

Dear Roisin & Natalie

I write to submit to the Utility Regulator's Call for Evidence on SONI Governance published on the 9 July 2019.

I would like to first of all welcome this Call for Evidence as being a much needed and vital process in ensuring that Northern Ireland Consumers and their families are protected in the future.

I have been in contact with a number of staff members past and present from both SONI and Eirgrid who are very concerned at the direction of travel in both organisations and in fact many work in fear of retribution and punishment if they are identified as having spoken or communicated with me. Many also fear being identified as having submitted evidence to this call for evidence. I believe this will have a direct bearing on numbers of submissions to this call from staff as they feel that by submitting what they know the detail itself will identify them. This should not diminish in any way the further investigations and efforts required to bring full disclosure and transparency into the governance and independence of SONI as Northern Ireland's System Operator. It does however highlight a very unhealthy culture within both organisations in how they manage and treat their respective workforce.

Throughout the last few months I have attempted to engage with Senior Management of SONI, even the Managing Director in order to assuage my growing concerns about the independence and governance of SONI, the role and over reach that their owners Eirgrid have into the system operation of Northern Ireland and how that will impact on decisions taken for the interests of Northern Ireland Consumers and their families in the future, and also the relationship with Eirgrid and the Government of the Republic of Ireland and what part it plays in any decisions taken in both a policy and operational sense here in Northern Ireland. I have to say that since my efforts to assuage my concerns about these issues and build up a communication link with SONI my concerns and fears have grown incredibly. I have now zero percent confidence in SONI independence and transparency. They refuse to answer any of my questions I submitted through email. They then deployed, what I believe to be a stalling tactic when the Managing Director offered to meet me to discuss these serious issues, only to be told at that meeting that she would not be answering any of my questions. Some of the questions I put would have been easily addressed if a healthy and independent relationship existed within the organisations. The content and detail of such will be covered further in my submission.

The Call for Evidence was published on the 9th July 2019 after concerns within the Utility Regulators office and having received concerns from staff, unions & wider society including elected representatives like myself. Within 24 hours SONI Managing Director sent an internal email communication to all staff in SONI stating that "This is an important consultation for SONI and Eirgrid Group. In this regard, the Board of Eirgrid will be reviewing and considering this call for evidence in detail, assisted by the Executive Team. It is also important that the organisation speaks with one voice and I would ask that all staff acknowledge this. Clarity of governance and decision making is important for any organisation and I undertake to come back and brief all staff on both the content and the organisations response to this call for evidence at the earliest opportunity."

According to staff, this engagement has never taken place, in fact a briefing session is

scheduled for after the closing date for submitting evidence.

Out of and because of this email from The Managing Director, [REDACTED]
[REDACTED]. I asked a series of questions, that are listed below, to the Managing Director and her team .

Can you clarify that all staff within SONI will be free and able to contribute to the Utility Regulators review and call for evidence on SONI governance as they see fit ?

Is there anything that could or would hinder staff and employees from engaging with the Utility Regulator on these matters ?

How does management within SONI and indeed EirGrid feel about such engagement between staff / employees and the Utility Regulator if it were to happen?

Are management actively encouraging their staff / employees to engage ? Are they then giving staff / employees ‘lines to take ‘ ?

I received the following email from the Managing Director of SONI [REDACTED]
on the 18th July 2019,

“Dear Paul

You may be aware that I have recently been appointed as the SONI MD, taking up my role in May of this year. We have met in the past to discuss energy matters and I would be pleased to meet with you again to discuss this matter and the development of the SONI strategy for NI.

Regarding your email to [REDACTED] relating to the UR’s call for evidence, this is an important consultation and one which the organisation will be responding to. I have indicated this to staff and undertaken to brief them on our response. I have also advised all staff that my door is open should anyone have any issues they wish to raise.

Regarding responding to the UR call for evidence; this is an open consultation which anyone can respond to.

If you are agreeable I will ask [REDACTED] to liaise so that a meeting can be organised.

Kind Regards

Jo”

I then responded on the 19th July 2019 as follows,

Dear [REDACTED]

Ofcourse I will meet with Jo at anytime to discuss this important issue and all other issues relating to her role .

I am however deeply disappointed in the response to my specific and important questions around the call for evidence.

Is it the case that Jo has told staff that it will be EirGrid Board and Executive team who will be reviewing and considering the response to the UR ?

Is it the case that Jo has told staff that the organisation should speak with one voice on this response and that staff should acknowledge this?

If so , how should staff acknowledge this ?

What must they do or not do to acknowledge this ?

Can this not be perceived as a warning that staff should not contribute to call for evidence?

Is this not contrary to the URs comments in the very document?

Regards

Paul Frew MLA

Of which there was no reply . I am deeply concerned with the use of language within the Managing Directors email to staff, stating that they should speak with one voice and that all staff should acknowledge this ? How should or could they acknowledge it ? Why should the EirGrid board be reviewing and considering this call for evidence? What does this say regarding SONI independence?

I then asked a series of further questions listed below ,

Is it the case that Richard Bruton TD and Minister for Communications, Climate change and Energy in the Irish Republic has requested to see the full response that SONI and / or Eirgrid will be submitting to the Utility Regulators call for evidence?

If so ,under what remit and vires has this been requested?

What will the department's function be ? Will or could it review, amend, approve the final response?

How does this impact on SONI to act as an independent TSO for Northern Ireland Consumers?

Has SONI asked the Utility Regulator for an extension on time to respond ?

If so why is this extension needed and has it anything to do with the Irish Republic Government Departments interference ?

How many SONI staff members sit on the Steering Committee?

How many members are on the Steering Committee in total ?

How often has the Steering Committee met in the last 5 years ?

When was the last time the Steering Committee met ?

Are minutes of this Committee readily available for members of the public ?

How many SONI staff members sit on the Joint Management Committee?

How many members are on the Joint Management Committee in total ?

How often has the Joint Management Committee Met in the last 5 years ?

When was the last time the Joint Management Committee Met ?

Are minutes of this Committee readily available for members of the public ?

So to be clear can you confirm that you and all others within your organisation are refusing to answer these questions until our scheduled meeting ?

End of list of questions.

At the subsequent meeting that was arranged to discuss these and other issues none of my questions were answered with the MD of SONI refusing to answer my questions as I put them to her or discuss any of the issues above .

It deeply concerns me that the Managing Director of an organisation which should act and operate in the interests of Northern Ireland public should fail to answer any of the questions put to them from a public representative, a number of questions that should be simple to answer or in the case of significant and highly sensitive questions around political intervention and interference from another jurisdiction and State , be of the mind to satisfy , assure and assuage any concerns as quickly as possible .

Some of my further concerns are listed below, all informed by communication with staff members.

SONI was required by Condition 24 of its System Operator Licence, Eirgrid was required by Condition 4 in Sections B and C of its System Operator Licence, by 1 October 2007 to enter into a System Operator Agreement & thereafter to comply with and maintain.Has this happened?

The background to the agreement was to ensure that each TSO could carry on on a continuous basis fulfilling its separate and specific roll as stated in its licence.

If so was the System Operator Agreement fit for purpose? Did it protect the interests of the Northern Ireland public ?

Condition 24 of SONI licence talks of the agreement with Eirgrid designed to protect interests of Northern Ireland consumers,facilitate the planning, development, maintenance and operation of the transmission system and to neither prevent or restrict effective competition. It concerns me greatly that Northern Ireland could be curtailed from further investment and development in order for EirGrid and SONI to further justify or argue the merits of the North South Interconnector and/or other projects that could be described as Republic of Ireland centric leaving Northern Ireland and SONI completely dependent on generation, infrastructure and policy direction from the Republic of Ireland . Where are the possible options for further interconnection between Northern Ireland and GB or further afield? How is Northern Ireland consumers affected by the DS3 investment and contracts ? What are Northern Ireland consumers paying for and how does it positively affect their lives and their futures ? What new grid infrastructure is proposed other than North South Interconnector? What new technologies are in the planning for Northern Ireland ? Northern Ireland needs confidence that it is on an equal and balanced footing with our neighbouring jurisdiction in which we share the integrated Single Electricity Market. That equality and balance must be maintained in all circumstances to ensure that there is utmost confidence that Ministerial and operational direction and policy in both jurisdictions can be informed by how it will positively affect the people of that jurisdiction. Many of the policy directions could well be comparable and compatible between the two states but independence must be vigorously protected incase that policy needs to change for whatever reasons in any of the two jurisdictions .

The system operator Agreement states that each system operator have an adequate number of personal with suitable training & experience are available for the purposes of fulfilling their interface obligations. Has this continued to happen ? I am deeply concerned about a perceived brain drain from Belfast, and would question the number of recruited post in SONI of late. What are their roles and remits ? What structures are in place to supervise and manage these posts ? Where are these jobs based ? Belfast or Dublin ? Who is attracted by these jobs ? Who could be strategically targeted? There is a real concern within staff of the current capacity of SONI to make independent decisions ? They talk about a brain drain out of SONI with new personnel being accountable to EirGrid line management rather than SONI ?

Both system operators shall procure that it's nominees on the steering committee & the joint management committee & the staff involved act in a manner which ensures the affect is given to the System Operator Agreement. Has this happened ? Does it continue to happen ? Do these committees even exist now if ever ? Are they fit for purpose? Do they perform the functions for which they were designed? The function of steering committee was to be an oversight of the two TSOs to ensure compliance & maintenance of the System Operator Agreement, comprising the two CEOs of SONI & Eirgrid with each having the same voting power with all decisions being unanimous ? How can this arrangement work in practice ?

Condition 12 of SONI transmission licence is clear that decisions relating to its transmission business is taken by SONI directors or personnel AND NO OTHERS. Does this happen ? Condition 12 required SONI to submit a compliance plan and to appoint a compliance manager at a senior level having full access, who would facilitate compliance with all its obligations. Was this ever completed ? If not Why not ? Who is the current compliance manager and how long have they been in post ? What are their current role and responsibilities? What access do they have ? What challenge functions to they have at their disposal? What evidence is there that challenge functions have been deployed?

Condition 3A was a new condition added to SONI Transmission license requiring Eirgrid to provide an undertaking that SONI shall have adequate financial and non-financial resources. Has this happened to adequate levels ? Has there been a reduction in expertise, capacity and resource within SONI ?

Condition 5, "Prohibition of Cross-Subsidies", requires SONI to procure that the Transmission System Operator Business gives no cross-subsidy to, & receives no cross-subsidy from, any other business of the Licensee or of any affiliate or related undertaking of the Licensee.

Condition 9, "Disposal of Relevant Assets", restricts the disposal of or the RELINQUISHING OPERATIONAL CONTROL over any relevant assets by SONI otherwise than in accordance with the following paragraphs of this Condition.

Condition 13, "Prohibited Activities": prohibits, except with the Authority's consent, SONI from acquiring electricity except to the extent necessary in undertaking the Transmission System Operator Business.

Condition 13 prohibits, from the time SONI ceased to be affiliate of NIE, (a) SONI or any affiliate undertaking generation or supply or (b) SONI being controlled by any person who undertakes or controls a person who undertakes generation or supply.

To facilitate the acquisition by Eirgrid the prohibition on SONI being controlled by any person who undertakes or controls a person who undertakes generation or supply is suspended as long as Eirgrid owns SONI and is state-owned. How has this facilitation affected Northern Ireland Consumers?

The UREGNI has power to amend SONI's licence conditions to protect the interests of existing & future consumers of electricity in Northern Ireland. It needs to ensure that SONI & Eirgrid are meeting their existing obligations under license of which there are serious concerns.

If it's EirGrid board & Executive team reviewing & considering the review from UREGNI on the independence, transparency & performance of SONI as a TSO for Northern Ireland, that's all EirGrid personal apart from maybe two SONI management, surely this raises serious questions on independence?

SONI should set out the nature of day to day interactions between it & EirGrid, governance structures which facilitate this, together with a SONI organisation chart. Within that organisation chart it should show every aspect of work within SONI, all departments including for example PR and also line management and who each employee is accountable and answerable to. Is it the case that some SONI staff will have a line manager outwith the scope of SONI management who would be an Eirgrid officer and employee?

SONI should set out what Group policies apply to SONI and whether these policies are decided by the EirGrid board. This is vitally important to Northern Ireland stakeholders and consumers in understanding the extent and role played by EirGrid rather than the SONI board in strategy & values that affect and impact on Northern Ireland consumers on a daily basis. UREGNI right to ask these important Questions at a time of great concern.

The Cost allocation & recharge policy developed by Eirgrid, charges SONI for group costs. How are these costs worked out? Is it a fair price? Is there a challenge function? For what services exactly? Where can these payments be seen and scrutinised by the public or even the Utility Regulator? How much does this arrangement cost Consumers in Northern Ireland? Where is the transparency? Where and who is responsible for the financial regulation around these transactions? Who over sees them? Is it finance officers within SONI & Eirgrid? There seems to be a number of high profile departures in both SONI and Eirgrid in the financial department's, is there an ongoing issue and is it connected to these charges? It has been put to me by several different sources the allegation that financial accounts [REDACTED]

[REDACTED] before being sent to The Northern Ireland Utility Regulator without the knowledge of the original authors in SONI. This very serious allegation along with all other issues raised with the Utility Regulator needs to be vigorously investigated by them and by other law enforcement agencies if required.

SONI should set out how the integrated structures work & are managed in practice, how decisions are made & Authority is delegated downwards, how decisions about allocation of staff resources in both SONI & EirGrid are made, pros & cons of these arrangements ? They should provide info about scope of TSO functions that are integrated with EirGrid identifying which of these are SEMO functions, which are under System Operator Agreement, which are Northern Ireland only functions & which are Eirgrid only functions.

We need to understand SONI contractual arrangements with EirGrid for sharing resources & staff. SONI need to explain how it monitors how it's getting value for money for services it pays Eirgrid for.

SONI should explain how it monitors value for money for the services it receives from EirGrid under the SLA, what services are received, how frequent this is reviewed for effectiveness & value for money and what were the outcome of the reviews ?

SONI should set out how the current governance arrangements apply to Northern Ireland facing activities, such as planning, and the extent to which this work is wholly managed and directed within SONI.

SONI should set out measures it has in place to ensure the retention of specific, detailed knowledge relating to the Northern Ireland transmission system. Worth remembering that it seems to be EirGrid who will be responding !? Who will sign off the submission to the Utility Regulator from SONI ? What would their input to the submission have been? What staff and at what level worked on the submission? Who else other than SONI management have had access to the submission? Had these others power to access the submission? If so what vires to do so? Had these others power to change or amend the submission? If so what vires to do so?

This submission only touches on some of the many aspects of this call for evidence, I'm only sorry that given other pressures and commitments I haven't had enough time to truly explore the full measure of the call for evidence and to scrutinise further the actions of SONI and Eirgrid.

I would take the opportunity to thank all who put their trust in me, who contacted me to discuss their real concerns around this issue. I cannot state strongly enough the level of fear and concern that exists within many of the workforce of SONI at the direction of the organisation and also how they are being treated on a continuous basis. The staff's conduct and bravery stands as an example to SONI but also as a complete and total contrast as to how the management of SONI has engaged with the public and elected public representatives.

Yours sincerely

Paul Frew MLA

Sent from my iPhone