

# Annex C

## NIE Networks Transmission Licence Condition



## About the Utility Regulator

The Utility Regulator is the independent non-ministerial government department responsible for regulating Northern Ireland's electricity, gas, water and sewerage industries, to promote the short and long-term interests of consumers.

We are not a policy-making department of government, but we make sure that the energy and water utility industries in Northern Ireland are regulated and developed within ministerial policy as set out in our statutory duties.

We are governed by a Board of Directors and are accountable to the Northern Ireland Assembly through financial and annual reporting obligations.

We are based at Queens House in the centre of Belfast. The Chief Executive and two Executive Directors lead teams in each of the main functional areas in the organisation: CEO Office; Price Controls; Networks and Energy Futures; Markets; Consumer Protection and Enforcement. The staff team includes economists, engineers, accountants, utility specialists, legal advisors and administration professionals.



## Abstract

We are publishing our decision requiring NIE Networks and SONI to jointly develop, publish and periodically update a digitalisation strategy and action plan. We are introducing these licence conditions to increase transparency on their plans to digitalise, share energy system data and support accountability to provide benefits for consumers in Northern Ireland. The modifications will be implemented largely unchanged from the consultation with some additional time allowed. This document is NIE Networks (Transmission) new digitalisation Licence Condition.

## Audience

This document is likely to be of interest to SONI, NIE Networks, other stakeholders in the energy industry, government and other statutory bodies including consumer groups with an interest in the energy industry and digitalisation.

## Consumer impact

Our overall aim is to improve the digitalisation of the energy system and ensure better use of data to create benefits for consumers such as:

- a more efficiently planned, maintained, and operated energy system;
- greater visibility of, access to and ease of use of information and insight about the energy system; and
- improved integration between the energy systems.

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## Condition 43 Digitalisation

### INTRODUCTION

1. This condition makes provision for the Licensee, working together with SONI, to produce a strategy and an action plan designed to facilitate the effective digitalisation of their regulated businesses, and it consists of four parts:
  - (a) **Part A** makes provision for the Licensee and SONI to prepare, adopt and maintain a joint Digitalisation Strategy;
  - (b) **Part B** makes provision for the Licensee and SONI to prepare adopt and maintain a joint Digitalisation Action Plan designed to give practical effect to the Strategy, and it requires the Licensee to take all steps within its power to comply with the relevant provisions of the Plan;
  - (c) **Part C** makes provision for the Authority to issue and amend a document known as the DSAP Instructions and Guidance, which may specify requirements as to the form and content of the Strategy and Plan and provide further guidance relating to those documents;
  - (d) **Part D** sets out various defined terms which are relevant to this condition.

## PART A. THE DIGITALISATION STRATEGY

### The Principal Obligation

2. The Licensee must, in conjunction and cooperation with SONI, take all steps within its power to ensure that they jointly prepare, adopt and maintain a Digitalisation Strategy in accordance with the requirements of this Part A.

### Preparation of the Digitalisation Strategy

#### *The Form of the Strategy*

3. The **first** requirement is that the Digitalisation Strategy shall be structured so as to include separate sections, which shall respectively incorporate provisions:
  - (a) specific to SONI in its role as the Transmission System Operator;
  - (b) specific to the Licensee in its separate:
    - (i) Transmission Owner Business; and
    - (ii) Distribution Business;
  - (c) common to both the Licensee and SONI; and
  - (d) requiring cooperation and joint working on the part of the Licensee and SONI.

#### *The Content of the Strategy*

4. The **second** requirement is that the Digitalisation Strategy shall be written so as to:
  - (a) comply with any requirements specified by the Authority in the DSAP Instructions and Guidance; and

- (b) take into account any guidance, and be consistent with any principles or objectives, specified by the Authority in the DSAP Instructions and Guidance.

*The Procedure Prior to Adopting the Strategy*

5. The **third** requirement is that, before adopting the Digitalisation Strategy, the Licensee and SONI shall jointly:
  - (a) prepare a draft of the Strategy and publish that draft in such a manner as is likely to bring it to the attention of those who may have an interest in it;
  - (b) prepare and publish together with that draft such explanatory or supporting materials as are necessary to ensure that those who have an interest in the Strategy are able to understand clearly the purpose, aims and likely effect of the draft;
  - (c) allow all those who wish to make representations on the draft Strategy a reasonable opportunity (within a period of not less than 42 days from the publication of the draft) in which to do so; and
  - (d) carefully and conscientiously consider all representations received by the Licensee or SONI during the specified period with a view to assessing whether any changes to the draft Strategy are necessary or desirable in the light of those representations.
  
6. The **fourth** requirement is that, before adopting the Digitalisation Strategy, the Licensee and SONI shall jointly:
  - (a) prepare a document which:
    - (i) summarises the representations received by them from interested parties in response to the draft Strategy; and

- (ii) provides a clear and reasoned explanation of whether the Licensee and SONI propose to make or not to make any changes to the draft Strategy in respect of each of those representations;
- (b) publish that document in such a manner as is likely to bring it to the attention of those who may have an interest in it; and
- (c) send a copy of the document to the Authority.

*Consideration of the Strategy by the Authority*

7. The **fifth** requirement is that, having complied with the first to the fourth requirements of this Part A but before adopting the Digitalisation Strategy, the Licensee and SONI shall jointly:
- (a) prepare a further version of the Strategy incorporating such changes (if any) as they consider appropriate in the light of representations received on the draft Strategy;
  - (b) provide to the Authority a copy of that version of the Strategy as the document which they propose for adoption;
  - (c) provide to the Authority such further information or explanation in relation to the Strategy as the Authority may request;
  - (d) make any changes to that version of the Strategy which the Authority may, within 28 days of having been provided with a copy of it, direct them to make; and
  - (e) treat that version of the Strategy, including any changes directed by the Authority, as the final form of the document for the purposes of its adoption.



## Adoption of the Digitalisation Strategy

8. The **sixth** requirement is that the Licensee and SONI shall adopt the Digitalisation Strategy by no later than 30 September 2026 or such later date as may be specified in a direction issued to each of them by the Authority pursuant to this paragraph 8.
9. The **seventh** requirement is that the Licensee and SONI shall jointly arrange for the publication of the Digitalisation Strategy, following its adoption, in such manner as to ensure that it will be reasonably accessible to all those who may have an interest in it.

## Maintenance of the Digitalisation Strategy

### *Reviews of the Strategy*

10. The **eighth** requirement is that the Licensee and SONI shall, from time to time, jointly review the Digitalisation Strategy with the aim of ensuring that it remains accurate, up to date and fit for purpose, and shall in particular ensure that:
  - (a) in the case of the first such review, that review is completed by no later than the date which falls two years after the date on which the Strategy was initially adopted; and
  - (b) in the case of each subsequent review, the review is completed by no later than the date which falls two years after the date of completion of the immediately preceding review.
11. For these purposes, a review shall be treated as having been ‘completed’ only when the ninth to the eleventh requirements of this Part A have been satisfied in respect of it.

*The Procedure for a Review of the Strategy*

12. The **ninth** requirement is that, for the purpose of each review of the Digitalisation Strategy, the Licensee and SONI shall jointly:
- (a) prepare and publish, in such a manner as is likely to bring it to the attention of those who may have an interest in it, a document (the **Review Paper**) which:
    - (i) summarises their views as to the progress made in implementing the Strategy since (as applicable) its initial adoption or the completion of the immediately preceding review;
    - (ii) specifies whether they propose to make or not make changes to the Strategy, and in either case provides a clear and reasoned explanation for the proposal; and
    - (iii) sets out any changes to the Strategy which may be proposed;
  - (b) allow all those who wish to make representations on the content of the Review Paper, and in particular on any proposal to make or not to make changes to the Strategy, a reasonable opportunity (within a period of not less than 42 days from its publication) in which to do so;
  - (c) carefully and conscientiously consider all representations received by the Licensee or SONI during the allowed period with a view to assessing whether any variations to the proposal set out in the Review Paper are necessary or desirable in the light of those representations; and
  - (d) comply with such other requirements and take into account any guidance, in relation to the conduct of the review, as is specified by the Authority in the DSAP Instructions and Guidance.
13. The **tenth** requirement is that, before completing each review of the Digitalisation Strategy, the Licensee and SONI shall jointly:

- (a) prepare a document which:
  - (i) summarises the representations received by them from interested parties in response to the Review Paper; and
  - (ii) provides a clear and reasoned explanation of whether the Licensee and SONI propose to make or not to make any changes to the Strategy in the light of those representations; and
- (b) publish that document in such a manner as is likely to bring it to the attention of those who may have an interest in it, and send a copy of it to the Authority.

*Consideration of the Strategy by the Authority following a Review*

14. The **eleventh** requirement is that, having complied with the eighth to the tenth requirements of this Part A, the Licensee and SONI shall jointly:
- (a) provide to the Authority a statement which either:
    - (i) identifies the changes they propose to make to the Digitalisation Strategy; or
    - (ii) explains that they consider no changes to the Strategy to be appropriate at that time; and
  - (b) where the Authority, within 28 days of having been provided with that statement, directs them to do so:
    - (i) refrain from making any such changes to the Strategy as the direction may identify; and/or
    - (ii) make such other changes to the Strategy as the direction may identify.

### *Post-Review Publication of the Strategy*

15. The **twelfth** requirement is that the Licensee and SONI shall jointly arrange for the publication of an updated version of the Digitalisation Strategy, following the completion of each review, in such manner as to ensure that it will be reasonably accessible to all those who may have an interest in it.

### *Archive of the Strategy*

16. The **thirteenth** requirement is that, following the first review of the Digitalisation Strategy, the Licensee and SONI shall jointly arrange for an archive of all previously published versions of the Strategy to be maintained and published in such manner as to ensure that it will be reasonably accessible to all those who may have an interest in it.

### **Disputes – Resolution by the Authority**

17. The provisions of paragraphs 18 to 20 shall apply only where the Licensee and SONI, having each negotiated with each other in good faith and used all steps within their respective powers to establish a common position, are:
  - (a) in the case of the fifth requirement of this Part A, unable to reach agreement in all respects as to a version of the Strategy to be proposed for adoption; or
  - (b) in the case of the eleventh requirement of this Part A, unable to reach agreement in all respects as to the changes (if any) to be proposed to the Strategy.
18. Where this paragraph applies, the Licensee and SONI shall jointly, at the same time as they comply with all other aspects of the fifth or the eleventh requirement (as the case may be), and by exception to the obligation to submit to the Authority a single joint proposal, submit to the Authority instead:
  - (a) a statement identifying clearly:

- (i) the matters on which they have been able to agree and which are therefore the subject of a single joint proposal; and
    - (ii) the matters on which they have not been able to agree and in respect of which they each make different proposals; and
  - (b) in relation to those matters on which they have not been able to agree:
    - (i) a statement of the proposal preferred by each of them, which shall include (where relevant) a draft of the provisions of the Strategy that they would each respectively prefer to be adopted; and
    - (ii) a reasoned explanation of why each company prefers its own proposal as against the alternative proposal made by the other.
19. Where this paragraph applies, the Authority may, at the same time as it exercises its other functions as described in the fifth or the eleventh requirement (as the case may be), resolve the matters in dispute between the Licensee and SONI by determining either to accept the proposal preferred by one of them or to follow an alternative approach identified by the Authority, and in either case shall direct the Licensee and SONI to adopt a version of the Strategy which is consistent with that determination.
20. Where this paragraph applies, references in the fifth or the eleventh requirement (as the case may be) to 28 days shall be read instead as being references to 56 days.

### **Key Definition**

21. For the purposes of this condition, a **Digitalisation Strategy** means a document which sets out clearly:
- (a) the objectives of both the Licensee and SONI in relation to the Digitalisation of their respective regulated businesses, identifying clearly how such objectives:

- (i) align with the interests of energy consumers in Northern Ireland, including the interests of those consumers in receiving a fair share of the benefits generated from the managerial and operational implementation of the Strategy; and
  - (ii) demonstrate the Licensee and SONI's understanding of the needs of their stakeholders and prioritise the meeting of those needs which will benefit energy consumers in Northern Ireland;
- (b) the intended means by which those objectives are to be achieved by each of them, including the resources requiring to be committed to the process of achieving those objectives;
- (c) such target deadlines, standards of performance and/or deliverable outcomes as are to be set by them so as to ensure that their progress towards meeting the objectives is clearly measurable; and
- (d) such processes as are to be established by them so as to ensure that:
  - (i) their progress by reference to the targets is regularly measured and reported on, in a manner that is transparent and accountable to energy consumers in Northern Ireland; and
  - (ii) corrective actions are promptly taken by them in any case in which the targets are not met, so as to ensure that all appropriate steps continue to be taken with a view to achieving the objectives and so protect the interests of energy consumers in Northern Ireland.

## PART B. THE DIGITALISATION ACTION PLAN

### The Principal Obligations

22. The Licensee must:
- (a) in conjunction and cooperation with SONI, take all steps within its power to ensure that they prepare, adopt and maintain a Digitalisation Action Plan in accordance with the requirements of this Part B; and
  - (b) take all steps within its power to comply with the provisions of the Plan insofar as they are relevant to the Transmission Owner Business.

### Preparation of the Digitalisation Action Plan

#### *The Form of the Plan*

23. The **first** requirement is that the Digitalisation Action Plan shall be structured so as to include separate sections, which shall respectively incorporate provisions:
- (a) specific to SONI in its role as the Transmission System Operator;
  - (b) specific to the Licensee in its separate:
    - (i) Transmission Owner Business; and
    - (ii) Distribution Business;
  - (c) common to both the Licensee and SONI; and
  - (d) requiring cooperation and joint working on the part of the Licensee and SONI.

### *The Content of the Plan*

24. The **second** requirement is that the Digitalisation Action Plan shall be written so as to:
- (a) comply with any requirements specified by the Authority in the DSAP Instructions and Guidance; and
  - (b) take into account any guidance, and be consistent with any principles or objectives, specified by the Authority in the DSAP Instructions and Guidance.

### *Consideration of the Plan by the Authority*

25. The **third** requirement is that, before adopting the Digitalisation Action Plan, the Licensee and SONI shall jointly:
- (a) prepare a draft of the Plan and provide a copy of it to the Authority;
  - (b) prepare and provide to the Authority together with that draft such explanatory or supporting materials as are necessary to ensure that the Authority may understand clearly the purpose, aims and likely effect of the draft;
  - (c) provide to the Authority such further information or explanation in relation to the Plan as the Authority may request;
  - (d) make any changes to the draft of the Plan which the Authority may, within 42 days of having been provided with a copy of it, direct them to make; and
  - (e) treat that version of the Plan, including any changes directed by the Authority, as the final form of the document for the purposes of its adoption.



## Adoption of the Digitalisation Action Plan

26. The **fourth** requirement is that the Licensee and SONI shall adopt the Digitalisation Action Plan by no later than 31 March 2027, or such later date as may be specified in a direction issued to each of them by the Authority pursuant to this paragraph 26.
27. The **fifth** requirement is that the Licensee and SONI shall jointly arrange for the publication of the Digitalisation Action Plan, following its adoption, in such manner as to ensure that it will be reasonably accessible to all those who may have an interest in it.

## Maintenance of the Digitalisation Action Plan

### *Reviews of the Plan*

28. The **sixth** requirement is that the Licensee and SONI shall, from time to time, jointly review the Digitalisation Action Plan with the aim of ensuring that it remains accurate, up to date, fit for purpose and aligned with the Digitalisation Strategy, and shall in particular ensure that:
  - (a) in the case of the first such review, that review is completed by no later than the date which falls twelve months after the date on which the Plan was initially adopted; and
  - (b) in the case of each subsequent review, the review is completed by no later than the date which falls twelve months after the date of completion of the immediately preceding review.
29. For these purposes, a review shall be treated as having been 'completed' only when the seventh requirement of this Part B has been satisfied in respect of it.

*The Procedure for a Review of the Plan and its Consideration by the Authority*

30. The **seventh** requirement is that, for the purpose of each review of the Digitalisation Action Plan, the Licensee and SONI shall jointly:
- (a) comply with such requirements and take into account any guidance, in relation to the conduct of the review, as is specified by the Authority in the DSAP Instructions and Guidance;
  - (b) prepare and provide to the Authority a document which:
    - (i) summarises their views as to the progress made in giving effect to the Plan since (as applicable) its initial adoption or the completion of the immediately preceding review;
    - (ii) specifies whether they propose to make or not make changes to the Plan, and in either case provides a clear and reasoned explanation for the proposal; and
    - (iii) sets out any changes to the Plan which may be proposed;
  - (c) where the Authority, within 28 days of having been provided with that document, directs them to do so:
    - (i) refrain from making any such changes to the Plan as the direction may identify; and/or
    - (ii) make such other changes to the Plan as the direction may identify.

### *Post-Review Publication of the Plan*

31. The **eighth** requirement is that the Licensee and SONI shall jointly arrange for the publication of an updated version of the Digitalisation Action Plan, following the completion of each review, in such manner as to ensure that it will be reasonably accessible to all those who may have an interest in it.

### *Archive of the Plan*

32. The **ninth** requirement is that, following the first review of the Digitalisation Action Plan, the Licensee and SONI shall jointly arrange for an archive of all previously published versions of the Plan to be maintained and published in such manner as to ensure that it will be reasonably accessible to all those who may have an interest in it.

### **Disputes – Resolution by the Authority**

33. The provisions of paragraphs 34 to 36 shall apply only where the Licensee and SONI, having each negotiated with each other in good faith and used all steps within their respective powers to establish a common position, are:
- (a) in the case of the third requirement of this Part B, unable to reach agreement in all respects as to a version of the Plan to be proposed for adoption; or
  - (b) in the case of the seventh requirement of this Part B, unable to reach agreement in all respects as to the changes (if any) to be proposed to the Plan.
34. Where this paragraph applies, the Licensee and SONI shall jointly, at the same time as they comply with all other aspects of the third or the seventh requirement (as the case may be), and by exception to the obligation to submit to the Authority a single joint proposal, submit to the Authority instead:
- (a) a statement identifying clearly:

- (i) the matters on which they have been able to agree and which are therefore the subject of a single joint proposal; and
    - (ii) the matters on which they have not been able to agree and in respect of which they each make different proposals; and
  - (b) in relation to those matters on which they have not been able to agree:
    - (i) a statement of the proposal preferred by each of them, which shall include (where relevant) a draft of the provisions of the Plan that they would each respectively prefer to be adopted; and
    - (ii) a reasoned explanation of why each company prefers its own proposal as against the alternative proposal made by the other.
35. Where this paragraph applies, the Authority may, at the same time as it exercises its other functions as described in the third or the seventh requirement (as the case may be), resolve the matters in dispute between the Licensee and SONI by determining either to accept the proposal preferred by one of them or to follow an alternative approach identified by the Authority, and in either case shall direct the Licensee and SONI to adopt a version of the Plan which is consistent with that determination.
36. Where this paragraph applies:
- (a) the reference in the third requirement to 42 days shall be read instead as being a reference to 84 days; and
  - (b) the reference in the seventh requirement to 28 days shall be read instead as being a reference to 56 days.

### Key Definition

37. For the purposes of this condition, a **Digitalisation Action Plan** means a document which is designed to give practical effect to the Digitalisation Strategy

by setting out in detail how the Licensee and SONI will, taking into account the interests of energy consumers in Northern Ireland and the needs of their stakeholders (where meeting those stakeholder needs will benefit energy consumers in Northern Ireland), make progress towards successfully delivering the work required to ensure the effective managerial and operational implementation and fulfilment of the Strategy.

### **PART C. THE DSAP INSTRUCTIONS AND GUIDANCE**

38. The Authority may following consultation with the Licensee and such other persons as it considers appropriate, issue, and from time to time amend, a document which shall be known as the **DSAP Instructions and Guidance**, which may set out:
- (a) requirements to be complied with by the Licensee and SONI in relation to the form or content of the Digitalisation Strategy and the Digitalisation Action Plan;
  - (b) guidance as to the form or content of the Strategy and the Plan, which may include in particular a statement of principles and objectives with which the Strategy and the Plan are to be consistent; and
  - (c) requirements or guidance as to the conduct of any reviews of the Strategy and the Plan.
39. The DSAP Instructions and Guidance may incorporate such provisions as the Authority may from time to time consider appropriate, including in particular provisions as to:
- (a) how the Licensee and SONI should ensure that data which they control or produce is used to generate benefits for energy consumers in Northern Ireland;
  - (b) the objectives and targets to be adopted as part of the Digitalisation Strategy and how they are to be measured; and

- (c) the means of ensuring that the performance of the Licensee and SONI in meeting the targets and achieving the objectives is made transparent and so that the companies may be publicly accountable for it.

## PART D. DEFINITIONS

40. For the purposes of this condition:

<b>Digitalisation</b>	means the transformation of a business by the use of digital technologies throughout the entire range of its activities so as to ensure that the business operates with maximum efficiency and is able to realise the full value (including in the form of public and stakeholder benefit which is aligned with the interests of energy consumers in Northern Ireland) of such data as it may from time to time control or produce.
<b>Digitalisation Action Plan</b>	has the meaning given to that expression in paragraph 37.
<b>Digitalisation Strategy</b>	has the meaning given to that expression in paragraph 21.
<b>DSAP Instructions and Guidance</b>	has the meaning given to that expression in paragraph 38.

<b>Plan</b>	means the Digitalisation Action Plan.
<b>Review Paper</b>	has the meaning given to that expression in paragraph 12.
<b>Strategy</b>	means the Digitalisation Strategy.
<b>SONI</b>	means SONI Limited acting in its capacity as the Transmission System Operator.