

Ciara Brennan  
Utility Regulator  
Queens House  
14 Queen Street  
Belfast  
BT1 6ED

29 March 2024

Dear Ciara

### **SONI TSO price control (2026-2031) approach**

I refer to the UR's consultation on the above. NIE Networks welcomes the opportunity to comment on the UR's approach to this price control.

We confine our comments to the main areas where the TSO price control may directly interface with or impact on NIE Networks and these are set out below.

The electricity industry in Northern Ireland faces a challenging period ahead. Much like our RP7 price control, we recognise that SONI's next price control covers the transformational period up to 2030. To meet the ambitious targets set out in the DfE's Energy Strategy, it will be crucial that the SONI price control includes sufficient funding and is delivered within the timelines set out. With electrification a key part of the Energy Strategy, it is important that SONI and NIE Networks are appropriately funded to engage across both price controls to develop transmission infrastructure to facilitate this energy transition.

Whilst the D5 approval process has facilitated the delivery of modest levels of transmission projects over the last number of years in NI, NIE Networks considers that a full review of the transmission infrastructure approval process is required to ensure the significant increase in projects can be progressed to delivery stage without delay, helping to ensure the achievement of 2030 targets and beyond. We believe that a review should be jointly progressed, in the short term, by the UR, SONI and NIE Networks. Whilst we acknowledge an expedited review will require focused resource commitment, NIE Networks is committed to fully support this and looks forward to engaging further with the UR and SONI on this important topic.

We welcome the UR's intention to further engage with SONI and NIE Networks in relation to the Evaluative Performance Framework (EPF) to give consideration on how to further the process in both organisations. We have concerns with the proposed design of the EPF for NIE Networks in the RP7 Draft Determination and we consider the design of the EPF should offer more upside reward – similar to the EPF in SONI's current price control, and the ESO in GB – which in turn would better help achieve this and unlock significant customer value.

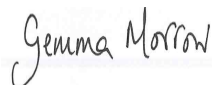
We note the UR's objective for the next SONI price control to ensure that innovation funding can be accessed where a demonstrable case exists. As part of its recommended approach towards innovation funding during RP7, NIE Networks proposed the creation of a Network Innovation Fund (NIF), a flagship innovation fund visible to stakeholders. As well as providing cost recovery for purely network related innovation activities, the NIF would also facilitate whole system innovation projects, providing greater opportunities to collaborate with SONI, academia and industry. We believe the mechanism for innovation funding used by SONI is appropriate and would work well alongside the NIF.

We welcome the UR's clarifications that SONI may still utilise derogations to utilise services from Eirgrid that will help it deliver its commitments to the NI Energy markets in an efficient and timely manner.

We also welcome the level of stakeholder engagement proposed and consider that transmission development plans should be transparent and be consulted upon. We look forward to continued and constructive engagement with the UR, SONI and other stakeholders, in order that we are best placed to meet the considerable challenges and ambitions outlined in DfE's Energy Strategy, and to continue delivering good customer outcomes.

Please let me know if you wish to discuss any aspect of this response.

Yours sincerely

A handwritten signature in black ink that reads "Gemma Morrow". The signature is written in a cursive style and is positioned above the printed name.

**GEMMA MORROW**  
**Regulation Manager**