Bob Hanna
Chair of The EPF Independent Panel

REF: NET/E/TH/608

25th November 2022

Dear Bob,

Utility Regulator feedback on SONI Forward Work Plan (FWP) 2022/23.

We welcome the opportunity to provide feedback to the Evaluative Performance Framework (EPF) Panel, having reviewed SONI's FWP 2022/23. The panel will be aware that this does not represent UR's final decision for the FWP 2022/23. This letter provides a summary of our initial views as a stakeholder, providing feedback on the plan, its deliverables and performance measures.

We wish to highlight that, as per the guidance, a high level of SONI performance on Business-as-Usual activities (BAU) is not the focus of the EPF. Throughout our review, we have sought clear and tangible evidence of new steps leading to better services, practices, business models and technologies which will lead to better outcomes for consumers.

Feedback and Recommendations in Relation to the FWP 2021/22

The panel's final grade, which we accepted, for the Transition Year was a score of 2.28. We determined that SONI's FWP 2021/22 fell short of expectations in line with our Regulatory Guidance. SONI met expectations across its System Operation and Adequacy Role, but it fell short across its remaining roles. Overall, the FWP 2021/22 met, but did not exceed, expectations in terms of ambition. It fell short of expectations in ensuring the plan was shaped by responsive stakeholder engagement, ensuring accountability, and taking account of our priorities of service performance. In our review of SONI's FWP 2022/23, we have been mindful of the recommendations provided to SONI by the panel.

Format, Presentation and Length of Plan

Feedback from EPF Panel, in relation to the FWP 2021/22 was that it was not an easy read for stakeholders. The report contained repetition and superfluous information, that did not always directly address the EPF requirements.

It was recommended that more focus should be given to the EPF requirements, innovations and stakeholder impact, demonstrated by appropriate KPIs. It was noted that greater use of diagrams and graphics would be helpful to explain key elements of more complex themes. Linkage between various initiatives to help readers understand how they relate to each other would have also been useful.

It is evident that SONI has taken on board these recommendations and have improved the presentation and structure of the FWP 2022/23. We acknowledge the effort that has gone into this overhaul. It is an improvement.

Comments on the Report

The FWP 2022/23 report has improved the structure and format making it more comprehensible and is supported by 7 appendices. The appendices clearly separate out each of the SONI roles and include more detailed information in relation to performance measures, stakeholder satisfaction and a self-assessment section. The report is interspersed with useful visuals, which aid the reader in succinctly breaking down some of the more expansive topics, such as SONI's "Key Areas of Focus".

We welcome the fact that SONI has addressed the request to provide an explanation of the relationship between the policy and strategy framework provided by government and SONI's strategy (in Section 3 of the main report).

The information on deliverables, is clearly tabulated and presented under the applicable SONI roles, with an explanation in relation to the benefit(s) of each deliverable. It is good that SONI draws links between activities and our guidance criteria. The information presented provided accountability in terms of what is planned for delivery and how this will be measured. We note that, despite this point being raised in the FWP 2021/22 feedback, there was an absence of high level cost and resource information in relation to projects. This makes it hard for the audience to understand the significance and / or importance of the projects.

It is unclear from the information presented, in terms of deliverables, which are BAU, and which are changes by way of innovation. We are of the opinion that the FWP, in particular the deliverables tables, would be greatly enhanced if the information could be presented in a way that clearly shows a demarcation between BAU and where SONI has gone above and beyond.

In relation to project implementation risks, we would refer SONI to the guidance, which states SONI should include projects that it has a firm commitment to deliver on. We would be interested to see more narrative in relation to SONI's risk mitigation plans.

In terms of strategy, we believe that some of the strategic ambition in relation to KPI targets, such as Renewable Dispatch Down and the removal of RES-E, falls short of our expectations (more details contained in Appendix 1). Progression could be better, in terms of activity or actions SONI has expedited to positively affect system wide costs. The system-wide costs could be presented to show the all island split between Northern Ireland and Republic of Ireland. The inclusion of targets for future years is something we would expect to see as a matter of priority.

In terms of deliverables, we note the number of Transmission Network Preconstruction Project (TNPPs) that are planned for this year. We welcome the increased transparency of information from SONI by way of publishing reports in relation to some TNPPs on their website (for example Mid Antrim Upgrade) and we look forward to seeing continued improvement in this

area, and the publication of more / all of SONI's TNPPs, as it is very useful information for stakeholders.

Performance Measures

Please see Appendix 1, whereby we give our view on the performance measurements. We note the new proposed KPI in relation to SONI TSO Role 3 and TNPP submissions. We are unconvinced as to the appropriateness of linking regulatory approval times, as a quantitative metric to determine SONI's performance. Better metrics could be applied, such as the percentage of the TNPP funding request that is granted through regulatory approval.

Stakeholder Engagement and Collaboration

Our guidance asks SONI to be accountable to stakeholders. The feedback from last year's plan included a request for SONI to explain how stakeholder feedback has influenced the plan and demonstrate that SONI has taken into account the detailed and diverse needs of all stakeholders. Stakeholder engagement is a collaborative process and we have asked to see evidence of more collaboration taking place.

The stakeholder engagement appendix has demonstrated that SONI has taken on board the feedback to provide more information regarding why and how things are done. SONI has also provided evidence to demonstrate consideration of stakeholder feedback, by explicitly addressing specific stakeholder comments and providing a response.

SONI identified their stakeholders in the plan and also identified their process for mapping and targeting stakeholder cohorts and segments. SONI makes reference to their stakeholder engagement process and have advised how they intend to make improvements in this area, by giving the example of the Mid Antrim Upgrade project by addressing the potential gap in representation that could exist if only organised civil society and interest groups are involved in the process. Again, this type of improvement is welcomed and should be considered for all projects and deliverables.

We welcome the new deliverable to develop a performance measure in relation to SONI's stakeholder engagement outcome and agree that inputs from stakeholders to develop measurements of stakeholder engagement is necessary. We are unclear as to when this will be delivered. SONI state that in the interim, they will develop a metric using the "*number of engagements expected to be carried out*" throughout the period as a qualitative and quantitative measure of success. On its own, the number of engagements does not demonstrate a qualitative measure of success.

In the feedback for the FWP 2021/22, it was noted that cyber security had not been addressed. We note that SONI has included a comment about cyber security and have clarified its position in relation to it, being a confidential area.

We can see evidence of how the plan is developing and taking stakeholder feedback into account. However, we will be interested in understanding how feedback outside the EPF process is taken into account.

We trust this is useful. If you have any queries, please get in touch with: Ciara Brennan - Price Control Manager (ciara.brennan@uregni.gov.uk).

Yours sincerely,
Tanya Hedley
Director of Networks

Annex 1 – UR detailed feedback to Panel

Performance Measures	
RES-E (%)	SONI has removed the RES-E target for 2022-23. SONI state they are seeking feedback on its inclusion in future plans. Key points include the following: • As a headline target of the Energy Strategy, removing this item as a KPI seems questionable. Much of SONI's work is dedicated to achieving RES-E, so we would expect to see targets and data included in the FWP. • We would have expected to see how SONI plan to integrate the uplift of the 2030 target to 80%. • A change to the 2030 target does not seem a viable reason to remove the KPI altogether for 2022-23. • It would have been helpful had SONI explained the difference in methodology between their figures and DfE calculations. It would be beneficial for SONI to address this issue for transparency going forward. • In the Transition Year, we commented that the SONI figured quoted as 2019 base level at 39% did not align with figures from DfE which show 43.6% for the 2019 calendar year. This point has not been clarified.
SNSP (%)	SONI has a target to maintain the maximum level of SNSP allowable on the system to **75%** in 2022-23. This corresponds with the recently completed SNSP trial. Key points include the following: • This target represents the same figure as set out in SONI's _Output Metrics_ paper submitted as part of the price control. • We are of the opinion that the metric is acceptable, for now, and maintains the improvement achieved in the previous year. • There are no details on plans for the next trial to increase SNSP. The plan simply states that it will be looked at as part of SOEF v1.1 work. • The information for stakeholders is limited at this stage.
Renewable Dispatch Down (%)	SONI has a target to keep the average level of constraint / curtailment at **10%** in 2022-23. Key points include the following: • This target represents a less challenging figure than the **9.0%** for Year 3 of the price control as set out in SONI's _Output Metrics_ paper submitted as part of the price control. • SONI considers this metric particularly challenging as more renewables come on the system. The target would represent an improvement from the baseline

	figure of **10.7%** in 2019 for wind. However, the target is well above the **7.8%** achieved in 2021. • Percentages have generally been increasing, so holding this figure constant may represent a reasonable performance, though we are unclear why the target has eased since the price control. • It is not obvious if the 10% target is related only to wind dispatch down or also includes solar or other renewables. We would like to see this point clarified.
System Minutes Lost (SML)	SONI has removed the SML target. Key points include the following: • Annex 5 provides no explanation of why this KPI has been removed. • Annex 6 gives a brief explanation that it is due to NIEN feedback, but the merits of the inclusion / exclusion are not provided. • It would be helpful if SONI could provide more detail as to why this metric has been dropped.
System Frequency (%)	SONI has a target to keep the system frequency within the +/- 0.2 Hertz range **98%** of the time in 2022-23. Key points include the following: • This target represents a more challenging figure than the **96%** as set out in SONI's *Output Metrics* paper submitted as part of the price control. • Baseline performance in 2019 was **99.66%,** so target is a step back on actuals. The all-island system is consistently above **99.5%** though fell back to 98.6% in 2021.
TNPP Submissions (Approvals within 4-months)	SONI considers an appropriate metric for performance in this area to be the timeliness of UR approvals regarding a TNPP submission. Whilst we welcome the consideration of new KPIs, we remain to be convinced of the assessment criteria or the external dependency (UR). Key points include the following: • A KPI to measure performance in this area is sensible. However, we are not convinced with linking the success measure to UR's approval times. • The assessment criteria needs more thought – for example, how will the target be scored if one of the projects misses its deadline? Does SONI exceed expectation if an approval is made one day before the 4-month deadline?

	• Other options to consider could include the % of the funding request approved by UR.
Imperfections Costs	SONI intends to introduce an imperfections metric using the backcast model to determine savings from TSO actions. Key points include: • We welcome the introduction of a metric in this area. • More detail is required to determine the reasonableness of the KPI and the methodology. • A target is expected. • We see value in the inclusion of a timeline and schedule of activity for this KPI (as has been done for the Stakeholder Needs Assessment). • A further explanation regarding the modelling work required to establish this KPI would be very helpful.
Service Quality	SONI will be considering the development of a metric in order to account for the issue of Connection Offers and the number of projects energised. Key points include: • We would like to see progress in this area. • We do not see a clear plan in place, or a schedule of activity, for this FWP period.
Stakeholder Needs Assessment	This project will allow SONI to gather information around stakeholder views across various areas of the business. It will allow SONI to develop a stakeholder satisfaction metric which can be used to provide a quantitative measure of SONI performance. Key points include: • We welcome that a defined project is included in the FWP. • Too early to say about ambition as no methodology or targets are in place yet. • It will be important that any customer satisfaction (CSAT) metric can be measured over time and benchmarked against others.

Other KPI Issues	Key points include the following:
	
	• SONI has dropped the cyber security maturity score metric from the FWP. Whilst they have indicated that this information is confidential, SONI could provide this detail to the UR or the Panel.
	• National Grid ESO has some interesting metrics which might equally apply to SONI i.e.
	    • Energy demand forecasting accuracy;
	    • Wind forecasting accuracy;
	    • Reducing outage cancellations due to process error (see ESO report).

	The FWP does not include some funded business plan activities such as *Smarter Outage Management* or *TSO/DSO interface*.