



Response by Energia Utility Regulator

***SONI Evaluative Performance Framework: Annual
Performance Report 2023/2024 – call for feedback***

March 2025

1 Introduction

Energia welcome the opportunity to provide feedback on SONI's Annual Performance Report 2023/2024. Considering this process determines SONI's financial incentive, Energia believe it is essential that industry feedback informs the UR's independent panel and is given appropriately significant weighting.

Energia operates a broad portfolio of generation and supply businesses throughout the SEM which are directly impacted by the performance of SONI, we therefore believe we are well positioned to make valuable contributions to the assessment of SONI's performance.

While the scope of SONI's Annual Performance Report is large, this response will highlight areas that are of particular interest or concern to Energia, specifically Scheduling and Dispatch, Transmission delivery, LDES and Dispatch Down. Energia feels these are areas where SONI's Annual Performance Report does not reflect or represent our experience from an industry perspective.

Energia will be attending the SONI EPF 2023/2024 Annual Performance Report stakeholder event on the 15th of April in-person at the Utility Regulator where we can elaborate further on this response. Beyond that, Energia is happy to engage bilaterally on any of the issues raised.

1.1 Role 1: System Operations and Adequacy

With regards to scheduling and dispatch, Energia would like to point out that market participants approved modifications to progress the Tranche Initiatives relating to Storage and Non-Priority Dispatchable Renewables (NPDR) on the basis that there was an urgent requirement from SONI to enable alignment with technical and vendor timetables.

There has since been a notably delay in getting regulatory approval for the same modifications with the NPDR mod yet to be approved. SONI have listed this as a delay outside of its control. Energia believe further clarification is needed here to fully determine and communicate the cause of the delay and whether it sits with the TSO or Regulator.

In either case, communication of the delays to these modifications has been unsatisfactory, making it difficult for market participants to prepare for the forthcoming changes. Moreover, in terms of stakeholder relations, poor practices in communicating timelines, delays and issues negatively impacts on the goodwill of participants to urgently progress future modifications on the basis of technical or vendor requirements.

1.2 Role 3: System Planning

SONI's role as a system planner outlined in Section 6 of the Annual Performance Report must be looked at within the broader context of NI constraints and increasing levels of dispatch down. The alleviation of constraints is heavily dependent upon mitigations taken at a system planning and development level. Energia's view is that SONI has not called out the delays to the delivery of transmission projects and resulting impact on NI constraints within its self-assessment.

At the beginning of 2023, a completion date of 2026 was anticipated for the North South 400kV interconnector. SONI's 24/25 Forward Work Programme issued in September 2024 gave an operational date of Q1 2029. Now, the most recent communication provides an anticipated completion date of 2031, noting that in this case the latest delays have come from ESNB. However similar delays and sliding timelines have been observed with other SONI projects. For example, between 2023 and 2024, Mid-Tyrone saw a delay of four years, North-West of NI 110kV reinforcement was pushed out from 2030 to 2033 and Drumnakelly - Armagh reinforcement saw an estimated completion delay of two years from 2027 to 2029.

These critical transmission development projects and reinforcements are crucial to support lower energy costs on the island of Ireland, facilitate greater renewable integration to meet 2030 targets, tackle NI's increasing levels of constraints and ensure security of supply. Delays across so many of SONI's transmission development projects cannot be overlooked or taken at face value as being simply outside of SONI's control" in the assessment of SONI's performance.

Delays to Associated Transmission Reinforcements (ATRs) have a hugely significant financial impact from a developer perspective, due to current Firm Access policy which ties a project's ability to receive compensation to the completion of ATRs. Firm Access compensation is essential to renewables in Northern Ireland in the context of high levels of Dispatch Down, with its consequent impact on project revenues. Delays are exacerbating the physical constraints issue, and it is wind generators who are having to absorb the financial implications of these delays. The NI customer is already paying for the substantial cost of dispatch down and this exposure will further increase when the customer will be picking up the full cost of dispatch down under the new NI CfD scheme.

The continued delays and revisions of estimated completion dates has been hugely challenging and problematic for industry. SONI's Annual Performance Report does not adequately capture the significance of delays to the projects falling within its responsibility as system planner.

1.3 Role 4 Commercial Interface

LDES was a key action within SOEF V1.1 to facilitate 2030 targets, and this was reflected in SONI's 2023/2024 Forward Work Programme which committed to a consultation on LDES. In this initial consultation, "The SONI and EirGrid Call for Evidence on the Market Procurement Options for LDES" a timeline was provided of connecting assets, "at the latest, in 2029". Within this timeline, a procurement process would be Q3 2024 with award of contracts in Q1 2025, a commitment also made in the 23/24 Forward Work Programme.

Industry was informed in August 2024 that a timeline would still target a consultation date of October 2024 for procurement and contractual arrangements. In October, a delay of 2 months was communicated, pushing this date back to December 2024. However, in December it was then announced the consultation paper would be pushed further back and split into 2 papers with an initial procurement decision of December 2025 and contractual arrangements decision in November 2026.

The continued shifting of timelines, quite often at late notice, throughout 2023/2024 by SONI and EirGrid on LDES creates a challenging environment for industry to navigate.

Energia recognises the development of LDES is a complex regulatory field and there are elements of this process which are outside of SONI's control. However, Energia believe communication of delays and developments with LDES should be more effective.

Delivery of LDES is crucial for management of grid congestion and facilitating greater renewables on the system in NI to meet 2030 targets, a point recognised by SONI in its Dispatch Down action plan where LDES is listed as a mitigant with significant potential impact. SONI should set out how it is doing all within its power to accelerate its efforts to challenge obstacles to an LDES support scheme and connect assets onto the system in line with the original timelines provided. Experienced developers, including Energia, are in a strong position to deliver LDES assets and facilitate Ireland's energy transition, but action from SONI and the Utility Regulator is required to prioritise connection of assets ahead of 2030.

1.4 Renewable Dispatch Down

Energia notes the performance report references a 2022/2023 target of 10% for Renewable Dispatch Down which was missed, quoting a 2022 average Dispatch Down figure of 18.6%. For this Annual Performance Report SONI have not made clear that the 10% KPI for Dispatch Down was maintained for the year under review, 2023/2024 and that they again failed to achieve this KPI, missing by a bigger margin than 2022. The 23/24 FWP year saw Dispatch Down levels consistently above 25% in NI with some months exceeding 40% and in one case above 50%. The 2024 calendar year dispatch down for the whole of NI was 29.6%.

Energia welcomes the actions taken by SONI which are outlined in the Annual Performance Report to begin addressing the levels of Dispatch Down. The publication of a Dispatch Down Action Plan by the internal SONI working group is a positive step to be credited but it is yet to deliver on reducing Dispatch Down levels. Ultimately, as a report informing SONI's financial incentive for the year 23/24, the omission of the missed Dispatch Down KPI is problematic.

Energia would also like to flag that SONI removed the Dispatch Down KPI for the current Forward Work Programme, 24/25. While Dispatch Down is a multi-faceted issue, the importance of SONI's role in tackling constraints cannot be understated. Therefore, Energia believe the utility of financial reward/penalty to incentivise actions addressing the causes of Dispatch Down should be adopted and implemented particularly when that KPI has been consistently substantially missed in previous years indicating it is an area needing significant work.