

CONSULTATION ON PROPOSED LICENCE MODIFICATIONS

Notice under Article 14(2) of the Electricity (Northern Ireland) Order 1992 – Consultation on Proposed Licence Modifications regarding Digitalisation to NIE Networks Transmission, Distribution and SONI Electricity Licences

Northern Ireland Electricity Networks Response

26/11/2024



Contents

1.	Introduction	2
2.	NIE Networks Response	2
2.1	Guidance and Instructions	2
2.2	Dispute Resolution Process	3
2.3	Data Sharing	3
2.4	Consumer Benefits	3
2.5	Regulatory Funding	4
3.	Additional Information	4
3.1	Digitalisation benefits for consumers not just market participants	4
3.2	NIE Networks and SONI Co-ordination Mechanism	5
4.	Conclusion	5

1. INTRODUCTION

Northern Ireland Electricity Networks (NIE Networks) welcomes the opportunity to respond to the UR consultation on proposed licence modifications on a Joint Digitalisation Strategy and Action Plan for NIE Networks and SONI.

NIE Networks recognises that industry is facing major challenges on the journey to net zero and that accessibility of data and digitalised service is a fundamental enabler of energy transition. Delivery of the NI Energy Strategy presents a considerable challenge for the energy industry, one that NIE Networks is proactively embracing. Data and digitalisation will be of fundamental importance to delivery of the aims of the NI Energy Strategy and NIE Networks' own strategies and vision. Many of the additional responsibilities and services will require new sources of timely and accurate data, underpinned by new digital processes that will ensure that the future needs of customers and stakeholders are met.

Whilst NIE Networks recognises the intended approach through the licence modifications, there are some areas which require further clarification. NIE Networks would welcome further ongoing engagement between UR and SONI to get this clarification.

These 'points of clarification' are outlined in the next section of this response.

2. NIE NETWORKS RESPONSE

2.1 Guidance and Instructions

NIE Networks seek clarification with regard to the guidance and instructions references throughout the consultation document i.e.

Paragraph 1.18 refers to the option for UR to produce *Guidance and instructions if necessary*, however, reference is also made to Digitalisation Strategy Action Plan (DSAP) guidelines in paragraph 2.18b which indicate that the *action plan should comply with and take account of Authority's DSAP Instructions and Guidance respectively*.

In addition, paragraph 38 of the proposed licence condition states that "*The authority may following consultation with the Licensee and such other persons that it considers appropriate, issue, and from time to time amend, a document which shall be known as the DSAP Instructions and Guidance*".

It is unclear from the consultation if the documents referred to in paragraphs 1.18, 2.18 and 38 are actually the same document (i.e. DSAP Instructions and Guidance) or if there will be separate Guidance and Instruction mechanisms put in place.

Further clarification is also required on what will be included in the Instruction and Guidance and the circumstances under which each document is applicable.

NIE Networks considers that the DSAP Instructions and Guidance document is an integral part in the development of a Joint Digitalisation Strategy. It is not clear from the consultation as to when the DSAP Instructions and Guidance document will be developed and circulated. Given the significant importance of the guiding principles, the DSAP document must be made available to NIE Networks and SONI for review prior to the licence modifications taking effect. It is important to understand the expected outcomes in advance of any strategy preparation. Failure to have access to the DSAP Guidance document in a timely manner will increase the risk that the Joint Digitalisation Strategy does not meet

the expected guiding principles and will result in multiple iterations and delays of the Strategy publication.

2.2 Dispute Resolution Process

NIE Networks welcomes the inclusion of the dispute resolution process, however, we consider that the timeline for the dispute resolution process, whilst extended, will increase the risk of non-compliance with the licence conditions through potentially missed publication dates.

It is also important to understand if and how the dispute resolution process will impact on the overall timelines for the Strategy and Action Plan publication. For example, in the event of a dispute where both NIE Networks and SONI disagree and the UR either directs a particular proposal, or suggests an alternative approach - is there a possibility that a further consultation with relevant stakeholders will be required to consider the revised changes?

A further consultation period will significantly delay the extended timeframe of 84 days and 56 days for the UR to respond as outlined in the dispute resolution process within the consultation document.

NIE Networks seeks further clarification on the circumstances where the dates for the Strategy and Action Plan review may change and how the alternative date will be communicated to NIE Networks, SONI and other relevant stakeholders to ensure compliance with respective licences.

2.3 Data Sharing

Whilst NIE Networks recognises the importance of data accessibility and data sharing, it is not sure that all energy system data can be shared publicly.

As part of compliance with all relevant Data Protection legislation, all data requests, including system data, are triaged by NIE Networks to assess suitability for data sharing. If assessed at risk, for example, due to legal, electricity licence conditions or commercial reasons, this data will not be made available.

When considering a joint digitalisation strategy, it may prove more complex for both NIE Networks and SONI to agree on certain data sets due to respective legal requirements and licence conditions. Failure to agree on initiatives to provide specific data sets may appear in contravention of the Digitalisation Strategy licence condition.

NIE Networks would welcome further engagement to understand the implications on the digitalisation licence condition of such a scenario.

2.4 Consumer Benefits

NIE Networks recognises the importance of taking account of consumer interest and delivering consumer benefits which are aligned with stakeholder needs and ensuring that digitalisation benefits are shared fairly with consumers.

NIE Networks notes that the consultation states that the licence conditions will apply to energy system data only at this stage. The consultation notes that the Digitalisation Strategy and Action Plan must identify and deliver tangible benefits to consumers.

However, it must be noted that it may be difficult to quantify direct and immediate consumer benefits from the joint initiatives between NIE Networks and SONI, for example, some initiatives may be a pre-requisite for future energy system data capabilities and therefore benefits are not immediately

identifiable. There may be a risk therefore that the proposed initiatives, which may have longer term consumer benefits, will be removed from the Digitalisation Strategy and Action Plan during the review stage prior to final publication.

It is imperative that DSAP Instructions and Guidance principles are in place and a provision for flexibility made to consider intangible consumer benefits as well as tangible.

2.5 Regulatory Funding

NIE Networks welcomes the support from the UR in developing digitalisation planning in line with the RP7 Determination. A comprehensive RP7 Digital and IT business plan has been developed to ensure NIE Networks can meet the changing demands relating to decarbonisation, changing customer preferences and network resilience whilst unlocking consumer benefits.

The initiatives planned in Year 3 to Year 7 (Phase 2) are designed to further enhance and build on capabilities developed in Year 1 and 2 (Phase 1). Failure to secure the funding for planned Phase 2 Digital and IT activities will impact on our ability to prioritise and deliver Digital and DSO initiatives designed to support digitalisation and accessibility of network and system data which, in turn, will benefit all energy consumers. This could make it difficult, if not impossible, to fully meet the requirements of these licence conditions. It is imperative that the digitalisation licence conditions and compliance implications are considered during the subsequent regulatory submissions and determination for Phase 2 allowances.

3. ADDITIONAL INFORMATION

The consultation paper requested additional information which is not directly part of the consultation on licence modifications. NIE Networks notes some additional information below which it considers should also form part of the consideration of the proposed licence conditions.

3.1 Digitalisation benefits for consumers not just market participants

NIE Networks has developed a robust RP7 plan designed to deliver capabilities and to ensure that the future electricity network will meet customer expectations, facilitate the energy transition, and maximise benefits and value for customers. Our RP7 business plan is designed to deliver meaningful outcomes for consumers. NIE Networks has a set of commitments for customers and stakeholders which include:

- Meeting the needs of our customers
- Maintaining a safe, reliable and resilient network
- Facilitating net zero through a flexible and integrated energy system
- Preparing our business for the future

NIE Networks is focused on ensuring delivery to meet our RP7 commitments through both our individual initiatives or joint working arrangements with SONI. Our digitalisation initiatives will align to these commitments which will benefit consumers and all stakeholders, including market participants.

3.2 NIE Networks and SONI Co-ordination Mechanism

NIE Networks and SONI have existing joint working arrangements in place. The most appropriate arrangement for co-ordination and delivery of activities should be the joint Digitalisation Working Group. The meeting cadence and terms of reference of the Working Group will need to be reviewed to account for additional governance arrangements for approval of the Digitalisation Strategy and Action Plan. A joint governance board may also be required to oversee the approval of the joint Digitalisation Strategy.

4. CONCLUSION

In principle, NIE Networks understands the objectives that the UR is aiming to achieve through the proposed licence modifications for a joint Digitalisation Strategy, however, NIE Networks has concerns as to how the joint Digitalisation Strategy can be implemented in practice as outlined above.

NIE Networks welcomes further engagement with the UR to discuss any additional points throughout this consultation process.