

SONI Annual Performance Report

2022 – 23

Appendix 4

Role 4 Commercial Interface

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Role 4 Commercial Interface – Assessment Criteria

SONI's performance will be assessed by an independent panel and the UR on the following criteria:

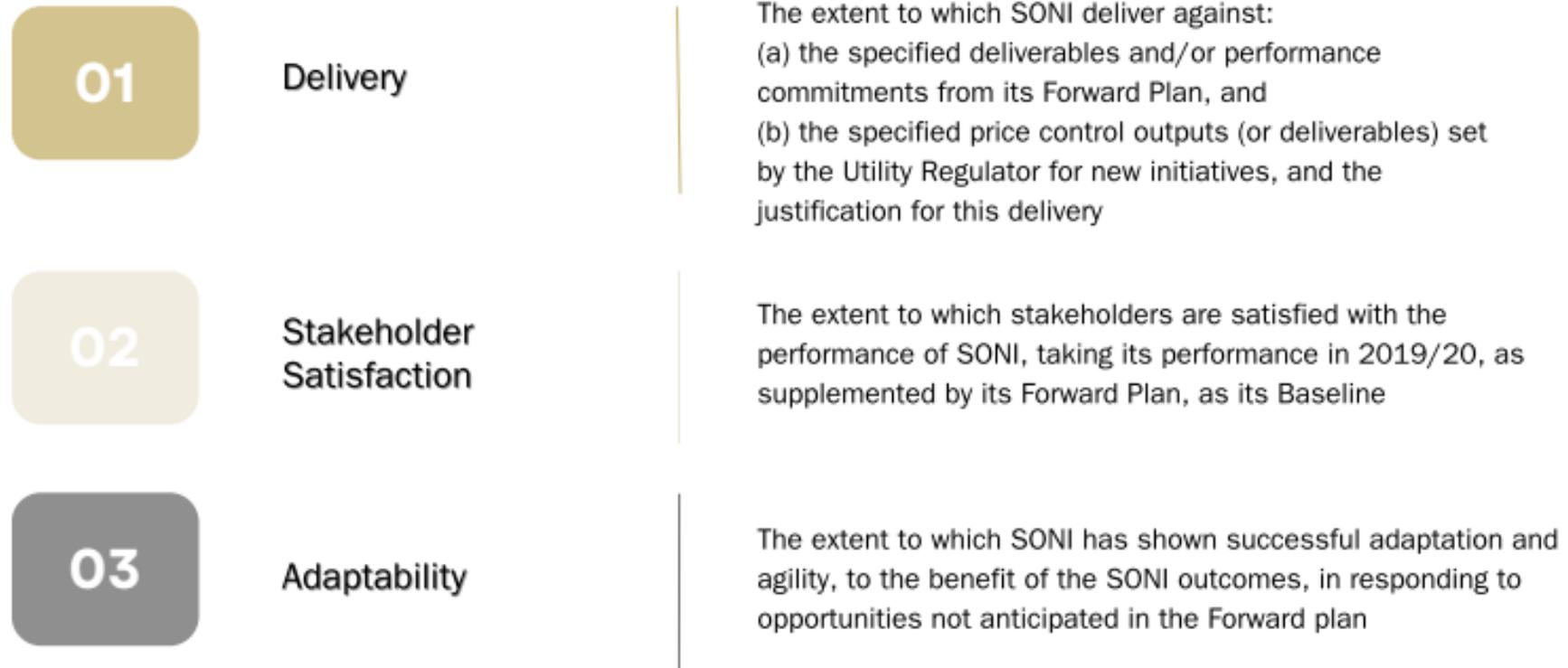


Figure 1 Assessment Criteria

For consistency and based on the advice contained in the UR's Evaluative Performance Framework Guidance document¹, we have applied the above criteria to the SONI Performance Report.

¹ [epf-guidance.pdf \(ureg.gov.uk\)](https://www.ureg.gov.uk/epf-guidance.pdf)

Role 4 Commercial Interface – Plan Delivery

Figure 2 summarises the position at end of September 2023 for each of the projects included in the 2022-23 SONI Forward Work Plan.

✔ Completed

✔ Partially Complete

✘ Not Progressed

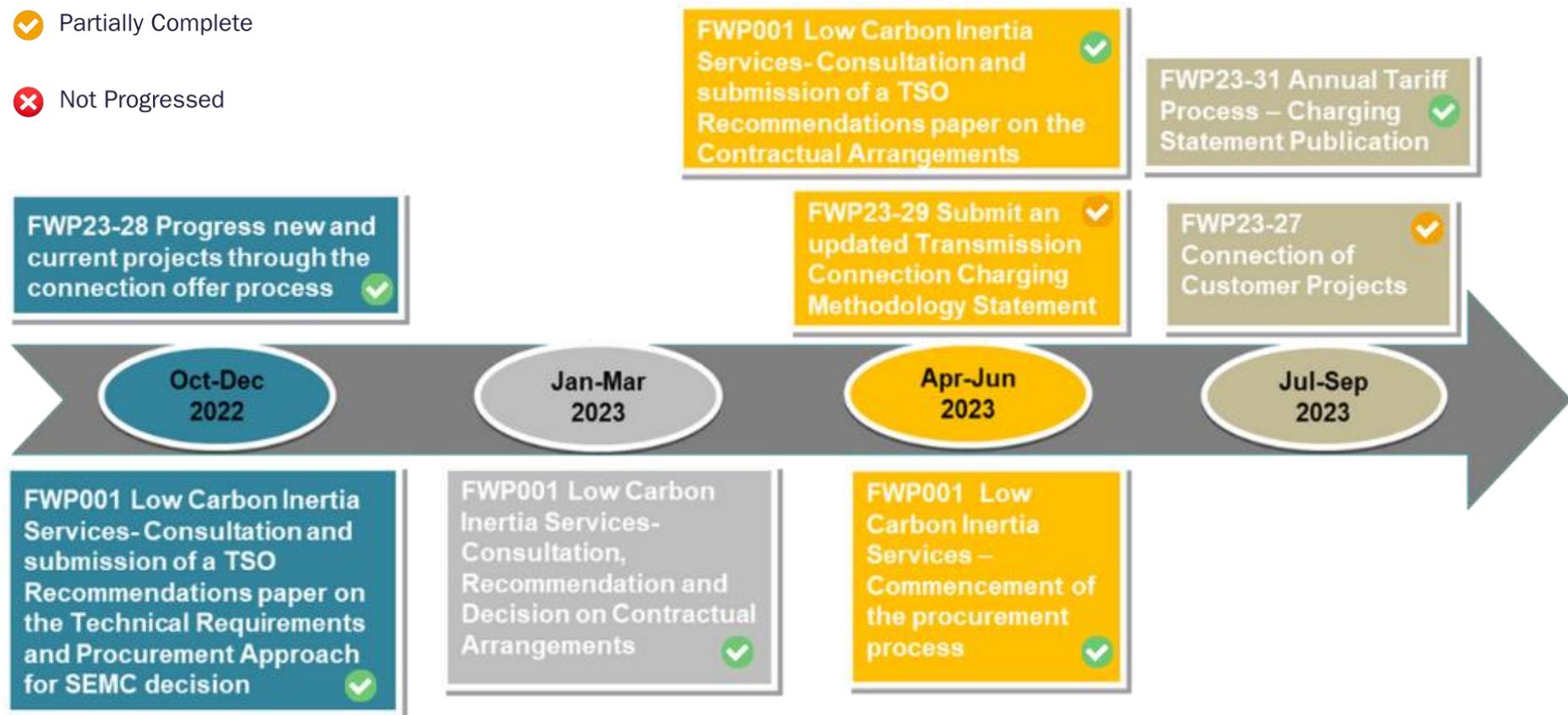
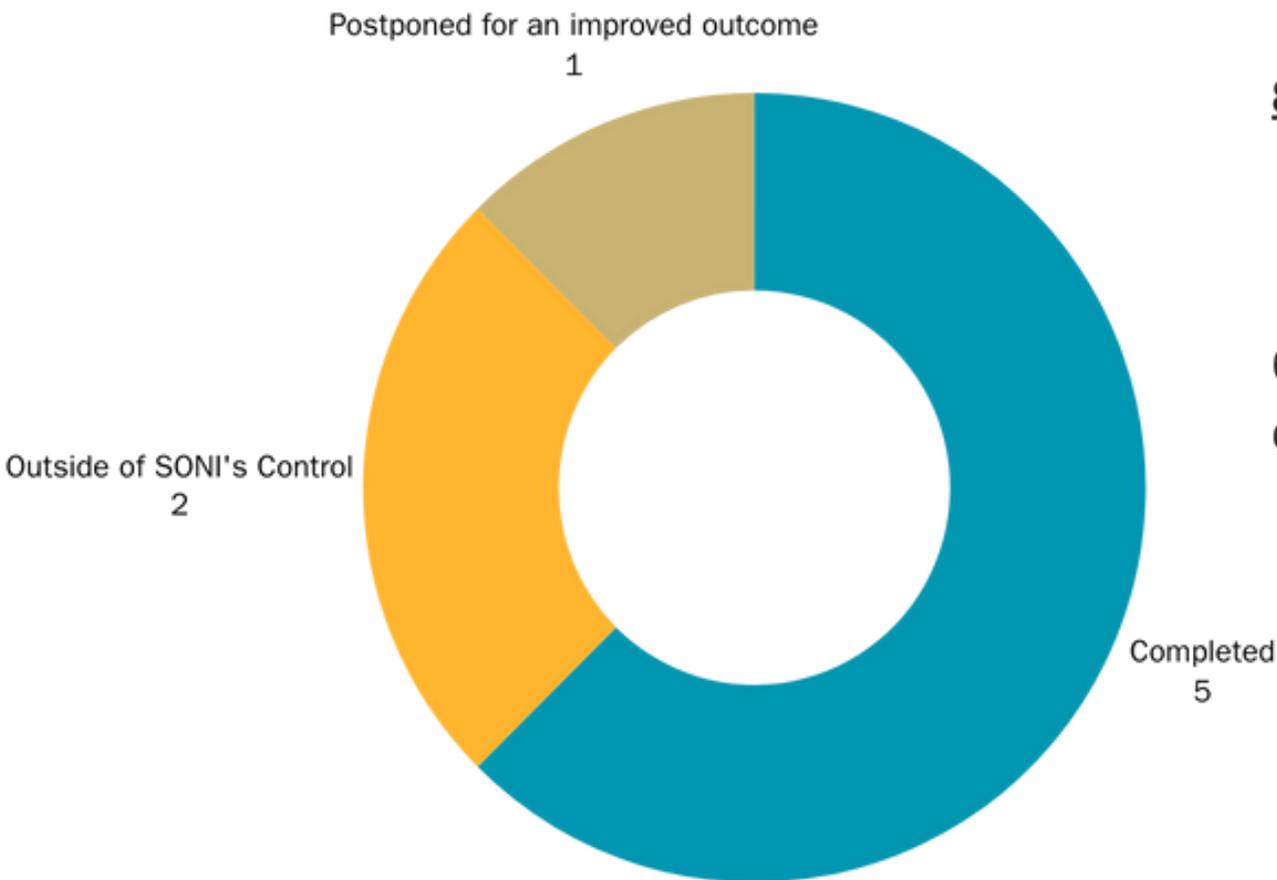


Figure 2 Overview of Projects

Summary of Role 4 Deliverables



8 Milestones:

- **5** Completed ✓
- **3** Partially Completed ✓

Of the 3 remaining milestones which are not complete;

- 2 were delayed for reasons **outside of SONI's control**
- 1 is postponed to secure an **improved outcome for consumers**

Figure 3 Role 4 Delivery Pie Chart

The table below provides a complete view of the projects presented within the Forward Work Plan across Role 4 Commercial Interface.

PROJECT ID	PROJECT NAME	MILESTONE	STATUS
FWP001	Commercial Arrangements for Low Carbon Inertia	Consultation and submission of a TSO Recommendations paper on the Technical Requirements and Procurement Approach for SEMC decision	
FWP001	Commercial Arrangements for Low Carbon Inertia	Consultation and submission of a TSO Recommendations paper on the Contractual Arrangements	
FWP23-29	TCCMS Update	Consult on and publish an updated Transmission Connection Charging Methodology Statement	
FWP001	Commercial Arrangements for Low Carbon Inertia	Commencement of the procurement process	
FWP23-27	Connection of Customer Projects (two projects)	Execution of associated Connection Agreements and GTUoS Agreements Energisation of Customer Connection	
FWP23-27	Connection of Customer Projects (two projects)	Execution of associated Connection Agreements and GTUoS Agreements Energisation of Customer Connection	
FWP23-28	Connection Offer Applications	Progress new and current connection applications through the connection offer process	
FWP23-31	Annual Tariff Process	Commence work under Condition 30 of the TSO Licence, preparation to publish a Charging Statement each year, to be approved by the UR.	

Figure 4 Deliverables

Cost Scale

Based on feedback on the 2022/23 forward workplan, SONI has created a Cost Scale in order to assist the audience in understanding the scale and/or importance of a project, and detailed where on this scale each project lies. The costs indicated are SONI related costs and do not cover any costs accrued by any stakeholder SONI may be collaborating with on said project. We have applied the cost scale to the projects listed under this Role.

This scale applied is detailed below:

Table 1 Cost Scale

Low	Medium	High	Very High
£0 - £500k	£500k - £1M	£1M - £5M	£5M +

Key Areas of Focus

In the 2022/23 Forward Work Plan, SONI highlighted our key areas of focus for the period, which include strategic projects that SONI deems to be of utmost importance for both SONI and Northern Ireland consumers. These projects are highlighted throughout this document and delivery of these areas of work is summarised below.

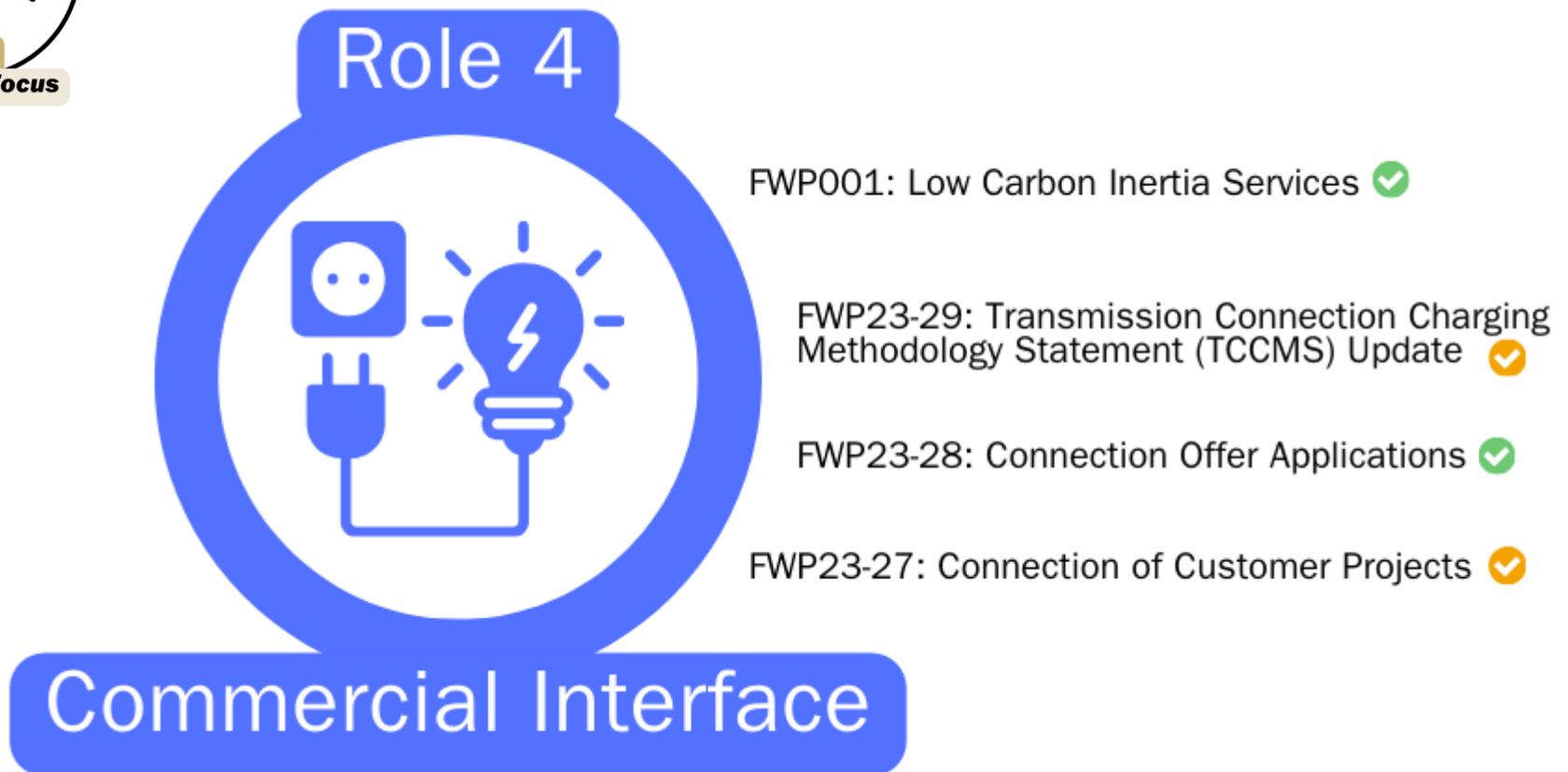


Figure 5 Role 4 Key Areas of Focus

Deliverables

Table 2 FWP23-27: Connection of Customer Projects (Two projects)

Deliverable	FWP23-27: Connection of Customer Projects (Two projects)
<p>Description of Activities</p>	<p>SONI is supporting the delivery of two connections for the customer Gas Turbine (GT) projects which are currently in the construction phase of development.</p> <p>They are expected to energise during 2023. SONI’s key activities include:</p> <ul style="list-style-type: none"> • Completion of SONI construction activities • Energisation of the customer connections • Execution of associated Connection Agreements • Execution of associated GTUoS Agreements and • Testing to confirm Grid Code compliance (will continue into subsequent year) <p>SONI will continue to progress the construction of the two connection assets for the customer projects in coordination and collaboration with NIE Networks (as Transmission Owner) and the developer of each project.</p> <p>Part of this process will include the preparation of both a Connection Agreement and Generator Transmission Use of System Agreement (GTUoS). Preparation of these agreements will commence approximately 6 months prior to the target energisation date of July 2023 and September 2023.</p>
<p>Delivery</p>	<p>Position as of 30 September 2023: Partially Complete</p> <p>SONI is liaising closely with the customer to facilitate the connection of two new Gas Turbines at Kilroot following the closure of coal fired generators in September 2023. These new units will contribute to security of supply for consumers in Northern Ireland and their delivery is therefore a key area of focus for SONI. The connection of these gas turbines is a complex project involving multiple parties including the connecting customer and its electrical contractors, gas contractors and also NIE Networks.</p> <p>The customer has experienced several challenges relating to these connections resulting in declaring several updated dates for energisation of these new units. These are discussed below.</p> <p>It is clear that these changes are outside SONI's control. SONI has continued to work very closely with the customer and NIE Networks and has regularly updated the UR and DfE on progress of these connections. SONI, the UR and the DfE have also been monitoring the progress of the delivery of these units through the Oversight Committee for New Awarded Capacity (OCNAC).</p>
<p>Date Revision</p>	<p>The customer has experienced several challenges relating to these connections resulting in declaring a number of updated dates for energisation. Notification regarding the change of REMIT dates can be accessed at the following website: About REMIT www.acer.europa.eu</p> <p>Although there were delays from the expected dates, this was due to matters that are outside the scope of SONI's licensed activities and which we also could not influence. All SONI activities have been completed in line with updated programmes provided by the relevant third parties. The developer has provided notification via the REMIT platform that they expect the units to be fully operational and active in the market by 24/3/24 for GT6 and 1/5/24 for GT7.</p>



Stakeholder Satisfaction/Engagement	Ongoing engagement with the customer takes place through various mediums. Monthly progress update calls, fortnightly Grid Code and associated documentation calls to work through the pre-energisation process in advance of energisation.
Adaptability	SONI continue to engage and adapt to revised connection point energisation dates based on the customer requirements and challenges. SONI continues to prepare and be ready ensuring all associated pre-energisation documentation is in place and that resourcing is flexed to meeting the changing timescales based on the customers' requests.
Cost Scale	Low

Table 3 FWP23-28: Current Applications in the Connection Offer Process and projects in Connection Process (post offer acceptance)

Deliverable	FWP23-28: Current Applications in the Connection Offer Process and projects in Connection Process (post offer acceptance)
Description of Activities	<p>SONI currently has a number of connection applications ongoing in the Connection Offer process. It is envisioned that these will progress over the next year through:</p> <ul style="list-style-type: none"> • Engagement with NIE Networks to progress the SONI Construction Application and NIE Networks Construction Offer required for SONI to develop the SONI Connection Offer. • Preparation and issue of the SONI Connection Offer. • Progressing any accepted Connection Offers and performing the required validation checks. • Handover of the projects to relevant SONI team and NIE Networks to progress the SONI Pre-Construction Works, NIE Networks' Construction Works and the SONI Construction Works • Ensure the NI Connections Register² on the SONI website is kept up to date. <p>This will involve working together with applicants to ensure that we have all the correct relevant information to progress their application to the deemed effective stage (i.e. in receipt of all such information as SONI may reasonably require for the purpose of formulating the terms of the Connection Offer and received any relevant Application Fee that may be applicable) and also close engagement to keep applicants appraised on the progress of their connection offer, and ensure that they are aware of the relevant consents for a Connection Offer Acceptance to be made.</p> <p>This work will also involve collaboration with NIE Networks which will require regular contact and engagement to discuss the various projects and establish these projects as well as engagement with the Utility Regulator at our monthly meetings to advise of any progressing connection offers, any challenges being faced and the actions SONI is taking to mitigate these challenges.</p> <p>In advance of prospective developers making a connection application to them, SONI encourages engagement in advance of the application being made to make the developer aware of the process and the conditions that would need to be met to accept an offer (e.g. deposits, Capacity Bonds, Relevant Consents, etc). This early engagement is particularly important for those wishing to apply to connect emerging technologies. SONI regularly engages with prospective developers in advance to support an efficient application process.</p>
Delivery	<p>Position as of 30 September 2023: Complete</p> <p>Delivery took place throughout the year. This year saw a huge increase in the volume of applications coming through the team (20 in the year as opposed to normal average volumes of 4 – 5 per year)</p> <p>The breakdown of connection applications was:</p> <ul style="list-style-type: none"> Demand - 2 Battery Storage - 7 Interconnector - 1 Synchronous condensers - 6 (one of which would create SONI's first hybrid Transmission connection) Offshore Wind - 2 Solar PV – 1 (SONI's first transmission connection for Solar) Conventional Generation -1 <p>All connections applications were processed within 90 days in line with the SONI processes.</p>

² <https://www.soni.ltd.uk/media/documents/20220609-Connections-Register-09-June-2022.pdf>

Date Revision	Not Applicable
Stakeholder Satisfaction/Engagement	<p>Through the life of a Connection Application each application had multiple touchpoints directly with the client as a key stakeholder and with NIE Networks. From pre application clinics and post application calls for clarifications etc. with the applicant, through to in depth discussions with NIE Networks on more complex applications. We focused on delivering a quality service that not only meets out statutory and licence obligations but also ensures the applicants are taken through the process professionally.</p> <p>During this period, we saw the Call for Evidence with regards to the Connections Policy Framework Review. SONI wholeheartedly supports this review and the learnings we have taken from the challenges of the past year can play an integral part in ensuring any changes to the overall Framework are appropriate.</p>
Adaptability	<p>Adapting to the large increase in volumes has at times proved a challenge. We have worked on a range of initiatives to speed delivery and ensure accuracy and consistency as well as provide stronger controls in a higher volume environment:</p> <ul style="list-style-type: none"> • Review of and changes to the controls around connections queue database and its impact on system studies. • Utilise a more templated approach to standardise these system studies. • Creation of Bay tracker to aid in pre application clinics. • Build out of a project pricing database to speed delivery and improve consistency. • Revisions to elements of project management tools to reflect larger volumes. • Changes to timing of and content of intra team meetings to better and identify potential issues at an early stage. <p>In addition, as it is difficult to estimate the number of applications SONI receives, the connections team had a much bigger workload than planned for. The team showed great commitment in issuing all connection offers and often worked far beyond core hours to ensure a professional and timely delivery.</p>
Cost Scale	Low

Table 4 FWP23-29: Transmission Connection Charging Methodology Statement (TCCMS) Update

Deliverable	FWP23-29: Transmission Connection Charging Methodology Statement (TCCMS) Update	
Description of Activities	<p>SONI will conduct a review of the current Transmission Connection Charging Methodology Statement (TCCMS) and consider the areas requiring an update in light of developments in the sector including the NI Energy Strategy and ongoing engagement with stakeholders. Areas currently in scope for review are the application fees, bonds and the designation of assets that are being considered for system use.</p> <p>Once the review is completed, SONI will conduct stakeholder consultation on any proposed changes before seeking the Utility Regulator’s approval in line with our licence requirements.</p>	
Delivery	Position as of 30 September 2023: In Progress	
Date Revision	<p>SONI undertook a full internal review of all sections of the TCCMS to identify what changes would be needed to reflect support the NI Energy Strategy. This project was scoped out in summer of 2022. At that point we were unaware of the UR and DfEs plans to consult on the Call for Evidence on Electricity Connection Policy in NI³, which was indicated in the UR Draft forward work plan in December 2022.</p> <p>Based on the scale of the policy review, SONI considered it prudent to reduce the scale of the TCCMS review until the policy changes were better understood (in order to avoid potential nugatory work).</p> <p>Therefore, the review focused on:</p> <ul style="list-style-type: none"> • Shared Asset arrangements • Allocation of resources • Further clarification of existing terms. <p>These changes require discussion with NIE Networks prior to consultation.</p> <p>It is also worth noting that the scale of connections applications SONI received had a knock-on impact on this work as the processing of applications needed to be prioritised to ensure SONI remained compliant with its obligations.</p>	
Stakeholder Satisfaction/Engagement	Some of the changes (Shared Assets) have come from the outworkings of recent disputes to provide further clarity. Other changes such as how applicants pay fees reflects the ongoing engagement with clients and the variation in their preferred approaches to application fee payment.	
Adaptability	Not applicable	
Cost Scale	Low	

³ [20230707 Connection Call for Evidence Final.pdf \(uregni.gov.uk\)](https://www.uregni.gov.uk/20230707-Connection-Call-for-Evidence-Final.pdf)

Table 5 FWPO01: Low Carbon Inertia Services

Deliverable	FWPO01: Low Carbon Inertia Services	
<p>Description of Activities</p>	<p>The basis of this programme of work is to identify needs for LCIS and their placement to provide sufficient kinetic energy (inertia), reactive power support, and additional system strength (short circuit contribution) to ensure secure and stable operation of the all-island power system with an 85% SNSP in 2026. These studies form the backbone of the procurement of LCIS which paves the path towards the 2030 goal of 95% SNSP.</p> <p>Activities over the period include:</p> <ol style="list-style-type: none"> 1. Consultation and submission of a TSO Recommendations paper on the Technical Requirements and Procurement Approach for SEMC decision by October 2022. 2. Consultation and submission of a TSO Recommendations paper on the Contractual Arrangements – planned for March 2023 but this timeline is subject to a timely SEMC decision on the Technical Requirements and Procurement Approach. 3. Commencement of the procurement process planned for April 2023 (this timeline is subject to timely SEMC decisions on the Technical Requirements and Procurement Approach and subsequently on the Contractual Arrangements) 	
<p>Delivery</p>	<p>Position as of 30 September 2023</p> <p>Part 1 - Consultation and submission of a TSO Recommendations paper on the Technical Requirements and Procurement Approach for SEMC decision - Complete</p> <p>Part 2 - Consultation and submission of a TSO Recommendations paper on the Contractual Arrangements – Complete</p> <p>Part 3 - Commencement of the procurement process – Complete</p>	
<p>Date Revision</p>	<p>Part 1 - The TSO Recommendations paper has been submitted by SONI and EirGrid mid-November to the Regulatory Authorities and a SEMC decision has been taken on 11 January 2023. Extensive engagement with the Regulatory Authorities, bi-lateral meetings with Industry and conduction of a LCIS benefits analysis following Regulatory Authorities request led to a short delay.</p> <p>Part 2 - The date for Consultation and submission of a TSO Recommendations paper on the Contractual Arrangements was revised from March 2023 to July 2023 due to a delay Outside of SONI's control. The start of this consultation was awaiting the SEMC Decision on the Technical Requirements and Procurement approach. This decision required the TSOs to propose and consult on a price cap which required further developments. In the meantime, some risks had been identified and needed to be addressed. Therefore, SONI aimed to consult on the Contractual Arrangements in April 2023 and submit a Recommendations paper to the SEMC in July 2023.</p> <p>From 28 April to 9 June 2023, SONI, in collaboration with Eirgrid, conducted the second consultation on the proposed contractual arrangements governing the provision of LCIS and a number of areas relating to the design of the LCIS procurement process as planned in the Mid-Year Performance Report. A draft recommendations paper was sent to the Regulatory Authorities in July 2023 and a final version was sent on 18 August 2023.</p> <p>Part 3 - Following the consultation, the procurement started in July 2023 with the Prequalification Questionnaire (PQQ) while we were working on our recommendations paper on the contractual arrangements.</p>	
<p>Stakeholder Satisfaction/ Engagement</p>	<ul style="list-style-type: none"> • Industry workshop in December 2021 to present our LCIS procurement plan. 	

	<ul style="list-style-type: none"> • 7-week Consultation (25 June to 12 August 2022, including 1-week extension following Industry request) on the technical requirements and Procurement Approach. • Industry workshop mid-July 2022 to present the main aspects of our Consultation. • Bi-lateral meetings with Industry from August to October 2022, allowing us to address some of stakeholders concerns in our Recommendations paper. • Customer clinics with Industry to discuss possible connection method and location. • Workshops with the Regulatory Authorities were held in May (before consultation), September, October, November 2022 and SEM Oversight Committee was briefed in October 2022. • 6-week Consultation (28 April to 9 June 2023) on Contractual Arrangements. • Industry workshop mid-May 2023 to present the main aspects of our Consultation on the Contractual Arrangements. • Bi-lateral meetings with Industry from May to July 2023. • Specific meetings with prequalified tenderers in October 2023 to discuss connection design assumptions before Tender starts which were welcome by tenderers. • Workshops with the Regulatory Authorities were held in February/March (before consultation), June and September 2023.
Adaptability	<p>The Regulatory Authorities required a benefits analysis in order to take their decision. A team was gathered, and assumptions were aligned quickly to deliver the LCIS benefits analysis in a short period of time (4-5 weeks).</p> <p>Given that the delay with the first SEMC decision on the requirements had a knock on effect on the overall project, SONI adapted the original plan and decided to start the prequalification stage (PQQ) before a SEMC decision on the contractual arrangements was made. This required SONI to:</p> <ul style="list-style-type: none"> • work simultaneously on the development of the PQQ and on the recommendations paper on the contractual arrangements, and • bring additional internal and external resources to stay in track with the very ambitious revised plan.
Cost Scale	Very High

Table 6 FWP23-31: Annual Tariff Process

Deliverable	FWP23-31: Annual Tariff Process
Description of Activities	<p>Within the scope defined under Condition 30 of its TSO Licence, SONI publishes a Charging Statement each year which is approved by the UR.</p> <p>This Charging Statement sets out the various tariffs enabling SONI to collect some of the revenue entitlement for the Moyle Interconnector & NIE Networks as well as its own allocation. The statement also includes a breakdown of charges on, and payments to, generators located in NI.</p> <p>This revenue entitlement is recovered through several tariffs that SONI has to calculate, with other relevant stakeholders, through the Annual Tariff Process. The Key SONI tariffs are as follows:</p> <ol style="list-style-type: none"> 1) Transmission Use of System Charges for Suppliers (STUoS) 2) Transmission Use of System Charges for Generators (GTUoS) 3) System Support Services Charge for Suppliers (SSS) 4) Collection Agency Income Requirement (CAIRt) <p>STUoS – This charge to Suppliers for Use of Transmission System covers 75% of NIE Networks Transmission and Distribution revenue entitlement.</p> <p>GTUoS – This tariff covers the payments to and charges on Generators for Use of Transmission System, plus the revenue received makes up the remaining 25% of NIE Networks’ Transmission and Distribution revenue entitlement. In addition, this tariff covers 15% of SONI’s annual revenue requirements.</p> <p>SSS – System Support Services Charges cover the cost of system support services and accounts for 85% of SONI’s annual revenue requirements.</p> <p>CAIRt – Moyle raises its annual revenues from sales of capacity on the Moyle interconnector, however, if necessary, it will recover the balance of its revenue requirements from payments received from SONI under the Collection Agency Income Requirement Tariff.</p> <p>An extensive and complex methodology is applied to calculate these tariffs for any upcoming tariff year and involves continual engagement with all relevant stakeholders. The procedure is also generally embedded with challenging deadlines as some of the pertinent and relevant data/information necessary for tariff calculation will only become available late into the process.</p>
Delivery	Position as of 30 September 2023: Complete.
Date Revision	The project was delivered on time 31 days before the start of the tariff year 1 st October. All key milestones and submissions were also all delivered on time up to the notice of the new tariffs being published.
Stakeholder Satisfaction/Engagement	Key stakeholder engagement was multilateral between SONI; Eirgrid; SEMO; SEM Committee; The Utility Regulator; and Commission for Regulated Utilities
Adaptability	<p>To ensure delivery, it was important to ensure meaningful engagement and good relations, promoting a sense of importance in high quality outputs and timely submissions/responses etc. This mitigated the risk of the work being delayed and a successful outcome to the project. The various teams from all stakeholders often included new staff that were not used to the process, and we will continue to provide learning and educational sessions, not just internally but for all/any stakeholders that wish to be learn and gain more knowledge on the tariff process.</p> <p>In addition, SONI undertook a lessons learned exercise and engaged with the UR on this. A small number of improvements were identified which will be incorporated into next year’s annual tariff process.</p>