SONI Cost & Performance Report - October 2020 to September 2024

An assessment of SONI's costs and performance during the first four years of SRP20

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Utility Regulator

About the Utility Regulator

The Utility Regulator is the independent non-ministerial government department responsible for regulating Northern Ireland's electricity, gas, water and sewerage industries, to promote the short and long-term interests of consumers.

We are not a policy-making department of government, but we make sure that the energy and water utility industries in Northern Ireland are regulated and developed within ministerial policy as set out in our statutory duties.

We are governed by a Board of Directors and are accountable to the Northern Ireland Assembly through financial and annual reporting obligations.

We are based at Millenium House in the centre of Belfast. The Chief Executive and two Executive Directors lead teams in each of the main functional areas in the organisation: CEO Office; Price Controls; Networks and Energy Futures; Markets and Consumer Protection. The staff team includes economists, engineers, accountants, utility specialists, legal advisors and administration professionals.

ABSTRACT

Today we publish our first Cost and Performance Report (C&PR) for SONI in its role as the electricity Transmission System Operator (TSO) for Northern Ireland. The report relates to the first four years of the current price control. This price control is known as SRP20 – SONI Review of Prices 2020.

UR sets a price control to provide SONI with an allowance and framework to support it in providing excellent TSO service for consumers. This report assesses operational and capital spend against price control allowances, delivery on price control commitments, TSO performance and assessment of uncertainty mechanism activity.

AUDIENCE

This document is likely to be of interest to the licence holder, customers and consumer groups, other regulated companies in the energy industry, government and other statutory bodies.

CONSUMER IMPACT

This assessment provides consumers with an overview of electricity TSO performance for the first four years of SRP20 in delivering the outputs and requirements of our price control.

Contents

Executive Summary

SONI is the electricity Transmission System Operator (TSO) for Northern Ireland. SONI also has a separate licence to operate the electricity market in conjunction with the Republic of Ireland TSO (EirGrid) on an all-island basis.

UR sets the SONI price control to provide the company with an allowance and framework to support it in providing its system operation licence obligations for NI customers. In December 2020, we published the SONI price control for 2020-25 (known as SONI review of prices or SRP20) final determination document.[1]

In overall terms the first four years of the SRP20 price control can be considered a relative success. SONI has adopted additional responsibilities (EPF[2] and innovation reporting) and developed its governance programme whilst delivering below budget on opex costs.

For the capital programme, it is too early to be definitive about performance. The TSO is below budget which is to be welcomed. However, this appears largely due to project slippage or non-progression, which may not be in the consumer interest.

Transmission system performance has been strong and there have been welcome developments in relation to innovation and the grid project reporting portal. SONI has also advised of improvements in stakeholder satisfaction surveys in their annual EPF performance report.[3]

However, various concerns remain. These include the following:

1) SONI is significantly behind where it had expected to be in delivering large transmission infrastructure projects.

2) Certain funded uncertainty mechanism (UM) projects have not been undertaken or suffer from slippage.

3) SONI has failed to develop certain useful Key Performance Indicators (KPIs) or undertaken others which it had suggested.

4) SONI needs to make a case for additional LC42[4] costs and limit the cost impact of this where possible.

5) Some service commitments have failed to be undertaken or properly evidenced.

Whilst we welcome certain aspects of the TSO performance, the scope for improvement still exists. We expect to report further on these issues at the close-out of SRP20.

[1] See: https://www.uregni.gov.uk/publications/final-determination-soni-price-control-2020-2025
[2] EPF = Evaluative Performance Framework.
[3] See SONI Performance Report for 2023-24, p60.
[4] LC42 refers to Licence Condition 42 related to SONI governance.

1. Introduction

Purpose of this Document

1.1 Our role is to protect the interests of current and future electricity consumers. A crucial way we do this is by providing monopoly energy companies with a price control framework to align company interests with those of their customers and consumers. We then scrutinise performance and hold companies to account for delivery against these decisions.

1.2 SONI is the electricity TSO for Northern Ireland. SONI also has a separate licence to operate the electricity market in conjunction with the Republic of Ireland TSO (EirGrid) on an all-island basis.

1.3 We set the SONI price control to provide the company with an allowance and framework to support it in providing its system operation licence obligations. In December 2020, we published the SONI price control for 2020-25 (known as SONI review of prices or SRP20) final determination.[5]

1.4 This set out operational (opex) and capital (capex) allowances for the five-year period alongside associated price control outputs.[6] In May 2025 we published a decision[7] to extend SRP20 by a further two years. The extension was to facilitate additional work associated with the governance programme and other key projects such as FASS (Future Arrangements for System Services).

1.5 The purpose of this Cost and Performance Report (C&PR) is to detail in a transparent fashion how SONI is delivering against their regulatory contract. This consists of a review of opex and capex spend, delivery of agreed outputs, impacts on KPIs etc.

1.6 Whilst such reports are commonplace amongst other regulated entities, this analysis represents the first C&PR for SONI. Annual regulatory reporting was only implemented formally for the TSO in November 2018.[8] Since then, the reporting template has been revised to account for changes made in SRP20.

1.7 We consider that this is an appropriate time to take an overview as the first four years of the price control are now complete. This also represents good timing as the near mid-point of the now extended seven-year price control. It is our expectation that a further C&PR will be undertaken in 2028 after the price control is complete.

[5] See: https://www.uregni.gov.uk/publications/final-determination-soni-price-control-2020-2025
[6] See SONI FD deliverables spreadsheet at following link: https://www.uregni.gov.uk/publications/final-determination-soni-price-control-2020-2025
[7] See: https://www.uregni.gov.uk/news-centre/decision-two-year-extension-current-soni-price-control
[8] See: https://www.uregni.gov.uk/news-centre/soni-regulatory-instructions-and-guidance-decision-published

Document Structure

1.8 This paper is structured in several chapters as follows:

- Chapter 2 provides an overview of opex costs and staff numbers.
- Chapter 3 outlines capex spend and delivery against outputs.
- Chapter 4 details work associated with network planning and delivery of large-scale infrastructure projects.
- Chapter 5 references transmission system performance and other performance related issues.
- Chapter 6 provides conclusions.

1.9 This document is focused more on the price control and associated uncertainty mechanism (UM) costs and outputs. It does not reconsider the detailed analysis undertaken by the independent review panel as part of the SRP20 evaluative performance framework (EPF). A high-level summary statement is however provided to detail the parallel process.

2. Opex Cost

Background

2.1 SONI's licence formula sets out the method for calculating the revenue which SONI can recover from electricity suppliers and generators to fund its operations (Licence Annex 1 - Charge Restrictions). This includes, but is not limited to:

a) Provision to pass through certain costs including ancillary services, transmission network revenues which may be recovered by NIE Networks and electricity market operation costs.

b) Ex-ante opex and capex allowances.

c) Pension deficit repair amounts.

d) Additional allowances related to activities determined under defined uncertainty mechanisms (UMs).

e) Various incentive mechanisms and financing costs.

2.2 This report is focused on SONI's internal costs rather than the wider financial resources required to operate the transmission system.

Staff Costs - Opex

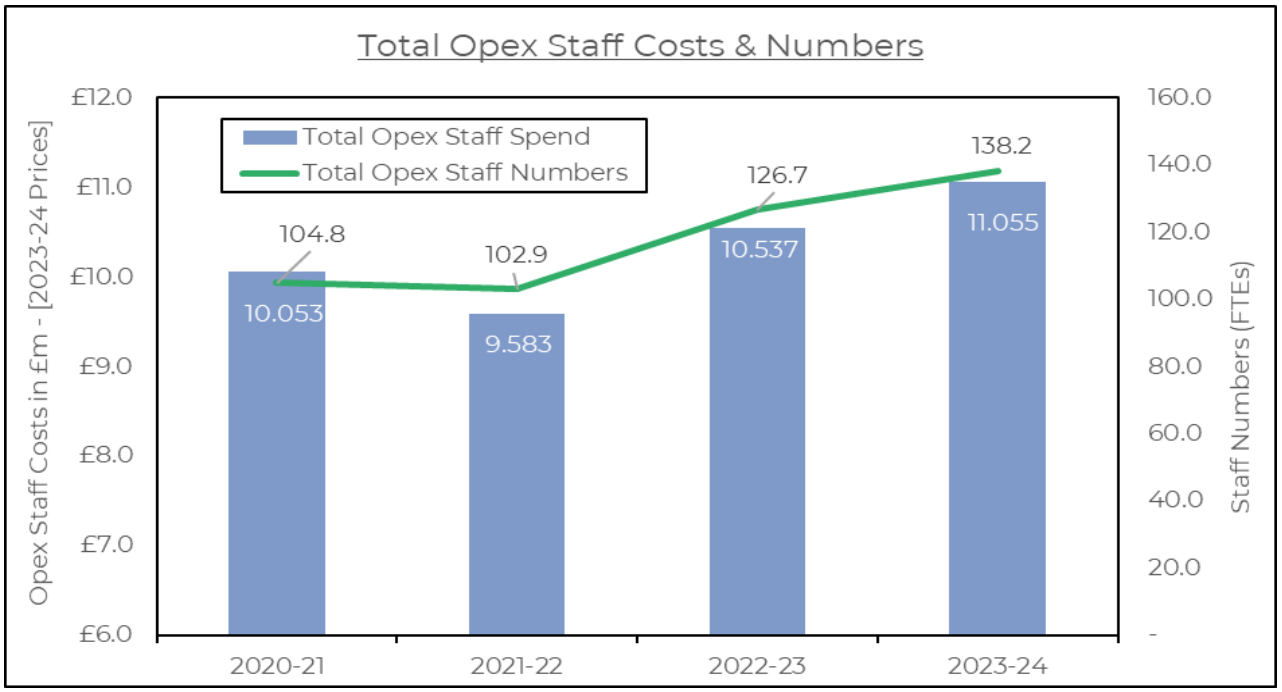
2.3 A key element driving SONI's cost is their staff numbers in terms of full-time equivalents (FTEs). For opex, both numbers and cost have been increasing throughout the SRP20 period.

Figure 2.1: Operational staff numbers and cost

Staff Category	FTEs 2020-21	FTEs 2021-22	FTEs 2022-23	FTEs 2023-24
Bt Opex Staff - [Internal & Recharged]	98.3	95.1	112.9	124.0
Bt Opex Staff - [Agency / Staff Substitution]	2.2	2.5	9.5	5.0
Network Planners - [Internal & Recharged]	4.3	4.3	4.3	4.3
Dt Opex Staff - [Internal & Recharged]	-	1.1	-	5.0
Total Opex Staff Numbers (FTEs)	**104.8**	**102.9**	**126.7**	**138.2**
Total Opex Staff Costs (£m)[9]	**£10.1m**	**£9.6m**	**£10.5m**	**£11.1m**

[9] Unless otherwise stated, all financial costs in this report are in 2023-24 prices, which for SONI is April 2024 prices as the mid-point of the tariff year.

Figure 2.2: Opex staff numbers and cost



2.4 SONI has reported quite significant increases in opex staff numbers in the last two years. This is due to work on renewable energy sources (RES), new graduates, increased use of agency staff combined with limited recruitment in the first couple of years of the price control.

2.5 Further staff increases have been facilitated by virtue of work associated with Licence Condition 42 (LC42) compliance. This recruitment has commenced in TY2023-24[10] and is expected to continue in subsequent years. In TY2023-24, there has also been 5 FTEs working on uncertainty mechanism projects specific to the tariff year. It is anticipated that further staff increases will be accommodated as the LC42 work progresses.

Cost Sharing Opex

2.6 A key component of opex costs is those which are subject to cost sharing. This is made up of three elements:

1) Base opex – ongoing base activity set at price control.

2) Enhancement opex – new activity with specific price control outputs set at price control.

3) Uncertainty mechanism opex – individual project allowances provided throughout the price control which are determined to be subject to the cost sharing process.

[10] TY2023-24 = Tariff year 2023-24 running from October 2023 to September 2024.

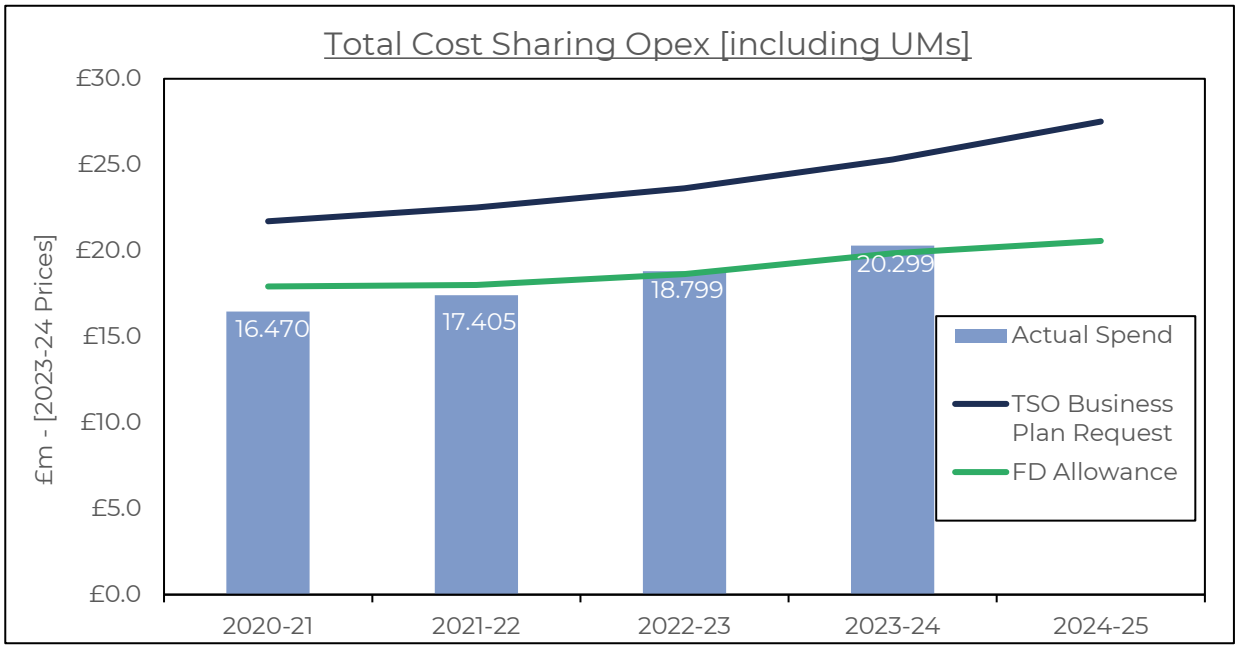
2.7 For this price control the cost sharing percentage is 75%. This means that customers fund three quarters of any overspend but retain the same proportion of underspend.

2.8 Whilst SONI has overspent in certain years, in overall terms the TSO is under budget for cost-sharing activity. This is detailed below.

Figure 2.3: Cost sharing opex spend versus allowance[11]

Cost Category	2020-21 £m	2021-22 £m	2022-23 £m	2023-24 £m	Totals £m
TSO Business Plan Request	17.672	18.326	19.231	20.590	**75.819**
FD Allowance	14.586	14.664	15.174	16.164	**60.588**
Actual Spend	13.405	14.166	15.301	16.521	**59.394**
Differential	-1.181	-0.497	0.127	0.357	**-1.194**
Variance (Under) / Over Budget	**-8.1%**	**-3.4%**	**0.8%**	**2.2%**	**-2.0%**

Figure 2.4: Cost sharing opex spend versus allowance



2.9 Base opex spend is largely in line with allowances, though there was some underspend in the first year of the price control due to delays in the price control decision and a subsequent knock-on impact on recruitment.

2.10 Both enhancement and UM opex is underspent for the period as some projects have not progressed as fast as might have been expected. SONI has outperformed our allowances to date, which is commendable. It is however noticeable that actual spend is materially below that which the TSO requested as part of its business plan submission, albeit that this represents a higher level of ambition as certain activity was not funded.

[11] In this table the business plan request and final determination (FD) allowances include the amounts UR has provided for cost sharing UM provisions throughout the period.

Other Opex

2.11 SONI operational spend in other areas is made up of three different elements. These include:

1) Pension deficit payments – costs associated with correcting any shortfall in the pension scheme.

2) Network planning and feasibility studies – opex spend in planning the transmission network and bringing forward transmission network pre-construction project (TNPP) submissions.

3) Up-to-a-cap UM projects (known as Dt licence mechanism) – this is typically opex spend which is either largely uncontrollable or somewhat uncertain. In many cases the cap can be adjusted upwards depending on actual spend but is nonetheless in place to protect consumer interests.

Pension Deficit

2.12 In overall terms, SONI is underspent against pension deficit allowances as shown in the table below. Whilst this is to be welcomed, there are further considerations in this area.

Figure 2.5: Pension deficit spend versus allowance[12]

Cost Category	2020-21 £m	2021-22 £m	2022-23 £m	2023-24 £m	Totals £m
FD Allowance	1.058	1.058	1.058	0.721	**3.895**
Actual Spend	1.031	0.957	0.887	0.861	**3.736**
Differential	-0.027	-0.101	-0.171	0.140	**-0.159**
Variance (Under) / Over Budget	**-2.5%**	**-9.6%**	**-16.1%**	**19.4%**	**-4.1%**

2.13 In the SRP20 final determination we decided upon a 10-year recovery period for the deficit. As SONI had already agreed with pension trustees to fixed annual payments for three years above the run-rate, we determined to fund this. However, we amended the profile downwards thereafter for the later price control years to account for the 10-year recovery period decision.

2.14 Following the triennial report, SONI agreed with pension trustees to retain the deficit payments at the same nominal level. They asked for a UM uplift to support this position. Ultimately, we accepted this as a pragmatic position given the commitments to the scheme trustees.

2.15 However, we are disappointed that SONI has failed to adhere to the pension principles established at the last price control. Even though the deficit had fallen, SONI made no adjustment to the level of financial contributions. This

[12] In this table the final determination (FD) allowances include the amounts UR has provided for UM provisions throughout the period.

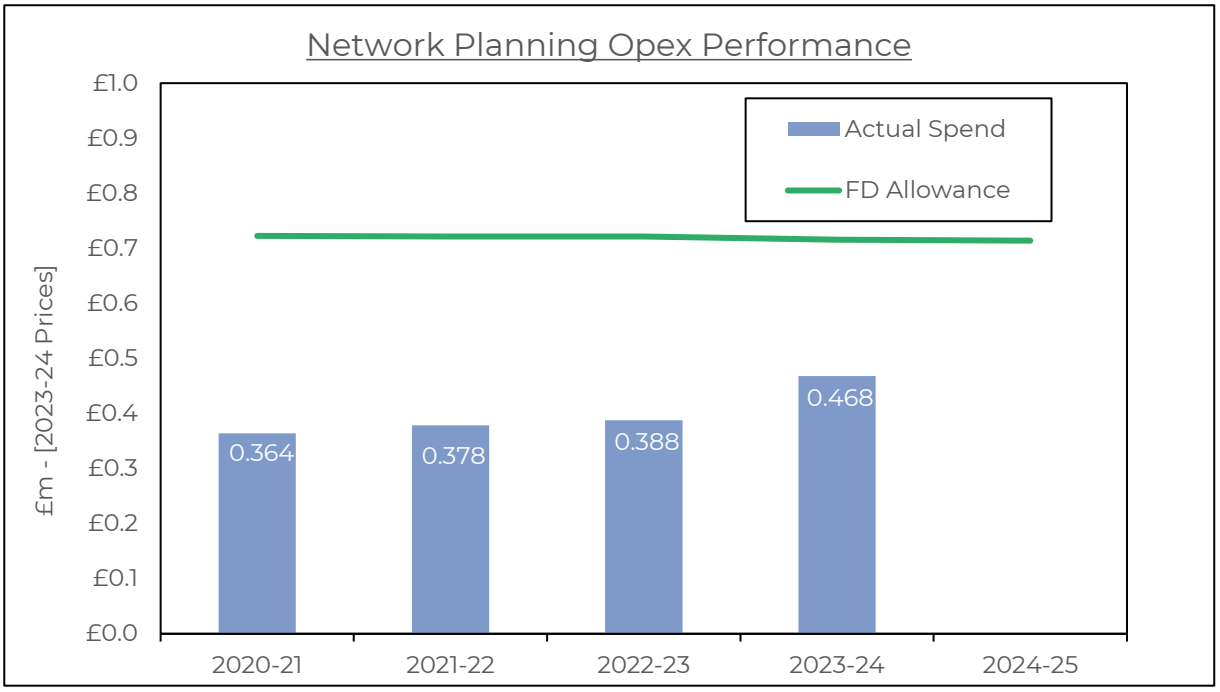
raises a concern about the robustness of the approach taken by the TSO to these negotiations.

Network Planning

2.16 For this activity the price control allowance is made up of a combination of staff, consultancy support and contingency. The TSO is however free to utilise the funding as it considers appropriate.

2.17 Transmission planning was excluded from cost sharing but subject to a cap with a new uplift UM provision. The change was implemented in recognition that the volume of work fluctuates depending on the timing of network projects. The treatment also aligns the planning framework across opex and capex. Spend is as follows:

Figure2.6: Network planning opex spend versus allowance



2.18 SONI has underspent by around £1m over the price control to date. The TSO has not benefitted from this underspend as they only recover actual spend below the cap. However, the level of underspend is somewhat concerning in light of infrastructure delays.

UM Opex

2.19 To date, this activity has been made up of very uncertain projects such as interconnector administration (IA) or inter-TSO compensation (ITC) schemes. These can have a cost or an income. SONI has also undertaken UM opex spend on SONI governance and the Moyle control system upgrade.

2.20 In overall terms the TSO is overspent by £0.9m in this area. This is due to legal costs incurred in an arbitration dispute with Moyle Interconnector for which no allowance was provided.

Total Opex

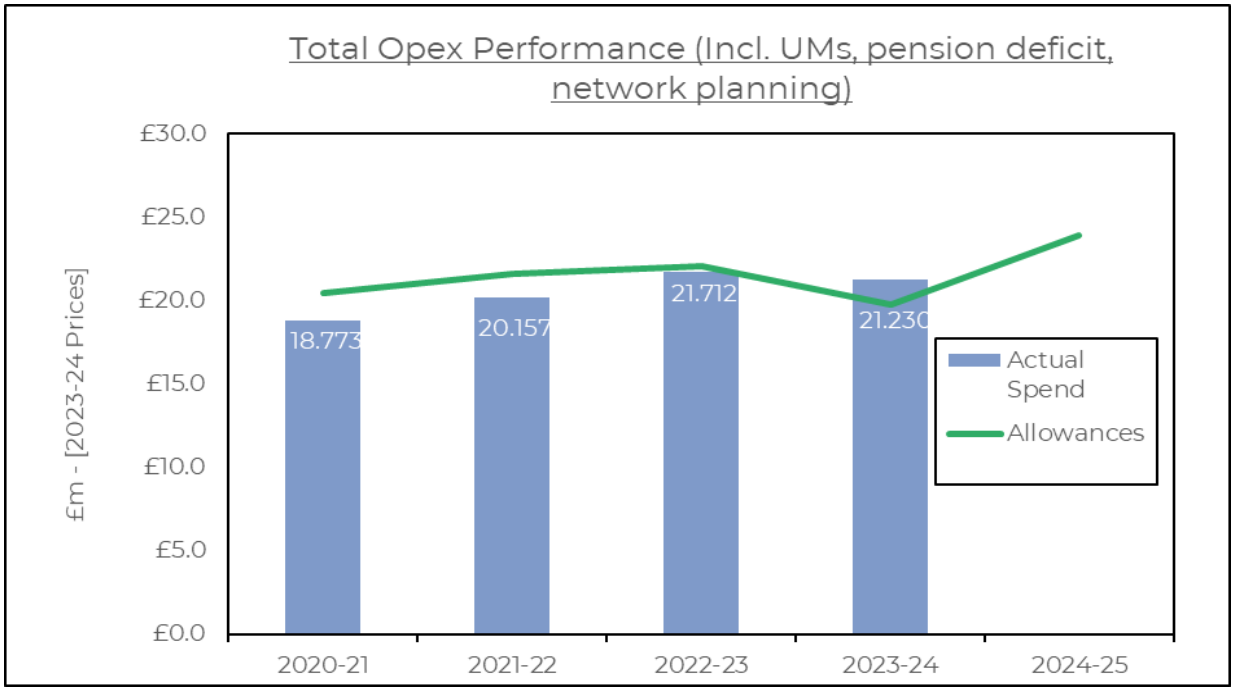
2.21 Overall opex spend by cost category can be summarised as follows:

Figure 2.7: Overall opex spend by cost category

Cost Category	2020-21 £m	2021-22 £m	2022-23 £m	2023-24 £m	Totals £m
Payroll (excl. network planning)	9.916	9.428	10.415	10.801	**40.560**
IT & Communications	4.283	3.984	4.659	5.890	**18.816**
Professional Fees	1.038	1.621	1.694	1.108	**5.461**
Facilities Costs	0.861	0.858	0.936	1.230	**3.885**
Group Recharges	0.220	0.313	0.333	0.334	**1.201**
Other Opex	0.152	1.201	0.761	0.935	**3.050**
Network Planning & Feasibility	0.364	0.378	0.388	0.468	**1.598**
Pension Deficit	1.031	0.957	0.887	0.861	**3.736**
UM Projects - Dt (Up-to-a-cap)	0.907	1.417	1.638	-0.398	**3.564**
Total Opex Spend	**18.773**	**20.157**	**21.712**	**21.230**	**81.871**

2.22 Compared to allowances, SONI is under budget for the period, though there has been overspend in certain years.

Figure 2.8: Total opex spend versus allowance



2.23 Over the first four years SONI are c. £2m (-2.4%) below budget. This is largely attributable to underspend on network planning activity and some underspend on cost sharing activity.

2.24 Base and enhancement opex are close to price control allowances. The underspend comes from not progressing a couple of UM projects i.e. metering solution and some Castlereagh House Control Centre (CHCC) work. These projects are however expected to be addressed in future years.

2.25 Overall opex performance has been good. Whilst spend has been increasing, this is expected to some extent given additional obligations and governance work. Whilst independence will impose some additional costs going forward, we expect SONI to limit this impact where possible.

3. Capex Spend

Background

3.1 Much like opex, the capex spend is split between cost sharing activity and cost allowances up-to-a-cap (known as Zt licence term). Most of the price control projects and some uncertainty mechanisms are subject to cost sharing. Unlike opex, no costs were allocated to base capex as there is associated deliverables with each project.

3.2 Much of the SONI capital programme relates to large all-island projects that are being undertaken with EirGrid. These include Future Arrangements for System Services (FASS), Schedule and Dispatch Programme (SDP) and the Strategic Markets Programme (SMP). These projects are subject to approval by the SEM Committee so are typically not subject to cost sharing.

3.3 SONI also undertake capital spend associated with pre-construction of large electricity infrastructure projects. This work includes environmental surveys, high-level design, CLUD[13] applications, obtaining planning permission and landowner engagement. When all the necessary permissions are in place, the project along with the pre-construction cost is handed over to NIE Networks.

3.4 The different capex programmes mean that SONI has four regulatory asset bases (RABs). These include:

1) Non-buildings RAB – A five-year RAB subject to cost sharing arrangements.

2) Buildings RAB – A twenty-five year RAB subject to cost sharing arrangements and related to CHCC spend.

3) Special projects RAB – Up-to-a-cap UM allowances typically depreciated over five years, though this can be amended by project.

4) TNPP RAB – Pre-construction costs which earn a return (but not depreciation) until they are transferred to NIE Networks.

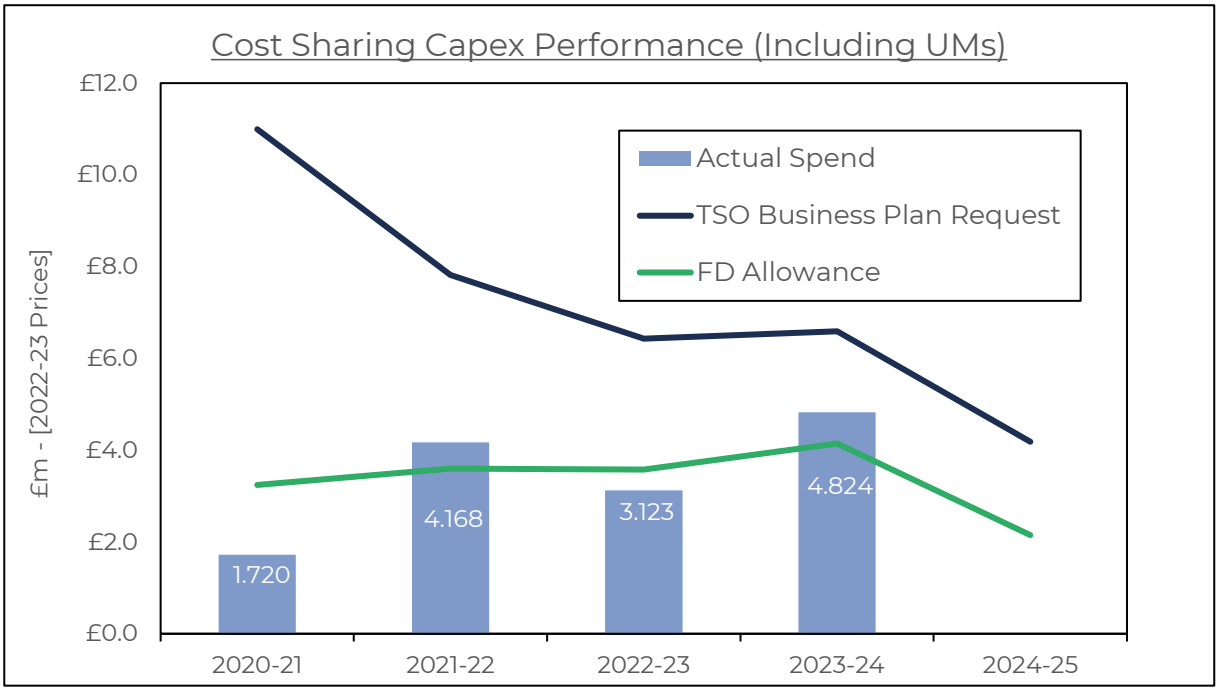
3.5 The sections below detail capex spend against the various cost areas.

Cost Sharing Capex

3.6 For the price control projects and UM allowances subject to cost-sharing, SONI is at present under budget.

[13] CLUD = Certificate of Lawful Use or Development.

Figure 3.1: Cost sharing capex spend versus allowance



3.7 Whilst SONI has overspent in certain years, the TSO is £0.6m (5.0%) below budget overall. Replacement of the Energy Management System (EMS) has been much costlier than expected. However, the impact has been somewhat mitigated by virtue of the fact that SONI has not undertaken certain projects i.e. Smarter Outage Management.

3.8 It is also the case that SONI has not sufficiently progressed certain UM projects for which it has received allowances i.e. remote telemetry unit (RTU) replacements and the energy metering solution.

3.9 To date, actual spend is materially below (c. £17m) that which was requested by SONI in their business plan. However, some of this activity has been reallocated to UM allowances and other projects which were requested in the business plan have not been undertaken.

Other Capex

3.10 The up-to-a-cap allowances for capital projects are dominated by all-island project activity. Spend against the cost allowance profile to date can be summarised as follows:

Figure 3.2: Up-to-a-cap capex UM spend by cost category

Capex Project	Allowance (To Date) £m	Spend (To Date) £m	Variance Over (Under) £m
DS3 control centre tools	0.486	1.067	0.581
Mixed Integer Programming (MIP) Solver	0.226	0.00	-0.126
Interim Intraday Market	0.292	0.266	-0.025
Moyle Control System Upgrade - (Incl. Uplift)	0.635	0.596	-0.039
All Island Metering System	-	0.011	0.011
FASS Phase II	1.207	1.191	-0.016
FASS Phase III & IV	1.835	-	-1.835
Scheduling & Dispatch Phase I	-	0.122	0.122
Scheduling & Dispatch Phase II	1.537	2.411	0.874
Scheduling & Dispatch Phase III -V	3.444	-	-3.444
Strategic Markets Programme	-	0.653	0.653
Market System Release - H,I,J,K,L,M	1.396	1.269	-0.127
Total Zt Capex Spend vs Allowance	**11.058**	**7.686**	**-3.372**

3.11 SONI is underbudget at the end of year four. Spend includes all-island projects (AIPs) which have attracted significant resource. These projects represent large work streams which will be delivered over several years.

3.12 Whilst significant work has been undertaken, some projects are behind schedule such as FASS and SDP. Further updates may be required in the SRP20 close-out report to determine the cost and output of these projects.

Total Capex (excluding TNPPs)

3.13 Overall, capex is around £4.1m (16%) below budget.

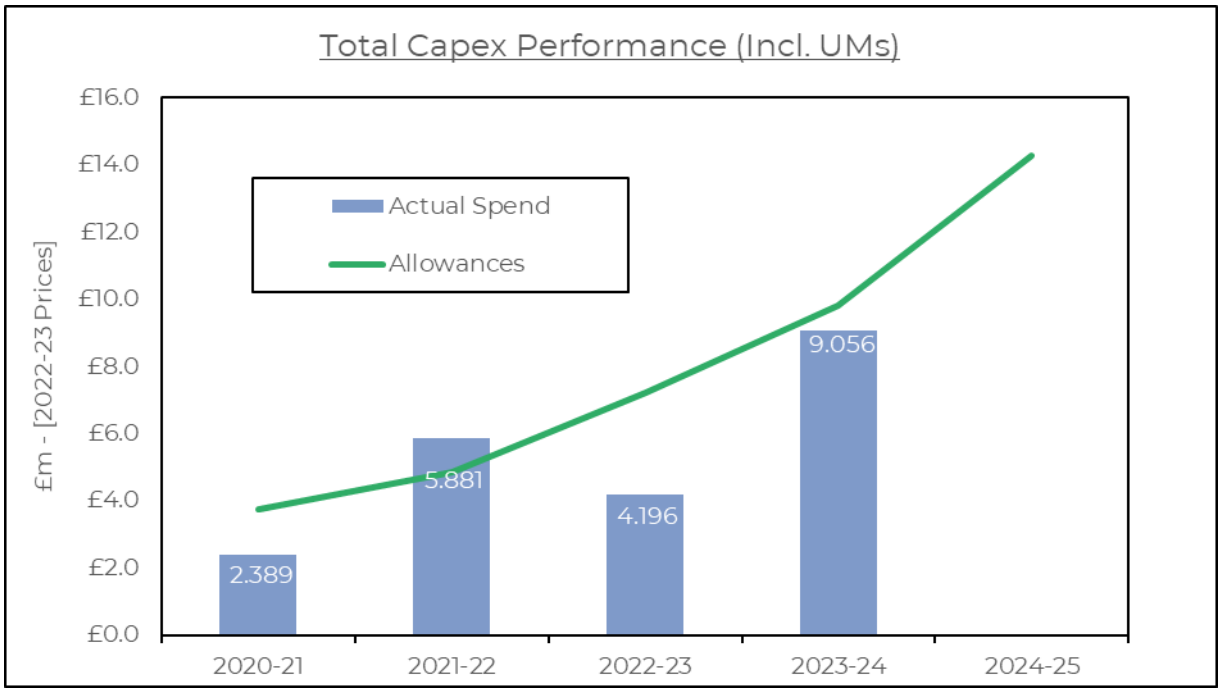
Figure 3.3: Capex spend versus allowance[14]

Cost Category	2020-21 £m	2021-22 £m	2022-23 £m	2023-24 £m	Totals £m
FD Allowance	3.762	4.837	7.218	9.805	**25.621**
Actual Spend	2.389	5.881	4.196	9.056	**21.522**
Differential	-1.373	1.044	-3.022	-0.749	**-4.100**
Variance (Under) / Over Budget	**-36.5%**	**21.6%**	**-41.9%**	**-7.6%**	**-16.0%**

3.14 It is not possible to be definitive about performance on capital projects until the end of the period, though reasonable progress has been made. The underspend in most cases tends to be timing differences rather than outperformance. This will be assessed again at the end of SRP20 period.

[14] In this table the final determination (FD) allowances include the amounts UR has provided for UM provisions throughout the period.

Figure 3.4: Capex spend versus allowance



3.15 It is however slightly concerning that certain projects have slipped given the amount of activity still to be delivered within the remaining years of the price control. This delivery will continue to be monitored against outputs in the future and at price control end.

4. TNPPs

Background

4.1 Pre-construction work forms a significant component of SONI's capex activity. Whilst network planning and project development is covered via opex allowances, the work to ensure schemes have planning in place and landowner buy-in is covered by SONI's TNPP activity.

4.2 Large projects are detailed in the Transmission Development Plan for Northern Ireland (TDPNI).[15] These projects should ensure the transmission grid is fit for the future. They are also critical enabling infrastructure in the realisation of the Northern Ireland Energy Strategy and Climate Change Act (CCA).

4.3 Reasons why SONI might request transmission development projects includes security of supply concerns, capacity increase requirements for additional demand, reduction of constraint payments etc.

4.4 When the need is fully established and SONI has developed high-level solutions and costs, they will seek a TNPP approval. This provides justification for the project and includes a funding request for SONI's pre-construction activity. This activity typically includes the following:

1) Route / site selection and design.

2) Site surveys and environmental reports.

3) Public stakeholder engagement events.

4) Landowner engagement and acquisition of wayleaves, easements and any substation land options.

5) Making planning applications and addressing any issues.

6) Liaising with NIE Networks and issuing functional specifications.

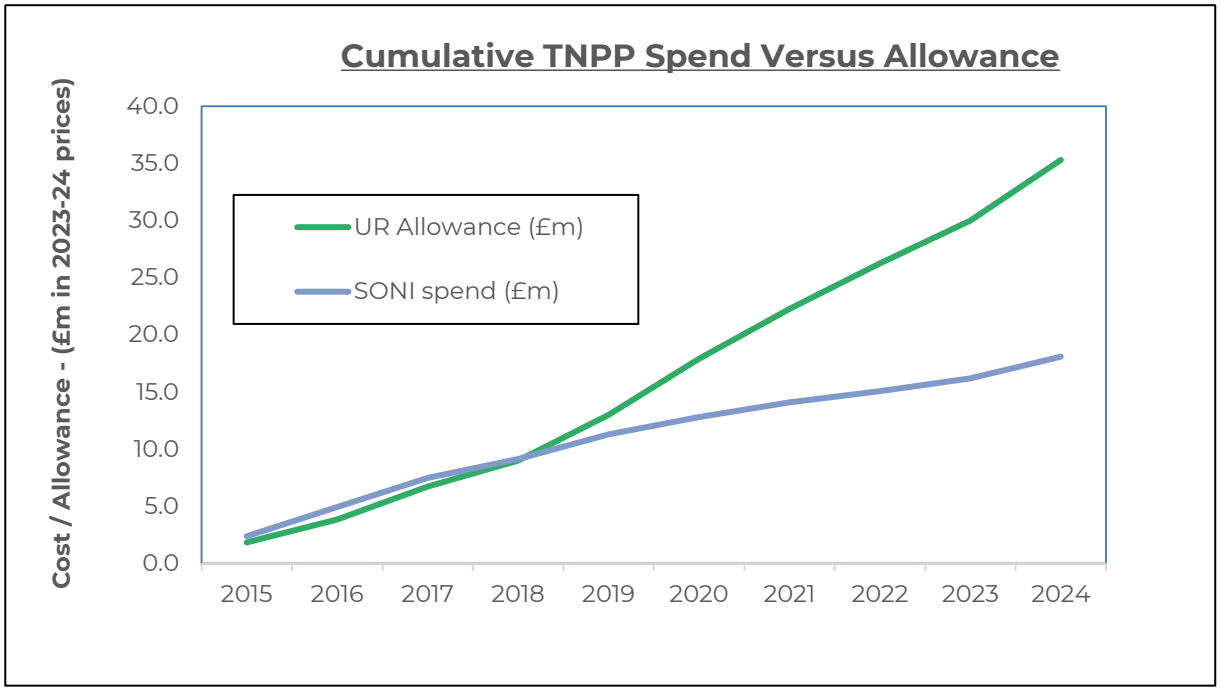
4.5 When the planning and landowner work is complete, responsibility for constructing the asset transfers to NIE Networks.

Pre-Construction Work

4.6 SONI took over responsibility for this activity in TY2014-15. At present the TSO has ten active TNPP projects with several more in development. In overall terms the spend against allowance is as follows for the current projects:

[15] https://www.soni.ltd.uk/community/projects-in-your-area/tdpni/project-documents

Figure 4.1: Cumulative TNPP spend versus allowance



4.7 On a split by individual project, the results are detailed below.

Figure 4.2: TNPP spend versus allowance by project

Capex Project	Allowance (To Date) £m	Spend (To Date) £m	Variance Over (Under) £m
North South Interconnector	22.353	14.766	-7.587
Airport Road / Sydenham Main	1.112	0.961	-0.151
Mid Antrim Upgrade	3.440	0.949	-2.490
Energising Belfast	3.964	0.697	-3.267
Carnmoney- Eden	2.779	0.473	-2.306
Coolkeeragh Substation Extension	0.471	0.059	-0.412
Moyle Interconnector Capacity Increase	0.529	0.050	-0.479
Tamnamore Land Purchase	0.249	0.001	-0.248
Cam Substation Extension	0.074	0.017	0.017
Drumnakelly-Tamnamore	0.405	0.115	-0.289
Totals	**35.376**	**18.089**	**-17.213**

4.8 These projects typically take a number of years to complete, so the cost profile is subject to some uncertainty. However, the analysis to date suggests that SONI has not progressed the pre-construction work at the speed anticipated.

4.9 Within their annual project reporting, SONI provide a list of original forecast dates associated with key milestones and any revisions. Alongside this they provide an explanation of performance against forecast. An example is provided below for the Drumnakelly project.

Figure 4.3: TNPP milestone dates

Drumnakelly Project	Baseline Date	Revised Date
TNPP submission and approval	Jun-24	Aug-24
UR TNPP Approval	Aug-23	Mar-24
SONI Project Initiation and Internal Governance	Feb-24	Mar-24
Issue Outline Functional Spec to NIE Networks	Feb-24	Feb-25
Route Selection including Environmental Studies	Jul-25	Aug-25
Consultation and Stakeholder Engagement	Oct-25	Feb-26
Acquisition of wayleave, easement (inc. legal work)	Nov-25	Dec-26
Planning Submission and Approval Received	Nov-26	Oct-26
Issue Final Functional Specification to NIE Networks	Dec-26	Jan-27
SONI Review of NIE Networks Design Specification	Mar-27	Aug-27
Issue TPI and enter into TPA[16]	Mar-27	Oct-27
Construction, Energisation and Commissioning	Dec-28	Jan-30

4.10 Ultimately, SONI are estimating that the energisation date for this project is 13 months behind schedule. Across all the current projects, the latest estimate by SONI is detailed below.

Figure 4.4: Forecast project overrun by number of months

Capex Project	Energisation Date (Original)	Energisation Date (Revised)	Overrun in Months
North South Interconnector	Feb-21	Oct-31	127
Airport Road / Sydenham Main	Nov-22	Mar-27	52
Mid Antrim Upgrade	Sep-28	Jul-31	34
Energising Belfast	Feb-27	Aug-32	66
Carnmoney- Eden	Feb-26	Oct-27	20
Coolkeeragh Substation Extension	Feb-29	Oct-30	20
Moyle Interconnector Capacity Increase	Aug-27	Mar-30	31
Tamnamore Land Purchase	May-25	Feb-27	27
Cam Substation Extension[17]	Apr-30	Apr-30	-
Drumnakelly-Tamnamore	Dec-28	Jan-30	13
Average Delay (In Months)			**37**

4.11 There can be various reasons for project delays relating to both internal and external factors. For example, delays can occur due to regulatory issues, planning appeals, problematic landowner engagement, poor planning, unrealistic expectations, legal challenges, construction issues etc. Such factors

[16] TPI = Transmission Project Instruction. TPA = Transmission Project Agreement.
[17] This project is still awaiting a formal funding approval.

are often somewhat outside SONI control. There is also a very heavy dependence on NIE Networks with regard to both planning and construction.

4.12 However, some concern remains around the performance in this area, particularly in light of the level of underspend. Furthermore, the TDPNI identifies six newbuild projects as key enablers for 80% by 2030. These include:

- North – South Interconnector.
- Mid Antrim Upgrade.
- Mid Tyrone Project.
- Moyle Interconnector Capacity Increase.
- North Sperrin Generation Substation.
- North West of Northern Ireland 110 kV Reinforcement.

4.13 To date, three of the six projects have not yet been submitted to the UR for approval. For the other three projects, only one is predicted to be delivered by 2030.

4.14 Such delays to grid projects obviously pose a serious risk to the 2030 RES targets. Some consideration needs to be given to this issue as resources do not seem to be the overriding concern. Both SONI and NIE Networks need to collaborate closely to ensure delays are minimised where possible.

5. TSO Performance

Evaluative Performance Framework

5.1 Within the SRP20 determination an independent evaluation panel was established. Their purpose was to assess SONI's annual forward work plans (FWP) and performance against their objectives at year end.

5.2 This involved applying the following criteria to the assessment of the actions and behaviours that the plan presents.

1) Service Ambition.

2) UR Service Priority Alignment.

3) Stakeholder Engagement.

4) Service Accountability.

5.3 The detail of the plans and their assessments are not restated here. They can be found on the SONI[18] and UR websites[19] respectively. To date, the summary scores for the first four years are detailed below and are scored in a range from 1 (Poor) to 5 (Excellent).

Figure 5.1: EPF panel scores

Cost Category	2020-21 Score	2021-22 Score	2022-23 Score	2023-24 Score
FWP Score	N/A	2.28	3.53	3.55
Performance Score	N/A	N/A	3.00	2.78
Combined Average Score	**N/A**	**2.28**	**3.26**	**3.16**

System Performance

5.4 Besides the EPF and capital project outputs, there are other factors to consider when assessing TSO performance. Each year SONI and EirGrid publish a report on transmission system performance.[20] This includes detail on KPIs related to network performance.

5.5 This includes for example:

1) System availability stats.

[18] See link for latest FWP: https://www.soni.ltd.uk/news/soni-forward-work-plan-202425
[19] See link for panel review of FWP: https://www.uregni.gov.uk/news-centre/decision-published-sonis-forward-plan-20242025-financial-incentive
[20] See the link below for the latest report: https://cms.soni.ltd.uk/sites/default/files/publications/All%20Island%20Transmission%20System%20Performance%20Report%202024.pdf

2) Major incidents.

3) System minutes lost.

4) Voltage and frequency excursions etc.

5.6 Whilst not wishing to repeat the information already available, SONI has seen continued good performance with respect to system performance. This is demonstrated by the following charts from the 2024 report.

Figure 5.2: SONI transmission system availability

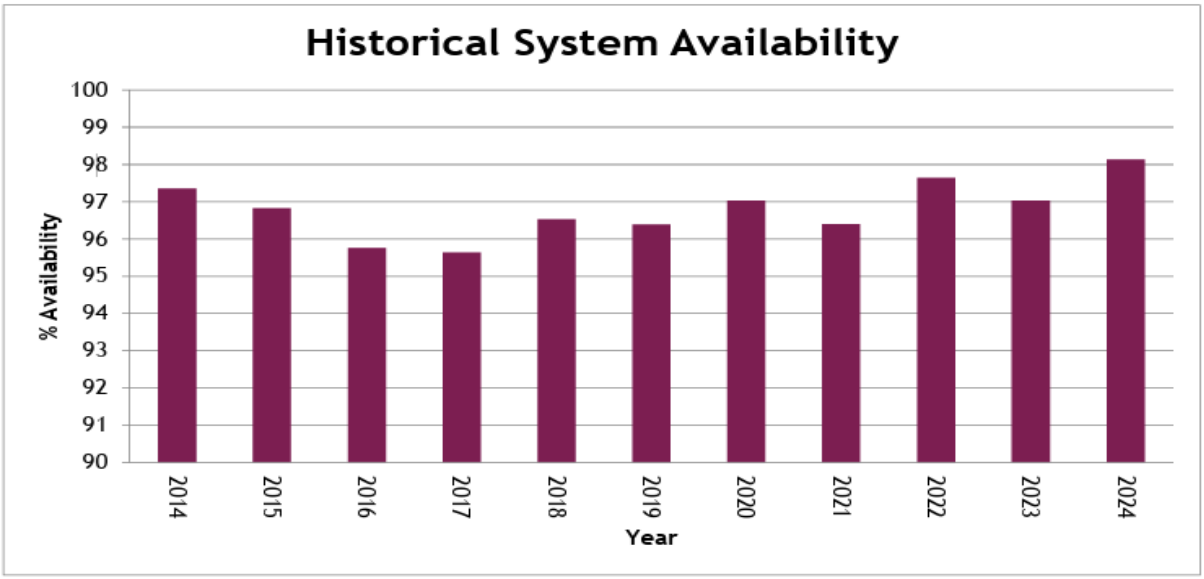
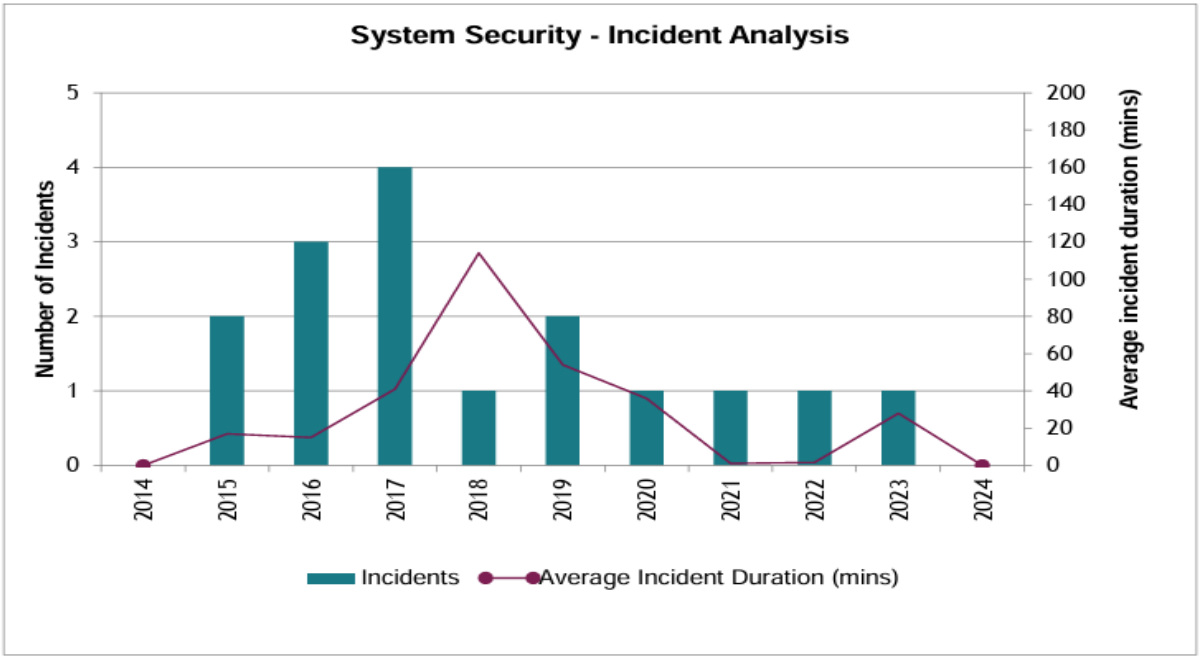


Figure 5.3: SONI transmission system security incident analysis



Other Performance Measures

Innovation

5.7 Since 2021 the TSOs jointly publish an innovation report.[21] The report outlines progress in the innovation and research area over the calendar year. Judgement on the project costs and benefits has not been made at this stage but may be subject to future review at SRP20 close out. Whilst not a price control requirement, this is a welcome development.

Service Expectations

5.8 The SRP20 determination also set some service expectations which were expected to be delivered during the price control. SONI report against delivery of these within the annual RIGS return.

Figure 5.4: SRP20 service expectations

Service Expectation	Status Update	Actual / Est Delivery Date
Digitalisation strategy and delivery plan	In Progress	End of price control - 2025
Whole system thinking strategy and delivery plan	Completed	Q1 2021
Deliver an outage management governance framework	In Progress	Post 2025
Catalogue vendor contracts and develop/monitor against performance standards	In Progress	End of Price Control - 2025
Publish up-to-date network capacity and generation information on a monthly basis	Not Started	Not Progressing
Develop and deliver against internal sustainability policies	In progress	End of Price Control - 2025
Develop and report against EUNCs compliance register	In Progress	End of Price Control - 2025
Cyber governance and risk framework demonstrating Network and Information Systems (NIS) compliance	Completed	May-22

5.9 Whilst SONI has made progress against some of the most important projects (i.e. cyber security), work remains to be complete. Outage management is a key area which has not been progressed.

5.10 The issue with digitalisation has moved on since the price control determination. We recently published a licence modification decision[22] for both SONI and NIE Networks. The obligation aims to support NIE Networks and SONI to co-operate to digitalise and open up access to their energy system data in a way which creates benefits for consumers.

[21] See: https://www.soni.ltd.uk/future-energy/innovation-and-research#Collaboration-proposals
[22] See: https://www.uregni.gov.uk/news-centre/notice-and-decision-new-digitalisation-licence-conditions-soni-and-nie-networks

5.11 New obligations require that the digitalisation strategy is adopted by 30 September 2026 with an action plan published by 31 March 2027 and thereafter every year. Compliance and performance against these obligations will be considered in the SRP20 close-out report.

Key Performance Indicators

5.12 Within the price control submissions, SONI proposed a list of KPIs to demonstrate good performance. The final determination did not formally adopt these targets but indicated that detail could be submitted as evidence for the EPF. The KPIs included the following detail.

Figure 5.5: SONI proposed KPIs

Key Performance Indicator	2020-21 Target	2023-24 Target	Explanation
RES-E (%)	41%	46%	Measure the portion of electricity from renewable sources for each year.
SNSP (%)	70%	75%	Measure the System Non-Synchronous Penetration (SNSP) for each year.
Dispatch Down (%)	10%	9%	Measures the level of dispatch down of renewables to ensure this is minimised.
System Minutes Lost (SML)	2.5 – 4.0	2.5 – 4.0	Measure system minutes lost due to faults on the transmission system, for which SONI has control over.
System Frequency (%)	96%	96%	Measures the system frequency against the nominal frequency of 50 Hz.
Cyber Security (Maturity Scores)	2.8	3.4	Measures the maturity of SONI's cyber security.
Network Project Handover (£)	Annual Assessment	Annual Assessment	Measuring TNPP expenditure to track progress of projects.
Imperfections (£)	Annual Assessment	Annual Assessment	Measures the imperfections outturn, on an annual basis, against the allowance.
Internal Costs (£)	End of Price Control	End of Price Control	Assessment of spend against allowances.
Stakeholder Engagement	7.0	8.0	Assess SONI's performance on engagement in a scale between 1-10.
Deployment of New Technology	Annual Assessment	Annual Assessment	SONI would produce/update a rolling two-year plan setting out planned activities to enable the deployment of new technology.

5.13 Unfortunately monitoring of some of the KPIs has not been undertaken or has fallen away in the EPF process. This seems like a backwards step, even though delivery of many of the targets will be dependent on factors outside SONI control. Even if RES-E or dispatch down targets are influenced by outside factors, this should be reported upon and explained.

5.14 We consider that further development in this area may be beneficial going forward. This could include for instance:

1) Metrics focusing on system wide costs.

2) Target around demand forecasting accuracy.

3) KPI for wind forecasting accuracy.

4) Metrics on planned outage performance.

5.15 We would ask SONI to consider this issue closely for the next price control as further work in this area may deliver consumer benefit.

Governance

5.16 In the backdrop to all the normal TSO activity, SONI has been in the process of restructuring to comply with new Licence Condition 42 (LC42) obligations which were decided upon in August 2022.[23]

5.17 Amongst other things, SONI has established a new independent Board. They have also restructured their senior management and begun recruitment for additional resource to limit reliance on EirGrid.

5.18 It is expected that further work will be anticipated on derogations and further restructuring. Whilst good progress has been made to date, we expect SONI to be able to justify cost increases and demonstrate the benefits of independence. We will continue to work with SONI to ensure LC42 is fully implemented.

[23] See: https://www.uregni.gov.uk/news-centre/decision-soni-governance-licence-modifications-published

6. Conclusions

Summary

6.1 In overall terms the first four years of the SRP20 price control can be considered a relative success. SONI has adopted additional responsibilities and developed its governance programme whilst delivering below budget on opex costs.

6.2 For the capital programme, it is too early to be definitive about performance. The TSO is below budget which is to be welcomed. However, this appears largely due to project slippage or non-progression, which may not be in the consumer interest.

6.3 Transmission system performance has been strong and there has been welcome developments in innovation and the grid project reporting portal. SONI has also advised of improvements in stakeholder satisfaction surveys in their annual EPF performance report.[24]

6.4 However, various concerns remain. These include the following:

1) SONI is significantly behind where it had expected to be in delivering large transmission infrastructure projects.

2) Certain funded UM projects have not been undertaken or suffer from slippage.

3) SONI has yet to develop certain useful KPIs or undertake others which it had suggested.

4) SONI needs to make a case for additional LC42 costs and limit the cost impact of this where possible.

5) Some service commitments have failed to be undertaken or properly evidenced.

6.5 Whilst we welcome certain aspects of the TSO performance, the scope for improvement still exists. We expect to report further on these issues at the close-out of SRP20.

[24] See SONI Performance Report for 2023-24, p60.