point being that there was no level of SONI governance or scrutiny that took place (intentionally or otherwise) that would avoid such needless waste to occur.

Therefore, it is not only just the cost of the operation of the SONI TSO that can cause harm (or potential harm) to the Northern Ireland Consumer, but also the outworking of decisions taken at a group level by those who have no real understanding of Northern Ireland systems. In the above example the appropriate operation of the SOA and an effective governance from an independent SONI Board would have prevented this occurring.

4. Are there other committees or working groups not identified in the paper that readers are aware of, that span both TSOs and that should be considered as part of any governance proposals?

There are other working groups that have been established as part of the Irish Government Climate Action Plan where these are presented as all-island forums such as the FlexTech Initiative (<https://www.eirgridgroup.com/how-the-grid-works/ds3-programme/flextech-initiative/>). However, the main focus of these is to deliver on the Irish Government Climate Action Plan.

There are of-course multiple working groups under the SOA, but none of those ever established nor met at all during my time in SONI.

5. Do you agree with the areas for discussion on which we have focused and do you agree with the consultation options we have proposed in respect of the creating an effective SONI Board? If so, which of the four options do you favour?

Option D is the only option that works if there the outcome is to protect the Northern Ireland Consumer.

It has been proven over and over that EirGrid have not been and are not transparent on many issues. For example, even when the Utility Regulator requested information as part of the CfE and in subsequent requests for follow up information it avoided providing this in a clear way and in some area didn't provide answers at all.

In addition, appointments to the SONI Board should follow the Public Appointments Process in Northern Ireland (<https://www.nidirect.gov.uk/articles/public-appointments-explained>).

If SONI TSO is to act as an equal partner, or even to be perceived as an equal partner with its own guiding mind then that would not be achieved if the SONI Managing Director reports directly to the EirGrid CEO or the SONI Board is made up of EirGrid staff and EirGrid Board members.

7. In Options B, C and D, should the SONI Board no longer be appointed by shareholders? If so, who should appoint the Board?

Appointments to the SONI Board should follow the Public Appointments Process in Northern Ireland (<https://www.nidirect.gov.uk/articles/public-appointments-explained>) with inputs for relevant Northern Ireland Executive Departments.

The current SONI Board members, bar one, are either EirGrid employees or EirGrid Board Members – with the EirGrid Board members being appointed to the EirGrid board by an Irish Government minister following a process that involves NewERA who has a sole role of maximizing investment in Ireland (not Northern Ireland). Therefore there is an extreme conflict of interest.

8. In regard to each option proposed, do you agree with our proposals in respect of SONI management and resources?

Only the proposals in respect of SONI management and resources in Option D will secure the protections from harm (or potential harm) to the Northern Ireland Consumer.

9. Irrespective of the option chosen, do you agree with our proposals in respect of other governance arrangements that:

Yes.

The SOA is a key document in this regard.

Any SLA should be approved by the Utility Regulator and should have clear services that can be measured

SONI requires its own whistleblowing policy

A properly implemented SOA should deal with resolving any conflicts of interest that may arise, either between SONI and EirGrid TSOs, or between the interests of consumers within Republic of Ireland and NI

10. Do you have any views on our analysis of the cost and benefits of the various options?

No specific views other than the process is transparent

11. We ask SONI to provide any information available quantifying cost efficiencies and synergies which it says arise from the current governance structure

No specific views other than the process is transparent

12. Do you agree that none of our proposed options for governance changes would not give rise to a material incremental impact on the TSO cost of debt, above that which has been allowed for under the

2020-25 TSO price control decision?

I agree

13. Does your view change on the above issues given our proposal to undertake a formal review of the effectiveness of any new proposals two years after implementation?

No