

Proposed Licence
Modifications regarding
Digitalisation to NIE
Networks Transmission,
Distribution and SONI
Electricity Licences
SONI Response to the Consultation

November 2024



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1 Introduction

1.1 Context

As Northern Ireland's Transmission System Operator, SONI welcomes the opportunity to respond to the consultation on proposed licence modifications regarding digitalisation. We recognise the importance of data and digital and it features as a key area of focus in the strategic ambitions set out in our draft SONI Strategy 2025-31¹.

The UR consultation has not considered the developments progressing in a European context, in particular the Demand Response Network Code. We consider that many of the mandatory obligations that are expected to be introduced in the near future will deliver many of the elements the UR proposed in its draft licence modifications.

We request that the UR factors in a period of engagement with SONI and other stakeholders to consider the best approach to introducing the new digitalisation requirements having considered the EU network codes. SONI is keen to enhance its capability in terms of data and digital and recommends that a period of engagement and collaboration is undertaken prior to progressing any licence modifications. This will allow for consideration of the impact of the Demand Response Network Code and will ensure that the implementation path works best for the NI consumer. We are keen to avoid a situation where network code obligations and new licence modifications are not aligned or indeed contradict each other.

We do have significant concerns on how the proposed licence modifications would interact with European network codes. The network codes sit higher in the legal hierarchy than licence conditions. Given SONI's direct involvement in both this and the delivery of obligations defined at European level, we recognise that these potential licence changes will introduce complexity to the implementation of the Demand Response Network Code, which is currently being finalised.

In this response we set out our concerns and identify the issues we have along with the potential implications for SONI if the licence is issued as extant.

SONI strongly encourages further engagement with the Utility Regulator to discuss our concerns set out in this response to ensure that any new licence conditions align with the obligations placed upon SONI (and NIE Networks) at higher levels in the statutory framework that we must comply with.

¹ [SONI Draft Strategy 2025-2031 Consultation Paper](#)

1.2 Structure of SONI's Response

SONI has identified seven areas where we seek further information and clarification before we can fully assess the impact of the proposed licence condition to SONI and our ability to discharge our own current and future responsibilities. These are:

- Network Code Obligations
- Governance
- Condition only applies to SONI's TSO licence
- Scope of TSO data not defined
- Absence of clear allocation of responsibilities
- Legal advisors and Data/IT specialists will be required
- Timeframes for implementation of licence condition

In this response, we summarise these briefly along with our key points and then address each of the seven areas in turn in more detail. We have also provided comment on the Key Themes and Objectives table, along with responding to the questions included within the consultation.

On the basis of the concerns raised, we have not commented on the specifics of the proposed licence modification as it is not possible to undertake this effectively without clarification on the points highlighted above.

2 Key Points

SONI has reviewed the consultation paper and proposed licence. We have also assessed the areas within our own current and future obligations that are not referenced in the description of the reasons and effects of the proposed condition. As a result, we have identified areas where we seek additional clarification and information before we can fully assess the implications of the proposed licence framework.

SONI's initial queries and concerns cover the following seven areas:

- 1. Network Code Obligations:** The licence sits below the European Network Codes in the legal hierarchy. The licence condition needs to align with the obligations established under the Network Codes. This includes the Network Codes that are currently being drafted (e.g. Demand Response Network Code (DRNC)) and those that are being modified such as Electricity Balancing Guideline (EBGL). This licence condition appears to be inconsistent with the DRNC and other Network codes. This overlap and apparent contradiction is not considered in reasons and effects set out in the consultation paper.
- 2. Governance:** The draft DNRC contains an obligation upon Member States to determine the National Rules of Procedure which define the decision-making process between TSOs and DSOs for any ways of working, data and systems related to demand response. The draft DRNC also provides ACER with a role where there is disagreement between system operations. Given the overlapping subject matter, the proposed licence condition creates a risk of a two-track governance procedure for aspects of data and digitalisation that are within the scope of the eventual DRNC and those outside it.

The reasons and effects of this complexity are not set out in the consultation paper, nor are the UR's views on the benefits of progressing with a licence condition ahead of the development of the National Rules of Procedure set out.

In addition, the proposed licence modifications appear to be in contradiction to the recently introduced Licence Condition 42. As part of SONI's obligations, we have established an independent board capable of making independent decisions. Introducing a new requirement for a joint Digitalisation strategy and Action plan with NIE Networks would compromise the SONI board's independence and decision-making capacity. SONI does not see how this aligns with the principles of independent governance established elsewhere in our licence, and no explanation is provided in the consultation paper.

- 3. Condition only applies to SONI's TSO licence:** The proposed licence condition modification pertains solely to SONI's TSO licence, meaning that price data from the electricity markets is excluded. SONI finds it difficult to understand the potential value that a strategy and action plan limited to SONI TSO data could offer to consumers, particularly if this also excludes data governed by the Demand Response Network

Code. SONI seeks clarification on the intention behind this limited scope to allow us to assess the practical implications and alignment of the proposed strategy with the broader objectives of the energy market and consumers interests. Without this additional explanatory information, the reasons and effects of the proposed modification are not clear.

4. **Scope of TSO data not defined:** The licence condition does not clearly define which data fall within its scope, beyond this relating to data held as a result of our TSO licence. It is important to note that not all data SONI hold is appropriate for public sharing, and Condition 11 of our TSO licence prohibits us from sharing “protected information”. The definition of “protected information” is very broad and the consultation paper provides no explanation of how the new condition interacts with the existing Condition 11. Additionally, any data that is subject to confidentiality provisions outlined in European Codes, local codes or contracts should be explicitly excluded from the scope of this condition to ensure that SONI remains compliance with these obligations.
5. **Absence of clear allocation of responsibilities:** The UR provides no explanation around why it selected these specific licences to be modified. NIE Networks role as Transmission Asset Owner in developing a joint System Operator Digitalisation Strategy is not immediately obvious. We await the UR to formally allocate any role to it under the existing Network Codes, and the reasons and effects behind including an obligation within its transmission Owner licence are not set out in the consultation paper.

In addition, in terms of consistency, it is not clear why the UR has not considered all TSOs in its consultation. For example, the Moyle Interconnector impact the imports and exports that flow on our system. The proposed licence condition lacks clarity regarding the allocation of responsibilities which could lead to ambiguity and conflict in its implementation. This is in stark contrast to the volume of work that has gone into the allocation of roles between licence holders elsewhere in the industry framework, detailed in the Utility Regulators Consultation on TSO Network Code Obligations². Additionally, SONI finds that the licence condition and consultation paper do not adequately explain and reflect the ways of working in existing network codes, resulting in a misalignment between the licence condition and statutory provisions that take precedence over it. SONI considers that this area needs to heavily feature in the reasons and effects assessment.

6. **Legal advisors and Data/IT specialists will be required:** This proposed licence change satisfies the criteria for a change of law, allowing SONI to recover the implementation costs. The inter-company liabilities created will necessitate the involvement of legal advisors to draft the necessary agreements between SONI and NIE Networks. External Data and IT experts may be required to support the development of the strategy and action plan (or provide backfill to allow internal subject matter experts to be allocated). We are unable to prepare our funding requests until we have clarity on the precise scope of work that falls within the licence modifications

² [Utility Regulators Consultation on TSO Network Code Obligations](#)

as opposed to the Demand response Network Code. The time required for SONI to secure the UR's approval for funding does not appear to have been factored into the deadlines set within the licence condition, adding time pressure to the process.

- 7. Timeframes for implementation of licence condition:** The draft DRNC contains timelines for implementation. Due to the overlap in subject matter, SONI considers it wise to align any new licence processes and procedures with those obligations that will take statutory precedence over any new licence condition. In addition, SONI is implementing a new organisational structure as a result of the SONI Governance licence condition (LC42). The scope of these new digital obligations would also need to be considered to ensure we future proof the business.

In this response we have highlighted the areas that we consider to be most important for the establishment of a new framework that works for all parties. These issues have been identified based on the information that the UR has included within the reasons and effects set out in the consultation paper and our own initial identification of the gaps in that paper. It is also based on the current draft of the network codes that are in development. Once the final obligations under the Demand Response Network Code are confirmed and the UR further considered the reasons and effects behind its proposals, we will be able to provide a more complete assessment of the proposed licence condition.

2.1 Further Engagement

Without the additional information that we identify in this response, SONI is not able to fully assess the implications of the proposed licence modification.

We consider that the consultation on the licence modifications is premature as the UR has not yet received the feedback from stakeholders on the questions it has posed in the consultation. It is not clear how the UR can prepare draft licence modifications without considering the feedback from stakeholders. The workshop referenced in 2022 had a relatively small number of stakeholders in attendance. The UR should consider if this consultation aligns with its own guidance on consultation³.

Overall SONI does not see the benefit to consumers of the introduction of a joint strategy paper with NIE Networks. SONI considers that implementation should be deferred until the ways of working under the Demand Response Network Code are established. This deferral is essential to allow us time to understand the requirements, build the necessary capabilities, including securing suitable resources and systems, to effectively implement the digital obligations effectively and to avoid contradictions within the statutory framework.

We are available to work with the Utility Regulator to ensure that the reasons for these changes are clear, the effects of them are understood, and all licences are compatible with the Network Codes and each other. We recommend further engagement with the Utility Regulator where these issues can be explored in more detail and resolutions identified. Namely:

- Full consideration of the Network codes and overlaps that may exist
- Address the other concerns raised by SONI in this consultation response

³ [Utility Regulator Consultation Guidance](#)

- Consideration of the wider stakeholder responses to the questions posed in the consultation.
- Consideration of how the resulting implementation and be aligned with the planned work to implement the arrangements for SONI Governance
- Understand the scope and costs and the timeframe for a funding request under the uncertainty mechanisms
- Redrafting of any resulting licence modifications and prepare for an article 14 notice.

3 Area 1: Network Codes

3.1 Context

The proposed licence sits below the European Networks Codes in the legal hierarchy.

| Legal Category | Specific Enactment |
|-------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. International Law | Withdrawal Agreement between the UK and EU from the EU |
| | NI Protocol and Windsor Framework |
| | Trade and Cooperation Agreement between the UK and EU |
| 2. EU Law | Regulation 2019/943 on the regulation of the electricity market |
| | Networks codes incl. Demand Response Network Code (which are regulations made under Regulation 2019/943) |
| 3. EU law-compliant methodologies | For example, the National Rules of Procedure and Terms & Conditions for TSO/DSO Cooperation that will be developed under the Demand Response Network Code |
| 4. Methodologies implementing TCA | Though this is under development, depending on content, SONI might need to move the ranking of this item above item three above. |
| 5. NI Law | The Electricity (NI) Order 1992 |
| | The SEM Order 2007 |
| | The NIS Regulations |
| 6. TSO and MO Licences | For example, the new Data & Digitalisation related conditions in the TSO Licences |
| 7. Codes and methodologies arising under the Licences | For example, the Transmission Interface Arrangements and Distribution Interface Arrangements required by our licence |
| 8. Commercial contracts | For example, Connection Agreements and DS3 System Services Contracts. |
| N/A SEMC Decisions | SEMC decisions are not legally binding in NI unless implementing an RA activity defined in licence or Network Code etc. However, they can be transposed into new obligations |

Table 1: Legal hierarchy for electricity wholesale and transmission related activities in NI

In the event of any contradiction, the obligations that are set out higher in the hierarchy take precedence. Therefore, the legal framework that sits above the proposed licence must be considered when assessing the implications of the proposed licence for SONI as TSO and NIE Networks as DSO and TAO. SONI consider that it is crucial that any new licence condition is cross checked against the network codes, including those currently being drafted, e.g. Demand Response Network Code (DRNC)⁴ and those being modified such as Electricity Balancing Guideline (EGBL), to ensure that they are consistent with the obligations and allocation of responsibilities within all codes.

It is also important to acknowledge that separate data flows exist between SONI and NIE Networks and obligations established under the network codes. These distinct data flows serve various operational purposes, including the safe and secure management of the system and not all this data will be suitable for publication.

⁴ [Draft Demand Response Network Code](#)

3.2 Implications for the licencing framework

The introduction of a new licence condition has significant implications, particularly in light of the existing obligations and allocation of responsibilities outlined in the network codes, which take precedence over the licence itself. SONI consider there is overlap and apparent contradiction is not considered in reasons and effects set out in the consultation paper.

SONI consider there is overlap and apparent contradiction is not considered in reasons and effects set out in the consultation paper. We consider that there is significant overlap in the licence condition concerning the draft Demand Response Network Code (DRNC), currently in development. Key areas where we have identified overlap are outlined below:

- The requirement to consult with stakeholders and consider their view when developing the strategy. SONI has concerns this process will duplicate the mandatory consultations already required by the DRNC and may cause confusion for stakeholders.
- The licence condition grants the UR the authority to direct changes to the strategy and action plan within a specified timeframe during the development phase; however, we note that the DRNC will define what the UR can and cannot do in certain areas
- The requirement to adopt the strategy and action plan within a set timeframe is problematic, as the timelines established by the DRNC will need to take precedence and cannot be overridden by the licence condition.
- While the licence states that the UR may develop guidance(non-binding) and instructions (binding) as deemed necessary, this will only apply to areas not covered by the DRNC. The DRNC includes a clause emphasising that the UR should “respect the tasks and responsibilities assigned to the system operators defined in Union legislation” (Article 3(2)(d)).
- Regarding the inclusion of a dispute resolution process, we emphasise that for elements delivering network code obligations, the voting rights and mechanisms outlined within the network codes will take precedence further highlighting the potential conflicts and duplication created by the new licence conditions.

SONI also feel that it is important to recognise that not all of these data flows are suitable for publication, as many are critical for the safe and secure operation of the system. Publishing sensitive operational data could compromise the integrity and reliability of the system, potentially leading to risks that affect system performance and safety. See our comments on Licence condition 11 later in this response under Area 5.

3.3 Clarification required in this area

SONI seek clarification and confirmation from the Utility Regulator that any directions issued under the new licence condition will be thoroughly cross checked against the existing network codes prior to issuance. This is to ensure that such directions are fully align with the obligations and allocations of responsibilities outlined within the network codes at that time.

It is essential that any regulatory guidance or instruction align with the established framework of the networks codes to avoid potential conflicts, duplication of responsibilities or inconsistencies in the application of requirements. This alignment will help maintain regulatory

clarity, ensure compliance with the established legal frameworks, and support a seamless integration of the new licence condition into SONI's operations.

We also seek clarification on how the new licence condition will accommodate the separate data flows between companies and the obligations established under the Network Codes.

4 Area 2: Governance

4.1 Context

The recent establishment of SONI's new independent board as required by licence condition 42, aimed to ensure greater autonomy and decision-making capacity for SONI. This change was intended to empower SONI with a new governance structure that prioritises independence and strategic oversight. However, the introduction of this new licence condition at this time raises questions about how it aligns with the principles of independence embedded in our governance framework.

SONI is particularly concerned that this requirement could create conflicting expectations, potentially undermining the SONI board's ability to exercise independent judgement and fulfil its intended role. As SONI works to fully implement our governance arrangements, it is crucial that any additional regulatory measures are consistent with the goals of maintaining a clear, efficient, and autonomous decision-making structure. Understanding how these obligations interact with our existing governance arrangements is critical to ensuring that we can meet regulatory expectations without compromising the SONI board's independence or operational effectiveness.

We understand that these modifications are based on GB arrangements, however we are not aware of any regulatory precedent for joint strategies. This appears to be unique to Northern Ireland. The benefit for consumers is not set out in the consultation paper.

4.2 Potential Implications

SONI considers that introducing this licence condition while we are still in the process of finalising SONI Governance arrangements following the implementation of License Condition 42, could have several potential implications.

- We believe the move to introduce this new licence condition directly contradicts the intent of licence condition 42, which was designed to enhance our independence and strengthen SONI's decision making capacity. The introduction of a joint strategy with NIE Networks could undermine the board's ability to operate autonomously. This risks compromising the SONI boards' ability to fulfil its strategic role and exercise judgement in SONI's best interest.
- The timing may lead to misalignment between the new requirements and the new governance structure, creating uncertainty around roles and responsibilities.
- The overlap is likely to put pressure on internal resources, as efforts are simultaneously required to integrate the new licence condition and complete the governance framework.

4.3 Clarification required in this area

SONI require further clarification on how this new licence condition is expected to interact with our existing governance framework, particularly in relation to the roles and responsibilities of our newly established independent board. Specifically, we need to understand how the new

condition aligns with objectives of licence condition 42, which emphasises board independence. We seek guidance on where any adjustments or additional measures will be necessary to ensure compliance without comprising the autonomy of the board.

In addition, the benefits of a joint strategy document need to be further considered. SONI considers it is more pragmatic to have separate strategies per company and have a joint action plan for areas of common interest or where there are obligations from the EU network codes.

5 Area 3: Condition only applies to SONI's TSO licence

5.1 Context

SONI consider it is important highlight that the proposed licence condition modifications pertain solely to our TSO licence. As a result, these changes explicitly exclude all market data and information related to ex-ante or balancing market prices, costs of constraints, and other critical market-related information. Such data falls under the scope of SONI's Market Operator (MO) licence, which remains unaffected by these proposed amendments. As a result, the data managed under our TSO licence is significantly less comprehensive and valuable when compared to the market data managed through our SEMO role.

5.2 Potential Implications

Implementing this new licence condition raises concerns, particularly as it is difficult to understand the potential value or benefits that a strategy and action plan limited solely to SONI TSO data could offer to consumers. By excluding key market data – such as the data that could be accessed via our Market Operator licence – the proposed strategy risks missing crucial elements that are essential for market transparency and efficiency. This oversight would limit the strategy ability to address the broader market dynamics that directly impact consumers' interest, such as price signals, demand response opportunities, and market competitiveness. Without incorporating this critical market data, the strategy may fail to deliver comprehensive insights or improvements, thereby diminishing its potential to effectively support consumer outcomes. This raises concerns about whether the limited scope of the proposed strategy will be able to achieve the intended benefits for the market and consumers alike.

5.3 Clarification required in this area

SONI seeks clarification regarding why the strategy and action plan are limited to TSO data and do not include key market data that is part of SONI's Market Operator licence. SONI requests guidance on whether there is an opportunity to expand the scope to include this critical data, or if not, a clearer explanation of how the Utility Regulator envisions the strategy delivering value to consumers in its current, more limited form. This clarification is essential to ensure that the strategy aligns with its intended objectives and maximises its potential benefits for the market and consumers.

It should be noted that any changes to the Market Operator Licence would require engagement with CRU and EirGrid in Ireland.

6 Area 4: Scope of data not defined

6.1 Context

The new licence condition does not clearly define which data falls within its scope. Not all data that we manage is suitable for public sharing, and without a clear definition, there is a risk of misunderstanding or misapplication of the condition. As a minimum, the condition needs to explicitly confirm that it excludes data that we are not permitted to share under Condition 11 of SONI's TSO licence, as well as any data protected by statute that holds a higher position than the licence in the legal hierarchy.

Additionally, it should exclude data subject to confidentiality provisions set out in local codes or contracts. Given that local codes and contracts sit below the licence condition in the legal hierarchy, the current lack of clarity could lead to the interpretation that the licence condition takes precedence, potentially overriding these confidentiality provisions. This creates significant concerns about compliance with existing legal and contractual obligations as well as the protection of sensitive information.

SONI also considers that implementing this new licence condition requires careful consideration of the Moyle Interconnector. It is essential to address the inclusion of the Moyle Interconnector within the scope of this condition, particularly regarding data for which they are the legal owners. If the information related to flows to and from Great Britain across the Moyle Interconnector is deemed relevant, this aspect must also be clearly addressed to ensure proper governance and accountability concerning data management.

6.2 Potential Implications

Implementing this new licence condition could have several significant implications.

- Without clear definitions around the scope of the data involved, there is a risk that sensitive or legally protected information could be inadvertently disclosed, potentially violating Condition 11 of SONI's TSO licence or other statutory protections. This could expose SONI to legal and regulatory risks, including potential breaches of confidentiality agreements with third parties and stakeholders.
- The lack of clarity around how the condition interacts with local codes and contracts could undermine existing confidentiality provisions, leading to disputes or challenges from contractual partners.
- Failing to clarify the role of the Moyle interconnector may lead to confusion regarding data ownership and responsibilities, increasing the risk of disputes between parties.
- If relevant data related to flows is not incorporated into the governance framework, it could hinder effective decision making and operational efficiency.

6.3 Clarification required in this area

SONI seek clarification regarding the scope and application of the new licence condition concerning which data is included and excluded from public sharing. SONI consider it is essential to understand how the condition defines the data scope to ensure compliance with

our TSO licence, as well as any statutory protections that may take precedence in the legal hierarchy.

We request confirmation that the licence condition explicitly exclude any data that cannot be shared due to legal constraints. Furthermore, SONI would welcome guidance on how the condition will interact with these existing confidentiality obligations.

SONI seek clarification of data ownership responsibilities related to the Moyle Interconnector, specifying which how this data will be managed

By clarifying these points, the Utility Regulator can help us navigate compliance effectively while safeguarding sensitive information and ensuring that our operational practices align with legal requirements.

7 Area 5: Absence of clear allocation of responsibilities

7.1 Context

For any collaborative effort involving two legal entities, it is essential to establish a clear framework for governance that defines the allocation of responsibilities, liabilities, and processes for development and approval. This clarity will ensure that SONI and NIE Networks fully understand their role, minimising any potential conflict and fostering accountability for both entities.

SONI has concerns regarding the lack of clarity within the licence condition related to the allocation of responsibilities. Licence Condition 18 of SONI's TSO licence mandates that the "terms and arrangements" between us and NIE Networks as TAO be clearly defined in the Transmission Interface Arrangements. Similarly, condition 18a requires that our "terms and arrangements" with the DSO be explicitly outlined. While there are formal processes established for modifying the TIA, any additional governance structure that might be created to support this joint oversight would require considerable time and legal resources to implement.

Furthermore, SONI consider that Conditions 18 and 18a would need to be updated to incorporate digitalisation within the scope of the relevant documents, aligning with good regulatory practice and ensuring that all critical aspects of our operations are effectively addressed. The time needed and costs associated with these activities has not been considered in the consultation.

7.2 Potential Implications

The lack of clarity in this licence condition could lead to several potential implications

- Without a clear allocation of responsibilities, there is an increased risk of disputes between parties regarding accountability for operational failures or compliance issues. This ambiguity may also hinder effective collaboration, as parties may be uncertain about their roles in the decision-making process.
- Delays in establishing necessary governance structures could impact our ability to respond swiftly to regulatory changes or operational challenges.

7.3 8 Clarification required in this area

SONI would request a clear definition of the roles and responsibilities between SONI and NIE Networks. SONI consider that it is essential that the division of responsibilities is explicitly outlined to avoid any potential misunderstandings. Establishing a clear framework, will help ensure compliance allowing us to effectively meet our obligations while maintaining a cohesive working relationship with NIE Networks.

8 Area 6: Legal advisors will be required

8.1 Context

This licence modification satisfies the criteria for a change of law. To implement it, legal advisors will be needed to draft the necessary agreements between SONI and NIE Networks or to update the TIA. Additionally, Data and IT experts will be required to assist in developing the associated strategy. We will only be able to prepare our funding submissions once the licence modifications decision take effect. Finalising the submission and completing the mandatory sign-off process may take several months. The Utility Regulator then has up to six months to approve or reject this submission. The time needed and costs associated with these activities has not been considered in the consultation.

8.2 Potential Implications

SONI considers that there are implications of this situation that are significant.

- The timeline for legal, data and IT support has not been considered in the overall implementation of the licence modification, potentially impacting SONI's ability to meet regulatory requirements.
- If the Utility Regulator takes the full six months to approve or reject our funding submission, SONI risk falling behind in implementing necessary changes which could affect our compliance status and overall performance based on factors outside our control.

8.3 Clarification required in this area

SONI seeks clarification on this issue. SONI considers that there needs to be a clear timeline for when the licence modification decision will be published, this is needed to align our planning and preparation efforts accordingly. A detailed clarification of the roles and responsibilities of legal, data and IT advisors in drafting agreements and updating the TIA is required, ensuring all parties understand their obligations.

9 Area 7: Timeframes for implementation of licence condition

9.1 Context

SONI considers the timeframes set out in the licence are not feasible. To publish the licence modification decision by the end of January 2025 and have it implemented by March/April 2025, would take considerably longer than these dates. Similarly the timeframe for implementation must be considered in the context of the ongoing work related to SRP26 and the implementation of the SONI Governance arrangements.

9.2 Potential implications

SONI consider that the rigid timeline would impose undue pressure on our business, potentially leading to rushed decisions that do not align with our strategic objectives. A more adaptable timeline that consider the full implementation of SONI governance arrangements and the final determination of SRP26 would better support informed and strategic decision-making. This approach would allow us to allocate the necessary resources and attention to ensure that both the licence condition and our governance arrangements are executed effectively, ultimately leading to improved outcomes for SONI and our stakeholders.

9.3 Clarification required in this area

SONI request clarification regarding the timeframes for implementing the new licence condition, as we believe that the current dates outlined are not viable. We are concerned that the rigid, hardcoded deadlines do not account for the complexities and varying circumstances that could affect the process.

SONI believe incorporating a degree of flexibility would allow for adjustments based on unforeseen challenges or delays, ensuring that the implementation can proceed effectively without compromising compliance or the quality of outcomes. This flexibility is particularly important given that we will not have received the final determination for SRP26 by the time the Utility Regulator propose we adopt the strategy. We therefore do not know what funding will be available to support the necessary activities.

Adjusting the timelines to a more adaptable approach would ensure that we can effectively align our implementation efforts with the resources and funding that become available, thereby promoting a more practical and sustainable rollout of the new requirements. For this reason, we strongly urge a reconsideration of the timelines associated with its implementation.

Clarifying these aspects would help us better plan and manage the process, ensuring that we can meet regulatory expectations in a realistic and structured manner.

10 Comments on Key themes and objectives

| Key themes and objectives | Overview of key features and/or requirements | SONI Comment |
|---------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| System Coordination | NIE Networks and SONI must work together to produce and deliver a single strategy and a single action plan (in a way which preserves their independent interests) | <p>SONI have concerns about how this collaborative approach will interact with or overlap with the frameworks established under the proposed Demand Response Network Code (DNRC). SONI seek assurance that the integration of these strategies will not hinder our ability to meet specific regulatory requirements or adapt to market conditions effectively.</p> <p>As part of SONI's obligations, we must have established an independent board capable of making independent decisions. Introducing a new requirement for a joint Digitilisation strategy and Action plan with NIE Networks would compromise the SONI board's independence and decision-making capacity.</p> |
| Accountability | NIE Networks and SONI must consult with stakeholders and take account of their views in developing the strategy. | SONI would question whether this requirement may lead to duplication of the mandatory consultations outlined in the Demand Response Network Code. We recommend that a clear framework be established to outline the consultation requirements for both initiatives ensuring that stakeholder perspectives are effectively integrated without unnecessary overlap. |
| | UR has power to direct changes to the strategy and the action plan within a set time frame during the development phase. | It is important to note that certain aspects of the Demand Response Network Code will explicitly outline the limitations of the Utility Regulators powers, specifying what actions can and cannot be taken. Given this context, we question the inclusion of this statement. This potential directive |

| | | |
|--|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | <p>may conflict with the stipulation established by the DRNC and could undermine the clarity of roles and responsibilities as defined within that framework. SONI request reconsideration of this feature to ensure alignment with the established code and to avoid any ambiguity regarding the Utility Regulators authority in this process.</p> |
| | <ul style="list-style-type: none"> • NIE Networks and SONI must adopt the strategy and action plan within a set time frame | <p>It is crucial to emphasize that the timelines for any areas covered by the DRNC are already established and must be strictly followed. Therefore, the Licence cannot override these pre-set timelines. This ensures that all actions remain compliant with the regulatory framework and that the implementation process proceeds smoothly and efficiently.</p> |
| | <ul style="list-style-type: none"> • UR has power to develop Guidance (non-binding) and Instructions (binding) if it considers necessary | <p>While SONI acknowledge the Utility Regulators role in overseeing operations, it is essential to highlight that any guidance and instructions should only pertain to areas not covered by the DRNC. The DRNC explicitly includes a clause stating that the Utility Regulator must “respect the tasks and responsibilities assigned to the system operator defined in the Union legislation;” Article 3 (2) (d). Therefore, any guidance or instructions issued by the Utility Regulator should align with and uphold the established roles of the system operators, ensuring that their responsibilities are not undermined or altered by external directives.</p> |

11 SONI Response to consultation questions

11.1 Questions

11.1.1 Question 1

What digitalisation consumer benefits (including energy system data sharing) should and can be delivered over the following time frames a) today b) over the next 6 years and c) longer

SONI Response

The Demand Response Network Code has established specific timeframes that need to be taken in account.

In addition, consideration should be given to the NI Energy Strategy and associated action plans.

11.1.2 Question 2

Are there best practice initiatives being delivered in other jurisdictions and industries which may be suitable for NI and if so why?

SONI Response

There are several best practice initiatives being delivered in other jurisdiction and industries that could be suitable for NI, particularly in the context of network codes being implemented in Europe. Focusing on GB is of less relevance in this context, as the EU network codes do not apply there. While GB may have developed its own frameworks post Brexit, they may not align with the EU standards that NI is required to follow. Therefore, looking towards European practices allows for a more seamless integration with the network codes and provides a pathway that is more directly applicable to NI's regulatory environment

11.1.3 Question 3

How should consumers receive their fair share of the benefits?

SONI Response

Consumers should receive their fair share of benefits through various mechanisms that ensure both affordability and access to market efficiencies. SONI believe that consumers should benefit directly through prices in the energy, system services and capacity markets, as they become more efficient and competitive. This will help to pass on savings to consumers, ensuring they pay a fair price for their energy. Additionally the optimal use of subsidy funds can play a key role in reducing the cost burden on consumers by supporting the integration of renewable energy sources and ensuring a stable supply. This, in turn, contributes to lowering wholesale prices over time. To unlock further direct benefits, such as real-time energy saving and demand-side flexibility, smart meters and the involvement of aggregators are crucial. Smart meters will provide consumers with better insights into their energy usage and

Aggregators can combine the flexibility of multiple customers to participate in energy markets. This way, consumers can be active participants in the energy transition.

11.1.4 Question 4

How can we ensure that digitalisation delivers benefits for consumers as opposed to solely for market participants and shareholders?

SONI Response

To ensure that digitalisation delivers benefits directly to consumers, SONI consider that it is essential to recognise that suppliers and aggregators are the primary route to reaching consumers, and by definition they are market participants. Therefore, achieving consumer benefits relies on creating a market environment where these participants can operate efficiently and effectively. Inefficiencies arising from overlapping network codes and licence obligations could hinder the flow of benefits to consumers. A coordinated approach between network codes and licence requirements will ensure that the digitalisation process is seamless, allowing consumers to access the full range of potential benefits rather than seeing those benefits concentrated among market participants and shareholders.

11.1.5 Question 5

How should NIE Networks and SONI be coordinating over these time frames to deliver these benefits?

SONI Response

Co-ordination should first be guided by the existing network code framework. The network codes provide a structured approach for harmonizing practices and standards across Europe, ensuring consistency in market operations, system operations and grid connections. Once the network code framework has been fully implemented, any remaining gaps or specific requirements unique to Northern Ireland can be addressed through adjustments in licensing arrangements.

11.1.6 Question 6

What data do NIE Networks and SONI need to share with different stakeholder types to support consumer benefits over these time frames? How should the data be shared to benefit consumers?

SONI Response

Network codes require a common platform that would require data to be shared with all participants operating in the market however small.

11.1.7 Question 7

What barriers prevent delivery for stakeholders and consumers?

SONI Response

The key barriers preventing delivery for stakeholders and consumers revolve around funding and regulatory uncertainty. Funding constraints will limit the ability of stakeholders and consumers to invest in necessary infrastructure upgrades, digitalisation, and innovation

required for a more efficient and flexible energy system. Without sufficient financial resources, it becomes difficult for entities to deliver the full range of benefits to consumers.

Additionally, inconsistent obligations and misalignment between regulatory frameworks creates confusion and operational challenges. The lack of coherence across obligations imposed on different market participants will lead to inefficiencies, duplicated effort and delays in delivery. This misalignment will hamper collaboration and complicate the integration of new technology, ultimately slowing progress towards decarbonisation. SONI consider that addressing these barriers is critical to ensuring that both stakeholders and consumers fully benefit from the evolving energy landscape.

11.1.8 Question 8

Are there any existing or developing standards in other parts of NI government or other NI industries with which the electricity network companies should harmonise or adopt?

SONI Response

SONI would reiterate that the framework defined by the DRNC should be the primary standards for the electricity network companies to adopt when it comes into effect. By adhering to this framework, SONI and NIE Networks can align their practices with the latest standards being implemented across Europe, facilitating integration, improving efficiency, and ultimately delivering better outcomes for consumers. This is based on our current understanding; however the reasons and effects are not clear.