

Roisin McLaughlin
Utility Regulator
Queens House
14 Queen Street
Belfast
BT1 6ED

21 February 2022

Dear Roisin

SONI TSO Governance: Consultation on modifications to the SONI TSO Licence

NIE Networks welcomes the opportunity to comment on this consultation.

Overall, NIE Networks is supportive of the overarching aim of the Utility Regulator's (UR) policy position for the SONI TSO business to have the management and operational resources available to it to fully carry out its important role. We consider this aim can be achieved successfully through separation of Board and senior management from EirGrid, but that full operational separation is not necessary. Hence, we supported implementation of Option B in response to the UR's consultation of April 2021 on SONI's governance arrangements.

In this current consultation however, the UR has decided to implement Option C which makes it very difficult to utilise shared operational resources.

We do not see any competition or market reason why SONI should not be able to use EirGrid resources. The issue to be addressed is primarily about transparency of decision making and ensuring that the controlling mind of SONI is focused on meeting Northern Ireland's needs. That is ultimately about governance, and the separation of Board and senior management should be sufficient to achieve that.

The electricity industry in Northern Ireland faces a challenging period ahead. To meet the ambitious targets set out in the Department for the Economy's (DfE) Energy Strategy¹, the SONI TSO business needs to be led by a Board and senior management team that is focused on meeting these targets whilst not being overly constrained in terms of how to resource itself.

Therefore, NIE Networks considers that there would be a benefit in re-considering the proposed derogation process whereby the default is separate resourcing, with SONI only able to use EirGrid capability by approved / limited exception. We believe this could have unintended and detrimental consequences for the industry in Northern Ireland.

In particular, we are concerned by the potential delays which may arise for SONI in carrying out its role if it is required to resource itself entirely independently of EirGrid. Our concern here is two-fold –

1. that this focus on acquiring resources will distract management from what is already a very busy and critical workload and thus delay important decisions; and
2. that drawing from a labour market where people with the necessary skill-sets are in short supply, will be challenging and could in a worse-case scenario, leave SONI unable to fully resource itself and is thus unable to operate at full capability and effectiveness as TSO over the critical years ahead.

Additionally, we consider the timing restrictions (which we understand limit SONI's opportunity to seek a derogation to a 'once every five years' window) to be too long and we are also concerned that the yet-to-be-published guidance for SONI on the application requirements may be very onerous.

¹ ['Energy Strategy for Northern Ireland. Path to Net Zero Energy.'](#)

Therefore, while NIE Networks would continue to prefer the implementation of Option B per the April 2021 consultation, we would ask that the UR is pragmatic in its approach to the implementation of Option C, especially in its approach to the sharing of resources and capability with EirGrid. Specifically, we would suggest removing the timing restrictions for seeking a derogation; or alternatively reducing the application window to a much shorter period than once every five years. We would also encourage the UR to not be overly prescriptive and to not set too high a bar, when developing the application guidance for derogations.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Carl Hashim', with a stylized, flowing script.

CARL HASHIM
Compliance Manager