



## **Energia Response to**

***Utility Regulator's SONI Price Control 2026-31:***

Approach Document Consultation

**29 March 2024**

## **Introduction**

Energia welcome the Utility Regulator's ("UR") Consultation on the SONI Price Control 2026-31 Approach Document ("the Consultation") which seeks views on the framework used to guide the approach to the price control. As outlined by the UR, the Consultation forms part of a suite of consultations which will be published over the coming years to establish SONI's price control for 2026-2031 (SRP26). Energia would like to highlight at this early stage the necessity for the price control to recognise the need for adequate TSO funding and incentives to address and tackle the high levels of dispatch down faced by Northern Ireland wind farms. The price control must ensure that this is a key objective and aim.

### **Acute Wind Dispatch Down Problem in Northern Ireland**

Northern Ireland wind farms have been experiencing extremely high levels of dispatch down since mid-2023 and which are significantly in excess of dispatch down levels in other regions across the island of Ireland. Analysis undertaken by Energia and presented to the RAs and SOs strongly suggests that without effective mitigating actions, high levels of dispatch down is likely to be an enduring feature in Northern Ireland and may get worse in the coming years. Such a wasteful loss of clean, affordable, indigenous renewable energy is not sustainable for investors and is detrimental to consumers from a cost perspective. It is also putting in serious jeopardy the ability to meet the new Climate Change Act (Northern Ireland) 2022's binding target of achieving 80% electricity consumption sourced from renewable sources by 2030.

### **Funding and Incentives for TSO to reduce Dispatch Down in Price Control**

Article 13(5)(a) of Regulation (EU) 2019/943 requires that transmission and distribution system operators shall "*guarantee the capability of transmission networks and distribution networks to transmit electricity produced from renewable energy sources or high-efficiency cogeneration with minimum possible redispatching*". Article 13(5)(a) goes on to provide that network planning may take into account limited redispatching, but only where (i) where the transmission system operator or distribution system operator is able to demonstrate in a transparent way that doing so is more economically efficient; and (ii) redispatching does not exceed 5% of the annual electricity generated from renewable sources. This 5% limit is currently significantly exceeded in Northern Ireland and so substantial further network investment is required.

Under Article 59 of Directive (EU) 2019/944, regulatory authorities are responsible for ensuring compliance by transmission and distribution system operators with their obligations under Regulation (EU) 2019/943 and for fixing or approving, in accordance with transparent criteria, transmission or distribution tariffs or their methodologies, or both. UR is therefore obliged to ensure that SRP26 allows SONI to make the network investments required by Article 13 of Regulation (EU) 2019/943. It is therefore crucial that SONI are adequately funded and incentivised to tackle the high levels of dispatch down being experienced in Northern Ireland. Energia recommends that specific

measures are proposed to address this in the SONI business plan and subsequent consultations on the SRP26.

Pending completion of these investments or the implementation of market based redispatch in the SEM, SONI is obliged to compensate generators for redispatch (backdated to 1 January 2020) under Article 13(7) Regulation (EU) 2019/943. This is an obligation that rests with the transmission system operator rather than a market cost and this must therefore also be reflected in SRP26. Combined with the full implementation of Article 13(7) compensation, the formal setting of KPIs may prove useful as an additional measure to monitor and assess the performance of SONI over the price control period in reducing wind dispatch down levels.

### **Conclusion**

Energia would like to highlight at this early stage of the price control process the importance of measures to be put in place to address and tackle the high levels of dispatch down faced by Northern Ireland wind farms. The price control can play a role in ensuring that the TSO is adequately resourced and incentivised to do so. Energia recommends that specific measures are proposed to address dispatch down in the SONI business plan and subsequent consultations on the SRP26. Furthermore, the formal setting of KPI's should be used as a tool to monitor and assess the performance of SONI over the price control period in addressing dispatch down levels. It is important to emphasise, however, that whilst measures in the price control may be useful, they cannot substitute for the full implementation of Article 13(7) compensation.