



Sean Lyons
Utility Regulator
Millennium House
Great Victoria Street
Belfast
BT2 7AQ

14 May 2026

Dear Sean,

I am writing regarding the consultation on amendments to SONI's licence revenue formula to facilitate clean energy package costs and k-factor changes.

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, water and sewerage. These include considering consumer complaints and enquiries, carrying out research, and educating and informing consumers.

Context for Northern Ireland Consumers

The Consumer Council understands that the proposed changes to SONI's licence are temporary measures that would be managed through directions from the Utility Regulator (UR) until a ruling on the interpretation of Article 13(7) of Regulation 2019/943 has been reached by the European Court.

The proposals are designed to reduce fluctuations in consumer tariffs arising from both the uncertain timing associated with a European Court ruling and implementation of its decision, and SONI's regulatory obligation to return revenues that have been forecast but not incurred to consumers. This will also correct a licence error relating to the interest rate to be applied to historic revenues to inflate them to today's prices.

Changes to Ringfence CEP Funds

From a consumer perspective, tariff fluctuations can make budgeting more challenging for those impacted by the cost-of-living crisis.

The current approach - where consumers pay SONI's estimation of the costs required to cover the compensation in one year and are refunded the funds two years later at the same time as paying SONI's updated cost estimate - is inefficient and adds unnecessary complexity to tariff calculations.

From that perspective, we agree that the UR proposal to ring-fence the funds and bring to a halt the collection, return and re-collection of funds while the European Court ruling remains outstanding is pragmatic and will provide more stability for consumer tariffs.

We accept that the ring-fencing proposal allows SONI to build up the funds over time, if the European Court decision is not made within the current tariff year. This would spread the burden on consumers, who otherwise would be required to bear the full sum liable in a single tariff year, if the ruling is that generators are due compensation.

We support the proposal for SONI to estimate and justify the level of funds it wishes to collect in advance of each tariff year, and to seek approval and direction from the UR. This will help provide confidence in, and explanations for, the tariff levels.

We recognise the need for SONI to remain financeable, if the decision is liable to compensate generators and that the ring-fenced account reduces the risk that it has to raise a significant sum of money in a short period of time.

We support the proposal that the UR will direct SONI as to how any sum is to be returned to consumers if the European Court rules that SONI does not need to provide compensation, or if its estimates are overly cautious.

Modifications to the k-factor

If there are funds to be returned to consumers that were collected two years ago, we agree that it is appropriate for the k-factor to correctly inflate the funds to today's prices, and so we support the proposed change.

The proposed licence changes

We support the proposal to revisit SONI's licence requirement once the European Court has made its ruling, and there is clarity on the treatment of compensation for renewable generators subject to non-market dispatch-down rules.

If the decision is upheld that generators should be compensated on an ongoing basis, we would expect SONI to revisit its operational processes to ensure that costs passed through to consumers are efficiently incurred.

We look forward to continued collaboration with you and your colleagues to ensure transmission costs remain fair and proportionate for consumers.

Yours faithfully,



Raymond Gormley
Head of Energy



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15 May 2026

Dear Sean,

Re: Consultation on Proposed Modifications to the Licence Held by SONI Limited – Clean Energy Package (CEP) & K-Factor Adjustments

We are writing in response to your consultation on proposed modifications to the Transmission System Operator (TSO) licence, specifically relating to the Clean Energy Package (CEP) fund and the application of the k-factor interest rate.

First and foremost, we would like to thank the Utility Regulator for the transparent and collaborative approach taken throughout this process. The consultation document is comprehensive and clearly sets out the rationale for the proposed changes, and we appreciate the opportunity to provide feedback at this stage.

While we view the wording of the modifications themselves as a pragmatic solution that reflects the legal uncertainty that surrounds this topic, we ask that the UR provides clarity and certainty around the following topics within its decision paper:

1. Interim Framing and Future Enduring Solution

SONI welcomes the explicit interim framing of the CEP modifications and supports the commitment to update the annex to our licence if an enduring liability arises. We ask that this commitment is repeated in the decision paper. We would also welcome confirmation that any future enduring modifications and their full implications will include a thorough risk and financeability assessment. This is of particular importance given the challenges that we would be faced with should we have to forecast potential liabilities on an ex-ante basis.

2. CEPt Outside the K-Factor

While we acknowledge the flexibility of managing under-recovery via directions, we remain concerned about the risk of unrecoverable shortfalls that could occur either during the initial settlement of any liabilities (should they arise) or due to the method by which funds are returned to customers. We therefore ask for confirmation within



your decision paper that directions will not require SONI to return or pay more than has been collected, and request clarification on the safeguards against cash-flow mismatches and under-recovery. We also ask that consideration be given to moving this potential liability within the k-factor as part of any enduring modifications, should legal processes result in the potential liability crystallising.

3. Safeguards & Direction Powers

We appreciate the inclusion of a formal commitment to follow “good regulatory practice” when drafting directions and welcome the offer of a comfort letter. We would also welcome clarification on how reasonableness and proportionality will be assessed given that the breadth of this new direction powers extend beyond any other powers provided to UR in SONI’s licence. The inclusion of further reassurance within the decision paper would be appreciated.

4. Transparency & Register of Directions

We welcome the UR’s commitment to maintaining and updating a consolidated register of directions, which would ideally be published. This is a sensible and constructive proposal that will greatly enhance transparency for stakeholders. We value your commitment to this approach and look forward to seeing it implemented in practice.

5. Operational & Accounting Implications

SONI supports the UR’s intention to avoid operational and accounting conflicts. We ask for confirmation within the decision paper that any requirements imposed via directions will allow SONI to continue to comply with accounting standards and operational best practice, and that SONI will be consulted before any material changes. We are happy with this and appreciate the approach.

6. K-Factor Interest Rate Methodology

We welcome the improved methodology for the k-factor interest rate, which now applies two years’ rates and aligns with SONI’s previous feedback. We agree with the approach to ensuring that the algebra better reflects the circumstances and are content with the approach taken. However, we ask for confirmation that the methodology will be kept under ongoing review, with a clear commitment to future adjustments if market conditions change.

7. Financeability & Risk Assessment



We emphasise the importance of ongoing monitoring and engagement. We would appreciate confirmation that the Utility Regulator will actively monitor impacts and engage with SONI to address any emerging risks or unintended consequences. This ties into our first point on interim funding and is a recurring concern.

We recognise and appreciate the Utility Regulator's commitment to best practice, accountability, transparency, and collaborative engagement on this topic, as outlined in the consultation paper. We trust that these principles will underpin the approach to any future enduring modifications and ongoing engagement.

We look forward to continuing our constructive engagement with your team as the process moves forward, and to working together to deliver tariffs and future licence arrangements that support both SONI's financeability while implementing the outcome of the legal processes that are currently ongoing. Thank you again for your efficient and open approach to consultation. Please do not hesitate to contact us should you require any further information or clarification.

[Sent by email and therefore bears no signature]

Yours sincerely,

Rowan Tunncliffe

Head of Commercial & Regulation, SONI Ltd.

CC.

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