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Re: Consultation on proposals for the governance of the System Operator of Northern Ireland (SONI)

Dear Roisin,

25th June 2021

The Federation of Small Businesses NI (FSB) represents around 6,000 members from all sectors, where over 99% of business are SMEs. Nationally, FSB represents 160,000 members from across the UK, and our mission is to help small businesses to achieve their ambitions. We work closely with our colleagues from England, Scotland and Wales in order to learn, share experiences and provide a collective voice on all relevant legislative or policy developments.

The energy policy landscape is highly complex and, like a number of policy issues, Northern Ireland finds itself in a somewhat unique position due to its market characteristics and 'all island' dependencies. Whilst energy policy is a devolved matter, we recognise similar issues exist on a cross-boundary basis and the impact this has in NI – be that wholesale energy prices, a transition to renewable energy or in this case - best practice approaches to governance.

Given the generational defining decisions that will be taken on our future energy strategy, 2021 is a crucial year for energy related policy in Northern Ireland. We note that SONI has [recently consulted](#) on four draft approaches to ensuring at least 70% of Northern Ireland's electricity comes from renewable sources by 2030. It is *somewhat* concerning that decisions of this nature could be taken whilst the matter at hand remains unresolved, in particular given the SONI role as a trusted advisor on transitioning to a low carbon economy.

Regarding the proposals, it is evident that the UREGNI investigation has been extremely thorough - taken in the interest of objectivity, reason and best practice – on behalf of business and domestic consumers. It is disappointing that such intensive levels of resource have had to be expended on the matter, and yet it is reassuring for FSB members to know this level of scrutiny exists, if and when required.

FSB understands that as a result of the current SONI TSO/Eirgrid governance model, UREGNI is concerned about the increased likelihood of the following risks:

- Inappropriately higher prices for NI consumers.
- Misalignment of NI policy and the SONI TSO approach to network development.
- Barriers to competition within NI energy market.

FSB fully recognises the need for balance in any regulatory space that allows business – in this case SONI/Eirgrid - to maximise synergies, innovate and compete. However, the focus of FSB in this context is on how the aforementioned risks could impact SMEs.

FSB therefore supports the process undertaken by UREGNI, as well as the cross-cutting facets that would apply across governance proposals A to D. Based on the information available, it appears reasonable to assume that options B and C would function well in practice - but FSB is not in a position to determine which option is most appropriate at this stage. FSB is reassured that the ongoing process outlined by UREGNI will unearth the most appropriate governance model, overall.

FSB would also expect that when taken in the round - the review process, new arrangements and a future review of said arrangements - will all help contribute to the UREGNI vision for good governance of SONI TSO.

Finally, FSB understands that UREGNI will outline its preferred option in October 2021. We recommend that this publication includes:

- The expectations - legal or otherwise - on SONI/Eirgrid to implement new governance arrangements.
- Possible scenarios based on compliance or lack thereof.
- Intention of UREGNI to monitor governance from there on.

This will allow stakeholders to understand how SONI/Eirgrid might be reasonably or legally expected to consider option(s) and, in the event an option is not implemented, what steps would be taken as a consequence.

Once again, FSB welcomes the process and we await the outcome with anticipation.

Yours Faithfully,

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Head of Policy NI

FSB Northern Ireland

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