

# Utility Regulator's Draft Forward Work Programme 2018/2019

A response from SONI Ltd

---

15 February 2018



# Introduction

SONI welcomes the Utility Regulator's publication of its Draft Forward Work Programme for 2018/19, and the associated opportunity to attend its event of 7 February and respond to the Draft Work Programme consultation.

## SONI's roles

SONI is licensed as Transmission System Operator (TSO) and Market Operator (MO) for Northern Ireland. It is owned by EirGrid plc, the licensed TSO and MO in Ireland. This response is prepared in the context of the role of the Utility Regulator in regulating all aspects of the SONI business and that of its affiliates, whether specifically in Northern Ireland or across the island of Ireland through the exercise of its functions through SEM Committee.

SONI recognises that the Utility Regulator's Draft Forward Work Programme for the final year of its 2014-19 Corporate Strategy has been prepared in the absence of an energy framework for Northern Ireland beyond 2020. We also acknowledge that one of the key corporate projects of the Utility Regulator this coming year is to inform discussions regarding appropriate regulatory arrangements following on from the UK decision to leave the EU. This exercise will help to inform the next Corporate Strategy for 2019-2024, thereby providing clarity to the regulated organisations in NI of the Utility Regulator's strategic direction.

## SONI as an enabler of delivery

We note that there is significant commonality between the outcomes of the projects which the Utility Regulator has identified in its Work Programme and the services that SONI is mandated to provide (either through statute, our licences, or other approved codes). In particular, we are responsible for:

- Optimisation of the electricity transmission network and energy balancing costs;
- Innovation in the transmission of electricity through the DS3 programme;
- Implementing compliance with EU electricity market integration requirements;
- Facilitating and advising in relation to long term security of supply in electricity generation;
- Increased utilisation of electricity generated from renewable sources.

From this it can be seen that SONI will provide a significant contribution towards at least ten out of the sixteen outcomes listed in the 2018/19 Draft Forward Work Programme within 'Strategic Objective 1' and 'Strategic Objective 2'. We are committed to working with your office in order to deliver the outcomes in the time available and remain

cognisant of the magnitude of work required during 2018/19 by both of our organisations, particularly in the lead-up to 'I-SEM Go-Live' in May.

# Key Response

In its consultation, the Utility Regulator asks for stakeholder views on:

- Whether it has prioritised the right projects;
- Any objections to its proposed projects.

SONI is of the view that key projects have been identified in the consultation, but also recognises the need to provide more detailed clarity on the indicative project timelines in order to fully assess the achievability of the Utility Regulator's desired outcomes.

## Observations

SONI recognises that the Utility Regulator's Draft Forward Work Programme for the final year of its 2014-19 Corporate Strategy has been prepared in the absence of an energy framework for Northern Ireland beyond 2020, and with impending unknown implications of Brexit as a backdrop. In addition to this, the Utility Regulator needs to balance the competing priorities associated with protecting consumers in Northern Ireland not only in NI, but also in their wider position within the UK, in an all-island context and with continually evolving EU policy requirements.

Whilst your cross-sectoral role adds further complexity to these challenges that you face, it also provides opportunities for synergies and facilitates benefits that would not be achievable in a more fragmented regulatory environment.

## Suggestions

We welcome the Utility Regulator's proposal to review the price control approach (project 7 of Strategic Objective 1) to ensure regulatory best practice and consistency. We also welcome the Utility Regulator's recognition that I-SEM and DS3 add a layer of increased complexity, and that implementation and monitoring of effectiveness are essential.

In order to provide a more transparent view of the impact of the Utility Regulator's key projects, it would be beneficial if a more informed timeline was indicated in the Utility Regulator's decision.

In terms of engagement on the effectiveness of the Work Programme, the introduction of cross-sectoral focus groups to discuss linkages between key themes identified in the Work Programme could help to make decisions about resource allocation, timeframes and priorities.