

SONI Evaluative Performance Framework

Evaluation Report to UR of the EPF Expert Panel

Assessment of SONI Performance

1 October 2022 to 30 September 2023

Glossary

Throughout this report, the following abbreviations are used:

UR is the Utility Regulator in Northern Ireland;

EPF stands for Evaluative Performance Framework;

SONI is the electricity transmission System Operator for Northern Ireland;

TSO stands for Transmission System Operator;

DSO stands for Distribution System Operator;

NIEN stands for Northern Ireland Electricity Networks;

SEMC stands for Single Electricity Market Committee.

Introduction

As part of the 2020 to 2025 SONI price control, UR introduced the EPF, the primary purpose of which is to provide financial and reputational incentives to SONI to encourage it to engage in actions and behaviours which contribute to four set high level outcomes.

One element of the EPF is the Expert Panel, established to bring independent expertise to the assessment of SONI's planned and actual performance.

The Panel's function is to undertake an evaluation of, and report on, SONI's Forward Work Plan (the FWP) and, subsequently, SONI's performance against this FWP.

The Panel's instructions are to assess SONI's performance, according to detailed guidance*, from evidence in SONI's Annual Performance Report and submissions provided by SONI's stakeholders.

*<https://www.uregni.gov.uk/publications/evaluative-performance-framework-guidance-document>

UR is the decision-making authority.

This cycle of the EPF process relates to the regulatory period 1 October 2022 to 30 September 2023. SONI published its Annual Performance Report for the period on 21 December 2023.

Panel Assessment Process

Review of Annual Performance Report

The Panel followed the detailed guidance issued by UR in reviewing and evaluating the Annual Performance Report (“the Report”).

This involved applying the following criteria:

- Delivery;
- Stakeholder Satisfaction;
- Adaptability;

to the assessment of the actions, deliverables and behaviours that the Report presents as contributing to four high-level Outcomes:

- Decarbonisation;
- Grid security;
- System-wide costs;
- SONI service quality;

in each of the four SONI roles:

- System Operation and Adequacy;
- Independent Expert;
- System Planning;
- Commercial Interface.

Additional Assessment Criteria specified by UR

Sections 5.3 and 5.6 of the EPF guidance allow for UR to ask the panel to consider, in addition to delivery of the performance commitments in the FWP, under the Delivery criterion:

“the specified price control outputs (or deliverables) set by us for new initiatives, and the justification for this delivery”.

UR confirmed to the panel that no additional criteria were to be included in their assessment for the 22-23 year.

Review of Written Submissions on the Report from stakeholders

Written submissions on the Report were solicited by UR during a consultation period which concluded on 8 February 2024. Only one submission was received and this was considered by the Panel.

Participation in Stakeholder Meeting

The Panel participated in a Stakeholder Meeting, attended by stakeholders /stakeholder representative groups, held (in person and virtually) on 27 February 2024.

During the first (open) part of this meeting, SONI made three presentations and stakeholders were then invited to make comments and ask questions of SONI. In the second (closed) part, attended by SONI and the Panel with UR attending as observers, the Panel asked questions based on the Report and information arising from the earlier session, and SONI provided responses.

Review of Annual Performance Report

General Panel Commentary on Annual Performance Report

This is the first Annual Performance Report submitted under the EPF. The Panel recognises the significant work undertaken by SONI in delivering against the 2022/23 FWP and, in particular, the work which is still underway in developing a measure of Stakeholder Satisfaction. Once this work is advanced sufficiently, SONI should be able to address the needs of the EPF more readily.

SONI has structured the Report in a similar way to that of the 2022/23 FWP, and has also incorporated learning from utilisation of additional diagrams and graphics displayed in the 2023/24 FWP. This was designed to improve clarity of the material presented and thus assist in the process of performance assessment against the FWP.

The fact that assessment of the FWP is based on four criteria and assessment of the Performance Report on three different criteria adds an additional layer of complexity to assessment for the Panel and for SONI in producing the report.

It was necessary to read the entire report, including all appendices, in order to get a balanced view of performance. This is because, in the main report, for each role, following on from a summary diagram and table, details were given only of those projects which had not been completed in the period, rather than of all projects, as was the case in the relevant appendix. A key concern with the main body of the Report is that SONI focuses on explaining their shortfalls. There is little or no emphasis on activities which were delivered (in the face of unforeseen adversity) and those activities where they manifestly “outperformed”. It is only by reading the Appendices that a fully rounded view of the outcomes can be ascertained. This is a missed opportunity.

Some readers will only read the main report. A more representative appreciation of performance would be obtained by presenting summary information on performance of all projects in the main report, with full details in the relevant appendix.

Appendix 5 provides details of the various KPIs. It would be helpful to the reader if reference within the Appendices for each of Roles 1-4 could show how these KPIs feed into each specific role.

The application of the new Cost Scale Indicator was useful for the Panel’s work; however the Panel believes that more granularity within the current “High” band would aid performance assessment of projects.

The structure and presentation of details of project activities, followed by performance reporting against the set criteria, was generally good. This facilitated assessment by the Panel according to the set guidance.

SONI delivered presentations at the Stakeholder event which added clarity to some of the material in the Performance Review and which helped inform the assessment process. It would be helpful if SONI could consider adding some of the material which later appeared in the presentations to the Performance Review itself. This would assist the work of the Panel and reduce the need for additional clarification.

The Lessons Learned Section of the Report is very limited, largely dealing with communications and external dependencies. It would be helpful if SONI factored in how they have adapted their processes in light of lessons learned in various projects as a measure of adaptability across the roles.

Criterion 1- Delivery (all Roles)

This is the extent to which SONI has delivered as assessed against the specified deliverables and/or performance commitments in the FWP.

The guidance states that the panel should take into account SONI's outturn costs where these fall within the scope of the EPF. SONI stated, in response to a panel question, that the costs of the projects specified against each of the four roles are outside the EPF scope. This was confirmed by UR on 28 February 2024. Thus, the panel has not considered delivery to budget as part of its assessment. However, the cost range has been included in the tables covering deliverables in the 22-23 Report. This gives the panel an indication of relative size and importance of the particular project rather than as a performance measure.

The costs specified in the EPF guidance as in scope are System Service Support and Dispatch Balancing External Costs. These have not been addressed by SONI in the Performance Review. SONI should consider how to include such costs in an appropriate manner for future years.

It is noteworthy that some stakeholder feedback expressed a desire for more transparency on reporting on system-wide costs.

For each project, detailed text describes what was to be delivered. There is no clear information as to whether each milestone was delivered on time **within** the year. Under the sub-section "Date Revision", there is some commentary explaining why dates have changed but it is not clear in many cases by how much. It would be helpful to have clear expected and actual delivery/completion dates set out in the text, even within year. For many project milestones, the text states "Position as of 30 September 2023- Complete". In response to a query at the Stakeholder meeting, SONI indicated that a project was considered to have been delivered successfully if delivery occurred by 30 September 2023. This means that for projects where

delivery was due earlier in the year but slipped within year, SONI has measured delivery as successful. When referring back to the Mid-Year Report, which only contains updates on those projects which were due in the first half of the year, some dates were revised. These delays in many cases are not reflected as delays in delivery in the Report if completion happened before 30 September 2023. This provides a more positive view of delivery than the actual, as in year delays are therefore not shown in the metrics.

Criterion 2- Stakeholder Satisfaction (all Roles)

This is the extent to which stakeholders are satisfied with the performance of SONI, taking its performance in 2019/20, as supplemented by the FWP, as its baseline.

This criterion differs from the Stakeholder Engagement criterion which was a key element of the forward plan. As part of the work specified in the 2022-23 FWP and the 2023-24 FWP, SONI is in the process of developing a Stakeholder Engagement Strategy and a measure of stakeholder satisfaction. Until this work is complete, an assessment of stakeholder satisfaction can only be made using the project-based reports on individual projects as set out in the various Appendices to SONI's Report, together with information provided by SONI at the Stakeholder event. SONI has undertaken significant work in-year to improve stakeholder engagement (and has illustrated how this engagement took place for some projects) but until the work is complete, it is difficult to make an assessment of stakeholder satisfaction overall, from the material provided.

Criterion 3 – Adaptability (all Roles)

This is the extent to which SONI has shown successful adaptation and agility, to the benefit of specified SONI outcomes, in responding to opportunities not anticipated in the FWP.

SONI has provided some text relating to adaptability within each individual project. It would be helpful for future years if this could be related directly to the four SONI outcomes. In many instances, it is difficult to determine whether action taken within a project is something which should have been expected in a business-as-usual scenario or whether it is genuinely innovative. There are numerous occasions where SONI claim credit for adaptability and innovation to solve/overcome issues which

really should have been foreseen/risk assessed before commencement of the work. However, examples of adaptability and innovation are to be welcomed in general.

Roles – General Comments

Each of the sections covering a specific role is set out in a similar way with tables and graphics relating to projects, deliverables, key areas of focus and milestones. In each case, a pie chart shows the percentage of milestones, completed, partially completed or not progressed yet. No definition is provided as to what constitutes a milestone although, on reading through the report, it becomes clear that milestones are sub-categories of a project.

There are inconsistencies between summary figures relating to milestones, deliverables and projects in the graphics and tables within the various roles with the sub-totals not being the same in the various graphics and tables relating to each role. In addition some of the tables within each role show the same projects listed in a different order between tables. This makes it difficult to follow.

Status indicators in some of the tables required re-reading to clarify. Colour blind readers, or those printing out documents in monochrome, would struggle to interpret some diagrams and tables.

SONI has shown its delivery performance throughout the report as a percentage of milestones delivered within each role rather than a percentage of projects delivered. Milestones were not specifically listed as a measure in the 2022-23 FWP. As some of the project updates show delivery of some milestones within them and not others, this delivery percentage therefore shows a higher delivery rate than that which would have resulted had the percentages been calculated by project delivery rather than milestone delivery.

For some of the missed milestones, SONI states that the delay was outside SONI's control. In some cases, this is due to a delay in receiving information from another body such as UR or SEMC. SONI should consider, when compiling future FWPs, what the expected timescale for these responses should be so that a realistic target date can be set. Even if this were done, it is possible that unexpected delays would take place. However, it is difficult for the reader to ascertain from the Report, if the

delay is unexpected or is due to an over optimistic timeframe being set at the start of the year.

Some of the issues described which caused delays or issues within specific projects could apply to other projects in the future. It would be helpful to understand how SONI captures and applies the lessons learned from these to future projects.

Role 1 – System Operation and Adequacy

The FWP 22-23 assessment for Role 1 was good and the role covered a range of challenging projects. Page 9 of the main report shows that of the 26 milestones, 18 were completed with 8 partially completed or postponed. SONI states that the delay in two of these cases was for reasons outside their control.

Role 1, Criterion 1 – Delivery

SONI delivered many of the milestones within Role 1 in year with some explained delays. Of note is that two of the “key strategic focus” projects have not been completed, one of which is in the “High Cost” category. Some of the projects which are marked as “complete” at year end have had the target dates changed in-year as set out in the mid-year review (FWP008, FWP011, FWP005, FWP23-05). This is not shown in the performance review report at end year. Overall, this criterion could be seen as falling short of expectations.

Role 1, Criterion 2 – Stakeholder Satisfaction

Stakeholder satisfaction is not subject to a clear measure but there is evidence of individual stakeholder interactions and associated satisfaction provided for some projects. SONI has indicated on Page 6 of Appendix 6 that they consider that they have demonstrated a step change in engagement since 2019. Although there is evidence that this is correct, there is not yet sufficient evidence to indicate that stakeholder **satisfaction** has achieved such a step change. As stated in assessments of FWPs to date, it would be helpful to have more evidence of how SONI processes and actions changed as a result of stakeholder input rather than have a description of the various engagement events. This criterion could be seen as meeting expectations.

Role 1, Criterion 3 – Adaptability

There is limited evidence of SONI taking actions to address the four outcomes for situations where the events could not have been foreseen at the outset in the 22-23 FWP. In particular there is no clear link provided to the SONI outcome being targeted. However, the text in relation to adaptability for two of the strategic focus projects indicates some adaptability. Overall, therefore, this criterion could be assessed as meeting expectations.

Role 2 – Independent Expert

Within this role, SONI completed all but one of the 19 milestones. SONI states that the delay in the remaining milestone was for reasons outside its control. In addition, two additional projects (TESNI and Constraints Report (NI)) were added and delivered, based on feedback from stakeholders.

Role 2, Criterion 1 – Delivery

All of the projects fell into the “Low” cost category. Significant work has been undertaken in relation to stakeholder engagement although it has not been progressed sufficiently to provide satisfaction measures. Given the fact that all but one of the projects was delivered by year end (although some revisions to target dates occurred in year), this criterion could be seen as exceeding expectations compared to the baseline.

Role 2, Criterion 2 – Stakeholder Satisfaction

SONI has provided evidence of stakeholder engagement and some indications of stakeholder satisfaction within this category. Some of the stakeholder engagement refers to meetings with various Advisory Councils and Eirgrid and NIE Networks which could be viewed as business as usual. Performance over most projects within this role could be seen as meeting expectations but the additional efforts within FWP23-12 (Stakeholder Needs Assessment) could move the overall performance under this criterion marginally into “exceeds expectations”.

Role 2, Criterion 3 – Adaptability

Although SONI asserts that they demonstrated adaptability in adding two new projects, the table providing detail about the Constraints (NI) Report shows a “Not Applicable” comment in relation to adaptability. There is no clear evidence to show adaptability within that project. Overall, from the evidence provided against all projects within the role, this criterion could be seen as meeting expectations.

Role 3 – System Planning

Within this role, Page 18 indicates that of the 23 milestones set out, only 13 were completed with 3 not yet progressed. The remaining 7 are stated to be partially completed and SONI states that for these milestones, the delay was outside SONI’s control. The projects within this role are of medium and high cost.

Role 3, Criterion 1 – Delivery

Many of the projects within this role have not been delivered according to the timescale set out in the 22-23 FWP. Of the 13 milestones which SONI has marked as complete at end year, 5, (4 of which are in the High Cost category and 1 in the Medium Cost category), were shown as having the date revised in-year as reported in the mid-year review. (Projects FWP027, FWP028, FWP23-30). For the 7 milestones shown at end year as partially completed, the mid-year review shows one as not being started at the set time, and three having the date revised at mid-year report. Using the evidence provided in year about revised dates, it seems that only at most 8 of the 23 milestones were delivered according to the timescale set in the FWP. For those which were due to be delivered in the second half of the year, there is no evidence provided as to whether the dates were changed in year. This criterion could be seen as falling short of expectations.

Role 3, Criterion 2 – Stakeholder Satisfaction

For most of the projects, stakeholder engagement is described and in some cases, this engagement has been broader than that described in previous plans. However, there are few statements throughout the project updates on stakeholder **satisfaction**, with the exception of FWP034 – the mid Antrim update. This describes a deliberative engagement model and feedback from the Citizen Sounding Board

exercise. Overall this additional work leads assessment of this criterion to be seen as meeting expectations.

Role 3, Criterion 3 – Adaptability

As for other roles, SONI reports on changes made to the various projects. With only a few exceptions (FWP036, FWP029), these could not be seen as acting in an adaptable and agile way to address the SONI outcomes in areas which could not have been foreseen at the start of the year. In some cases, the detail became clear as the year progressed but in only a few cases does the evidence show adaptability in the sense described in the EPF. This criterion could be seen as meeting expectations.

Role 4 – Commercial Interface

Page 22 of the main report shows that of the 8 milestones within this role, 5 were completed and 3 partially completed. SONI states that the delay in two of these was for reasons outside SONI's control. Seven of the eight milestones relate to key areas of strategic focus. For FWP001, the mid-year report shows a revised date compared to the 22-23 FWP. Other than FWP001, all projects within this role are in the Low Cost category. (No cost range is provided in Appendix 4 for FWP23-31).

Role 4, Criterion 1 – Delivery

Although there were delays to delivery in some of the projects, FWP001, which is in the "Very High" cost range, was delivered by end year. Referring to the mid-year review, there was a change of date in one of the milestones contained within it – thus a delayed delivery. Overall this criterion could be seen as meeting expectations.

Role 4, Criterion 2 – Stakeholder Satisfaction

As for other roles, whilst stakeholder engagement is described, there is little or no evidence of how stakeholder satisfaction was assessed. However, given the additional efforts in this areas since the baseline, this criterion can be seen as meeting expectations.

Role 4, Criterion 3 – Adaptability

For some of the projects within this Role, SONI provided some evidence of adaptability whereas for others, the work could be seen as business as usual. SONI can be seen as meeting expectations in this criterion.

All Roles – Contribution to Outcomes

SONI has included a section in the report which describes very broadly how the deliverables set out within each role contribute to the four SONI outcomes. The description under each outcome lists some of the project deliverables which will contribute to the various outcomes. There is very little additional material within this section other than a categorisation of projects. This could possibly be achieved more easily within Appendices 1-4, relating to each role, by adding an additional section describing how the project contributes to the various outcomes.

Decarbonisation – Examples of the activities listed which will help Northern Ireland move towards the target of 80% of energy from renewable sources by 2030 include the FASS project, SONI's contribution to the NI Energy strategy and the Mid-Antrim Up-grade project. It is difficult for the Panel to assess how well SONI is addressing this outcome given the limited material provided, some of which is assertion rather than evidence e.g. "our work on Scheduling and Dispatch will have helped to ensure that we are on the path to enable the requirements set out in the Clean Energy Package". Where is the evidence that SONI are performing well at mitigating the risks associated with the connection of increased renewable generation to the transmission system?

Grid Security – Examples cited which will help to achieve this outcome include the Moyle Reinforcement project, work on Capacity Auctions and Generation Capacity Statement Methodology, the Grid Code Studies and subsequent modifications resulting from Shaping Our Electricity Future V1.1; work to update IT systems and control centre tools. The commentary is generic – little detail is given to allow SONI performance in this area to be evaluated.

System Wide Costs – This section provides some broad statements which discuss SONI's role in increasing competition between providers and ensuring that costs are minimised across all markets. Other work cited is the Scheduling and Dispatch work

which is expected to put downward pressure on prices. The scope of FASS largely excludes novel service providers. How will the significant potential of demand side services be addressed? SONI states that they have “captured the Markets Pillar”. This needs further explanation.

SONI Service Quality – The main contributor to SONI Service Quality described in this section relates to improved stakeholder engagement.

KPI Contribution to Outcomes

The Performance Review and Appendix 5 describe performance against the KPI targets and how these contribute to the four outcomes.

Decarbonisation – Within this section the targets for SNSP(%) and Renewable Dispatch Down (%) were met. For Renewable Dispatch Down, it would be helpful to have an explanation of whether the “limits under current system conditions” have been reached for this metric and if they have, what strategic initiatives can be put in place to improve them.

Grid Security – In this section the measurable KPI target of 98% for System Frequency(%) was met. As previously commented, this is a very aggregated measure. Consideration should be given to more granular measures for the future.

System Wide Costs – The KPI described within this section is Imperfection Cost Savings (Euros). The actual figure quoted was 10.2m euros. No target had been set in the 22-23 FWP as SONI is using the Plexos back-cast model to calculate the actual. SONI provided clarification on this measure in response to a Panel question, stating that the target is set annually on an all-island basis in consultation with the SEMC. Timing of this means that the target may not be known in advance of the FWP for any given year. The approximate saving for Northern Ireland depends on a number of factors and is approximately 25% of the total. Unless a target can be set, this is not a useful measure for the Panel to assess as there is no comparator for the actual figure in assessing whether it was a challenging achievement. SONI should consider how their value adding activities in this area can be properly evaluated and assessed within the EPF Framework

SONI Service Quality – The measures covered were timely delivery of publications with 17 out of 19 completed in year and 2 partially completed. Of the 17 delivered, 12 were delivered on time. The other measure within this outcome was Quality and Quantity of Feedback. The section describes general feedback on stakeholders' perception of SONI, which was 65% favourable. Until the Stakeholder Satisfaction work is completed, this will be difficult to break down into specific sectors of stakeholder.

Grading of the Annual Performance Report

The Panel followed the UR Guidance, which involved determining a graded score for how each criterion was met in each of the four SONI roles, and ultimately an overall assessment grade for the Report.

Each Panel member separately undertook their assessment in advance of a meeting of the Panel on 16 February 2024. In that meeting, the Panel reviewed evidence submitted by SONI in its Report and the one written submission from a stakeholder. The panel submitted some written clarification questions to SONI which were answered in advance of the Stakeholder meeting. At the Panel meeting on 27 February, the Panel considered information provided by SONI at the Stakeholder Meeting that day, responses from SONI to the Panel's questions. They agreed a consensus score for each criterion, and agreed grades for each role and an overall assessment grade for the Plan. The panel agreed assessment is shown in Table 1 below.

Table 1

		Role 1 System Operation and Adequacy	Role 2 Independent Expert	Role 3 System Planning	Role 4 Commercial Interface
Weights		27.5	25	25	22.5
Criterion	Criterion	Score	Score	Score	Score
1	Delivery	-1	1	-1	0
2	Stakeholder Satisfaction	0	1	0	0
3	Adaptability	0	0	0	0
Assessment Total		-1	2	-1	0
Assessment	Grade	3	4	2	3
Overall Grade		3.00			

[The scores for each criterion run from -1 to +1, and the grades run from 1 (poor) to 5 (excellent). Grade 3 is “baseline”.]

SONI’s Performance is therefore deemed (using the language in the UR guidance to the Panel) to:

Fall short of expectations with respect to the Delivery criterion;

Meet expectations with respect to the Stakeholder Satisfaction criterion;

Meet expectations with respect to the Adaptability criterion.

Performance is graded baseline (according to the UR grading guidance) for Role 1, System Operation and Adequacy, good for Role 2, Independent Expert, lagging for Role 3, System Planning, and baseline for Role 4, Commercial Interface.

The Panel assessed overall grade for SONI’s Annual Performance is 3.00, which is deemed baseline.

The Panel recognises the significant efforts made by SONI in the production of this first Performance Report under the EPF guidance.

Dr Bernie Stuart

Tom Doran

Dr Scott King

Robert Longden

15 March 2024