

The EPF Independent Expert Panel  
(FAO Panel Chair Bob Hanna)

Ref: NET/E/TH/505

4 May 2022

Dear Bob,

**Utility Regulator feedback on SONI Forward Work Plan (FWP) 2021 to 2022.**

We welcome the opportunity to provide feedback on SONI's FWP 2021/2022. We set out our feedback on SONI's plan below.

The panel will be aware that this does not represent the UR Evaluative Performance Framework decision for the 2021/22 Forward Plan. Instead, it represents our feedback, after initial review of the plan, on the plan's key components required by the guidance. We summarise our view in the cover letter. We also set out more detailed feedback on the plan deliverables and performance commitments and information in Annex 1 and a spreadsheet on publicly available historic KPI information.

**Format, presentation and length of plan**

This is SONI's first forward plan and we recognise its efforts in pulling the information together into a publishable document. SONI has attempted to set out information on deliverables, outcomes, and measures of performance. We are pleased that SONI draws links between activity and our guidance criteria, and whilst being optional as part of the guidance, it provides a level of transparency across its services.

While acknowledging the work SONI has carried out we do have significant concerns about the accessibility of the plan. We did not find the plan presented a coherent, succinct and persuasive narrative, supported by evidence, of how SONI plans to improve performance and what specific behaviours it will exhibit to deliver outcomes. It is clear that further consideration of the audience is necessary.

In addition to this, future plans should take a more practical and proportionate approach to the description of baseline activity (as set out in the guidance). It should also draw a clearer, more relevant and sharper evidential link from this to where it intends to improve performance (this latter aspect of the plan is where we expect most of the detail to arise). We note there may be other ways to improve accessibility and we ask SONI to learn from best practice elsewhere.

## Strategy and Deliverables

Our new EPF framework encourages SONI to move away from a focus on narrow, target based incentives especially where these do not capture all SONI's influence. Instead we ask it to carry out its activities to maximise consumer benefit across its roles.

In terms of strategy, we could find positive evidence in its strategy of focus on integration of wind which, relates to aspects of decarbonisation, and also aspects of grid security in terms of system needs. Linked to this, we could find a positive and tangible short term strategic ambition to reach 75% System Non-Synchronous Penetration (SNSP)<sup>1</sup> along with an 85% target in the medium to longer term. However, we could not find evidence in the plan of how SONI plans to get there. We also could find little evidence of how SONI explicitly seeks to address the system-wide costs outcome in the short and longer term within its strategy. We would challenge SONI to be clearer on these points.

In terms of deliverables, we found one or two instances of evidence with potential to enhance beyond baseline. For example, SONI's plan to introduce an NI innovation strategy is a positive first step and also links appropriately to our service expectation on open and collaborative innovation. However, generally we found little evidence of moving beyond the baseline or of sufficient accountability in important areas. This is partly while some activity may be new and ambitious it is not sufficiently defined and/or we have not received a firm commitment in order to provide an unambiguous view, or because other activity is not new or is standard activity. We also often found it difficult to understand how activity contributes to benefits and outcomes as statements were general.

We are concerned that SONI has not clearly set out what activity or actions it is going to take to positively affect system wide costs. For example, balancing costs are large and forecast to increase significantly, so we would expect more evidence and/or clarity of short term and strategic longer term actions which SONI could take to affect these. We would also be interested in understanding how SONI is going to integrate new technologies (for example, flexibility) which could benefit the system, support market development, a level playing field and competition to benefit consumers under Role 1. Finally, we could find little evidence of new activity linking to our service expectations on whole system thinking<sup>2</sup> and digitalisation. We consider this an area where SONI could begin planning to positively affect system wide costs and grid resilience and there should be a renewed focus on this role.

## Performance Commitments and Performance Information

We found some positive evidence of how activities might impact on the measurable performance. For example, the 75% SNSP target is closely linked to the successful outcome

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<sup>1</sup> While not part of this forward plan assessment which is forward looking from October 2021, we understand the target has been made.

<sup>2</sup> This is particularly relevant for role 3 which currently heavily focuses on more traditional ways of planning the system.

of the SNSP trial i.e. direct correlation between activity and metric. However, for the vast majority of instances we found it difficult to take an unambiguous view on the performance information ambition. This is partly because we found it difficult to understand the full impact that deliverables have on performance commitments and measures, outcomes and how they flow through to consumer benefits. In some instances SONI may be taking a narrow view of performance or there may be focal gaps in performance given rationale of the deliverable or the type of benefits that can be accrued. We would challenge SONI to justify its performance commitment and information ambition and also the relevance and focus of certain aspects.

### **Stakeholder engagement and collaboration**

Our guidance asks SONI to be accountable to stakeholders: for example, through its plan to the extent that stakeholders have had a say in influencing its development in a way that ultimately benefits consumers. Many of our service expectations also seek greater collaboration.

SONI makes reference to use of stakeholder feedback to a UR regulatory consultation to inform its view on performance commitment aspect. However, for the most part, we found it difficult to understand, with precision, how the plan as a whole has been shaped by stakeholder feedback. SONI intends to undertake increased engagement and continuous engagement, and so we will be interested in understanding how this clearly shapes future plans and how it can demonstrate it has taken account of detailed and diverse needs of stakeholders.

We appreciate that SONI has a technical role and that it is important to keep stakeholders informed, and can be important to educate. However, we also remain concerned as to whether opportunities to collaborate will be availed of, particularly across Role 1 and Role 3. We seek more understanding of how SONI is going to demonstrate a detailed understanding of the different needs of a diverse range of customers, and collaborate with (and potentially co-design or trial) with experts and customers, across aspects of its role which can genuinely bring the most benefits to consumers.

We trust this is useful. If you have any queries please get in touch with Ciaran MacCann (Ciaran.maccann@uregni.gov.uk).



Yours sincerely  
**Tanya Hedley**  
**Director of Networks**

## Annex 1 – UR detailed feedback to Panel

### Role 1: System Operation and Adequacy

Deliverables	
<b>Ensuring system adequacy and market development:</b>  <b>System Services</b>  (FWP001,2,7,9)	<p>The DS3 operational close out project is a long standing initiative which precedes 1 October 2021 with delivery timings that we understand have slipped. It is unclear what tangible improvements are being made during the 2021/22 year that are additional to previous years to add to the baseline. Given delays we would expect SONI to progress this as soon as possible and it is unclear, therefore, whether exceeding the target milestone dates as SONI proposes is a stretching measure of performance. It may be helpful to provide more definition and specificity for certain steps to demonstrate for accountability (for example, where SONI says that an action will be to consider “next steps” more information on how it will decide next steps and follow up timetable for future steps may be helpful).</p> <p>SONI cites it’s Future Arrangements for System Services and its revised QTP arrangements as key activity. SONI notes that the activity is dependent on SEMC system services high level design decision (which has been published since SONI forward plan publication). We consider that these deliverables lacked definition and specification at this point. We have no firm commitment from SONI to progress this deliverable. The RAs requested the Low Carbon Inertia Services study a year ago and this will be an important project to deliver 85% SNSP.</p> <p>SONI intends to undertake a review of its 2020 DS3 protocol review but we are unclear on the ambition for this as it is difficult to understand what new activity or actions it is seeking to undertake, why, and if there are genuinely new steps, how exactly these relate to benefits in terms of the outcomes. This also means it is difficult to understand how it will measure success. The choice of timings for milestones (such as a consultation) are also unclear and interdependencies with other deliverables.</p>
<b>Ensuring system adequacy and market development:</b>  <b>Capacity</b>	<p>Qualification is complex, time consuming and quite “manual” at present so we agree with the concept of a capacity market qualification platform. This can benefit a range of stakeholders (TSOs and all other stakeholders such as Participants, RAs (Regulatory Authorities), SEMC, Capacity Auction Monitor and Capacity Market Auditor); support the capacity auction process timelines, provide greater assurance of the quality of Qualification data and decisions as the process would be less manual. It may also increase the speed by which data can be shared with the RAs/Capacity Auction Monitor.</p> <p>However, SONI does not provide firm detail of actions that it intend to take in order to deliver a Qualification platform. While</p>

	<p>we consider that priority should be given to delivery of this we could also not find assurance as to whether the timelines are realistic (in the sense of whether they can be hit on time). We are also unclear as to what some of the proposed enhancements will be given the benefits above (for example, whether the RAs and Auction Monitor will have a form of access to the platform data).</p> <p>While the capacity auction timetable steps are detailed we are concerned as to whether the timescales are realistic (in the sense of whether they can be hit on time). Increased stakeholder engagement with Market Participants is not mentioned. Granted Participants can submit Modification proposals however there is not a vehicle for Participants to engage with SONI in a positive way via workshops.</p>
<p><b>Scheduling and Dispatch:</b></p> <p><b>Control centre tools, Minimum Generation requirements study, capability to operate at 75%, Moyle</b></p> <p>(FWP 006,8,10, 15,17)</p>	<p>The target to operate at 75% is a positive ambition. However, it is unclear what the new activity is and whether it is additional to previous years to understand whether it is an enhancement.</p> <p>The minimum generation requirements study is a positive initiative. We consider that the activity could be better defined and specified further clarity is required work will be undertaken and when policy (e.g. the constraint) will be relaxed.</p> <p>The activity relating to '<i>implementation of ...existing control centre tools</i>' is long standing activity which we understand has been delayed. We therefore do not consider the activity to be ambitious and would be concerned with further slippage. We also understand that there are dependencies between some of the tools (VTT and LSAT) and commencement of the minimum generation requirements deliverable.</p> <p>The activity on the '<i>control centre of the future...</i>' while it may be potentially ambitious is too high level to assess given the information available. We have not yet received a request for funding for this and have no firm commitment from SONI to progress in lieu of this request.</p> <p>The Moyle projects are important activity being led by Moyle. SONI's role is to ensure that its EMS integrates with the interconnectors new control system. We consider that this is reasonably standard IT project for SONI and so it is unclear how the work represents a new way of working or process etc.</p>
<b>IT (FWP 011 to 14)</b>	<p>These projects, deliverables and actions seem to cover funding for improvements which were provided as part of the recent SONI price control and we would view them as reasonably standard types of IT activity. While there is good detail and specification on what is being undertaken across phases, some of the milestones and steps could potentially be given timelines to demonstrate further accountability notwithstanding issues around supply chains. Beyond</p>

	<p>timelines, it was also unclear that evidence SONI would use to assess success in terms of quality outcomes to make the level of accountability more specific. Given that SONI notes there are supply chain issues we are concerned about the lack of contingency/consideration of how this is going to be address to ensure timely and effective completion of deliverables.</p> <p>We consider that the Telecoms Assets programme transfer of assets the scope was set out in the SONI price control FD and is standard activity. We have asked SONI and NIEN to work together and present a plan as soon as possible to ensure the assets are transferred to NIEN as soon as possible at least cost in a way which ensures continuity of service.</p>
<b>Performance commitments and other performance information</b>	
RES-E (%)	<p>SONI has a target to increase the percentage of electricity consumption from renewables to <b>41%</b> in 2021-22. Key points include the following:</p> <ul style="list-style-type: none"> <li>• This target represents the same figure as set out in SONI's <i>Output Metrics</i> paper submitted as part of the price control.</li> <li>• Whilst SONI state that the 2019 base level was 39%, this does not accord with figures from DfE which shows 43.6% for the 2019 calendar year and higher values for the tariff year (see attached spreadsheet on KPIs).</li> <li>• Given the historic data trends, targets do not seem ambitious, though it is recognised that outputs are dependent upon variable wind.</li> <li>• If the 70% RES target is to be achieved by 2030 in a relatively uniform fashion from the 2019 base, the target for 2021-22 should be closer to 48%.</li> </ul> <p>We considered that the contribution from the activity under for example FWP002, 8, and 9 towards the metric to be not fully clear. We are also unclear as to how a RES E target is going to capture a key benefit of FWP009 which is to support new technologies.</p>
SNSP (%)	<p>SONI has a target to increase the maximum level of SNSP allowable on the system to <b>75%</b> in 2021-22. This corresponds with their SNSP trial. Key points include the following:</p> <ul style="list-style-type: none"> <li>• This target represents the same figure as set out in SONI's <i>Output Metrics</i> paper submitted as part of the price control.</li> <li>• Metric seems okay and demonstrates a step change in network usage.</li> </ul> <p>We consider that the 75% SNSP target is closely linked to the successful outcome of the SNSP trial FWP activity i.e. there is direct correlation between activity and KPI.</p>



Renewable Dispatch Down (%)	<p>SONI has a target to keep the average level of constraint/curtailment below <b>10%</b> in 2021-22. Key points include the following:</p> <ul style="list-style-type: none"> <li>• This target represents a less challenging figure than the <b>9.5%</b> for Year 2 of the price control as set out in SONI's <i>Output Metrics</i> paper submitted as part of the price control.</li> <li>• SONI considers this metric particularly challenging but does not explain why. Target would however represent an improvement from the baseline figure of <b>10.7%</b> in 2019 and <b>14.8%</b> in 2020 for wind.</li> <li>• Within their response to our EPF guidance consultation a stakeholder noted that <i>"SSE would like to see greater emphasis on the requirement to minimise dispatch down for renewable generation particularly in line with the requirements set out in the EU's Clean Energy Package. In 2019 NI experienced dispatch down levels of over 11%, it is also worth noting this has increased significantly into 2020; this is significantly higher than the required level of no more than 5% dispatch down set out in the Electricity regulation."</i></li> <li>• Percentages have generally been increasing on a yearly basis, so holding this figure constant may represent a reasonable performance, though not clear why the target has eased since the price control.</li> </ul> <p>It not fully clear how the new 75% SNSP policy and close out of DS3 trials (FWP002) impact on the SONI's ability to reduce the renewable dispatch down (e.g. what is the specific contribution from activity to metric).</p>
System Minutes Lost (SML)	<p>SONI has a target to keep the average level of system minutes lost below the threshold of <b>0.75 to 2.5 SML</b> in 2021-22. Key points include the following:</p> <ul style="list-style-type: none"> <li>• This target represents a more challenging figure than the <b>2.5 – 4.0 SML</b> as set out in SONI's <i>Output Metrics</i> paper submitted as part of the price control.</li> <li>• SONI has used an average from 2012-18 to establish a baseline of <b>2.231 SML</b> whereas actual performance in 2019 was <b>0.921 SML</b>.</li> <li>• The proposed range just represents baseline performance. Worth monitoring this indicator, but would not be considered an ambitious or stretch target.</li> </ul> <p>Unclear how it is possible to specifically link and understand the contribution to system minutes lost [SML] from SONI activities regarding the aged Moyle control system and its lack of integration with EMS</p>

System Frequency (%)	<p>SONI has a target to keep the system frequency within the <math>\pm 0.1</math> Hertz range <b>98%</b> of the time in 2021-22. Key points include the following:</p> <ul style="list-style-type: none"> <li>• This target represents a more challenging figure than the <b>96%</b> as set out in SONI's <i>Output Metrics</i> paper submitted as part of the price control.</li> <li>• Baseline performance in 2019 was <b>99.66%</b>, so target is a step back on actuals. The all-island system is consistently above <b>99.5%</b>.</li> <li>• Worth monitoring, but would not be considered an ambitious or stretch target.</li> </ul>
Other performance commitment or measurement issues	<p>We consider that there is a lack of prominence and specificity as to how SONI is going to capture its performance which may be relevant to system wide costs under this role. For example, imperfection costs are forecast to increase substantially: what short term and more specific strategic actions is SONI taking specifically to capture and deal with performance in this area (we note there is reference and link between min gen and dispatch balancing costs but there is little detail on contribution). Another example relates to SONI's aims to facilitate the introduction of new technologies under certain initiatives. However, how is SONI going to capture performance relating to making markets accessible to all types of provider and therefore its role in competition, thereby supporting lower costs to consumers?</p> <p>We understand SONI had previously considered gathering performance information relating to cyber security but this seems to have been dropped.</p> <p>While SONI proposes to capture how timetable is met, accuracy of publications/communications, stakeholder satisfaction, and evidence from Capacity Auction Monitor (CAM) Qualification and Auction Reports to judge success against issues identified during the auction process, may also be useful. We, therefore, consider that the plan may be capturing performance in this area in too narrow a way.</p> <p>Our guidance suggested that it may be helpful to review the appropriateness of metrics set by Ofgem with National grid but it is unclear whether this has taken place yet.</p>



## Role 2: Independent Expert

Deliverables	
<b>Expert Voice:</b>  <b>Shaping Our Electricity Future</b>  (FWP017,18)	SONI sets out planned activity relating to roadmaps, engagement plans, and consultations. It say that this is a key activity to its service proposition as an expert NI voice. SONI envisages expanded engagement and lists the number of engagements and provides brief information on the type of engagement. It is difficult to judge the quality of the proposed engagement and whether it represents a genuine step change in the way SONI engages from the information provided. For this reason, it is unclear how the engagement represents an improved way of working and how this will enhance outcomes or benefits. SONI has said that it will adopt a whole system approach but it is unclear what it means by this (we have set high level expectations and principles and have asked for a strategy; this asks for information on how it will engage and coordinate in this context. We have not yet received this).
<b>Transparency information:</b> <b>Annual Innovation report</b>  (FWP 019)	This is a positive example of a new business improvement which can potentially provide strong value for money to consumers. Stakeholders suggested through our price control engagement that it was unclear how SONI plans for innovation, so we are pleased that SONI has begun the process of being more responsive to this. While transparency in this area is a positive first step we would encourage SONI to go further. There is insufficient information at this point from SONI as to the type of innovation that will enhance outcomes or the process it will deploy to ensure that innovation is progressed and developed into BAU and how it will collaborate with stakeholders to innovate. We would also encourage SONI to demonstrate accountability and integrate innovation plans within the evaluative performance process where appropriate.
<b>Expert Voice/Regulatory engagement:</b>  <b>Other activities</b>  (FWP020,21,22, 23, 24,25)	As SONI recognises much of the activity relates to compliance or existing activity with no new notable or material business improvements or activity. It is unclear what enhancements SONI intends to make and how these contribute to strong consumer outcomes.
Performance Commitments and other Performance Information	
KPI Issues	SONI has not proposed metrics for this role other than timeliness of delivery. It states, <i>"This is an area for development and SONI anticipates that we will be able to devise suitable measurements given the assessment by the UR and the independent panel."</i> We recognise that for much of the activity in this role quantitative metrics may not fully capture SONI's influence. However, we feel that simply measuring performance against deliverable timelines is very narrow for an area where stakeholder engagement and innovation are cited. For example, in terms of how SONI has

	responded to feedback would be more appropriate and relevant and also objective survey of stakeholder satisfaction.
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### Role 3: System Planning

Deliverables	
<b>Various Network development and reinforcement projects (FWP026 to 41) and other</b>	While we recognise the amount of activity that SONI undertakes in this area we could not find evidence of genuinely new types of business improvement compared to the baseline. The level of accountability proposed for the activity described seem generally reasonable. We would be interested in stakeholder views on project timelines for their view on ambition and accountability.
Performance Commitments and other Performance Information	
Issues	SONI has not proposed specific performance information for this role other than timeliness of delivery. SONI state, “ <i>SONI considers that we exceed our baseline performance in this area given the vast quantity of activities and engagements planned over the period.</i> ” It is unclear whether this is the case and we question whether quantity of engagement is a useful measure in this instance.

### Role 4: Contractual interface

Deliverables	
<b>Energisation of Agivey Cluster and Battery storage (FWP042.43)</b>	The battery storage are important projects and we welcome SONI aspiration to get bring these to energisation. We welcome stakeholder views on this deliverable.
Performance Commitments and other Performance Information	
KPI Issues	SONI has proposed RES-E and SNSP to be the relevant KPIs in this area, but has not however explained how the activities impact on the metric. SONI are however open to new KPIs in this area. There may be benefit in considering monitoring of connection offers within timeframe, right first time connection offers (as per ESO National Grid), SSS tariff accuracy, Timeliness of tariff process. However, we recognise there is a question of prioritisation of where value can be achieved across the plan and other roles may be better to prioritise given our comments elsewhere.