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Dear Ciara,

**RE: CONSUMER COUNCIL RESPONSE TO THE SONI PRICE CONTROL APPROACH DOCUMENT.**

Thank you for the opportunity to provide feedback on the SONI price control SRP26 Approach.

**The Consumer Council**

The Consumer Council is a non-departmental public body (NDPB) established through the General Consumer Council (Northern Ireland) Order 1984. Our principal statutory duty is to promote and safeguard the interests of consumers in Northern Ireland.

The Consumer Council has specific statutory duties in relation to energy, postal services, transport, and water and sewerage. These include considering consumer complaints and enquiries, carrying out research, and educating and informing consumers.

**Robust and transparent scrutiny**

The Consumer Council welcomes the opportunity to respond to this Approach Document Consultation. It is important that the Consumer Council and other key stakeholders have this opportunity, at this early stage of the price control process, to help shape SONI's strategic direction. This will enable SONI to best serve the consumers of Northern Ireland.

As the transmission system operator, it is vital that SONI oversee security of supply for all Northern Ireland electricity customers and ensure that consumers receive value for money.

A significant challenge SONI faces in this new price control will be the increasing impetus from the Energy Strategy, as outlined in the document, the Climate Change Act and its 80% target for renewable generation throughout Northern Ireland by 2030. The need for significant increases of electrification of transport and heat will heavily impact on the electricity distribution network, especially in the second half of the decade.

The NIE Networks RP7 Business Plan, which is currently undergoing regulatory review, outlines significant infrastructure plans in line with the energy strategy. In short, it will result in a step change in network capacity and operation, additional investment in infrastructure, and in turn,

more cost imposed on consumers.

We recognise that both NIE Networks and SONI will need more finances to accelerate decarbonisation. However, it is essential that these costs are robustly and transparently scrutinised, service standards increase, and consumers are appropriately protected.

### **Business Plan assessment**

Transparency could also be enhanced through simple steps such as a different means to assess the SONI business plan. During GD23 all three GDNs rated every area of their respective plan as 'Exceptional', while the UR rated their plans as 'Good' (with one area for PNGL rated 'Exceptional' and one area for SGN rated 'Meeting Basic Expectations'). This suggests the proposed approach to self-assessment is not particularly effective.

We would suggest that rather than use an absolute assessment level (Excellent, Good, etc.), SONI is asked to self-assess and compare the relative quality of the different areas of their own business plans (so if they mark one area as particularly strong then this implies that other areas are relatively weaker).

### **Stakeholder Engagement**

Network planning and management is becoming increasingly challenging as we decarbonise our energy generation. This increased use of renewables will place new pressures on our transmission and distribution system and will necessitate careful stewardship by SONI. It will also require enhanced transparency from SONI and the Utility Regulator.

The Consumer Council responded to the SONI Evaluative Performance Framework: Annual Performance Report 2022/2023 – Call for Feedback in January of this year. Regarding stakeholder engagement, we would like to reiterate part of this response:

*It is imperative that UR place significant weight on stakeholder/customer/consumer feedback and stakeholder/customer/consumer-facing output measures to ensure that SONI is incentivised to deliver outputs that stakeholders value. The UR must continue to make sure SONI is accountable to end users for its performance and robustly monitor SONI's performance.*

*Moreover, an independent expert must be attuned to the needs of the stakeholders it engages with. SONI should continue to focus on developing its organisational capability to explain the complex decisions their role necessitates in a clear, concise, and understandable way to stakeholders, particularly representatives of domestic end users, who do not have detailed technical knowledge of the energy sector.*

*We encourage SONI to continue to engage with its sectoral partners as we collectively work to widen and deepen dialogue and direct engagement with consumers, to keep consumers informed of sectoral plans and progress.*

It is not in consumers' interests for SONI to undertake expensive mass consumer awareness campaigns regarding their role. However, it is vital that public representatives, and industry stakeholders and consumer representatives are enabled to understand SONI's role as a steward of the network and advisor. This will necessitate bespoke engagement with those parties to facilitate their greater understanding of the role of the system operator so that they can trust SONI decision-making and provide critical challenge.

## **Evaluative Performance Framework**

It is essential that the Utility Regulator find means to ensure SONI develop trusted relationships with key stakeholders. One such avenue is via the Evaluative Performance Framework Panel.

While we appreciate that the Evaluative Performance Framework Panel must be independent the Utility Regulator should not step back from the process altogether, as proposed in the Approach Document, as the panel is always likely to require support, advice, and facilitation from the Utility Regulator.

The Consumer Council note that while the Panel has had some success in encouraging SONI to report against performance in a more transparent manner, there is still a significant improvement required in the way SONI and the Panel engage with key stakeholders to facilitate stakeholder understanding. In this regard the Panel's role as an independent challenge to SONI is vital, as is the Panel's role in facilitating key stakeholders' challenge to SONI. This external challenge is essential to ensure SONI decision-making is in the best interest of the end user.

## **Governance**

The Consumer Council welcomes the progress made by SONI in appointing an independent Board. The presence of a Board will help address the transparency requirements noted above. The Consumer Council responded to the SONI TSO Governance Consultation Proposals (June 2021 Consultation), regarding governance, we would like to reiterate part of this response:

*"NI consumers are entitled to robust governance arrangements that can ensure SONI's strategies, policies and projects:*

- *Are fully aligned to the needs of NI consumers.*
- *Help consumers across NI meet future challenges by delivering a just, affordable and secure energy transition.*
- *Are acting in the best interests of NI consumers through transparent and accountable governance and evidence-based decision-making.*
- *Enable and facilitate an integrated, flexible and reliable energy system that supports the ambitions of the Energy Strategy for NI.*

*As a regulated company, SONI is ultimately accountable to the citizens of Northern Ireland. This accountability must be underpinned by transparency in respect of its operational activities, and the activities of its staff and Board."*

We welcome that this Price Control will focus on ensuring clarity and transparency in relation to how decisions are made, and costs are allocated between SONI and EirGrid. This will help ensure SONI independence alongside efficiencies that result from appropriate joint working.

We look forward to continuing our engagement with the UR throughout the SRP26 review.

Yours sincerely,



**Raymond Gormley**  
**Head of Energy Policy**