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Re: Utility Regulator Draft Forward Work Programme 2025-26

Thank you for the opportunity to comment on the Utility Regulator (“UR”) Draft Forward Work Programme (“FWP”) 2025-26. This response is on behalf of SONI Ltd., the licenced electricity Transmission System Operator for Northern Ireland, as well as the licenced electricity Market Operator (delivered via contractual joint venture with EirGrid plc, the Irish TSO).

This consultation is very timely as SONI has recently published our own corporate strategy for 2025-31¹. Our strategy sets out the four core key activities of SONI: Advise, Plan, Deliver and Operate. We also set out our ambition to be a trusted advisor to the Utility Regulator and the NI government. As such, we envisage that we will work closely and collaboratively with UR over the coming 12 months and beyond.

To meet UR’s ambitions in terms of delivering net zero targets, addressing affordability concerns for consumers, meeting energy policy and strategy, securing energy supply and protecting consumers in energy markets, it is vital that the two organisations work closely together at all levels. To meet NI’s ambitious net zero targets set down in legislation, both organisations also need to constantly challenge ourselves to see what is possible within our current legal and regulatory frameworks.

Areas where we will work collaboratively together over the coming twelve months include:

- Integration of more renewable energy onto the system to meet challenging 2030 targets. SONI published a dispatch down action plan in December 2024², and we will work with UR to implement the actions outlined in this. We will also work with UR on a Firm Access Methodology review, which is included as an action in our own corporate forward work plan as well as the draft UR FWP. We also anticipate that there will be significant work relating to the implementation of a Renewable Energy Support Scheme within the year, involving both SONI and UR.
- Network planning, where SONI already have significant obligations through European network code and our licence, and which will further expand with the introduction of the NI Flexibility Needs Assessment and the Demand Response Network Code. SONI lead the way in terms of forecasting and modelling the future NI electricity network, the needs placed upon it, and potential pathways to net zero. As such, we will work with UR, DfE, the gas TSOs and others to develop energy

¹ <https://www.soni.ltd.uk/about-us/our-strategy>

² [Draft Dispatch Down Action Plan - System Operator for Northern Ireland - December 2024.pdf](#)

modelling capability, and act as a trusted advisor to ensure that there is consistency in terms of the analysis used for decision making.

- Following the recent decision to consult on extending SONI's existing price control by two years³, we will work closely with UR throughout the year to develop our business plan for the next price control period. However, there are also actions that must be progressed now to ensure that Northern Ireland can meet its 2030 targets, and we will engage with UR to ensure that these can progress within the current price control framework, including moving to a more Plan Led approach to network development and undertaking more anticipatory investment in the network. Additionally, we will continue to work closely with UR to develop SONI's capability as an independent TSO and embed new governance and operational management arrangements as required under TSO Licence Condition 42. Progress on this within year will significantly improve the quality of business case that SONI can submit to UR for the next price control period.

SONI's comments on specific items contained within the draft FWP are outlined in subsequent pages. At the end, we also consider additional items which we believe should be included within the FWP.

SONI would also welcome additional information in the draft FWP around expected timings for particular projects and deliverables so that we can plan our own activities around key milestones.

³ [Consultation on two-year extension to current SONI Price Control \(SRP20\) | Utility Regulator](#)

Strategic objective 1: Supporting the Just Transition to Net Zero

1.1 Smart Meter Rollout and 1.2 Electricity Time of Use Tariffs and dynamic tariffs

Our understanding is that reference to electricity time of use tariffs in this context is in relation to domestic supply tariffs, which are influenced by the tariffs which SONI levies on suppliers that operate in the wholesale market.

As set out in our response to the DfE's call for evidence on smart meter rollout we believe harnessing this customer behaviour through smart metering will support the low carbon transition. Additionally, there could also be security of supply benefits by encouraging demand shifting away from peak times, similar to the Demand Flexibility Scheme in Great Britain.

Given the impact on SONI's role in managing the power system and the wholesale energy market it is important that there is appropriate alignment with tariff signals at domestic and wholesale levels.

We welcome the roll out of smart meters in Northern Ireland, and also the introduction of dynamic tariffs to ensure that the value of smart meters can be realised. SONI's analysis in Tomorrows Energy Scenarios ("TES")⁴, outline the importance that flexibility of electricity demand will play in future in meeting our net zero goals.

Demand flexibility can enable much more efficient use of the electricity network, allowing consumers to more easily match their demand to periods of high renewable electricity generation and the lower wholesale prices that it can deliver. As such, we are keen to understand exact timelines for the projects and the interactions between the two, as this will have significant implications for SONI's network planning.

SONI, via SEMO as market operator, will also need to be involved in the project as dynamic supply pricing will likely rely heavily on wholesale market data. This may require additional data reporting or new hardware or software to support more timely data reporting, and it will be important to consider this resource requirement in our own planning.

Additionally, we are keen to understand how transmission tariffs such as STUoS, which has a time of use element, will feed through into dynamic supply pricing and how the introduction of dynamic pricing might affect the risk profile that SONI faces in terms of revenue recovery. STUoS tariffs are designed to be higher in historically high demand periods. If dynamic pricing, supported by smart metering, leads to significant shifts from historic trends then there may be a future need to review the STUoS methodology to ensure that it continues to result in cost reflective charges.

⁴ <https://www.soni.ltd.uk/future-energy/tomorrows-energy-scenarios>

1.4 NI energy system model

SONI has led the way in terms of energy system modelling in Northern Ireland. Through publications like our Tomorrow's Energy Scenarios ("TES"), we have identified various pathways to meet NI's net zero energy goals.

SONI also have various obligations under our licence and under EU legislation to develop and hold electricity system models. For example, we publish the All-Island Resource Adequacy Assessment ("AIRAA"), the Ten-Year Transmission Forecast Statement, the Transmission Development Plan for NI, as well as the TES and TES System Needs Assessment. These are all based on detailed, robust and consistent models of the electricity system.

The AIRAA currently feeds into the European Resource Adequacy Assessment ("ERAA"), while the Transmission Development Plan NI feeds into the EU wide Ten Year Network Development Plan ("TYNDP")⁵. The TES is based on the European TYNDP Scenarios⁶.

The Revised TEN-E Regulation (EU) 2022/869⁷ placed a requirement on the European Network of Transmission System Operators for Electricity ("ENTSO-E"), of which SONI is a member, to develop joint planning scenarios with the gas equivalent (ENTSO-G) from 2022. Eventually, there is also a requirement for ENTSO-E and ENTSO-G to use a single joint model to develop their network forecasts and development plans.

In light of the above alignment at European level, as well as similar alignment at national level in Ireland, SONI is working with the Northern Ireland gas TSOs⁸ to develop enhanced whole system and network planning arrangements for NI. Part of this may necessitate development of a whole system model in future.

Additionally, we are working with UR and DfE via the Future Energy Modelling Group and have worked with DfE in the development of the Energy Transition Model for NI which was benchmarked and validated by Ulster University. We continue to offer support as DfE develop their model.

Given SONI's obligations under the European framework and the proactive work in this area, it is important that any model developed by UR and DfE is consistent with the models held by SONI which allow us to deliver on our various obligations, particularly at European level.

⁵ <https://tyndp.entsoe.eu/>

⁶ <https://2024.entsoe-tyndp-scenarios.eu/>

⁷ <https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:32022R0869>

⁸ Mutual Energy and Gas Networks Ireland (UK).



Part of SONI's corporate strategy is to become a trusted advisor on energy matters to UR and DfE. We are therefore keen to work with UR, DfE and others through the Future Energy Modelling Group to understand what the modelling requirements are and investigate whether SONI's existing models and deliverables can be adapted in a cost-effective way to deliver on UR and DfE's requirements.

1.5 Preparation work for potential firm access review in 2026-27

SONI is aware that there are widespread requests from industry for a review of the firm access methodology. Owing to this, we have included a review of the firm access methodology in our own Forward Work Plan for 2024-25⁹.

We note that our proposed timelines run ahead of the UR FWP proposed timelines for this work, and we are keen to work with UR to align the two pieces of work, as our own review of the methodology will be dependent on decisions made by UR to a large degree.

⁹ <https://cms.soni.ltd.uk/sites/default/files/media/documents/Forward-Work-Plan-2024-25.pdf>

Strategic objective 2: Securing our energy and water supply

2.1 T-1 and T-4 SEM capacity auctions

While these auctions are business as usual activity, we will work with UR to deliver these auctions.

State aid approval for the current Capacity Remuneration Mechanism runs out in 2027. While ultimately it is the NI Executive who must confirm state aid compliance, significant work will need to be undertaken by both UR (and the SEMC) and SONI to ensure that the Capacity Market design remains compliant with relevant rules and continues to deliver against security of supply, consumer cost and decarbonisation requirements.

2.2 Interconnection regulation

This item suggests that UR will commence an assessment with regards the need for future interconnection, we understand that this will feed into an assessment of the regulatory support and revenue mechanisms available to potential future interconnection.

As part of SONI's new strategy, we have an ambition to move to a Plan Led approach and would like to begin developing, in collaboration with the gas TSOs and working closely with UR and government, a strategic plan akin to the approach now being undertaken in Great Britain¹⁰. Part of this approach may consider the benefit of additional interconnection. Additionally, interconnection needs are in scope of the Flexibility Needs Assessment which we will be required to produce in future and which is outlined in its own section below.

We would therefore be keen to work closely with UR in terms of the potential assessment of the benefit of further interconnection and to scope out the role that different organisations will play in planning the energy system of the future.

Additionally, there may be significant work, along with DfE, interconnector owners and neighbouring TSOs with regard to cross-border trading arrangements resulting from the UK's departure from the EU. The energy provisions in the Trade and Cooperation Agreement ("TCA") between the EU and the UK cease in June 2026, and Multi-Regional Loose Volume Coupling ("MRLVC") as envisaged in the TCA has yet to be implemented.

While reintegration of the SEM within the European Internal Market for Energy is being facilitated via the All-Island Strategic Markets Programme ("SMP") to prepare for the commissioning of the Celtic Interconnector, existing and future interconnection with GB will continue to be excluded from the Day Ahead market until such a time that new arrangements between the EU and UK are put in place. Work may be required on this

¹⁰ <https://www.neso.energy/what-we-do/strategic-planning/strategic-spatial-energy-planning-ssep>



during the year, particularly if negotiations around extending or replacing the energy provisions within the TCA progress within the year.

2.3 Security of supply regulatory tools

We are keen to engage closely with UR on the tools used to ensure continued security of supply on the electricity system.

With regards to fuel security, SONI publish a pro forma Fuel Switching Agreement in accordance with Condition 29 of our TSO licence. We will continue to review this agreement depending on the outcome of any work by UR.

Additionally, we will work with UR and DfE to ensure that there are adequate tools in place to enable the SONI control room to manage the system and ensure security of supply standards are met.

2.4 Governance arrangements for SEM All-Island Programmes

SONI and EirGrid have been working to implement SEM-24-034, the decision by the SEM Committee relating to Governance and Revenue Recovery Arrangements for SEM All-Island Programmes ("AIP").

Work is still ongoing in this area, as well as in relation to SONI governance arrangements as required under TSO Licence Condition 42.

Key to successful implementation of SEM-24-034 is the establishment of the All-Island Programme Management Office and we are hopeful that the RAs will progress this in the coming months.



Strategic objective 3: Enabling best in class energy and water companies

3.1 SEMO price control review

SONI looks forward to receiving the final decision on SEMO's price control and will work with UR and the SEM Committee to implement the decisions as needed.

3.3 Regulatory approach to Future Electricity Network price controls

As part of SONI's corporate strategy we are keen to move to a more Plan Led approach to network development and we believe that there is a need to undertake more anticipatory investment in the electricity network in order to meet net zero targets. This will include exploring the way that the UR will implement the guidance that ACER is required to publish to implement the updated requirements of Article 18 of Regulation 2019/943.

We are keen to work with UR to develop appropriate methodologies and approaches to network development and investment in line with this guidance.

Additionally, while UR are currently consulting on a two-year extension to SONI's existing TSO price control, SONI will be continuing to progress work in this area within the year, and we will continue to engage frequently with the UR on this over the next twelve months ahead of Business Plan submission for our 2027-32 Price Control in March 2026.

SONI has previously flagged concerns about the length of time that it is taking to get approvals from UR to progress workstreams under uncertainty mechanisms in our current price control. Following recent engagement, we are keen that detailed engagement is undertaken between our teams in finding a more streamlined approach that can give us certainty of recovery of efficiently incurred costs and reduce the burden on both teams on the ex-ante approval process.

We hope to progress elements of our proposed Plan Led approach within the current price control using the uncertainty mechanism framework. As such, a more streamlined approach to funding requests will allow us to progress this much more efficiently and with better outcomes for consumers.

3.4 Regulatory approach to Future Network Gas price controls

As above, while SONI's responsibility and duties are focused on the electricity network, long-term network planning at European level is becoming more integrated between electricity and gas (including hydrogen). While SONI remains part of the European framework post-Brexit, the NI gas TSOs do not. However, SONI are committed to working with the gas TSOs on a whole system basis in terms of future network development, including in relation to anticipatory investment.

Strategic objective 4: Providing the highest level of consumer service and protection

4.1 Ex-ante market outcomes and price formation evolution in the SEM

SEMO regularly review ex-ante market and balancing market prices and the drivers behind these. We are keen to work with UR and the SEM Committee to support this analysis and leverage efficiencies where possible to avoid duplication of effort.

4.3(v) Farming sector experiences in energy and water

SONI as TSO is responsible for electricity transmission network planning and undertaking pre-construction development work of network improvements (Transmission Network Pre-Construction Projects – TNPPs). As part of our work on TNPPs we regularly engage with the agricultural sector and rural landowners. As such we would be happy to feed into this analysis. We also welcome the decision by the UR to support SONI’s proposal to implement a new, consistent and more appropriate model for landowner compensation for network development projects. We will also engage further with UR throughout the year to develop a community benefit model for NI to ensure that local communities benefit from hosting electricity infrastructure and aid the progress of TNPP projects.

4.3(vii) Energy literacy

In SONI’s corporate strategy, we are committed to being a trusted advisor to government and the regulator. However, this trusted advisor ambition also extends to consumers and consumer groups. As such, we are keen to help improve wider understanding of the electricity transmission network and wholesale energy market. We are happy to support UR in this work.

Additional projects for inclusion

As well as those listed in the draft FWP, SONI also believes that the following projects should be considered for inclusion in the final version of the FWP:

1) *Renewable Energy Support Scheme*

In 2023, DfE published a consultation on a new Renewable Energy Support Scheme for Northern Ireland. Should final decisions be made on this scheme in the coming 12 months, actions will need to be taken and delivered quickly, including by both SONI and UR. As such, we believe that it should be included in the FWP given implementation will be a sizeable project which will tie up significant resource.

This will align with UR's strategic objective 1: Supporting the Just Transition to Net Zero.

2) *SONI Licence Condition 42*

SONI's TSO licence condition 42 ("LC42") contains duties on SONI to adapt its governance arrangements. SONI is working through these requirements and working to deliver to key milestones outlined in the condition. Following a Direction from UR received in early 2025 which extends the deadline for some of these milestones, including the window for submitting derogation requests under LC42. We anticipate submitting derogation requests in summer 2025 in line with these extended milestones. To provide clarity to the business and to consumers, particularly in advance of SONI's price control business plan submission that is now due to be submitted in March 2026, we hope that these requests will be considered, and decisions made, in a timely manner, and preferably within the year. As such, we suggest that reviewing of LC42 derogation requests should be included as a deliverable in the FWP for the second half of the calendar year.

Additionally, as flagged in an earlier section, we are reliant on uncertainty mechanism requests for additional regulatory allowances under our existing price control to deliver compliance with LC42. We are keen to work with UR to ensure that decisions on these requests are delivered in a timely manner to allow work to progress efficiently.

This could align with UR's strategic objective 3: Enabling best in class energy and water companies.

3) *NI Flexibility Needs Assessment*

SONI has been working with the UR, DfE and NIE Networks to plan the implementation of Articles 19E to 19H of Regulation 2019/943 that were added to that regulation in July 2024. Although the methodology for the analyses that we will need to undertake will be determined by ACER, the UR's input to this assessment will be essential. The timelines for undertaking the work are mandatory. It is important that sufficient UR resources are made

available to inform and support these activities if we are to unlock the benefits available to NI through the timely implementation of this.

This could align with UR's strategic objective 2: Securing our energy and water supply.

4) Demand Response Network Code

In 2024, ACER consulted on a proposed Demand Response Network Code¹¹. This will apply to the SEM and will require implementation by SONI, NIE Networks and the UR. This will likely require work throughout the next twelve months and SONI will work with UR and others as required to implement this.

This could align with UR's strategic objective 2: Securing our energy and water supply.

5) GTUoS European Compliance

In December 2024, EirGrid consulted¹² on a proposed methodology to ensure compliance with EU Regulation 838/2010, which states that generators can be charged a maximum of €2.50/MWh via tariffs in Ireland and the UK. As GTUoS can only be assessed on a MWh basis ex post, Ireland breached this limit in 2023. Potential resettlement of 2023 tariffs to correct this will have an impact on NI as GTUoS is an all-island tariff. Additionally, there is a chance that NI will also end up in breach of this Regulation in future, as such an enduring solution is needed.

Given GTUoS is a SEM tariff, rather than jurisdictional, we will work with UR and the SEM Committee to ensure an enduring solution to compliance with the Regulation is in place. This could align with UR's strategic objective 2: Securing our energy and water supply.

6) Licence Modifications to implement the Future Arrangements for System Services ("FASS")

While the Future Arrangements for System Services is an All-island project with governance falling under the SEM Committee and the AIP governance arrangements, it will require a review of all electricity related licences in Northern Ireland to ensure that they facilitate the new ways of procuring these essential services. Providing adequate resourcing for this work will be vital to ensure that milestones for the project are achieved successfully and FASS is delivered on time. This could align with UR's strategic objective 2: Securing our energy and water supply.

¹¹ [PC_2024_E_07 - Public consultation on the draft network code on demand response | www.acer.europa.eu](https://www.acer.europa.eu/PC_2024_E_07_-_Public_consultation_on_the_draft_network_code_on_demand_response)

¹² <https://consult.eirgrid.ie/en/consultation/eu-regulation-8382010-methodology-alignment-ireland>