

# SONI TSO SRP<sup>27</sup> Business Plan

## 2027 - 2032



“Meeting Northern  
Ireland’s energy needs,  
today and in the future.”



Published August 2026



# CEO Foreword

We are in the midst of a once in a generation energy transition. As set out in SONI's Strategy 2025 – 2031, codeveloped with our stakeholders, as Northern Ireland's independent electricity Transmission System Operator we have the crucial dual responsibility of meeting Northern Ireland's needs today, and in the future.

This Business Plan, for the 2027 to 2032 price control period, has been developed to enable SONI to deliver on our statutory and regulatory obligations, including SONI's operational independence as required under Licence Condition 42. It has also been robustly developed to deliver stakeholders' wider expectations and ambitions, reflected in our Strategy of strengthening our role as a trusted expert advisor, moving to a more plan-led approach to grid development, and transforming our operations through enhanced data, analytics, and digital tools. All the while ensuring strong value for money for consumers.

With ambitious renewable and net zero targets set in the Northern Ireland Energy Strategy and Climate Change Act, this is a challenging and exciting time. As with other Transmission System Operators across these islands, investment is required in SONI to deliver the energy transition collaboratively and at pace, while at the same time, maintaining a safe, secure and reliable supply to every home, farm, business and public service across Northern Ireland.

This Business Plan clearly and transparently sets out the investment needed in our people, our mission critical IT systems, data capabilities, and operational tools, as well as the scale of investment required in the transmission network over the coming years not just to keep the lights on, but to enable the transition to a net zero power system by 2050.

This investment is also about enabling a smarter, more flexible, and more efficient power system for consumers. As well as the social and environmental benefits of increasing integration of cleaner power, your investment will allow SONI to deliver real tangible value to consumers in the form of lower bills from 2032 onwards. As analysis in this plan shows, an additional pound invested in SONI during SRP27 above current expenditure could deliver a net benefit of up to £1.50 during the next price control, and between £4 and £7 by 2050.

We remain committed to providing a world-class system operator service for Northern Ireland. Delivering tangible benefits for the Northern Ireland consumer is at the heart of this Business Plan. With the right level of investment, SONI can unlock faster renewables deployment, reduce curtailment, improve integration of new technologies, enhance security of supply and deliver the system efficiencies that will ultimately lower bills.

We recognise the critical importance of collaboration and remain committed to working in partnership with stakeholders across government, industry and society throughout the next price control period to help achieve the whole energy system, whole society approach required to deliver Northern Ireland's collective ambition of a cleaner energy future for everyone.

## **Alan Campbell**

Chief Executive Officer,  
SONI Ltd





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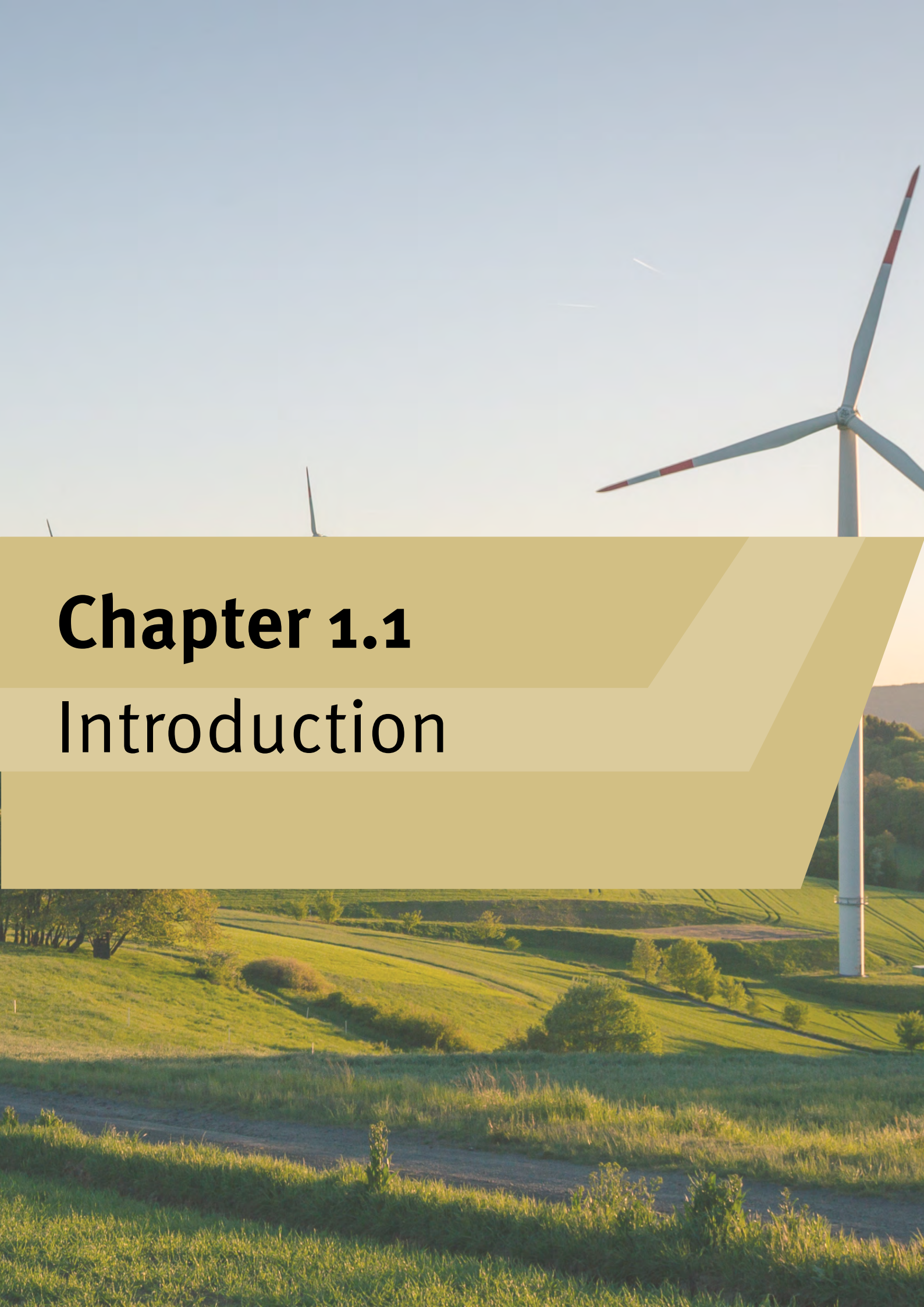
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# 1

## Introduction and Summary



A large wind turbine with three blades is visible on the right side of the image. The blades are white with red and white striped tips. The turbine is situated in a lush green field with rolling hills in the background. The sky is clear and blue. A semi-transparent yellow banner is overlaid on the left side of the image, containing the chapter title.

# **Chapter 1.1**

## Introduction



## 1.1.1 Introduction

1.1.1.1 SONI is the electricity transmission system operator (TSO) for Northern Ireland. We are responsible for the safe, secure, and efficient operation of Northern Ireland's high-voltage electricity network. We ensure that power flows from generation to end-users in real time and plan the electricity transmission system for future consumer needs.

1.1.1.2 SONI operates under licence issued by the Utility Regulator. As a natural monopoly, we are regulated through a price control framework. This means that our costs are recovered from suppliers based on an approved tariff set by the regulator. This is added to end consumer bills by suppliers. Therefore, SONI is directly paid for by consumers in Northern Ireland.

1.1.1.3 This SONI Review of Prices 2027 (SRP27) Business Plan covers the period from 01 October 2027 to 30 September 2032 and lays out the work that SONI will undertake during this period to meet its statutory and regulatory obligations, as well as deliver value to its stakeholders through delivery of the SONI Strategy 2025-31.

1.1.1.4 The Business Plan provides the Utility Regulator and consumers with an overview of the costs of delivering these obligations and the impact that these costs will have on the end-user bill.

1.1.1.5 The plan also lays out how SONI will deliver against its commitments, how we will deal with uncertainty, what performance incentives.

## 1.1.2 Structure of the business plan

1.1.2.1 The Business Plan consists of seven sections. Within each of these sections is a number of chapters covering specific topics. Some chapters are supplemented by one or more appendices which provide specific and more detailed information on our plans. These appendices are provided separately but referenced in the main business plan document.

1.1.2.2 The sections of the Business Plan are:

- Introduction to the SONI business
- SONI approach to SRP27
- Future look – Delivering the SONI strategy
- Cost to deliver ambitions
- Uncertainty mechanisms & incentives
- Financial Projections
- SONI business plan assessment

1.1.2.3 Alongside the business plan, we are also providing a completed Business Plan Data Tables document in line with the Utility Regulator's guidance provided to SONI .

## 1.1.3 Achievements during SRP20

1.1.3.1 Within the Business Plan, in line with the Utility Regulator guidance, we have undertaken an analysis of our performance across the current SRP20 price control period.

1.1.3.2 While there are lessons to be learned from SRP20, this analysis demonstrates the significant value that SONI has brought to consumers.

1.1.3.3 At the start of SRP20, wind and solar could



only generate up to 65% of total demand on the island at any one time. This was increased to 70% in 2021 and 75% in 2022. This increase meant that costs for consumers were reduced as some of the need for costly redispatch of generation was reduced.

- 1.1.3.4 SONI, in collaboration with EirGrid, the TSO for Ireland, has developed the Shaping Our Electricity Future (SOEF) roadmap, which highlights the actions required to go further and deliver more ambitious renewable energy targets that have been introduced during the SRP20 period.
- 1.1.3.5 In 2024 the first contracts were awarded in Northern Ireland for Low Carbon Inertia Services (LCIS). These contracts will provide vital non-energy services to SONI to allow us to manage the grid more effectively and reduce costly redispatch of generators even further, allowing even more renewable electricity onto the system.
- 1.1.3.6 Another key enabler of flexible services required to deliver NI's renewable energy ambitions is battery technology. In December 2025, SONI implemented significant changes to market systems to allow batteries to participate fully in the Single Electricity Market. This delivers additional revenue to battery developers and provides wider benefits to consumers by allowing inexpensive excess renewable energy to be stored and then used when demand is high and renewable output is lower.
- 1.1.3.7 Stakeholder engagement is a key enabler of delivery of NI's net zero objectives, and SONI has overhauled our approach to engagement during SRP20. This has delivered significant improvements in stakeholder satisfaction and unlocked joint working with others to deliver benefits to NI consumers.
- 1.1.3.8 SONI has established a joint programme management office (JPMO) with NIE Networks to help to speed up delivery of transmission network development projects. These projects will remove bottlenecks on the transmission network and allow renewable electricity to get from where it is generated to where it is used more easily. This will reduce the need to turn renewable energy off due to limitations on the network.
- 1.1.3.9 In 2024, SONI formally handed the North-South Interconnector transmission network planning project to NIE Networks to commence construction. Once completed, this project will deliver annual savings of £19m per year to NI electricity consumers and enhance security of supply across the island.
- 1.1.3.10 SONI has also worked with the Utility Regulator and the Department for the Economy to develop the Future Energy Modelling Group. This group has supported policy decision-makers by providing expert advice on the impacts of energy policy on the Northern Ireland electricity system. SONI has also agreed a memorandum of understanding with the NI gas TSO to develop whole system modelling capability encompassing the interaction between different energy vectors. This approach will have indirect benefits to NI consumers through enabling more data-driven decision-making and allowing the full costs and benefits of policy decisions to be considered.
- 1.1.3.11 This solid foundation established throughout SRP20 will allow SONI to continue to provide significant value to Northern Ireland's electricity consumers going forward, if the SRP27 Business Plan is endorsed by the Utility Regulator.

## 1.1.4 The context of the SRP27 price control

- 1.1.4.1 The achievements that SONI has demonstrated throughout SRP20 have come in the context of a wider programme of work relating to SONI's governance. The introduction of Licence Condition 42 within SONI's TSO licence required full managerial and operational independence from our parent company, EirGrid.
- 1.1.4.2 An independent SONI Board was appointed in 2023, and a fully independent management team has been in place since 2024.
- 1.1.4.3 Licence Condition 42 requires full operational independence from EirGrid by October 2026, unless specific derogation applications have been approved by the Utility Regulator. Following extensive engagement with EirGrid and the Utility Regulator, SONI has requested three derogations covering corporate IT systems, power system IT systems and Single Electricity Market (SEM) Capacity Remuneration Mechanism auctions.
- 1.1.4.4 The derogations relating to IT systems are time limited to 2029, and beyond this date SONI will require its own standalone IT infrastructure. This is being implemented in a staged approach covering: scoping and high-level design, detailed design, implementation and finally adoption, testing and transition to business-as-usual.
- 1.1.4.5 SONI is currently in the detailed design phase of this IT separation programme, and therefore at the point of submission of this business plan, there remains uncertainty over what exactly SONI's IT infrastructure will look like after October 2029.
- 1.1.4.6 Additionally, while the Climate Change (NI) Act 2022 introduced ambitious and challenging renewable electricity and net zero targets for Northern Ireland, there remains significant energy policy uncertainty around how these targets will be implemented.
- 1.1.4.7 It is within the context of this high level of uncertainty that SONI has developed our SRP27 Business Plan.
- 1.1.4.8 SONI knows broadly what projects will be required, however due to energy policy uncertainty and the continued implementation of separate IT infrastructure, we do not know exactly what order projects will be required or have detailed implementation plans at this stage. This makes it difficult to include detailed price control initiatives with full options assessment and detailed business cases, as has been included in previous SONI price control Business Plans.
- 1.1.4.9 Rather, SONI has taken an approach of grouping multiple projects into wider categories. We are seeking envelopes of funding for each category and will use the existing uncertainty mechanism processes, with slight adaption, to provide the Utility Regulator and consumers with the detailed business cases and justification for specific projects as they are needed and when the information required to develop these business cases is available.
- 1.1.4.10 SONI proposes that these uncertainty mechanism submissions will be used to "draw-down" on the approved envelopes as and when required to ensure we can operate at pace to deliver on our licence obligations
- 1.1.4.11 and support the delivery of wider energy policy for Northern Ireland.

## 1.1.5 Key priorities and forecast expenditure

1.1.5.1 The project categories that SONI are proposing are:

- **Grid operations & OTCE** – this will deliver projects which support the operation of the SONI control centre as well as projects to deliver SONI's Operational Tools and Capability Enhancements (OTCE) programme. This programme will undertake the studies and develop the toolkit required for SONI to move to full net zero operation of the electricity system by 2035.
- **Enterprise digital & data platforms** – these projects will deliver digitalisation and enhanced consumer flexibility in collaboration with NIEN. A key message arising from SONI's stakeholder engagement is that stakeholders want to see more data, but also more context around the data that SONI publishes. Enhanced digitalisation platforms will provide SONI's stakeholders with more useful information and tools and help unlock the value of smart metering and associated consumer flexibility.
- **Delivery enablement & market support** – these projects will support SONI's day-to-day operations outside of the control room and ensure that SONI's staff are able to utilise new tools such as artificial intelligence and automation to unlock new capabilities and deliver value for NI consumers more quickly. They will also ensure that SONI's vital systems are protected from cyber threats.
- **Security, resilience & sustainability** – these projects are related to the buildings that house SONI's critical infrastructure

and people. Parts of these buildings are beginning to reach the end of their life and need investment to ensure that they are safe, secure and fit for purpose. These projects will enhance the security of the SONI estate as well as ensure that problems that are beginning to show in the buildings are resolved efficiently and avoid the need for costly ad hoc remedial works and potential loss of functionality in future.

- **IT separation** – this programme of work is a one-off standalone programme which will enable SONI to stand up its own IT functionality and unlock benefits for NI consumers through an increased focus on NI needs and additional flexibility to respond to NI-specific IT and digitalisation requirements.
- **Telecommunications** – SONI's control room needs to be able to communicate with neighbouring TSO control rooms, generators and the distribution network effectively. To do this there is an extensive network of dedicated telecommunications systems. This group of projects will deliver investment and cover ongoing business as usual costs relating to these networks.

1.1.5.2 In addition to specific projects and allowances, SONI also needs to invest in its staff. The implementation of Licence Condition 42 and the scale of ambition in terms of decarbonisation requires SONI to increase its capacity and capability. This has been delivered in part through uncertainty mechanism submissions during the SRP20 period but will be further reinforced through SRP27.

1.1.5.3 As well as investment in SONI's core internal functionality and IT systems, the scale of work



involved in network planning will also need a step change during SRP27. NIE Networks is investing heavily in the distribution network. The transmission network must keep pace to ensure that it does not become a bottleneck to delivery of consumer benefits resulting from the energy transition.

- 1.1.5.4 Combined, these projects and additional investment in staff and facilities requires a total investment in SONI during SRP27 of £608m. This compares to an expected expenditure of £ 276m during SRP20 (including the two-year extension period).

## 1.1.6 Delivering value to consumers

- 1.1.6.1 The scale of investment required in SONI during SRP27 is unprecedented. Historically, SONI's core costs have represented less than 2% of the end-user bill. During SRP27 these are forecast to increase to 4.60% of the end-user bill. However, this is in the context of a reducing overall annual bill in terms of pounds and pence.

- 1.1.6.2 SONI's core costs represent a small part of the total cost of electricity, however SONI's actions can influence other parts of the build up of the consumer bill.

- 1.1.6.3 The investment that we are proposing in this Business Plan will not only deliver an enhanced and independent TSO for Northern Ireland, but the one-off investment costs will also provide SONI with solid foundations for future price control periods such as SRP32.

- 1.1.6.4 A report (Power of SONI) produced by Frontier Economics demonstrates the significant value that SONI can deliver to NI consumers through delivering our Operational

Policy Roadmap.

- 1.1.6.5 Based on the results from this study, SONI has calculated that an additional pound invested in SONI during SRP27 above current expenditure could deliver a net benefit of up to £1.50 during the next price control, and between £4 and £7 by 2050.

- 1.1.6.6 These numbers are based on our investments in one key initiative. SONI's other initiatives will unlock additional savings throughout SRP27 as a result of our investments and collaboration with key stakeholders.

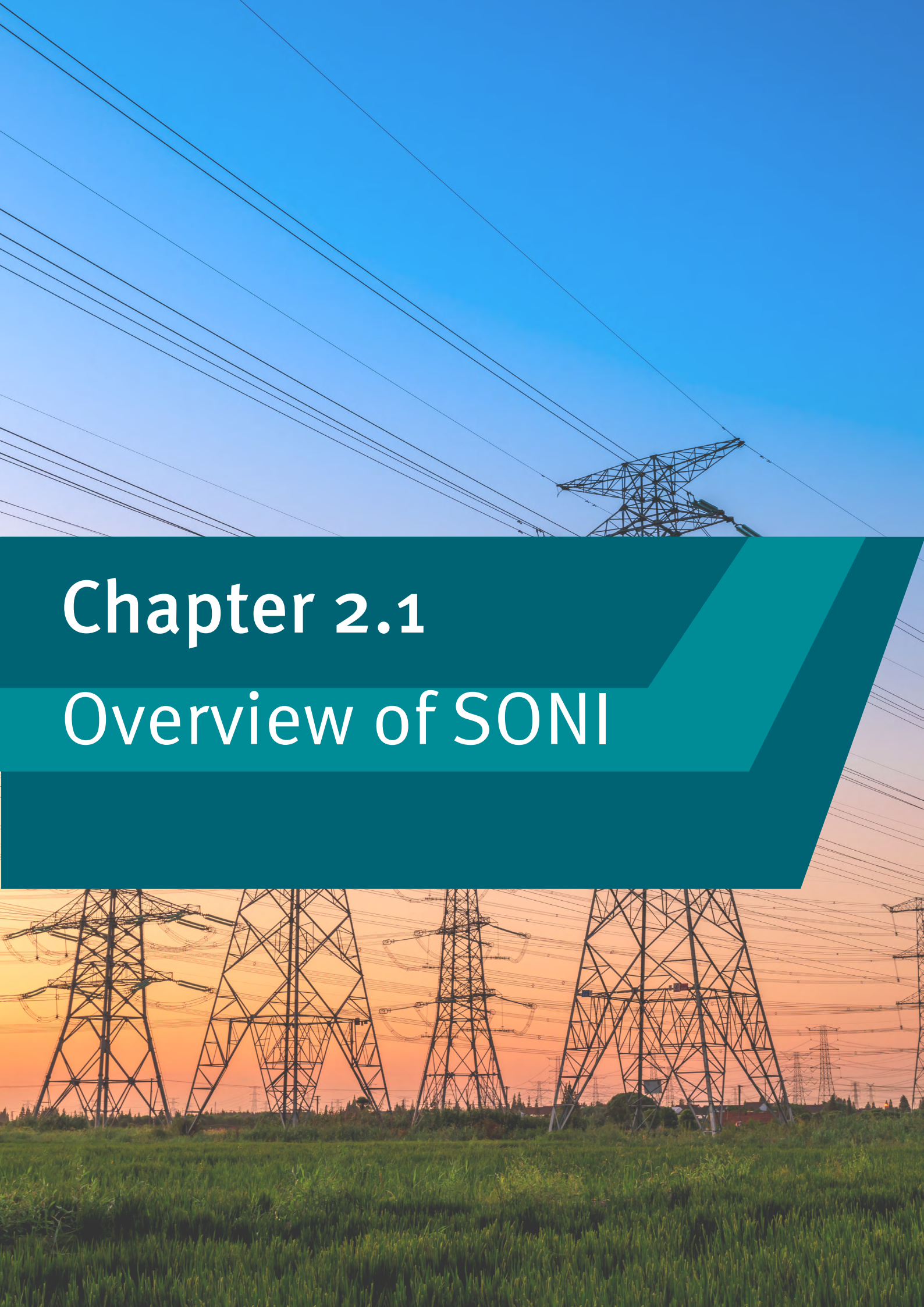


# 2

## About SONI





The background of the slide features a photograph of several high-voltage electrical pylons and power lines stretching across a green field under a sunset sky. The sky transitions from a deep blue at the top to a warm orange and yellow near the horizon. The pylons are silhouetted against the bright sky, and the power lines create a series of diagonal lines across the frame. A large, dark teal geometric shape, resembling a stylized 'L' or a corner, is overlaid on the right side of the slide, framing the text.

# Chapter 2.1

## Overview of SONI



## 2.1.1 Executive Summary

- 2.1.1.1 SONI is Northern Ireland's Transmission System Operator (TSO), responsible for the safe, secure, and efficient operation of the high-voltage electricity network. SONI ensures power flows from generation to end-users in real time, and plans the electricity transmission system for future consumer needs.
- 2.1.1.2 We do not generate or sell electricity, nor do we own any of the assets associated with Northern Ireland's electricity grid. In delivering our role, we are licensed and regulated by the Utility Regulator.
- 2.1.1.3 SONI plays a vital role in facilitating the energy transition in Northern Ireland, and strives to unlock financial savings for electricity consumers.
- 2.1.1.4 SONI published our Strategy 2025–2031 in February 2025. This sets out our purpose of ***“Meeting Northern Ireland's energy needs, today and in the future”***. Our strategy focuses on enabling a cleaner, affordable, and secure energy future through collaboration, innovation, and a whole-system approach. Our strategy builds on the stakeholder engagement that we have undertaken to understand the needs of consumers and businesses across Northern Ireland and is discussed in more detail in Chapter 4.1 *SONI Strategy*.
- 2.1.1.5 SONI will further enhance our position as a trusted adviser to government and industry, supporting energy policy development and strategic investment decisions during the SRP27 period. We will build on the work

that we have already done to deliver further benefits for the Northern Ireland consumer.

- 2.1.1.6 The evolution of SONI's operational decision-making via initiatives such as the SONI Operational Policy Roadmap and further development of the NI transmission grid through our transmission network planning function will support delivery of the Government's decarbonisation targets.
- 2.1.1.7 Our carefully targeted actions also have the potential to deliver significant financial and carbon reduction benefits. These benefits for consumers are discussed in more detail in Chapter 7.2 *Impact on Consumers*.
- 2.1.1.8 However, this transformation to net zero presents challenges in scale, pace, and complexity, requiring strong collaboration across government, industry, and society.
- 2.1.1.9 Even after the publication of the NI Energy Strategy and the NI Assembly passing the Climate Change (NI) Act 2022, there remains significant energy policy uncertainty in Northern Ireland around how the NI Executive's ambitious decarbonisation targets will be delivered.
- 2.1.1.10 SONI will further enhance our position as a trusted adviser to government to help deliver these objectives, however we are also dependent on energy policy certainty outside of SONI's control to develop our own detailed plans for delivery. We welcome the planned publication of the 'policy position statement' referenced in the Mid-Term Review of the Energy Strategy – The Path to Net Zero Energy<sup>1</sup> and SONI looks forward to supporting the implementation of the follow-on action plans.
- 2.1.1.11 Delivery of SONI's value added benefits for NI consumers and other key stakeholders

<sup>1</sup> Mid-Term Review of the Energy Strategy – The Path to Net Zero Energy | Department for the Economy

will depend on adequate resourcing and capability. We will take an agile approach to delivering projects throughout SRP27, submitting requests for funding to the Utility Regulator only when we have sufficient information and certainty around a project to be able to robustly demonstrate the added value to consumers and provide assurance of our ability to deliver the project.

2.1.1.12 This business plan shows that an additional pound invested in SONI during SRP27 above current expenditure could deliver a net benefit of up to £1.50 during the next price control, and between £4 and £7 by 2050, as well as give the best possible chance of delivering on NI's ambitious targets and deliver a just energy transition.



2.1.2.1 SONI (System Operator for Northern Ireland) is Northern Ireland's independent electricity Transmission System Operator (TSO).

2.1.2.2 We operate the transmission system to ensure that power can flow safely, securely and reliably from where it is generated to where it is needed in homes, farms, businesses and public services across Northern Ireland.

2.1.2.3 We do not generate or sell electricity, nor do we own any of the assets associated with Northern Ireland's electricity grid. In delivering our role, we are licensed and regulated by the Utility Regulator.

2.1.2.4 Our role in operating the electricity grid extends beyond real-time operations. As the Transmission System Operator, we also have the vital job of ensuring that the Northern Ireland electricity transmission network (owned by NIE Networks) is fit for the future.

2.1.2.5 As a regulated holder of a transmission licence, SONI's statutory obligations<sup>2</sup> include:

- Developing and maintaining an efficient, coordinated, and economical Transmission Network capable of meeting the long-term reasonable demands for the transmission of electricity
- Contributing to Security of Supply through adequate capacity and reliability, and
- Facilitating competition in Supply and Generation.

2.1.2.6 We advise on the future direction of the power system, plan the changes and investments that are required, in both an operational and physical context and deliver on these plans through key projects and initiatives. SONI performs this role through a combination of independent expert analysis, strategic planning, operational insight and

collaborative engagement. We ensure that investments in the network are sufficient and timed to meet the needs of consumers.

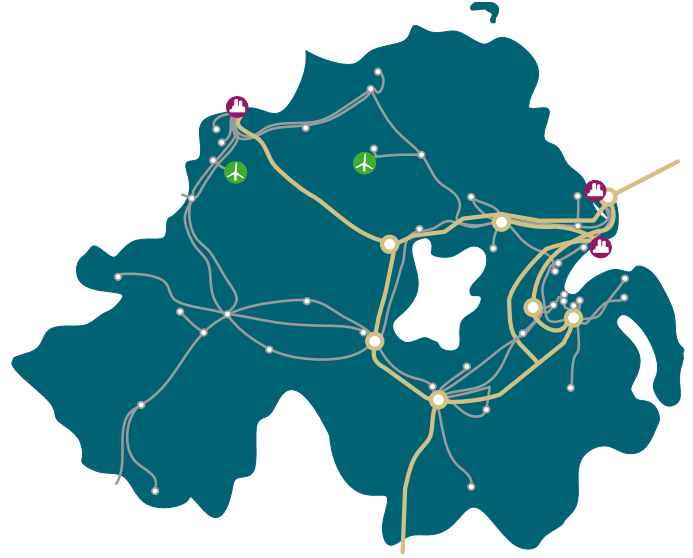


Figure 1 Northern Ireland Transmission System

2.1.2.7 SONI is also the licenced Market Operator for Northern Ireland and works closely with our counterpart in Ireland (EirGrid) via the contractual joint ventures SEMO and SEMOpX to support the functioning of the All-Island Single Electricity Market which is overseen by the regulatory authorities in both jurisdictions via the Single Electricity Market Committee (SEMC)

2.1.2.8 As a TSO, we provide working capital (i.e. borrowing capability) to the SEM to ensure that there is sufficient cash available to pay market participants if there is a mis-match between money coming in from suppliers and being paid out to generators. As SEMO is not a legal entity in its own right, the two TSOs fulfil this function on behalf of SEMO.

2.1.2.9 This working capital provision is significant and has knock-on impacts on SONI's financial position for its TSO functionality.

<sup>2</sup> Article 12 of the Electricity (Northern Ireland) Order 1992



## 2.1.3 SONI roles and services

2.1.3.1 SONI currently has four key roles as defined in our strategy, outlined in Figure 2.

2.1.3.2 These roles will continue into SRP27, however we will further enhance and develop them and as well as evolving our role as a trusted advisor, where SONI provides independent, expert and data-driven advice to government, regulators and the wider energy sector.

2.1.3.3 Our strategic ambitions are based on a whole system approach with a clear focus on collaborating closely with all stakeholders to ensure the needs of the Northern Ireland consumer are met.



Figure 2: SONI's Current Role

## 2.1.4 Our wider role

2.1.4.1 During SRP27 we will continue to develop our trusted advisor role and move to a plan led approach using evidence-based and data-driven methods. We will either make decisions within our remit, or aid the regulator and government in their decision-making.

2.1.4.2 In future, our work will require much closer working together with NIE Networks

in its capacity as Transmission Owner and Distribution System Operator, as well as the NI gas TSOs (Mutual Energy and GNI(UK)), to ensure the optimal alignment of investments in both the electricity and gas systems in the wider interests of NI consumers. This will build on the strong relations we have already developed in this sphere. The SONI Strategy, its development and our plans for delivering it are outlined in more detail in Chapter 4.2 *SONI Strategy Delivery*.

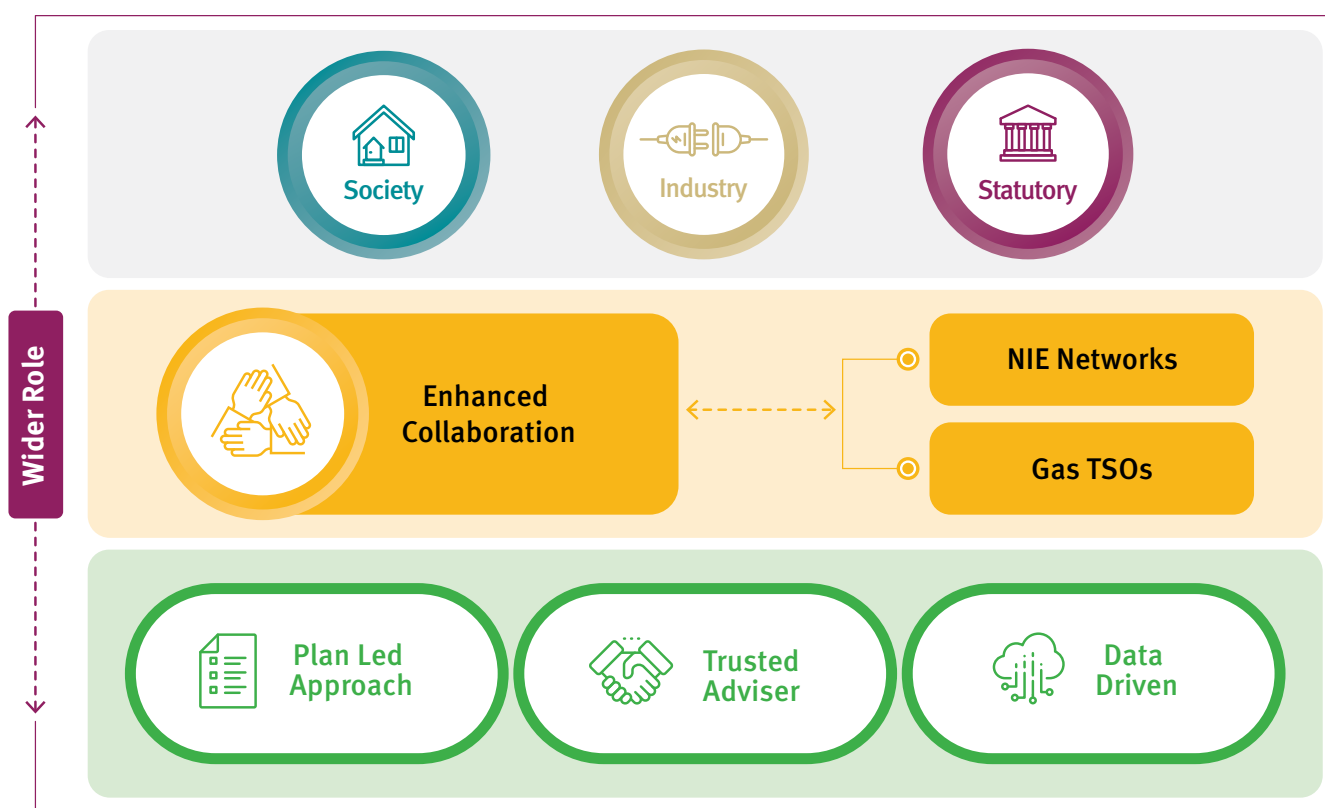


Figure 3: SONI's Wider Role

## 2.1.5 Governance arrangements

2.1.5.1 In line with the new governance requirements introduced by Licence Condition 42 of our TSO licence, SONI appointed a new independent Board in October 2023.

2.1.5.2 Our Board determined, designed and led the development of a new SONI operating

model, which has seen us strengthen our expertise and in-house capability to be able to fully deliver our Strategy.

2.1.5.3 During 2024, the Board introduced a new executive team and management structure. The Board worked with the team to develop the new SONI Strategy, before tasking the team with leading its implementation. The Board believes that the new SONI Strategy and operating model equips our organisation with

the leadership, purpose and accountability to succeed as an independent, best in class TSO.

2.1.5.4 Our people are one of our key assets and we will continue to grow, develop and invest in our teams to ensure we have the capacity and capabilities to meet the challenges and ambitions set out in our Strategy for 2025-2031. This will be a key aspect of the 2027-2032 Price Control (SRP27) Period and will be fundamental to the success of SONI in the future.

## 2.1.6 SONI's role in the energy transition

2.1.6.1 The publication of the Northern Ireland Energy Strategy<sup>3</sup> and the passage of the Climate Change (Northern Ireland) Act<sup>4</sup> have delivered very ambitious and challenging goals for decarbonisation. This includes mandating that 80% of all electricity consumed comes from renewable sources by 2030, and the energy system as a whole becomes net zero by 2050.

2.1.6.2 Our success in achieving previous renewable electricity targets (40% of consumption generated by renewable sources by 2020) was delivered through whole system collaboration between government, industry, regulatory partners, elected representatives and wider society both in Northern Ireland and all-island through the Single Electricity Market (SEM).

2.1.6.3 While we believe and agree that ambitious stretch targets are important to focus minds, detailed and diligent collaboration will be required to succeed in the next phase of our journey to decarbonise our society

and economy. We stand ready to play our part in achieving the targets and working collaboratively to do so, however delivery will be challenging.

2.1.6.4 There is an increasing focus on consumer bills following the high periods of inflation witnessed post-COVID and due to energy price increases following the invasion of Ukraine. The cost to consumers of the energy transition is therefore rightly a key concern for stakeholders. We therefore recognise that we must demonstrate that our actions will ultimately deliver positive financial outcomes for consumers.

2.1.6.5 In November 2025, we published the Power of SONI, which highlights the significant financial and carbon reduction benefits that delivery of our Operational Policy Roadmap can bring. Alongside project-specific analysis undertaken in our network planning and grid development role, this demonstrates the significant value that SONI can bring to consumers, contingent on the appropriate level of investment being approved. consumers<sup>5</sup>.

2.1.6.6 To be able to deliver the value to consumers and the economy that SONI's actions can deliver, it is important that we have the investment, tools and capabilities in place through our Price Control mechanisms.

2.1.6.7 While we know the ambitious targets for decarbonisation, there remains significant uncertainty around the pathway expected to deliver these targets. In particular there is no detail around the NI Executive's heat policy and how flexibility can be facilitated in the energy system (for example through smart metering and time of use tariffs).

<sup>3</sup> Energy strategy | Department for the Economy

<sup>4</sup> Climate Change Act (Northern Ireland) 2022

<sup>5</sup> Power Of SONI is covered in more detail in Chapter 6.2 Impact on Consumers





2.1.6.8 To provide this expert advice, SONI will require resourcing and capability above the levels seen in SRP20.

2.1.6.9 In our role as trusted advisor, we will support government decision-makers through providing evidence-based and data-driven advice. This collaboration will ensure that energy policy decisions are ultimately deliverable by SONI and other partners.

2.1.6.10 To provide this expert advice and act as a trusted advisor, we will require resourcing and capability levels above those funded in SRP20. However, we know that it is recognised across our stakeholder base that the environment we are now operating in, relative to 2020, and the scale of the decarbonisation challenge, as well as the opportunities for Northern Ireland from the actions that SONI can take are well understood and acknowledged.

2.1.6.11 Once energy policy decisions have been made, we will be able to adequately scope and plan key projects required to deliver them. Therefore, rather than ask for uncertain up-front resource allowances for specific projects as part of this business plan submission, we will take a more agile approach in the interests of consumers and utilise uncertainty

mechanisms throughout SRP27 to deliver specific projects or programmes.

2.1.6.12 To give consumers an idea of the likely costs, however, we have provided a forecast of likely projects as part of this submission. Again, the scale of these programmes will require resourcing above levels seen in previous price controls. To ensure our ability to finance our activities, we will also require guarantees around allowances that we can provide to lenders to access this financing.

2.1.6.13 The forecasts of resource requirements shows that any additional cost to consumers from increased SONI capability will ultimately be more than offset by the benefits that our actions can bring to other parts of the consumer bill through reductions to other charges levied on consumers.

2.1.6.14 This business plan shows that an additional pound invested in SONI during SRP27 above current expenditure could deliver a net benefit of up to £1.50 during the next price control, and between £4 and £7 by 2050, as well as give the best possible chance of delivering on NI's ambitious targets and deliver the energy transition.



# Chapter 2.2

## 2.2.1 Executive summary

# How the past is shaping the future



2.2.1.1 The 2020–2027 price control period (SRP20) has been a period of substantial change for SONI – as we have been reshaping our organisation’s capabilities, governance, and strategic direction. Three major policy areas: the Climate Change Act (NI) 2022, the continued developments of the SEM under EU legislation, and the introduction of Licence Condition 42 - have driven a step-change in how SONI operates as Northern Ireland’s Transmission System Operator.

2.2.1.2 Across the SRP20 period, we have delivered a wide range of transformational outcomes. Operationally, we have:

- increased the proportion of demand that can be met from renewable resources at any one time from 65% to a world-leading 75%,
- introduced major evolutions to the electricity market through the Scheduling & Dispatch Programme, which allows batteries to fully participate in the market arrangements,
- Developed the Operational Policy Roadmap to 2035, and
- Delivered the first phase of Low Carbon Inertia Services procurement.

2.2.1.3 These changes underpin Northern Ireland’s ability to enable the integration of significantly higher levels of renewable generation securely.

2.2.1.4 SONI has also played a central and proactive role in future system planning and delivery, publishing Tomorrow’s Energy Scenarios (TESNI), developing a Transmission Clusters Policy for connections, establishing joint planning arrangements such as the Joint Programme Management Office with NIE Networks and closer collaboration with

the gas TSOs. These initiatives support the need for a plan-led infrastructure model to drive decarbonisation and deliver financial efficiencies for consumers.

2.2.1.5 During SRP20 we have fundamentally transformed our stakeholder engagement . We introduced a new Stakeholder Engagement Strategy, implemented a Stakeholder Needs Assessment, enhanced community-level engagement through SONI’s Landowner Charter and new Community Forum Framework, and strengthened community-centred engagement approaches such as the Citizen Sounding Board, ensuring deeper, earlier, and more transparent engagement.

2.2.1.6 Governance arrangements have changed significantly. The implementation of Licence Condition 42 resulted in the appointment of an independent SONI Board and management team, strengthening independence, accountability, and a dedicated focus on Northern Ireland’s specific needs.

2.2.1.7 Challenges such as rising levels of dispatch down of renewable electricity prompted robust responses from SONI, including the publication of the Dispatch Down Action Plan and a trial reduction of the NI “minimum number of thermal units on” constraint.

2.2.1.8 SONI also maintained system security through disruptive events such as storms Darragh and Eowyn, demonstrating resilience and operational competence. We also effectively managed challenging periods due to large generator unavailability on the system.

2.2.1.9 We have used the SRP20 period to learn about what is important to measure in terms of our performance. SONI has developed and refined a suite of Key Performance Indicators



(KPIs), improving alignment with outcomes, the Evaluative Performance Framework, and stakeholder expectations. This work has strengthened SONI's ability to track delivery, drive improvement, and demonstrate value.

2.2.1.10 Together, these achievements reflect a maturing, increasingly independent, and future-focused system operator. SONI enters the 2027-2032 Price Control period with stronger governance, clearer performance metrics, deeper stakeholder engagement, and a robust operational and strategic foundation to support Northern Ireland's transition towards a secure, low-carbon electricity system.

2.2.1.11 However, SONI operates in an increasingly uncertain external environment. This makes forecasting out to 2032 incredibly challenging.

Ongoing energy policy uncertainty in Northern Ireland, uncertainty around the SEM Committee's Multi-Year Markets Roadmap and continued implementation of independent SONI IT operations means that SONI will need to take an agile approach to funding submissions throughout SRP27 so that overall consumer benefits are maximised. SONI will invest only in what is necessary, when it is necessary and therefore ensure that NI consumers only pay for investments which ultimately deliver a positive return.





## 2.2.4 Introduction

2.2.4.1 While our Business Plan covers the period from 2027 to 2032, it builds upon the current funding arrangements, delivery model and business efficiencies that we have established during the current Price Control (SRP20). The purpose of this chapter is to set out how SONI has delivered the key objectives of the current price control. This presents the foundations, both in terms of service delivery and in terms of funding requirements, upon which this 2027-2032 Price Control business plan is built.

2.2.4.2 The period covered by our 2020-27 price control, SRP20, was one of considerable change, not just for SONI, but through global events such as the COVID pandemic and the war in Ukraine.

2.2.4.3 SRP20 was originally meant to be a five-year period from 1 October 2020 to 30 September 2025. However, based on two requests from SONI, the Utility Regulator has extended the SRP20 Price Control by two additional years so SRP20 will now end on 30 September 2027<sup>6</sup>.

2.2.4.4 Three key external policy drivers have triggered substantial change to our business and our aspirations:

- The Climate Change Act (NI) 2022,
- the continuing development of the Single Electricity Market (SEM) and
- the introduction of TSO Licence Condition 42 resulting in changes to SONI Governance. SONI managerial and operational independence (include standalone IT systems) allows us to focus on NI-specific needs, while continuing to work collaboratively with EirGrid, our parent company.

2.2.4.5 These three policies have all been converted into binding obligations on SONI. More information on these policy drivers is available in chapter 4.4 External Strategic Drivers.

2.2.4.6 Further detail on our delivery over the 2020 to 2027 period is set out in Appendix B. Together this chapter and corresponding Appendix B address the Utility Regulator's Test Area 6: Accounting for Past Delivery in accordance with their Business Plan guidance.



<sup>6</sup> [Decision on two-year extension to the current SONI Price Control | Utility Regulator](#)

## 2.2.5 SONI's key achievements

2.2.5.1 In this section we set out a brief summary of our key achievements and outcomes for customers in this price control period to date.



Figure 4: SONI's Key Achievements



## Evaluative Performance Framework

- 2.2.5.2 The Utility Regulator introduced the Evaluative Performance Framework (EPF) in SONI's price control period 2020-2027. The EPF is an incentive mechanism devised to monitor and assess SONI's performance and ultimately determine an incentive payment or penalty at the end of the annual process.
- 2.2.5.3 The publications within the EPF have been a welcome opportunity for SONI to highlight our achievements and delivery over the SRP20 period, as well as informing our stakeholders of progress between engagements.
- 2.2.5.4 As per the Utility Regulator guidance, the EPF reports on activities in addition to the many 'business as usual' activities that SONI undertake as part of our licence and other obligations. Therefore, not all the work SONI has undertaken in this price control period will be available with these reports.
- 2.2.5.5 The EPF is discussed in more detail in Chapter 6.3: Evaluative Performance Framework.

## Scheduling & Dispatch

- 2.2.5.6 SONI has made significant progress in advancing its Scheduling & Dispatch capabilities to support greater system flexibility and market efficiency.
- 2.2.5.7 In 2022-23, we supported the detailed design of the Scheduling & Dispatch solution for the Single Electricity Market (SEM). This phase also included impact assessments and the development of detailed user requirements based on the approved design.
- 2.2.5.8 In 2023-24, SONI launched a series of monthly industry workshops during Phases 3 and 4 to engage stakeholders and support implementation.

- 2.2.5.9 Progress continued in 2024/25, with the publication of milestones for Tranche 2 initiatives, completion of vendor system build and testing for Tranche 1, and successful Participant Interface Testing (PIT) for the Scheduling & Dispatch Energy Storage Power Station (ESPS).
- 2.2.5.10 In late 2025, for the first time, batteries were able to fully participate in the Single Electricity Market by submitting bids and offers to the balancing market. This enabled batteries to fully make use of arbitrage opportunities and provided security of supply benefits to the system. In turn, this will result in lower wholesale electricity prices during peak periods. For example, on 15 December 2025, battery exports resulted in over 500MW of dispatch, offsetting the need for a large conventional thermal generator and resulting in savings from gas fuel costs and potentially other generator-related costs, as well as carbon emissions.

## Examples of SONI's response to a changing landscape 2020-27

### 2.2.6 Shaping Our Electricity Future

- 2.2.6.1 The Shaping Our Electricity Future (SOEF) roadmap<sup>7</sup> is an ongoing transformative journey approach to ensuring that the all-island power system can deliver the energy transition. It steers our energy landscape towards a cleaner, more sustainable future.
- 2.2.6.2 Starting over a decade ago with the DS3 Programme<sup>8</sup>, SOEF is an ongoing evolution. It reflects our commitment to progress and

<sup>7</sup> [Shaping Our Electricity Future | Future Energy | SONI](#)  
<sup>8</sup> [DS3-Programme-Brochure.pdf](#)

collaborate across industry, government, and citizens.

2.2.6.3 The DS3 programme was SONI and EirGrid's joint response to national and European renewable energy targets. DS3 aimed to increase the amount of renewable energy on our power system. Northern Ireland had a target to achieve 40% of electricity consumption from renewable sources by 2020.

2.2.6.4 Over the decade, we delivered on our targets. By 2018, the DS3 programme had already helped improve the penetration of renewable generation on the island of Ireland. We increased instant levels of renewable generation on the system from 50% to 65%. This was a world first.

2.2.6.5 In 2021 we increased this further to 70% and in March 2022 we reached the DS3 goal of 75%.

2.2.6.6 New renewable targets were set out by the Northern Ireland Executive for the year 2030. We considered these in developing SOEF 1.0<sup>9</sup>. This document, published in November 2021, outlined a roadmap towards delivering at least 70% of electricity from renewable generation sources by 2030 in both Northern Ireland and Ireland.

2.2.6.7 Since the launch of SOEF 1.0, there have been significant developments to electricity policy. The targets for 2030 now aim for delivering at least 80% of electricity from renewable generation sources in both Northern Ireland and Ireland.

2.2.6.8 Given these changing targets, we updated the SOEF roadmap, publishing SOEF version 1.1<sup>10</sup> in 2023. This updated version sets out a plan led approach to supporting a transition to 80% RES-E. It outlines the key developments

required from networks, operations, markets and stakeholder engagement to facilitate this transition.

2.2.6.9 To support ongoing collaboration and transparency, regular SOEF Advisory Councils have been established. These councils provide a forum for the TSOs, industry representatives and other stakeholders to engage and share insights on progress with the energy transition.

## 2.2.7 Dispatch Down Action Plan

2.2.7.1 Dispatch Down costs in Northern Ireland have increased significantly in recent years. SONI has been challenged by various stakeholders to explain how these issues will be addressed. In spring 2024, SONI formed an internal working group to engage with industry to consider short, medium and long-term options to mitigate the current levels of dispatch down.

2.2.7.2 The initial outcome of this working group was a recommendations paper. The Dispatch Down Action Plan<sup>11</sup> was published in December 2024 and provides policymakers, regulators, and industry, with a series of recommendations to mitigate the current levels of dispatch down of renewables in Northern Ireland.

## 2.2.8 Future Energy Modelling Group (FEMG)

2.2.8.1 SONI has also worked with the Utility Regulator and the Department for the Economy to develop the Future Energy Modelling Group.

<sup>9</sup> [Shaping Our Electricity Future Roadmap.pdf](#)

<sup>10</sup> [Shaping Our Electricity Future | Future Energy | SONI](#)

<sup>11</sup> [Draft Dispatch Down Action Plan - System Operator for Northern Ireland - December 2024.pdf](#)



This group has supported policy decision-makers by providing expert advice on the impacts of energy policy on the Northern Ireland electricity system. SONI has also agreed a memorandum of understanding with the NI gas TSOs to develop whole system modelling capability encompassing the interaction between different energy vectors. This approach will have indirect benefits to NI consumers through enabling more data-driven decision-making and allowing the full costs and benefits of policy decisions to be considered

## 2.2.9 North South Interconnector

2.2.9.1 There is currently only one electricity interconnector between Northern Ireland and Ireland, which creates a major vulnerability: any problem on this line could cause widespread power outages. Because of this risk, the flow of electricity across the existing interconnector must be restricted, limiting the grid's efficiency and capacity.

2.2.9.2 The proposed North–South Interconnector will provide a second link, running from Turleenan in Co. Tyrone through Co. Armagh and into counties Monaghan, Cavan, and Meath.

This new infrastructure will ease the bottleneck on the all-island grid, enabling it to operate more efficiently and support significantly more renewable energy.

2.2.9.3 Key benefits include:

- Allowing full use of existing and future renewable generation.
- 1.4.4 Saving Northern Ireland consumers around £19 million per year.
- Strengthening the wholesale electricity market, helping to reduce bills.
- Reducing dependence on imported fossil fuels.
- Enabling an additional 900MW of renewable power - enough for 600,000 homes.
- Supporting Northern Ireland's climate goals and wider decarbonisation efforts (heating, transport, etc.).
- Providing a safeguard against major outages by eliminating reliance on a single interconnector.
- The project was formally handed over by SONI to NIE Networks in November 2024, who will deliver it alongside ESB Networks in Ireland



## 2.2.10 Operational Policy Roadmap

2.2.10.1 The Northern Ireland Assembly passed the Climate Change (NI) Act in 2022. This requires the development of carbon budgets and Climate Action Plans in Northern Ireland. Similar legislative frameworks exist in Ireland. Energy and electricity usage will be core elements of the respective climate action legislation and implementation plans. In 2021<sup>12</sup>, EirGrid and SONI delivered the Shaping Our Electricity Future roadmap<sup>13</sup> – to allow EirGrid and SONI to enhance our capability in markets, networks, engagement and operations. One of the key commitments in the Shaping Our Electricity Future roadmap was to develop an Operational Policy Roadmap<sup>14</sup>. This roadmap outlines the key actions in the operational policy space that will be required to deliver on the climate action targets while continuing to securely operate the all-island electricity system.

2.2.10.2 This roadmap provides a pathway for the evolution of operational policy to facilitate these radical transformations while maintaining and enhancing security of supply, reliability and resiliency for customers of Northern Ireland.

2.2.10.3 This operational policy roadmap, first published in November 2021, was updated in 2025 to<sup>15</sup> accommodate continued growth in variable, nonsynchronous renewable generation. It outlines the context, drivers, timelines, milestones, actions, and stakeholder impacts that are needed in each operational policy area to achieve the ambition of the governments' decarbonisation

targets for the electricity sector.

2.2.10.4 Through detailed analysis and trials approved by the joint SONI-EirGrid Operational Policy Review Committee (OPRC)<sup>16</sup>, delivery of the Operational Policy Roadmap will identify and implement operational changes that enable enduring 95% SNSP. The focus is on evaluating mitigation options, conducting trials, and refining operational policy, ensuring a secure, efficient power system that maximises renewable generation and minimises costs.

2.2.10.5 Among these is the Northern Ireland Minimum Stability Trial, which directly supports the roadmap's goal of enabling enduring 95% SNSP. The NI Minimum Stability Trial reflects our ambition to transform how the Northern Ireland power system operates by pioneering an enduring reduction in minimum unit requirements, something that has not been attempted here before.

2.2.10.6 Through innovative system studies and a live trial, we are addressing a long-standing operational constraint that has limited renewable integration. By proving that stability can be maintained with fewer conventional units on the system, this initiative is opening the way for more renewable generation, lowering system costs, and supporting Northern Ireland's transition to a secure, low-carbon energy future.

2.2.10.7 Under this project we are trialling a major operational initiative to test reducing Northern Ireland's minimum conventional generation requirement from three large units to two, a limit that has been in place for many years to ensure grid stability. In July 2025, we completed a detailed suite

<sup>12</sup> V1.1 was published in 2023

<sup>13</sup> [Shaping Our Electricity Future | Future Energy | SONI](#)

<sup>14</sup> [Operational Roadmap 2025-2035](#)

<sup>15</sup> [SONI-EirGrid-Operational-Policy-Roadmap-2025-2035](#)

<sup>16</sup> This is a body representing senior staff from SONI and EirGrid who make decisions around all-island operational policy



of studies assessing system performance, inertia levels, and voltage stability under lower minimum generation conditions. In August 2025, we started the trial period, which is currently running to evaluate the real-world system performance across a wide range of operational scenarios, including varying levels of demand and renewable penetration.

## 2.2.11 Security of Supply

### How the grid works

2.2.11.1 As the system operator, our role is to make sure that power can flow from where it is generated to where it is needed. Where possible, we always try and ensure we use as much renewable electricity as possible, within the EU market arrangements.

2.2.11.2 To do this, our expert grid engineers balance the demand for electricity with the generation that is made available to us by the companies who produce it every second of the day.

2.2.11.3 As well as having enough generation to meet electricity demand, it is also important that grid has additional system stability services to ensure it remains stable. Both of these components are needed to ensure homes, farms, businesses and public services have a safe, secure and reliable supply of electricity when they need it. Further information on SONI do this can be found in the Balancing Markets Principles Statement<sup>17</sup>.

### Managing a power system in transition

2.2.11.4 Electricity systems across the world are changing. As we work together to decarbonise our societies and economies, our energy

systems are moving away from their reliance on fossil fuel forms to cleaner, more renewable sources.

2.2.11.5 This energy transition can pose some short-term challenges to maintaining a secure supply of electricity. It is important we make changes to how we operate the grid safely and securely.

2.2.11.6 Our Shaping Our Electricity Future

Roadmap<sup>18</sup> sets out our plan to change how we operate the grid to support the use of more renewable energy. In the future, this will involve incorporating new technologies such as long duration storage to store renewable electricity when we don't need it so it can be used when we do.

2.2.11.7 The All-Island Resource Adequacy

Assessment (AIRAA)<sup>19</sup> looks at the balance between electricity demand and supply on the island of Ireland for the next ten years.

2.2.11.8 This annual publication helps industry, government, regulators, and other stakeholders facilitate the transition to renewable energy.

2.2.11.9 It supports future social and economic growth while ensuring the electricity system operates securely and resiliently.

### Event Management

2.2.11.10 Storm Darragh (December 2024) caused significant damage to Ballylumford power station, reducing available conventional generation in Northern Ireland and prompting SONI to revise its Winter Outlook<sup>20</sup> to reflect tighter margins for the remainder of the winter.

2.2.11.11 SONI published an updated assessment in January 2025 explaining the damage and its impact on generation availability and

<sup>17</sup> [Balancing Market Principles Statement v8.1 Final o.pdf](#)

<sup>18</sup> [Shaping Our Electricity Future | Future Energy | SONI](#)

<sup>19</sup> [All-Island Resource Adequacy Assessment 2025-2034](#)

<sup>20</sup> [250116-SONI-Addendum-to-the-Winter-Outlook-2024.pdf](#)



system margins. SONI stated that, despite reduced conventional capacity, the risk of supply disruption remained low provided the remaining portfolio could be fully utilised.

### Operational measures taken

- 2.2.11.12 SONI worked with other conventional generation and large grid batteries to maximise their availability support the system.
- SONI coordinated with partner TSOs in Great Britain and Ireland to increase imports to Northern Ireland where possible.
  - SONI executed tried-and-tested operational plans and contingency procedures to manage tighter margins and potential system alerts.

### Communication and reassurance

- 2.2.11.13 SONI publicly reassured consumers that there was no immediate risk of blackouts while emphasising the likelihood of more system alerts during the winter period because margins would be tighter.

## 2.2.12 TESNI

- 2.2.12.1 One of SONI's roles is to plan the development of the electricity transmission grid to meet the future needs of society. Key to this process is considering a range of possible ways that energy usage may change in the future and the impact that this change will have on the electricity grid - we call this scenario planning.

- 2.2.12.2 In our Tomorrow's Energy Scenarios Northern Ireland (TESNI)<sup>21</sup> publication we outline credible pathways for Northern Ireland's clean energy transition with specific focus on what this means for the electricity transmission system from 2030 to 2050. This is framed against a backdrop of ambitious and

challenging targets for decarbonisation of the energy sector and a large increase in electricity generation from renewable sources by 2030. TESNI built on the work already undertaken for 'Shaping our Electricity Future'.

- 2.2.12.3 The TESNI, via the TES System Needs Assessment NI, feeds into the development of the TDPNI (Transmission Development Plan for Northern Ireland)<sup>22</sup>, which is where the plans are set out and approved by the Utility Regulator.
- 2.2.12.4 In 2024, SONI and EirGrid published the most recent set of scenarios in Tomorrow's Energy Scenarios 2023 (TES 2023). This was the first set of scenarios to be built on an all-island basis. The scenarios set out possible ways that energy may change into the future as Northern Ireland transitions to net zero emissions.
- 2.2.12.5 TES 2023 is the first set of scenarios to consider the requirements of the Climate Change Act (NI), and how these requirements build upon the transition set out in Shaping Our Electricity Future. In the TES 2023 we investigate the impact these scenarios have on the electricity network and use the outcomes to inform where new infrastructure may be required.

## 2.2.13 Low Carbon Inertia

- 2.2.13.1 Inertia is critical to the stable running of the power system, but is traditionally provided only by large, fossil-fired generators and not by interconnectors or wind and solar generators. To reduce dependence on fossil-fired generators for inertia, and therefore enable higher levels of renewables, it is necessary

<sup>21</sup> Tomorrow's Energy Scenarios (TES) | SONI

<sup>22</sup> Transmission Development Plan for Northern Ireland | SONI

to procure inertia from low carbon sources such as synchronous condensers, which are in effect large heavy spinning machines which can be powered by excess renewable electricity. These replicate the inertia that can be provided by thermal power stations.

2.2.13.2 SONI ran a Phase 1 procurement exercise to contract two large synchronous condensers in Northern Ireland. This Low Carbon Inertia Services (LCIS) Phase 1 procurement took place in 2023-2024, with two successful units being contracted in 2024. These have commenced construction and are planned to energise in 2026 at Coleraine and 2027 at Coolkeeragh, respectively.

2.2.13.3 Once operational, these will enhance system security and reduce dependence on large conventional generators. SONI is currently preparing for the second phase of LCIS procurement, which is being designed to allow the power system to run with no fossil-fuelled generators when sufficient renewables are available and is a key part of the Operational Policy Roadmap out to 2035.

## 2.2.14 Transmission Clusters and Network Development

2.2.14.1 To meet the 80% renewables target and net zero by 2050, it will be necessary to connect a significant amount of new renewable generation. However, there is limited connection capacity on the network, and few available connection points. Connection and network planning needs to change to enable new generation to connect in a timely and economic manner. SONI has collaborated with NIE Networks and stakeholders in the

wider industry to develop an approach, outlined in a consultation in 2025<sup>23</sup>, that identifies transmission clusters as a means to bring forward anticipatory investment in new connection infrastructure. This approach allows SONI to progress infrastructure ahead of new generation connecting, making the connections process more efficient.

2.2.14.2 Costs will be initially borne by NIE Networks, but paid back by generators as they connect, in proportion to the capacity they use. This policy is a key pillar of a plan-led approach and is critical to Northern Ireland meeting its targets. The approach replicates on the transmission network a similar initiative which is in place for distribution-level connections.

2.2.14.3 After an extensive period of policy development with industry and NIE Networks, SONI consulted on the draft Transmission Cluster policy in 2025. This was well received and SONI is now preparing to update the Transmission Cluster Charging and Methodology Statement (TCCMS) to formally adopt the policy.

2.2.14.4 As we look ahead to future energy scenarios, it is also important to acknowledge the current challenges facing the transmission system. Due to a mixture of load growth and high levels of small-scale generation, several transmission nodes in Northern Ireland are reaching their maximum capacity. This is a challenging issue, with few short-term solutions. After reviewing obligations, identifying solutions and engaging with NIE Networks and the Utility Regulator, SONI has progressed several initiatives:

- A review of how small-scale generation is modelled was carried out, and a new

<sup>23</sup> [Transmission Cluster Policy Consultation](#)

probabilistic approach developed. This shows that in many locations there was capacity to connect more small-scale generation than previously thought.

- The East Tyrone and Armagh Reinforcement projects were developed and submitted to the Utility Regulator for TNPP approval to build new transmission nodes at Dungannon and Armagh, respectively.
- Work is underway on developing a plan for a new transmission node in the Newry area.
- The Larne and Coleraine transformer replacement projects will see transmission capacity in both these areas increase by more than 50%.

## 2.2.15 Stakeholder Engagement

2.2.15.1 As Northern Ireland's Transmission System Operator, SONI recognises the importance of engagement and collaboration with our key partners. Our people recognise and embrace the deeply interconnected nature of our energy system – we understand that we must work together on a whole-system basis to succeed.

2.2.15.2 A significant amount of stakeholder engagement takes place across every team and at every level of our organisation. This engagement and collaboration was a key factor that led to Northern Ireland meeting the 40% renewable energy target set by the Strategy Energy Framework (2010) a year early. Deep collaboration, such as the joint working between SONI and NIE Networks on clustering, for example, was key to this success.

2.2.15.3 Furthermore, Northern Ireland's power system was among the first in the world

to be able to accommodate 75% SNSP<sup>24</sup> at any one moment in time as a result of close collaboration with EirGrid on the DS3 Programme.

2.2.15.4 The publication of the NI Energy Strategy in December 2021 set a new, ambitious 70% renewable energy target by 2030. Following the significant 40% RES target milestone collectively achieved in 2019, SONI immediately commenced work on planning for a power system that could support 70% RES through our Strategy 2020-2025.

2.2.15.5 Following a deep and deliberative process of engagement, which included more than 100 events and 500 consultation submissions across Ireland and Northern Ireland, SONI, in partnership with EirGrid, published the Shaping Our Electricity Future Roadmap which set out the transformational change required to the power system to meet these new ambitious targets.

2.2.15.6 Recognising the importance of collaboration at every level to deliver on our collective ambitions, Engagement was included as a bespoke pillar within the Shaping Roadmap

2.2.15.7 We also understand that local communities must be at the heart of our plans to develop the grid.

2.2.15.8 That is why we enhanced our 'Three-Part Process' for grid development through a 'Public Engagement 2.0' project between 2021-2023 to ensure local communities and consumers are meaningfully engaged in our grid infrastructure projects at the earliest possible stage.

2.2.15.9 This included the successful pilot of a

<sup>24</sup> System Non-Synchronous Penetration



deeper, more deliberative ‘Citizen Sounding Board’ model as part of consultation approach for the Mid Antrim Upgrade which was shortlisted for a Responsible Business Award in 2023 by Business in the Community.

2.2.15.10 However, while our engagement has transformed and intensified in recent years, we understand the context in which we are working has changed and that change requires a response.

2.2.15.11 A key commitment to stakeholders throughout the delivery of this price control engagement strategy was the assurance that SONI was not asking for endorsement of a pre-determined outcome and that there would be meaningful two-way engagement. In line with this commitment, stakeholders were regularly provided with information on how their feedback was being incorporated and was helping to shape SONI’s processes and decision making.

2.2.15.12 . More detail on Stakeholder Engagement is available in chapter 3.2 Stakeholder Engagement and the full scope of SONI’s routine stakeholder engagement is set out in Appendix F: Detailed Stakeholder Engagement Evidence.

## 2.2.16 Key Performance Indicators

2.2.16.1 There were no KPIs agreed upon within the SRP20 Final Determination. Therefore, SONI proposed initial KPIs in our first Forward Work Plan over this period, published in March 2021<sup>25</sup>.

2.2.16.2 Further information on individual KPIs and targets vs performance can be found in Appendix B Accounting for Past Performance..

2.2.16.3 SRP20 has been a valuable learning experience for SONI, particularly in developing clear, specific and measurable KPIs that better demonstrate our performance.

2.2.16.4 Establishing robust KPIs is essential because they provide transparency, drive accountability, and ensure our actions are aligned with the outcomes expected under the Evaluative Performance Framework (EPF). They also help SONI monitor progress over time, support evidence-based decision-making, and build confidence with stakeholders and the Utility Regulator.

2.2.16.5 We have applied these learnings in chapter 6.4 *SONI Key Performance Indicators*.



## 2.2.17 Lessons Learned

2.2.17.1 SONI continues to reflect on ways that we can improve and has built in its learnings to this plan for the 2027 - 2032 Price Control period. This is underpinned by both our new company strategy and our People & Place strategy<sup>26</sup>.

2.2.17.2 While SRP20 was delivered under a EirGrid group model, SRP27 will be via an independent SONI. This enables SONI to have a key focus on NI's specific needs and deliver significant value for NI consumers whilst also continuing to work closely with EirGrid on SEM related matters.

2.2.17.3 Over the course of this Price Control Period, we have reflected on the lessons learned and used these insights to refine and improve our processes. Feedback from the Evaluative Performance Framework (EPF) and Stakeholder Advisory & Challenge Group (SACG) have been particularly valuable in shaping our approach, helping us identify areas for enhancement and ensuring SONI continues to evolve to meet the expectations of stakeholders. These improvements reflect our commitment to continuous learning and delivering clear, transparent, and actional performance insights.

2.2.17.4 We have summarised the lessons learned below. For more information, please see Appendix B: Accounting for Past Performance.

| Theme                               | Summary of Lessons Learned                                                                                                                                                                                                                                                    |
|-------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Stakeholder Engagement Quality      | Independent assessment confirmed that SONI's stakeholder engagement has strengthened, supported by a comprehensive needs assessment and the establishment of the Advisory & Challenge Group. This group enhanced the robustness of the SONI strategy and SRP27 business plan. |
| Application of Stakeholder Feedback | Stakeholders require clearer evidence of how their input informs decisions. SONI has developed structured processes, including improved tracking and "Closing the Loop" mechanisms, to demonstrate how feedback is incorporated.                                              |
| External Dependencies               | System Planning progress is significantly affected by factors outside SONI's control. Comparatively, activities managed internally progress more efficiently. Increased collaboration with external bodies is required to reduce delays and improve delivery certainty.       |
| Network Planning                    | Grid project delivery continues to be impacted by planning, regulatory, policy and public consent challenges. The Joint Programme Management Office with NIE Networks, alongside wider government coordination, aims to improve alignment and accelerate delivery.            |
| Data Accessibility & Digitalisation | Stakeholders find SONI's current data outputs difficult to navigate. SONI will enhance digital tools and analytics platforms in SRP27 to improve data accessibility, interpretation, and usability.                                                                           |
| Demonstration of Consumer Value     | Stakeholders expect clearer cost-benefit justification and evidence of consumer value. SONI is strengthening its economic analysis and improving transparency around cost impacts, including enhancements to Uncertainty Mechanism processes.                                 |
| Whole System Coordination           | Stakeholders noted fragmentation across electricity, gas and policy bodies. SONI is strengthening cross-sector collaboration and advancing whole-system modelling to improve coherence.                                                                                       |
| Performance Measurement Framework   | SONI has developed a revised KPI framework that aligns with principles of accountability, measurability, transparency, and strategic alignment, ensuring KPIs reflect areas within SONI's control.                                                                            |
| Resilience & Adaptability           | Severe weather and prolonged generator outages in 2024/25 tested system adequacy. SONI operated the system with minimal conventional generation for the first time and is strengthening contingency planning, stress testing and resilience measures.                         |

Figure 5: Stakeholder Feedback

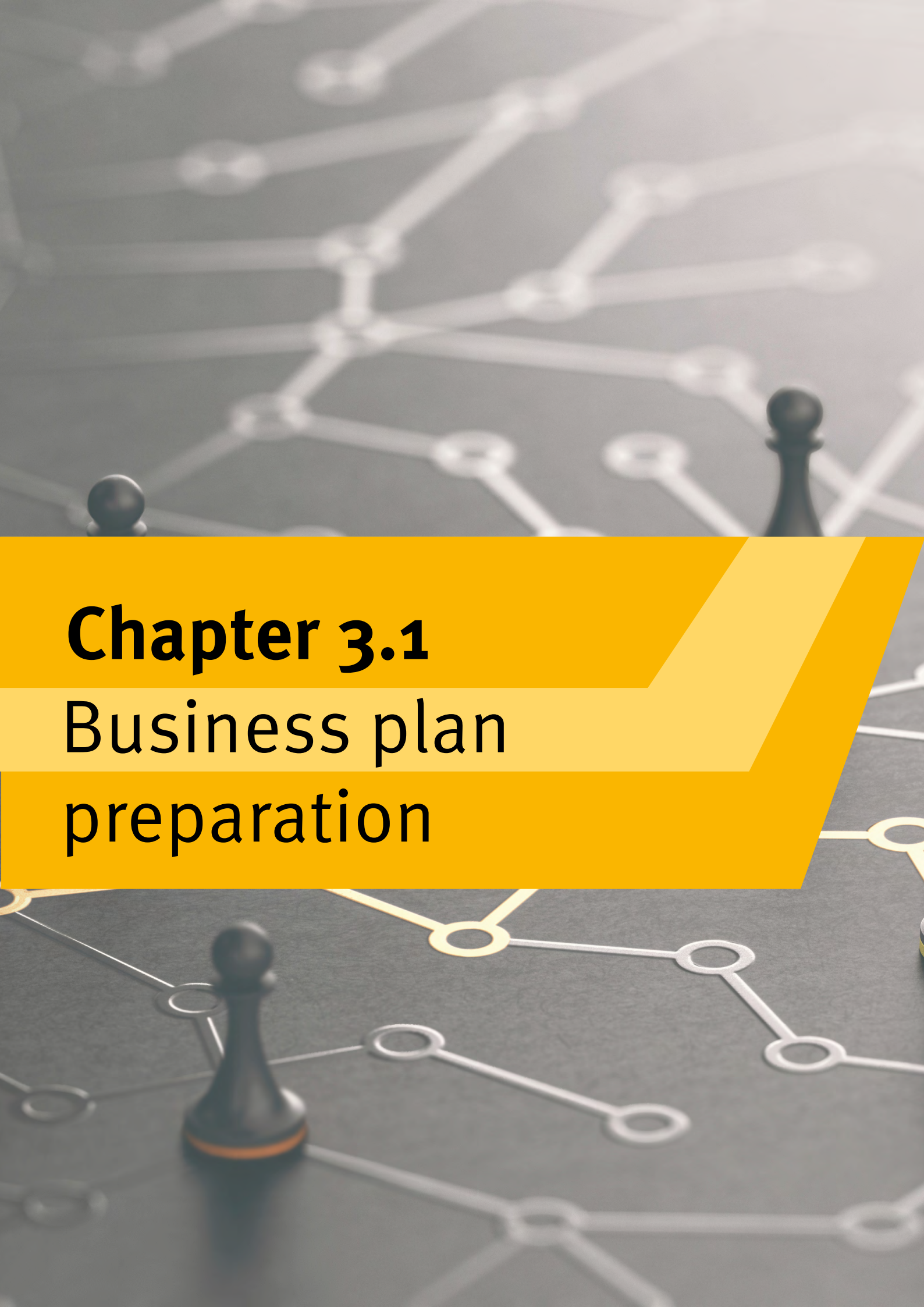
<sup>26</sup> See Chapter 4.3 for more information on the People and Place Strategy, which is published as Appendix J-3 to this Business Plan

# 3

## SONI Approach to SRP27







# **Chapter 3.1**

## **Business plan preparation**



## 3.1.1 Executive summary

- 3.1.1.1 This chapter sets out SONI's overall approach to the completion of the SRP27 price control Business Plan Data Templates (BPDTs) and completion of the business plan (BP) in accordance with the Utility Regulator's Price Control Approach and information requirements.
- 3.1.1.2 The Business Plan has been prepared against the backdrop of significant regulatory and organisational change and uncertainty, notably the implementation of TSO Licence Condition 42, which strengthens SONI's independence. Following deliberative engagement, the SRP27 approach was confirmed in May 2024, establishing a clear framework for the preparation of a robust, evidence-based plan.
- 3.1.1.3 To ensure the Business Plan is proportionate, affordable and of high quality, SONI sought and received extensions to the existing SRP20 Price Control. These extensions recognised the scale of transition required to establish an independent TSO, including new Board and executive arrangements, development of a five-year strategy, extensive stakeholder engagement, and clarification of future resource requirements.
- 3.1.1.4 The Business Plan has been developed within a clear governance and assurance framework, with strong, structured stakeholder challenge, and dynamic risk management. Together, these arrangements provide confidence that the SRP27 Business Plan is well governed, aligned with regulatory expectations, and capable of supporting the effective delivery of SONI's licence obligations.



Figure 6: SONI Board



Figure 7: SONI Executive Team

## 3.1.2 SONI preparation for the Price Control

### SONI's Approach

3.1.2.1 After detailed engagement between SONI and the Utility Regulator (UR), following a four-week consultation, the Approach Decision<sup>1</sup> for this Price Control was published in May 2024.

### Initial one-year extension

3.1.2.2 The SRP20 period initially covered the period from 1 October 2020 to 30 September 2025.

3.1.2.3 During initial engagement on this price control, SRP27, SONI raised concerns about the timing of the business plan submission in relation to a new Licence Condition 42 (which became effective on 22 November 2022). Licence Condition 42 was introduced to better reflect SONI's duties and objectives, and to ensure that SONI makes decisions independently of EirGrid.

3.1.2.4 SONI formally wrote to UR on the 27 April 2023 explaining our concerns and asking Utility Regulator "to extend SONI's current Price Control 2020-2025 by one additional year."

3.1.2.5 SONI raised concerns around the proposed timing of the Business Plan submission in March 2024. Specifically, we considered the actions that would need to be undertaken in preparation of the five-year Business Plan.

3.1.2.6 These included, but are not limited to:

- A new SONI Board appointed in accordance with the new Licence Condition 42 (Part A) and induction/familiarisation completed.
- Preparation of five-year strategy for SONI.

- Stakeholder engagement on SONI Strategy.
- Preparation of SONI Business Plan (and further associated Stakeholder engagement).
- Preparation of SONI Business Plan including detailed cost tables based on new organisational arrangements to give effect to Licence Condition 42 (Part B Managerial and Resource Separation)

3.1.2.7 Given these circumstances, SONI believed an extension of the current price control by one year was the best outcome for, not only SONI, but for the Utility Regulator and consumers.

3.1.2.8 The Utility Regulator published their decision paper on the deferral of the start date of this price control in August 2023<sup>2</sup>.

### Further additional one-year extension

3.1.2.9 Over 2023-24, as SONI progressed in the development of this Business Plan, we carried out extensive preparatory work and comprehensive stakeholder engagement to support and inform its development, in parallel with the implementation of Licence Condition 42.

3.1.2.10 In December 2024, SONI formally wrote to the Utility Regulator requesting an additional one-year extension to our existing Price Control, such that the Business Plan can be submitted in March 2026, with the new Price Control then taking effect from October 2027.

3.1.2.11 There were several drivers for this request, however it was primarily to ensure that SONI was able to develop a Business Plan of the highest quality which will demonstrate the best value for Northern Ireland's consumers.

<sup>1</sup> 2024-05-31 = SRP26 Approach Decision.pdf

<sup>2</sup> SONI price control start date deferral - decision paper - August 2023.pdf



3.1.2.12 Open questions around the implementation of SONI's TSO Licence Condition 42 and the Future Arrangements for System Services (FASS) remained. This meant there was uncertainty around the scale of SONI's resource requirements and IT investments over the coming years. Therefore, SONI was not in a position to submit a robust business plan in March 2025.

3.1.2.13 The Utility Regulator agreed with this rationale for a further one-year extension and published their decision on an overall two-year extension to SRP20 in May 2025.

3.1.2.14 SONI has worked positively and proactively with other key stakeholders, including the Utility Regulator and EirGrid, to progress work in these areas, however timelines for these projects are not entirely within SONI's control.

3.1.2.15 SONI progressed requests for Derogations under Condition 42 during 2025, and (if accepted by the Utility Regulator) these will provide much more certainty over SONI's resource requirements for the new Price Control. SONI continues to work closely with the Utility Regulator and EirGrid on the major programme of work to deliver the FASS arrangements.

### **Impact of Licence Condition 42**

3.1.2.16 Following engagement with EirGrid and the Utility Regulator, SONI will move to become an independent TSO aside from three time-limited derogation areas by October 2026.

3.1.2.17 The derogation areas SONI has sought, following extensive engagement with EirGrid and the Utility Regulator are as follows:

- Capacity Remuneration Mechanism auction operations
- IT – Power Systems (until 2029)

- IT – Corporate Systems (until 2029)

3.1.2.18 In other words, SONI will continue to use shared corporate IT systems (e.g. Staff laptops, HR and finance software, etc.) and power systems IT (e.g. Control Room tools, etc.) with EirGrid until October 2029, at which point SONI will move to a standalone IT model. Capacity Remuneration Mechanism auctions will continue to be run on an all-island basis until such time as the CRM design changes, however all pre- and post-auction activities, such as prequalification and unit testing, will move to a jurisdictional model.

3.1.2.19 This timeframe allows SONI to develop our own IT systems, ensuring a smooth transition once we reach October 2029.

3.1.2.20 The separation of IT is challenging – at the time of writing this Business Plan, we have submitted funding requests, based on a phased approach, and this is currently with the Utility Regulator for review.

3.1.2.21 Additionally, SONI will require an uplift of staff resources to take on responsibility for activities which had previously been delivered on a shared basis with EirGrid.

3.1.2.22 SONI had worked on the basis of having full capability in place for start of the SRP27 period. Resource requirements (FTEs) were submitted to the Utility Regulator in phases during 2024 and 2025.

3.1.2.23 SONI has taken a phased approach to scaling up capability

- Track 1 (Business Support) – 34 FTEs
- Track 2A (LC42 driver) – 48.5 FTEs
- Track 2B (Future Proof) - 33 FTEs

3.1.2.24 Following engagement throughout 2025, the Utility Regulator approved 34 business support roles in 2025 and in early 2026 have

approved 32 of the roles associated with the 'LC42 driver'. The Utility Regulator requested that the majority of the remaining roles are included in the SRP27 business plan. We have updated the profile of resources in our business plan to reflect this regulatory request. Details of the roles (based on what we have already submitted to the Utility Regulator in 2025) are included in the suite of Appendices O.



3.1.3.1 Following the introduction of a new independent executive and senior management team in late 2024, SONI's Organisational structure is as follows.

### SRP27 governance

3.1.3.2 The governance of the SRP27 Business Plan development was designed to ensure that it was:

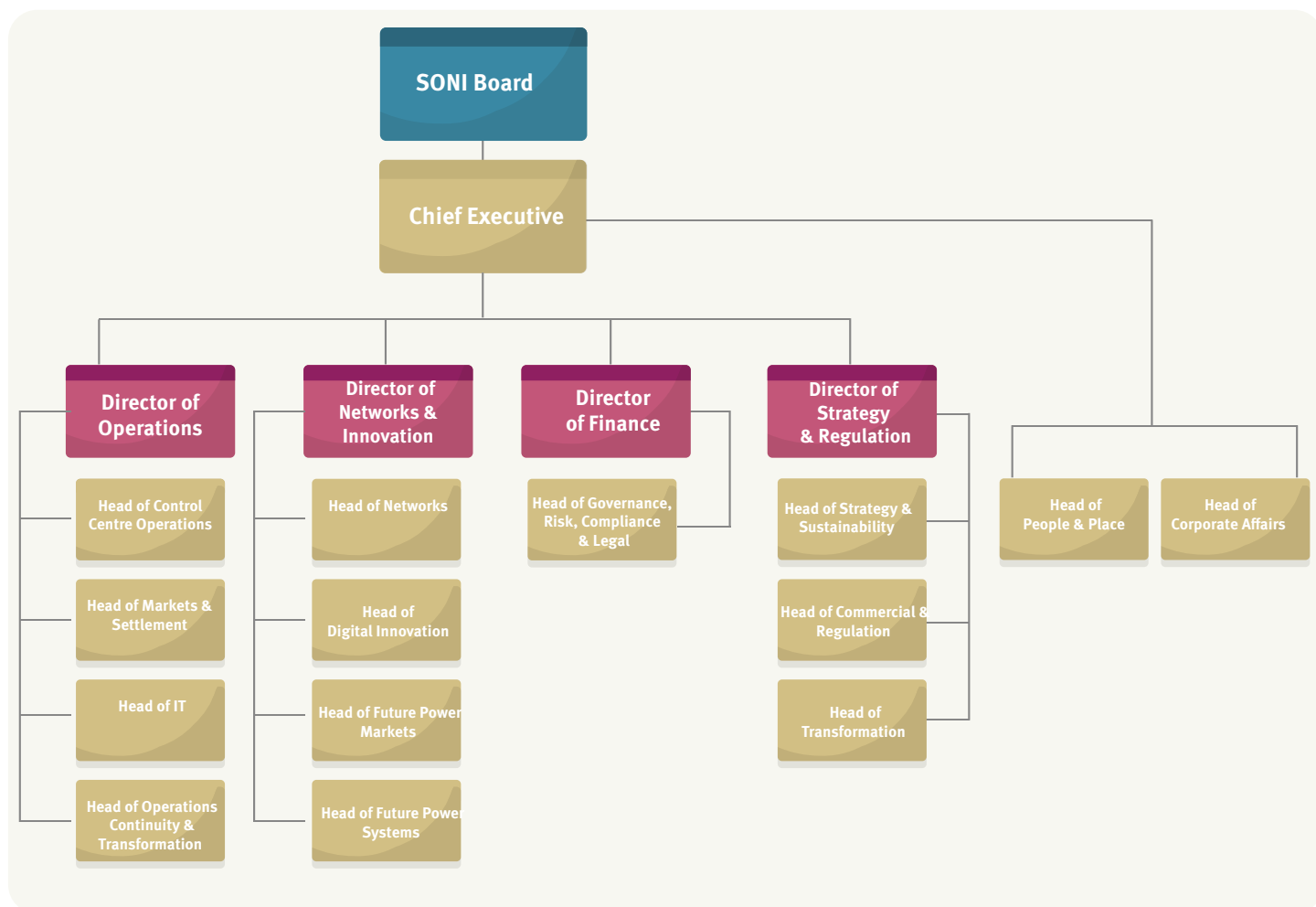


Figure 8: SONI Organisational Structure



- Strategically aligned with Northern Ireland energy policy and long-term system needs
- Robustly assured, evidence-based and deliverable
- Transparent and accountable to stakeholders and the Utility Regulator (UR)
- Consistent with licence obligations and regulatory guidance

3.1.3.3 Governance operated across three interlinked layers:

- Internal SONI governance
- Stakeholder and external challenge
- Independent regulatory scrutiny by the Utility Regulator

3.1.3.4 These layers collectively provided confidence that the Business Plan was well developed, proportionate and consumer focused.

### Executive & Board oversight

3.1.3.5 A Steering Group was established at the initiation stage of the SRP27 programme and met monthly. This group was comprised of the following members

3.1.3.6 Additional Heads of Functions and/or subject matter experts were invited to attend as needed.

3.1.3.7 The SRP27 Steering Group met approximately monthly to monitor programme progress, with standing agenda items covering project status, budget, and key assumptions, constraints, risks and dependencies. The Steering Group provided primary oversight and approval, with decisions escalated to the SONI Board as required.

3.1.3.8 The SONI Board provided oversight and approval where required, with the Board accountable for the suitability, ambition and

affordability of the plan prior to regulatory submission.

3.1.3.9 This governance ensured the Business Plan reflected:

- Strategic priorities (Advice, Plan, Operate, Deliver) and alignment to the SONI Strategy 2025-2031
- Organisational capability and delivery capacity
- Financial sustainability and risk management

| Job Title                                               | Group Role                        |
|---------------------------------------------------------|-----------------------------------|
| <b>Director of Strategy and Regulation</b>              | Decision Maker/ Project Sponsor   |
| <b>Head of Commercial &amp; Regulation</b>              | Decision Maker / Group Chair      |
| <b>Chief Executive</b>                                  | Decision Maker / Escalation Route |
| <b>Director of Operations</b>                           | Decision Maker                    |
| <b>Director of Networks and Innovation</b>              | Decision Maker                    |
| <b>Director of Finance</b>                              | Decision Maker                    |
| <b>Head of People &amp; Place</b>                       | Advisory Role                     |
| <b>Head of Corporate Affairs</b>                        | Advisory Role                     |
| <b>Head of Transformation</b>                           | Advisory Role                     |
| <b>Head of Governance, Risk, Compliance &amp; Legal</b> | Advisory Role                     |

Table 1: SONI leadership participation in Steering Group

## Stakeholder engagement as a governance mechanism

3.1.3.10 Stakeholder engagement was captured in SONI's Stakeholder & Advisory Challenge Group (ACG). This group was comprised of different stakeholders across SONI's three core stakeholder categories:

- Society
- Industry
- Statutory

3.1.3.11 Established in Summer 2024, the ACG provided crucial feedback in the development of the SONI Strategy 2025-2031 and this Business Plan.

3.1.3.12 Further detail of these workshops and the feedback received can be found in Appendix G: *Stakeholder Advisory and Challenge Group*

3.1.3.13 Feedback mechanisms were documented and tracked, with governance processes ensuring that stakeholder input was considered systematically.

3.1.3.14 The Utility Regulator set clear expectations for governance through:

- The Price Control Approach (consulted in May 2024)
- Business Plan Information Requirements
- Defined assessment themes covering:
  - Service contribution to good outcomes
  - Services and Costs
  - Trust in delivery

3.1.3.15 These formed the external governance framework against which the Business Plan was assessed.

## Assurance

3.1.3.16 The assurance framework embedded within SONI is summarised within the Governance, Risk & Compliance supplementary strategy (see Appendix J-4) and is applied through the three lines of defence model. For the SRP27 business plan development process we applied this model as presented in Figure 9.

## Regulatory framework and expectations

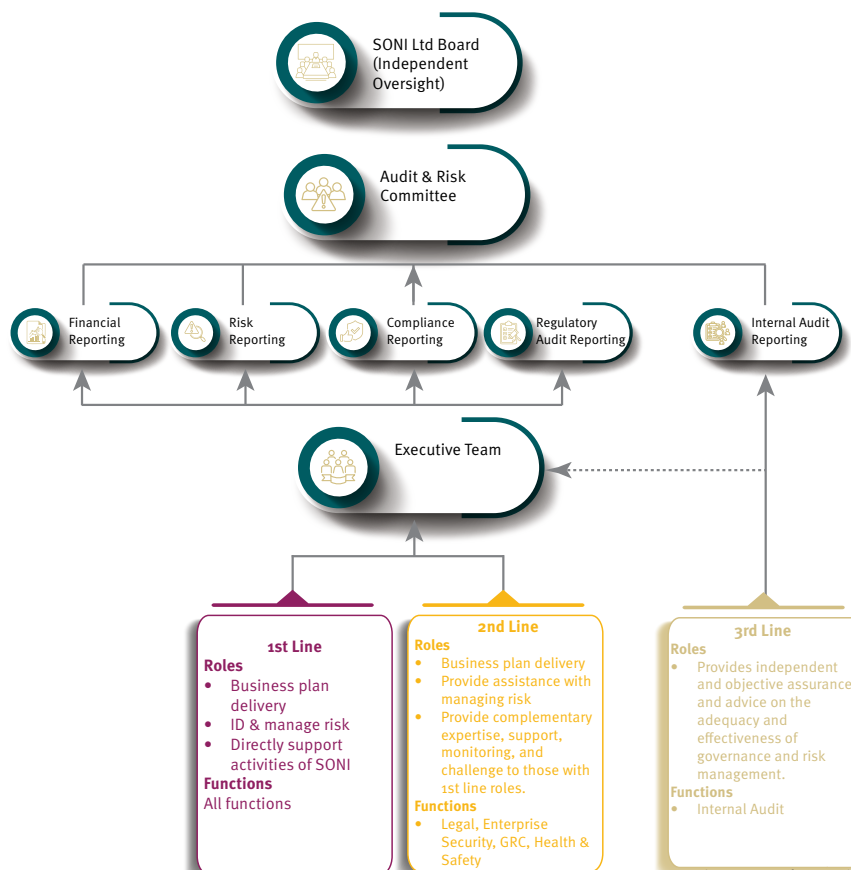


Figure 9: Three Lines of Defence Model

## 3.1.4 Risk Management

3.1.4.1 As a designated major programme, the SRP27 Programme has been delivered in accordance with SONI's Enterprise Risk Management framework whereby programme risks are identified, assessed, treated in line with defined response strategies, monitored at project level and reported to Programme Steering Group level continuously as presented below.

3.1.4.2 This process is structured to enable:

- a risk identification and assessment methodology to determine and prioritise how risks should be managed;
- the selection, design and implementation of risk treatment options that support achievement of intended outcomes and manage risks to an acceptable level;
- the design and operation of integrated,

insightful and informative risk monitoring; and

- timely, accurate and useful risk reporting to enhance the quality of decision-making and to support the Programme Steering Group, Executive Team and the Board in meeting their responsibilities.

3.1.4.3 SRP27 Risks & Mitigations were identified through this process and presented to the SRP27 Steering Group for review on a monthly basis.

3.1.4.4 In line with our established three lines of defence model, the SONI Business Plan self-assessment was conducted by SONI's Governance, Risk, Legal and Compliance function independently of the Business Plan preparation team. This enabled independent scrutiny of the Business Plan and enhanced its robustness. This self-assessment is detailed in Chapter 8: SONI Business Plan assessment.



Figure 10: Risk Assessment Model





# **Chapter 3.2**

## Stakeholder Engagement

## 3.2.1 Executive summary

3.2.1.1 This chapter outlines SONI's maturing stakeholder engagement model, the breadth of its partnerships, and how this engagement has shaped both the SONI Strategy 2025-31 and the SRP27 Business Plan to implement this strategy.

3.2.1.2 SONI's stakeholders span three core categories:

- Society
- Industry, and
- Statutory partners

3.2.1.3 Each category has distinct needs and expectations. Since the current price control began in 2020, SONI has experienced rapid growth in stakeholder diversity and volume, requiring a more systematic and thoughtful approach to engagement.

3.2.1.4 In response, SONI has implemented a strengthened engagement framework, guided by a set of principles:

- **Inclusive** – we will seek to engage early and widely and use accessible terminology and engagement methods to meet the needs of our stakeholders.
- **Transparent** – we will be open and transparent, act with integrity and be clear on the parameters of influence throughout our engagement in line with our legal and licence obligations.
- **Responsive** – we will be receptive to the needs of our stakeholders and respond in a timely manner.
- **Proactive** – we will proactively identify opportunities to co-develop balanced solutions with stakeholders.

- **Closing the loop** – we will provide feedback on how stakeholder input has helped shape our processes and decision making.

3.2.1.5 These principles ensure meaningful co-development and balanced decision-making across a complex and evolving energy system. They are outlined in more detail in Appendix F: *Detailed Stakeholder Engagement Evidence*.

3.2.1.6 This chapter details how SONI has embedded early, deeper, and more deliberative engagement into all aspects of its work.

3.2.1.7 This includes:

- enhanced community-level engagement through its Landowner Charter and new Community Forum Framework;
- extensive industry collaboration with NIE Networks, EirGrid, gas TSOs, generators, and market participants; and
- strengthened relationships with government, regulators, and civic society organisations.

3.2.1.8 This shift represents a move away from reactive, compliance-driven engagement toward an open, continuous, and collaborative model that proactively supports infrastructure delivery and public confidence.

3.2.1.9 A major component of this engagement evolution is the establishment of the Stakeholder Advisory & Challenge Group (SACG), a dedicated forum enabling stakeholders across Society, Industry, and Statutory domains to shape strategic priorities, challenge assumptions, and influence the development of SONI's SRP27 Business Plan.

3.2.1.10 SACG stakeholders have provided insight on key themes such as consumer value,



network planning, whole-system coordination, community involvement, and the growing need for anticipatory investment.

3.2.1.11 Engagement activities underpinning the strategy and price control development have been significant. SONI delivered a comprehensive, multi-phase programme including one-to-one interviews, industry and business events, consumer polling with over 2,000 respondents, focus groups, formal consultations, and multi-partner workshops.

3.2.1.12 These activities revealed clear public and stakeholder priorities: affordability, energy security, transparency, faster delivery of grid infrastructure, and stronger alignment across the whole energy system.

3.2.1.13 Collectively, this extensive engagement has driven key themes in SONI's SRP27 planning, such as the need for a more plan-led

approach, more effective collaboration with NIE Networks, gas TSOs and government, strengthened advisory capability, and deeper community partnership. Stakeholder feedback has directly shaped SONI's strategy, its roadmap for engagement, and its commitments for the 2027–2032 price control period.

3.2.1.14 Overall, SONI's enhanced approach marks a cultural and operational step-change. Engagement is no longer a procedural requirement, but a core enabler of system transformation.

3.2.1.15 This chapter demonstrates how SONI is embedding a continuous, transparent, co-development model designed to increase trust, accelerate delivery, and ensure that Northern Ireland's energy transition is fair, inclusive, and aligned to the needs of those who will ultimately fund and benefit from it.





## 3.2.2 Overview

### 3.2.2.1 In carrying out its duties as a TSO, SONI

does not interact with members of the public as direct customers on a day-to-day basis in the same way as many other utility companies such as NI Water or NIE Networks do. The exception to this is network planning and grid development activities, where SONI is responsible for engaging with key stakeholders, such as landowners, communities and statutory consultees as part of the project development process.

### 3.2.2.2 If SONI performs its operational role well and the supply of electricity is cost-effective, constant and reliable, the majority of the public may never be aware of SONI's existence.

### 3.2.2.3 SONI does however interact regularly with its stakeholders, providing information on the transmission system and wholesale, capacity and system services markets, as well as giving all stakeholders opportunities to provide feedback and to shape SONI's future plans.

### 3.2.2.4 Our key stakeholders includes the following:

- Large electricity generators, demand and flexible units that are directly connected to the transmission network;
- Suppliers, generators and new technologies seeking to use the transmission system;
- Generators and market participants that have contracted with SONI to provide specific system services via the current DS3 arrangements, and in future the Future Arrangements for System Services (FASS)
- Market participants that want to participate in capacity auctions to buy or sell electricity<sup>3</sup>; and
- Local communities and landowners that

host electricity transmission infrastructure projects for which SONI is responsible for the design and pre-construction stage.

### 3.2.2.5 Each of these stakeholders have different needs and SONI works across this diverse customer base to deliver the best service possible. Since the start of the current price control in 2020, SONI has seen a marked increase in the number and type of customers we deal with on a daily basis.

### 3.2.2.6 In addition to the above, SONI also has a number of stakeholders and partners we collaborate with on a daily basis to ensure we collectively deliver for the Northern Ireland consumer and the Single Electricity Market (SEM). These include EirGrid, NIE Networks, the Gas TSOs, the Utility Regulator and various NI Executive departments.

### 3.2.2.7 In this chapter we explain how SONI engages with its customers and stakeholders, both in the context of the wider business and as related to the development of this business plan including:

- The nature and breadth of engagements that are regularly carried out across the business, including those related to the all-island electricity market (SEM);
- The insights gained from the development of the SONI strategy (Chapter 4.1);
- Input from the SONI Advisory & Challenge Group (SACG), set up by SONI, to provide input and challenge to the SONI price control development process;
- A summary of what we learned; and
- How our relationship with customers and our decision-making processes are changing as a result of feedback and how we are incorporating feedback into our future work.

<sup>3</sup> While many of the issues related to these customers are the remit of SEMO, SONI TSO also carries out a number of activities that support market operations. This is explained in more detail in Appendix A

## 3.2.3 Ongoing developments of our partnerships

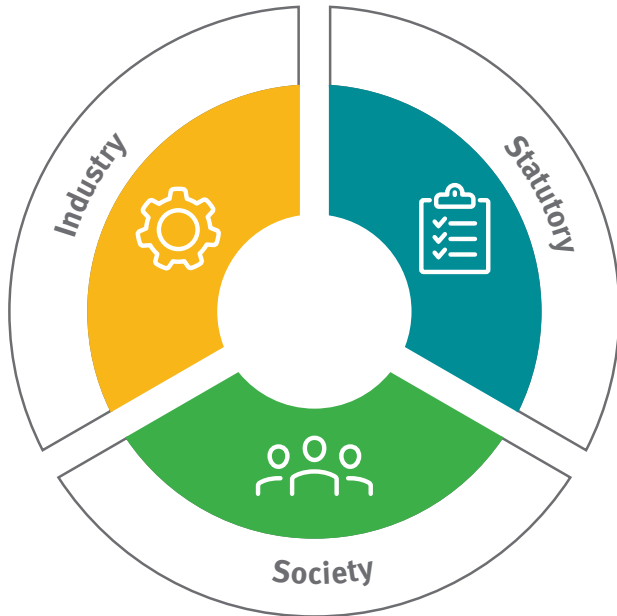


Figure 11: SONI's Stakeholder Categories

3.2.3.1 Following a detailed Stakeholder Needs Assessment and mapping exercise, and after further engagement and consultation with our stakeholders, we have identified three core stakeholder categories: Society, Industry and Statutory. Each core category has a series of sub-categories. These are outlined in detail in the SONI Stakeholder Engagement Strategy 2024-26<sup>4</sup> but are summarised here.

## 3.2.4 Society

3.2.4.1 As Northern Ireland's Transmission System Operator, we understand the importance of ensuring that local communities and electricity consumers are at the heart of the energy transition. Our Shaping Our Electricity Future Roadmap<sup>5</sup> identifies engagement as a key pillar in decarbonising the power system.

3.2.4.2 It is ultimately electricity consumers who

fund our activities and key projects and communities who host electricity transmission infrastructure. It is therefore crucial that we engage meaningfully with local communities in relation to our network development projects, affording them an opportunity to shape our plans from an early stage, build trust and confidence and encourage community buy-in. This has the additional benefit of potentially reducing local opposition to projects, thereby avoiding costly planning delays and enabling delivery of the consumer benefits of network development projects to all consumers in Northern Ireland sooner.

3.2.4.3 That is why we have sought to further enhance our community engagement model and three-part grid development process, which already far exceeds our statutory pre-application community consultation obligations, with the development of deeper, more deliberative methods of community engagement, such as a Community Forum and Citizen Sounding Board, to ensure SONI continues to strive for an industry-leading standard of local community engagement.

3.2.4.4 We also recognise the crucial role that landowners play in hosting the infrastructure required to deliver a safe, secure and reliable supply of electricity for everyone in Northern Ireland in the present and future.

3.2.4.5 Our new Landowner Charter<sup>6</sup> sets out our steadfast commitment to open, transparent, consistent and meaningful engagement with landowners now and in the future.

3.2.4.6 In addition to local communities and electricity consumers, we also understand the importance of working closely with their elected representatives and other civic society organisations.

<sup>4</sup> [Stakeholder-Engagement-Strategy](#)

<sup>5</sup> [Shaping Our Electricity Future Roadmap: Version 1.1](#)

<sup>6</sup> [SONI Landowner Charter](#)

3.2.4.7 Northern Ireland businesses are also at the heart of the energy transition and our Stakeholder Strategy seeks to ensure we continue to work closely with business and their representative organisations to ensure they shape our plans as non-domestic energy consumers. We will continue to work together to maximise the opportunities to decarbonise our economy and our green growth potential identified in the Northern Ireland Energy Strategy, while avoiding unnecessary electricity costs being levied on Northern Ireland's businesses and employers.



## 3.2.5 Industry

3.2.5.1 Given the deeply interdependent nature of the electricity system in Northern Ireland and the interface between a wide range of industry stakeholders, it is crucial that engagement and collaboration take place on a whole system basis and at every level.

3.2.5.2 Intense collaboration and innovation in areas such as distribution clusters between SONI and NIE Networks, and collaborative working with EirGrid, generators and the Distribution System Operator on the DS3 Programme, was critical to meeting Northern Ireland's 40% renewable energy target set by the Strategic Energy Framework in 2010.

3.2.5.3 Meeting the 80% renewable energy target set by the Climate Change (Northern Ireland) Act will require an intensification

and expansion of that collaboration and engagement to avail of the opportunities and meet the challenges ahead.

### Northern Ireland TSO and Ireland TSO

3.2.5.4 SONI works on an all-island basis as part of the Single Electricity Market with EirGrid – the Republic of Ireland Transmission System Operator and Market Operator (MO). Intense collaboration between the two TSOs and Market Operators is crucial for the successful running of the Single Electricity Market.

3.2.5.5 In 2023, SONI and EirGrid jointly published the Shaping Our Electricity Future (SoEF) Roadmap (V1.1) which set out the key changes required to the power system to meet Northern Ireland and Ireland's renewable energy ambitions. In 2020 and 2024, SONI and EirGrid published Tomorrow's Energy Scenarios – a key thought leadership intervention which establishes potential pathways to a net zero power system by 2050.

3.2.5.6 This collaboration was essential in delivering recent key successes. For example, the joint delivery of important initiatives within the SoEF Roadmap System Operations Programme was key in ensuring our power systems could facilitate 75% electricity from variable renewable sources in 2021 – among the first power systems in the world to achieve this significant milestone.

3.2.5.7 Despite changes to the relationship between SONI and EirGrid as a result of new licence conditions on SONI, close collaboration remains a key priority for SONI, particularly in areas such as real-time operation of the Ireland and Northern Ireland power systems, as well as strategic projects such as the all-island market roadmap projects<sup>7</sup>.



## TSO – DSO

3.2.5.8 As the Transmission System Operator, SONI has a deep and vitally important relationship with NIE Networks as the Transmission Owner (TO) and Distribution System Operator (DSO). In addition to the Transmission Interface Arrangements which governs the TO-TSO relationship, SONI and NIE Networks continue to identify opportunities for further collaboration.

3.2.5.9 Working together to deepen the collaboration with NIE Networks will be a priority for SONI in the delivery of our new multi-year Stakeholder Engagement Strategy and our wider Business Plan priorities, particularly in the area of digitalisation.

3.2.5.10 Notable recent success includes the formation of the new Joint Programme Management Office to progress delivery of key network infrastructure projects, joint working on connections policy reform in relation to small-scale renewable generation, and the TSO-DSO Future Operating Model.

3.2.5.11 Going forward, as a result of new licence conditions, SONI and NIE Networks will need to continue to work more closely together on a joint Digitalisation strategy and action plans, as well as the development of a new Flexibility Needs Assessment for Northern Ireland as required under EU Regulation 2019/943 Article 19E.

## Whole system approach – electricity & gas

3.2.5.12 Collaboration between the electricity and gas transmission system operators is crucial to maintain the whole-system approach required to realise Northern Ireland's renewable energy ambitions. Green hydrogen and biomethane are expected to play an important role in decarbonising Northern Ireland's society

and economy, particularly when it comes to maintaining security of supply and supporting large energy users.

3.2.5.13 As such, deepening our collaboration with Mutual Energy and Gas Networks Ireland (UK), the Gas Transmission System Operators for Northern Ireland, will be a key engagement priority for SONI over the coming years. By working together to share information and analysis and collaborate to jointly solve problems, we can realise the potential of a whole system approach for achieving our collective goals. To this end, we have agreed a Memorandum of Understanding with the two gas TSOs (and the Gas Market Operator NI) regarding future network planning and collaborative working in this area.

## 3.2.5.14 Working with industry

3.2.5.15 The electricity industry plays a crucial role in meeting Northern Ireland's current and future energy needs. Without investment in the conventional generation that has historically served Northern Ireland with a stable, reliable, and secure supply of electricity and the new forms of renewable generation that will enable us to decarbonise our economy and society, there can be no energy transition.

3.2.5.16 As the Transmission System Operator, SONI engages closely with market participants on an ongoing basis to ensure the smooth running of the all-island market for electricity, underpinned by the Single Electricity Market. The Market Operator User Group and Future Power Markets Workshops meet throughout the year and bring together market participants to discuss performance and areas of mutual interest. Our system operations team engages daily with the generators who ensure a secure, stable and reliable source of

electricity for homes, farms and businesses across Northern Ireland, working together on issues such as outage planning.

3.2.5.17 As the Transmission System Operator, SONI continues to deliver on our licence obligation to issue connection offers to customers seeking to connect to the grid.

3.2.5.18 To ensure the best customer experience, we prioritise early, meaningful engagement to explain the connections process and support customers through the journey.

3.2.5.19 In the last number of years, we have seen a significant increase in connections applications, and we anticipate this to continue with the introduction of the Renewable Electricity Price Guarantee (REPG).

3.2.5.20 We recognise that our Connections Policy must evolve with the increase in demand for connections to the transmission system. SONI will revise its Connections Policy and customer engagement processes in the coming years in response to this. This is discussed in Appendix Q: Connections.

3.2.5.21 In 2021, SONI, in partnership with EirGrid, published Shaping Our Electricity Future – our roadmap to meet the initial target 70% renewable energy target by 2030 set for Northern Ireland. A vast body of engagement took place to inform the Shaping Roadmap including over 500 consultation responses, over 100 virtual consultation events and several civic society and industry forums.

3.2.5.22 To support and guide the delivery of the Shaping Roadmap, an Advisory Council made up of subject matter experts from industry, academia and public policy from both Northern Ireland and Ireland, was formed and has been meeting regularly over the past number of years.

3.2.5.23 In response to the revised target of 80% set by the passage of the Climate Change (Northern Ireland) Act 2022, a revised Shaping Roadmap, supported by the Advisory Council, was published in 2023. The Shaping Our Electricity Future Advisory Council has been a key pillar of our engagement with industry.

3.2.5.24 At a strategic level, SONI works closely with RenewableNI, the representative body for the renewable energy industry in Northern Ireland, to ensure the voice, experience and expertise of industry informs key policy developments. As we continue to develop the technical roadmaps, such as Shaping Our Electricity Future, and operational tools, in areas such as Long Duration Energy Storage, we welcome the invaluable experience, knowledge and expertise offered by industry partners. We are committed to working together to develop balanced solutions to the challenges we face.



## 3.2.6 Statutory

3.2.6.1 As Northern Ireland's Transmission System Operator, SONI is independently licensed to operate and plan the development of the grid separate to any asset owners. This means we can act as a trusted adviser to government on the development and implementation of energy policy.

3.2.6.2 The Northern Ireland Energy Strategy and its associated Action Plans set the substantive policy direction at a macro-level. As set out in our Strategy, SONI's wider role is to support government as a trusted adviser while also delivering the changes required to the transmission system as important enabling infrastructure.

3.2.6.3 Northern Ireland met the 40% target set by the Strategic Energy Framework (2010) a year early in 2019. This was a significant milestone and the result of an extensive body of work and collaboration across the whole system.

3.2.6.4 However, since meeting the 40% target, SONI has been acutely aware of the need for further decarbonisation of the power system in Northern Ireland to meet the UK's future net zero goals.

3.2.6.5 Since then, we have been publishing key roadmaps to advise and inform government policy on the next steps in delivering the changes to the electricity system required to meet Northern Ireland's short, medium and long-term renewable energy goals.

3.2.6.6 Most recently, SONI published a new Tomorrow's Energy Scenarios analysis in 2024 detailing four possible scenarios for a net-zero power system by 2050.

3.2.6.7 Since the publication of the Energy Strategy,

we have worked closely with government and other industry and regulatory partners on various workstreams and working groups on topics such as the Offshore Renewable Energy Action Plan, Security of Supply and Dispatch Down.

3.2.6.8 As 2030 approaches, intensifying our collaboration with government to accelerate progress and develop energy policy in areas such as smart systems, demand flexibility, interconnection and other areas will be a key priority in the coming years.

3.2.6.9 With significant responsibility at a local level, we value the importance of our engagement with local government in Northern Ireland and work closely with Councils in relation to our plans to develop the grid at a local level.

3.2.6.10 As the closest tier of government to local communities, local Councils play a vital role in supporting Northern Ireland's decarbonisation ambitions. As our network development plans unfold, working closely with local councils to enable further meaningful engagement with communities will be an important focus.

3.2.6.11 As a regulated organisation, we recognise the importance of maintaining the confidence and trust of consumers. As such, close engagement with the Utility Regulator for Northern Ireland remains crucial in areas such as our Business Plan, the funding requirements for network development projects and the smooth running and design of the markets which ensure Northern Ireland has the electricity generation it requires.

3.2.6.12 We engage regularly with the Utility Regulator in several different settings, and the Evaluative Performance Framework process affords an opportunity for SONI to deliver



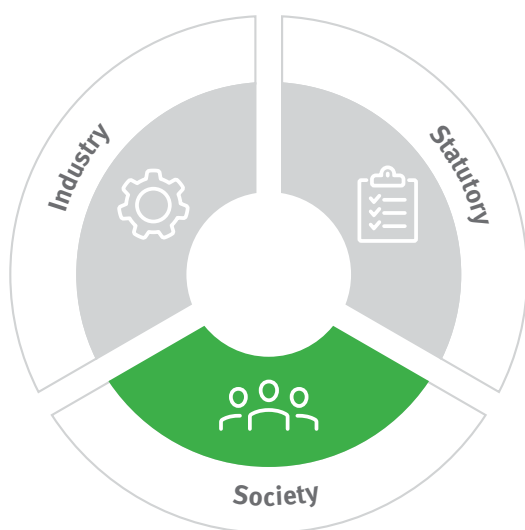
added value to consumers over and above our core licence obligations and business as usual activities.

3.2.6.13 As a statutory body, the Consumer Council for Northern Ireland (CCNI) also plays a key role in advocating on behalf of consumers on energy and we meet at senior and operational level with the CCNI frequently. The CCNI is also represented on the Stakeholder Advisory & Challenge Group for the SRP27 Business Plan.

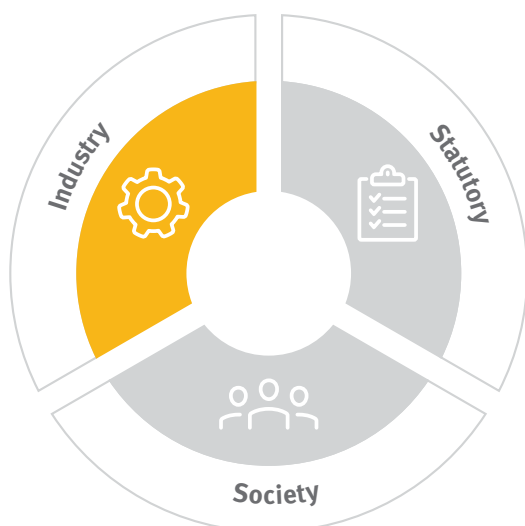
3.2.6.14 We understand that consumers must be at the heart of the energy transition to achieve our collective ambitions. SONI is a member of the new CCNI Energy Strategy Consumer Engagement Working Group (CEWG) established to support implementation of the NI Energy Strategy.

3.2.6.15 As the Transmission System Operator, we see further opportunities to utilise the research, expertise and insights offered by the Consumer Council to guide our mission to support the delivery of a cleaner energy future for homes, farms and businesses across Northern Ireland.

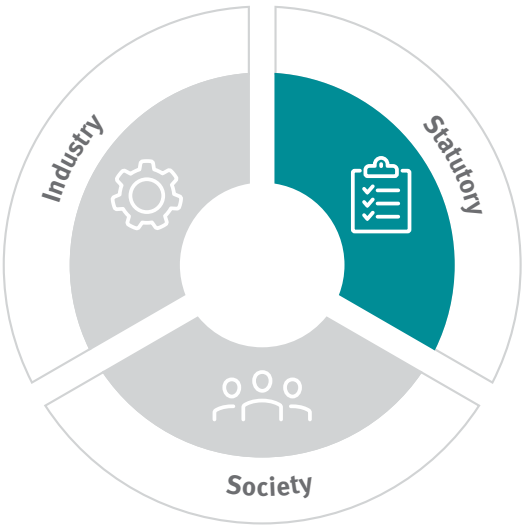




| Key Stakeholders                              | Examples                                                                                                                                                                                                                   |
|-----------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Local communities                             | Local communities                                                                                                                                                                                                          |
| Landowners                                    | Local landowners                                                                                                                                                                                                           |
| Elected representatives                       | MPs, MLAs, Councillors, Parliamentary Committees                                                                                                                                                                           |
| Civic Society Groups and Academia             | Queen's University Belfast, Ulster University, Ulster Farmers Union, Rural Community Network, NICVA, Community Places, Action Renewables, EnergyCloud, Centre for Advanced Sustainable Energy                              |
| Businesses and Business Representative Groups | Confederation of British Industry NI, Federation of Small Businesses, NI Chamber of Commerce, Manufacturing NI, Retail NI, NI Retail Consortium, Hospitality Ulster, Business in the Community, local Chambers of Commerce |



| Key Stakeholders    | Examples                                                                                                                                                                                                                                                      |
|---------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Customers           | Potential investors, Developers, Generators, Suppliers                                                                                                                                                                                                        |
| Market Participants | Generators (current and future), Demand Side Units, Mutual Energy                                                                                                                                                                                             |
| Industry Partners   | EirGrid, NIE Networks, Mutual Energy, Gas Networks Ireland, RenewableNI, National Grid ESO, European Network of Transmission System Operators (ENTSO-E), Energy Association of Ireland, Federation of Energy Response Aggregators, Major Energy Users Council |



**Key Stakeholders**

**Local communities**

|                             |                                                                                                                                                                                                                                    |
|-----------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Government                  | Government Ministers,<br>Department for the Economy,<br>Department for Agriculture,<br>Environment, Rural Affairs,<br>Department for Infrastructure,<br>Northern Ireland Office,<br>Department for Energy Security<br>and Net Zero |
| Regulatory Partners         | The Utility Regulator<br>Commission for Regulation of<br>Utilities (CRU)<br>SEM Committee                                                                                                                                          |
| Local Government            | Local Councils<br>NILGA<br>SOLACE                                                                                                                                                                                                  |
| Other statutory<br>partners | Consumer Council for Northern<br>Ireland                                                                                                                                                                                           |





## 3.2.7 Stakeholder Engagement Action Plan

3.2.7.1 Following the publication of SONI's Stakeholder Engagement Strategy 2024-2026<sup>8</sup>, SONI published the first in a series of annual Action Plans<sup>9</sup>. The most recent Stakeholder Engagement Action Plan<sup>10</sup>, covering the period from October 2025 -September 2026, was the second in a series of annual action plans designed to deliver SONI's Stakeholder Engagement Strategy 2024-2026.

3.2.7.2 Given the significant level of engagement that takes place at every level of our organisation throughout the year, this Action Plan sets out the key engagement activity that SONI will deliver and, as such, is not exhaustive. During the year, it is possible that engagement plans will change in line with business and stakeholder priorities.

3.2.7.3 Coordinated through SONI's internal Stakeholder Engagement Coordination Group, we report on progress and delivery against this Action Plan through the annual Performance Report as part of the Evaluation Performance Framework.

## 3.2.8 SONI 2027-2032 Stakeholder Engagement Strategy: Approach and Development Plan

3.2.8.1 Building on the strengths of our Stakeholder Engagement Strategy 2024-2026, SONI is now developing our new multi-year Stakeholder Engagement Strategy 2027-2032. This strategy will underpin our new Corporate Strategy and will align with the new price control period 2027-2032.

3.2.8.2 SONI 2027-2032 Stakeholder Engagement Strategy: Approach and Development Plan, designed with input from our stakeholders, sets out SONI's approach to the development of our new multi-year stakeholder strategy. It outlines the principles that will underpin our engagement, the approach our stakeholders can expect from us, our stakeholder maps, and how we intend to improve, embed and deliver this strategy across the organisation and evaluate our performance.

3.2.8.3 Developing our new Stakeholder Engagement Strategy 2027-2032 in consultation with our stakeholders is a priority for us. Insights and feedback from our stakeholders have been used to inform the development and content of this document and we will continue to consult with our stakeholders as this strategy is further developed and finalised.

3.2.8.4 In developing our new five year stakeholder engagement strategy, we believe it is important that it is informed by the

<sup>8</sup> [Stakeholder Engagement Strategy 2024-2026](#)

<sup>9</sup> [Stakeholder Engagement Action Plan 2024-2025](#)

<sup>10</sup> [Stakeholder Engagement Action Plan 2025-2026](#)

experiences and learnings from our current 2024 – 2026 Stakeholder Engagement Strategy as it has been rolled out over this two-year period.

3.2.8.5 The timeline for development of the new 2027 – 2032 Stakeholder Engagement Strategy, set out in the accompanying Approach and Development Plan, has been designed to enable SONI to draw on our experiences and the experience of our stakeholders, and be informed by an independent audit of our current approach benchmarked against energy industry best practice and meaningful engagement internally and with stakeholders including the SACG.

3.2.8.6 Timeline for strategy development:

- One-to-one consultation with key stakeholders on approach – October/ November 2025
- Updated Stakeholder Needs Assessment – March - April 2026
- Independent audit of current 2024-2026 Stakeholder Engagement Strategy with learnings used to inform development of new multi-year strategy - December 2025 - February 2026 for audit completion
- Issue Call for Views, supplemented by a series of bilateral engagements and roundtable events with core partners, to gather further feedback – May/June 2026
- Finalise and publish SONI's Stakeholder Engagement Strategy 2027-2032 – July 2026

## 3.2.9 SONI Public Engagement Model and Landowner Charter Rollout

3.2.9.1 A programme of strategic engagement on the Public Engagement Model and Landowner Charter has taken place across 2024/25 and continues to be rolled out<sup>11</sup>.

3.2.9.2 This project strengthens SONI's approach to public and stakeholder engagement by embedding early, transparent and structured communication throughout the grid development process. Its goal is to build trust, foster collaboration, and promote active participation among communities and landowners affected by transmission infrastructure projects. Based on best practice, the model recommended the delivery of a community forum model which has now been embedded into the grid delivery process through the appointment of an independent delivery partner.

<sup>11</sup> Landowner Charter 2024

## 3.2.10 Price Control specific engagement

3.2.10.1 To develop a robust and informative price control Business Plan, SONI began engaging with our key stakeholders at the earliest possible opportunity as a pre-cursor to deeper, more consistent engagement to develop the Business Plan submission.

3.2.10.2 SONI understood that it was key in this engagement to adopt a deliberative and co-design approach and developed a three-phase engagement plan:

### 1.Phase 1 (SONI Strategy Development)

- Detailed one-to-one meetings with key stakeholder groupings
- External stakeholder survey
- Business and renewable industry events
- Consumer research (2000+ sample and 4 focus groups)
- Formal consultation

### 2.Phase 2 (SRP27 Development)

- Detailed one-to-one meetings with key stakeholder groupings
- Stakeholder Advisory & Challenge Group
- Strategic workshops: Society, Industry, Statutory
- Additional engagement opportunities

### 3.Phase 3 (post-SRP27 submission)

- Formal Utility Regulator consultation on the draft determination
- Continued Stakeholder Advisory & Challenge Group during SRP27
- One-to-one meetings with key stakeholder groupings as relevant
- Presentations of the SRP27 Business Plan to the economy spokespeople of the five main political parties.





## Phase 1 – SONI strategy development

### *Detailed one-to-one meetings with key stakeholder groupings*

3.2.10.3 The first phase of the SRP27 Business Plan development began in early 2024 with the development of the SONI Strategy 2025-31.

3.2.10.4 SONI engaged external support to conduct detailed meetings with key stakeholders. SONI used this approach as it would allow our stakeholders to communicate their opinions in an open and frank a manner as possible – SONI did not attend these meetings.

### *What Stakeholders said SONI did well*



Figure 12: Stakeholder Responses to what SONI does well

## What stakeholders said that SONI could improve

“

There is a perception that SONI previously aligned more with EirGrid's strategy rather than focusing on Northern Ireland's best interests.

”

“

Consultation processes have been too short and often too late and there is a need for earlier industry involvement.

”

“

Stakeholders are currently lacking in energy policy expertise and are looking to SONI for active listening, advisory roles, and information and data sharing.

”

Figure 13: Stakeholders responding to what SONI can improve on

## Stakeholder's views on SONI's role

“

The network was extensively built out in the 1950s and 60s, and there is now a need to execute a programme that supports the economy; build for 2050 now – strategy needs to include messaging that transformation is not a drain on the economy but an enabler. Laying the foundation for NI to have the first decarbonised grid is seen as a competitive advantage.

”

“

The need to act without waiting for perfection, being open about what is known and unknown, and maintaining inclusivity in the journey.

”

“

Investing in skills and apprenticeship schemes is crucial for growth, with SONI encouraged to proactively build its future workforce rather than relying on the market. Recognising the problem around skilled labour shortages is important for the strategy.

”

“

In the past couple of years there has been an appreciable cultural change. Away from an intolerance of consumer representation to one which we feel at least listened to.

”

Figure 14: Stakeholders responding with their views on SONI

## 3.2.11 Detailed external stakeholder survey

- 3.2.11.1 SONI conducted a survey which engaged 36 respondents from a diverse range of stakeholders, including businesses, statutory partners, government bodies, and local communities.
- 3.2.11.2 Comments highlighted the need for greater transparency and improved communication, particularly around grid infrastructure timelines and market operations.
- 3.2.11.3 Key priorities identified include accelerating grid development, enabling renewable integration, and ensuring affordability and security of supply during the energy transition.
- 3.2.11.4 Opportunities for SONI focused on fostering innovation, adopting a whole-system approach, and strengthening cross-border collaboration.

## 3.2.12 Business and renewable industry events

- 3.2.12.1 In late 2024, SONI hosted several stakeholder events focusing on development of the SONI Strategy 2025-31. A detailed description of these is included in Appendix F: *Detailed Stakeholder Engagement Evidence*.
- 3.2.12.2 Key points of feedback received in these meetings was that there was a need for a more coordinated approach to the development of energy policy in Northern Ireland, taking a whole-system approach.
- 3.2.12.3 Stakeholders agreed with SONI's strategic purpose of "meeting Northern Ireland's

energy needs, today and in the future" and emphasised that the SRP27 Business Plan should aid delivery of this purpose.

## 3.2.13 Consumer research

- 3.2.13.1 In summer 2024, SONI engaged external expertise to conduct polling and focus groups on behalf of SONI. The polling was in the form of an online survey, with 2,026 responses nationally representative in Northern Ireland.
- 3.2.13.2 Following this, four online focus groups were conducted to explore survey topics in more detail. A full breakdown of feedback is found in Appendix F Detailed Stakeholder Engagement Evidence. The key finding from this research is that the cost of energy bills is the overriding issue for consumers.
- 3.2.13.3 The key finding from this research is that the cost of energy bills is the overriding issue for consumers.
- 3.2.13.4 Support for renewables is strong, but consumers need clear, positive, and practical communication particularly around the long-term benefits of the energy transition and how security of supply can be maintained by using weather-dependent technology.

## 3.2.14 Formal Strategy consultation

- 3.2.14.1 In September 2024, SONI launched an 8-week consultation for the Draft SONI Strategy 2025-2031<sup>12</sup>.
- 3.2.14.2 We received 11 responses to this consultation, feedback from which was incorporated into final version of our Strategy.
- 3.2.14.3 While broadly supportive of our purpose

<sup>12</sup> Draft SONI Strategy 2025-2031 | SONI Consultation Portal



as set out in the consultation there was some discussion around the use of "energy" versus "electricity" and the role of SONI. Amendments were made to the language used to better clarify SONI's role and responsibilities as an electricity TSO.

3.2.14.4 All respondents supported our strategy ambitions around strong engagement, collaboration and partnership across every level of the energy system. They welcomed our commitment to build deep, constructive, and transparent working relationships with our partners, understanding their goals and working collaboratively to achieve them.

3.2.14.5 Calls for this strong degree of collaboration and partnership was particularly raised around the acceleration of infrastructure delivery and in developing and moving towards a more "plan led" approach including the development of a spatial energy plan for Northern Ireland.

3.2.14.6 Responses articulated strong support for SONI's strategic goals around planning the optimal future design of the electricity network and the all-island electricity markets. They also supported the acceleration of implementation in the delivery phase.

## Phase 2 – SRP27 development

### *Detailed one-to-one meetings with key stakeholders*

3.2.14.7 SONI has engaged with the following Stakeholders on a one-to-one basis during the development of the SRP27 Business Plan:

- NIE Networks
- Mutual Energy
- NI Chamber of Commerce
- Electricity Association Ireland
- Derry Chamber of Commerce
- Solace

- RenewableNI
- Department for the Economy
- The Utility Regulator
- The Consumer Council NI
- Department for Agriculture, Environment and Rural Affairs
- Institute of Directors
- Ulster Farmers Union

3.2.14.8 These meetings sometimes covered a variety of areas rather than being specifically focused on SRP27. However, feedback on SRP27 was largely positive.

3.2.14.9 SONI used these opportunities to socialise the likely step change in costs required for SRP27 compared to SRP20 and the increasing challenges that the TSO faces, as well as the benefits of an agile and flexible approach to uncertainty throughout SRP27.

## Stakeholder Advisory & Challenge Group

3.2.14.10 SONI recognises that the energy transition can only be achieved by working together with stakeholders. While SONI's core costs currently make up a very small part of the overall electricity bill, SONI has a much bigger impact on the energy landscape in Northern Ireland and understands the importance of offering excellent value for money for consumers. SONI is also acutely aware that the SRP27 Business Plan will result in our core costs increasing, although this will be offset by additional benefits that SONI's actions can bring elsewhere in the medium term.

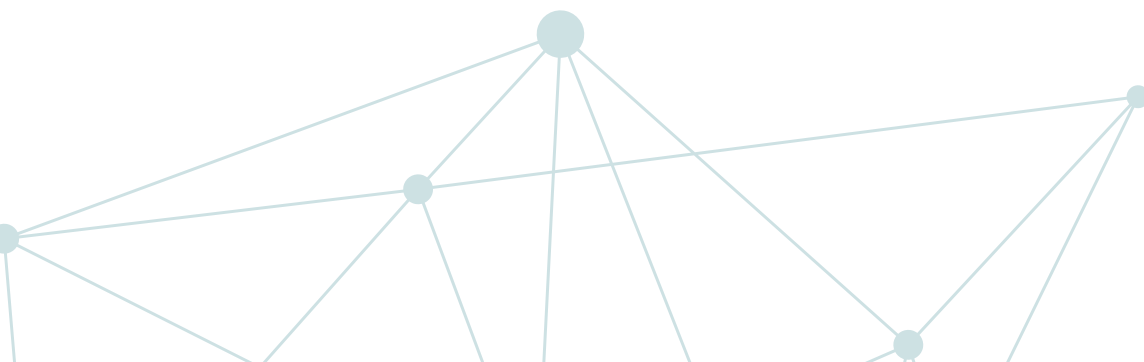
3.2.14.11 By engaging extensively and consistently with partners and stakeholders at the earliest possible stage, SONI hopes to instil the trust and confidence of consumers that their investment in SONI is an investment in a world-class Transmission System Operator working for everyone in Northern Ireland.

3.2.14.12 To provide a deeper and more deliberative mechanism for engagement and co-development of the SRP27 Business Plan, SONI established a Stakeholder Advisory and Challenge Group (SACG) in 2024. This group, comprised of a smaller number of stakeholders across our three main groupings (Society | Industry | Statutory), met on a regular basis throughout 2024, 2025 and January 2026 to provide SONI with more detailed input and feedback on its thinking for the SRP27 Business Plan through a series of facilitated workshops.

3.2.14.13 A detailed description and report of the SACG membership and meetings is included in Appendix G Stakeholder Advisory & Challenge Group, which members of the SACG have reviewed and fed into the development of.

3.2.14.14 Feedback to the establishment of this group was very positive and SONI has found having the group invaluable in developing our SRP27 Business Plan. We wish to thank all members for their participation and constructive challenge.

3.2.14.15 Owing to the positive feedback and the benefits of taking an agile approach to funding submissions during the SRP27 period, SONI and the SACG have agreed to continue the group on an ongoing basis and SONI will use it to provide feedback on our annual forward work plans and forthcoming uncertainty mechanism submissions during the SRP27 period. This is discussed in more detail in Chapter 6.2: Uncertainty Mechanisms.



## Phase 3 – Post SRP27 Submission

3.2.14.16 Following the submission of this business plan, SONI plans to continue engagement with the Utility Regulator, by way of query process prior to publishing of their Draft Determination.

3.2.14.17 SONI will also continue to engage with all stakeholders that provided feedback that has helped in the formation of both the SONI Strategy and SRP27 business plan.

3.2.14.18 SONI will continue the SACG on an enduring basis and will use the group to develop SONI's response to the draft determination in late 2026.

## 3.2.15 Key themes influencing the 2027-2032 Price Control period

3.2.15.1 Through our engagement activities, a number of common factors have been identified as driving the future of the SONI business.

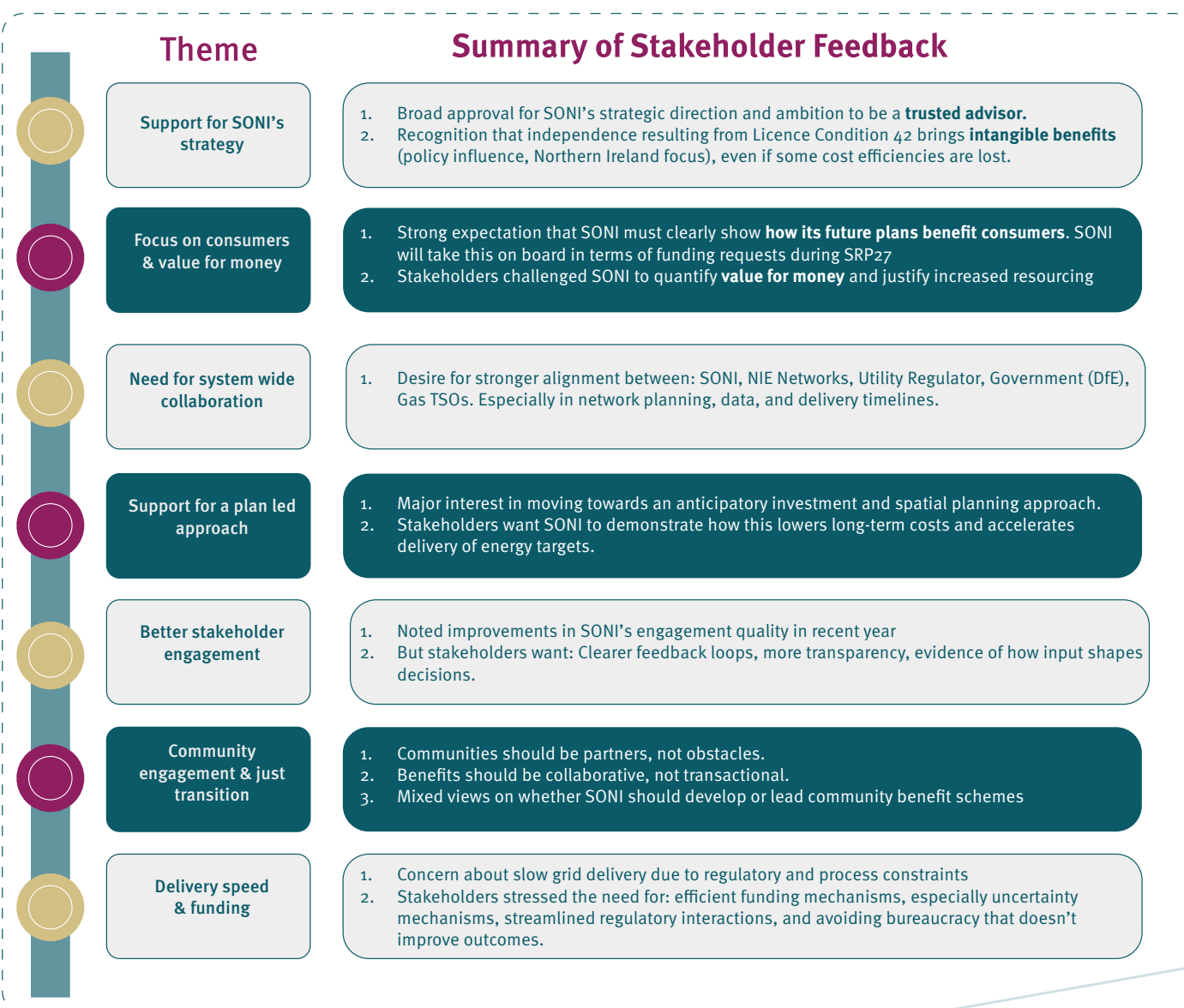


Figure 15: Summary of Stakeholder Feedback



# 4

## Future Look: Delivering the SONI Strategy







# Chapter 4.1

## SONI Strategy

## 4.1.1 Executive summary

4.1.1.1 SONI's 2025-2031 Strategy sets out a clear, evidence-based roadmap for how Northern Ireland's electricity system will transition to a cleaner, more secure and affordable future. Developed through extensive engagement with stakeholders, consumers, staff, policymakers and industry, the strategy reflects a shared ambition for a decarbonised, resilient and consumer-focused energy system.

4.1.1.2 The strategy is built around our purpose: **Meeting Northern Ireland's energy needs today and, in the future**, balancing real-time system operation with long-term planning for a rapidly evolving energy landscape. Through its four strategic pillars, **Advise, Plan, Deliver** and **Operate**, we will provide independent data driven insight, coordinate strategic grid development, enhance operational performance and promote transparent, accountable decision making.

4.1.1.3 The development of the strategy followed a robust programme of engagement which shaped every stage of it. Independent interviews, surveys, consumer research and an eight-week consultation identified consistent themes: the need for accelerated grid development, improved communication and transparency, affordability, collaboration, and clarity around SONI's remit. Insights from more than 2,000 consumers highlighted continued concerns about costs, strong but conditional support for renewables, and limited awareness of our role, shaping both strategic priorities and future communications.



Figure 16: Stakeholder Engagement Activities

4.1.1.4 Stakeholder assurance was strengthened through diverse participation, independent research, structured challenge and the transparent integration of feedback into the final strategy. Refinements included clearer commitments to collaboration, more emphasis on accelerated infrastructure delivery and a strengthened focus on a future plan-led approach to network development.

4.1.1.5 For customers, the strategy sets out our commitment to support a cleaner and more efficient system through strong collaboration with the Utility Regulator, the Department for the Economy, and industry partners. SONI will help shape the enabling policy, regulatory and governance frameworks needed for a plan-led model that will reduce long-term costs,



improve certainty for investors and support Northern Ireland's decarbonation ambitions.

4.1.1.6 To deliver the strategy, we will invest in internal capability, strengthen leadership and operational expertise, embed innovation, and align regulatory and business planning processes. Public engagement, transparency and community participation remain at the core of how we will plan and deliver essential grid infrastructure and enhanced operational systems.

4.1.1.7 The strategy will generate tangible benefits for consumers by enabling greater renewable electricity, reducing reliance on fossil fuels, reduction in greenhouse gases, strengthening system reliability and stabilising long-term energy costs. Enhanced transparency and

operational resilience will ensure consumers continue to receive a dependable service as the system becomes smarter and more flexible.

4.1.1.8 Finally, our forward-looking proposals in energy strategy, innovation, digitalisation, sustainability, and customer satisfaction will help accelerate the energy transition. This includes developing system services, enhancing forecasting tools, improving digital access to system data and embedding continued environmental responsibility across the business. With our strategic direction now clearly defined, we are positioned to support Northern Ireland's path to net zero while ensuring a fair, affordable and secure electricity system for all.



## 4.1.2 Strategy development

4.1.2.1 SONI shaped the development of our strategy with an extensive and inclusive programme of engagement, to ensure that the direction we took reflected the expectations, concerns and ambitions of stakeholders across Northern Ireland's energy landscape. This work directly links to the material presented in Chapter 3.2 Stakeholder Engagement, which provides the broader context of the approach taken.

4.1.2.2 The process began in early 2024 when SONI engaged external support to undertake detailed one-to-one interviews with a wide range of external stakeholders. These discussions allowed individuals and organisations to speak openly about our strengths, areas for improvement, and the challenges and opportunities facing the electricity system in the coming years. These insights established the earliest evidence base and helped to shape our initial strategic themes.

4.1.2.3 We built on this with a structured external stakeholder survey which was completed by 36 respondents from businesses, statutory partners, government departments, local communities, market participants and others. Although the engagement varied in depth, the survey reinforced strong stakeholder expectations around accelerating grid development, improving communication and transparency, supporting the energy transition and maintaining affordability and security of supply. This engagement highlighted key challenges including public acceptance, regulatory barriers and infrastructure

timelines, as well as opportunities for a more whole-system and collaborative approach.

4.1.2.4 In parallel to the external evidence-gathering, we looked internally at the expertise and experience across the business. A comprehensive staff survey was carried out. This provided valuable insights into how our people view our purpose, priorities and readiness for future challenges. Staff feedback showed strong alignment with our core purpose and highlighted themes around innovation and change, organisational effectiveness, people and culture, collaboration and communication.

4.1.2.5 Our staff also identified practical areas for improvement, such as IT systems, training, resourcing and funding. These insights ensured our strategy reflected not only external expectations but also the experience and needs of the people responsible for delivering it.

4.1.2.6 As well as industry perspectives, it was important to ensure that consumer perspectives were included in our strategy development. We commissioned large-scale public research in summer 2024. More than 2,000 people participated in a representative consumer survey. This took the form of online and telephone interviews for residents in Northern Ireland over a three-week period. Following this, four focus groups were established to explore perspectives in more depth. The findings of this research showed that affordability remained the primary concern for consumers, accompanied by strong but conditional support for renewable energy. Consumers had less understanding of what SONI's role was, and there was uncertainty about how energy infrastructure is funded. This research deepened our

understanding of attitudes towards behaviour-change schemes, energy security, and the perceived benefits and challenges of the energy transition, shaping both the strategy and our future communications approach.

4.1.2.7 Following SONI Board engagement, in September 2024, we launched an eight-week formal consultation process. We received eleven responses from a wide range of organisations across the energy industry and society. On the whole responses were supportive, however they included constructive suggestions that led to refinements in the final strategy document. This included clarifying SONI's remit and enhancing commitments to collaboration, accelerated infrastructure delivery and the development of a more plan-led approach, such as a spatial energy plan for Northern Ireland.

4.1.2.8 Stakeholders endorsed our ambitions relating to the optimal future design of the electricity network and the all-island electricity markets.

4.1.2.9 Across all stages, individual interviews, surveys, staff input, consumer research, advisory-group discussions and formal consultation, insights were brought together and analysed to ensure that our final strategy was robust, evidence-based and reflective of the needs and priorities of all stakeholders in Northern Ireland.

4.1.2.10 Following the consultation period, all responses were reviewed and analysed to ensure that stakeholder feedback was fully understood and appropriately reflected. This analysis informed a series of refinements to our draft strategy, strengthening our commitments and sharpening areas where

additional clarity of ambition was needed. The updated strategy was then presented to our Board, who formally approved it, marking the completion of a comprehensive, evidence-led development process. In February 2025, SONI published the final strategy on our website<sup>1</sup>.

## 4.1.3 Stakeholder assurance

4.1.3.1 Our strategy was shaped through a process designed not only to gather insight but to provide strong assurance that it was reflective of the priorities and expectations of stakeholders across Northern Ireland's energy landscape. At each stage of development, we applied a structured approach to evidence, challenge and validation, ensuring that our strategy aligned with stakeholder expectations, was evidenced with real needs and had credibility across industry, consumers and wider society.

4.1.3.2 Assurance was supported by several features of our approach.

- **Breadth and diversity of voices:**

Engagement activities reach across communities, consumers, staff, statutory bodies, market participants and industry stakeholders. We ensured that the strategy reflected a balanced view rather than any single interest by gathering input from groups with differing perspectives and priorities.

- **Independent insight:** By using external expertise and structured research we ensured that the strategy development added impartiality to the evidence pool. We consider that using independent research companies increased stakeholder confidence that their views were captured

<sup>1</sup> [SONI Strategy 2025-2031](#)



accurately and without bias.

- **Consistent theme:** Across the broad range of participants, there remained clear and consistent themes emerging that included affordability, grid development, collaboration, the energy transition and SONI's remit. This alignment across groups strengthened assurance that the strategy was responding to shared priorities.
- **Challenges and changes:** Alongside being asked for their views and perspectives, we provided a formal opportunity for scrutiny and challenge on our proposals. Feedback received at key milestones, including the consultation, directly shaped the final document, ensuring the strategy evolved in line with stakeholder expectations.
- **Integrating findings:** Across all engagements, the evidence gathered was analysed and used to inform strategic choices. This transparent link between feedback and final content ensures that our strategy was evidenced in what stakeholders told us.

4.1.3.3 These elements taken together provide strong assurance that our final strategy was credible, responsive and aligned with what stakeholders across Northern Ireland want to see from SONI in the years ahead.

## 4.1.4 SONI's customers

4.1.4.1 SONI's 2025-2031 Strategy will be delivered for customers through a strong commitment to collaboration, system planning, innovation, and accountability. These commitments are guided by our four strategic pillars: Advise, Plan, Deliver and Operate.

4.1.4.2 Our aim is to support a cleaner, more secure, and affordable energy system by enabling Northern Ireland's decarbonisation

ambitions. A core part of this is acting as a trusted, independent advisor to policymakers and the Utility Regulator, providing data-led, evidence-based insight that serves the public interest.

4.1.4.3 We have implemented our Public Engagement Model and Landowner Charter to ensure communities have meaningful input into grid development. We are committed to deliberative engagement and stakeholder-led planning so that infrastructure and services reflect the needs and priorities of consumers.

4.1.4.4 As part of our strategy, we are working with the Utility Regulator and the Department for the Economy (DfE) to identify the key enablers that would allow Northern Ireland to move towards a more coordinated, plan-led approach to network development in the future. Today, system development is largely driven by where developers choose to connect, which can result in less efficient transmission system outcomes such as avoidable constraints and higher reinforcement costs for consumers.

4.1.4.5 Early analysis, including the Shaping Our Electricity Future work, indicates that a more strategic plan-led model could significantly reduce overall network delivery costs while providing greater certainty for investors and helping Northern Ireland meet its net zero targets.

4.1.4.6 Our focus at this stage is on helping to shape the policy, regulatory and governance framework that would be needed for such an approach. This includes continuing to work with DfE, the Utility Regulator and other statutory partners to define the policy process, potential licence changes, timelines, and appropriate system signals. This work forms the first phase of a wider multi-stage

programme and will ultimately include an assessment of the net benefits to consumers and society.

4.1.4.7 With this work, we are laying the foundations for a more coordinated and forward-looking model. A future plan-led approach would give developers clearer and more predictable investment signals, reduce costs for consumers, and support accelerated progress towards Northern Ireland's decarbonisation goals. While final decisions on planning frameworks sit with policymakers and the Utility Regulator, our role is to provide the evidence, analysis and system insight needed to inform those decisions and ensure the transition can be delivered efficiently.

4.1.4.8 Together, these commitments reflect the role SONI plays for customers across Northern Ireland: working collaboratively, planning the system with a long-term view, and driving innovation and accountability in how the grid is developed and operated. By bringing forward clear data-driven evidence, engaging openly with communities and partnering with the UR, DfE and industry, we are helping to shape the conditions for a more efficient, coordinated and future-ready electricity system. Our focus is on ensuring that the choices made today support a secure, affordable and cleaner energy system for the decades ahead, and that consumers see the benefits of a more strategic, whole-system approach as Northern Ireland progresses on its path to decarbonisation.

## 4.1.5 SONI Strategy 2025-2031

4.1.5.1 To successfully deliver our 2025-2031 Strategy, we will take a phased, integrated

approach built around our four key pillars: Advise, Plan, Deliver and Operate, ensuring that we can meet today's system needs while preparing Northern Ireland for the challenges and opportunities of the energy transition.

4.1.5.2 Our Strategy is designed to ensure that the energy transition delivers real benefits for electricity consumers in Northern Ireland by focusing on a cleaner, more secure and affordable system. Central to this is our continued commitment to meaningful public engagement, openness with data and transparent communication. These elements ultimately help ensure that future infrastructure, operational decision and system planning remain aligned with consumer needs and expectations.

4.1.5.3 Transparent performance reporting will be used to track our delivery progress and demonstrate accountability and value for customers.

4.1.5.4 To support delivery of our strategy, several enabling actions will be embedded within our day-to-day work. These include:

- Continuing our enhanced stakeholder engagement with the development of a new multi-year Stakeholder Engagement Strategy to replace our existing 2024-26 strategy<sup>2</sup>. This will ensure a structured, consistent approach to how we work with communities, industry, consumers, government and the Utility Regulator
- Strengthening our internal capabilities including investment in skills, leadership development, operational expertise and innovation, so that we are equipped to deliver a more complex, flexible and decarbonised power system.
- Aligning business planning and regulatory

<sup>2</sup> [Stakeholder Engagement Strategy 2024](#)

processes with our strategy, ensuring that our regulatory submissions, performance reporting and internal planning are all fully aligned and contribute clear consistent delivery.

4.1.5.5 We consider that embedding these supporting actions in our day-to-day work will help enable SONI to achieve a successful energy transition for Northern Ireland, which supports society, industry and the environment now and in the decades to come.

## 4.1.6 SONI purpose

4.1.6.1 Our core purpose, “*Meeting Northern Ireland’s energy needs, today and in the future*”, captures both the responsibility we hold as the Transmission System Operator and the role we play in preparing the electricity system for long-term change. It captures the balance we must ensure: operating a reliable, secure and efficient electricity system every day, while supporting Northern Ireland’s transition to a cleaner, more flexible and affordable energy future.

4.1.6.2 As Northern Ireland’s Transmission System Operator, we are uniquely placed to:

- **Advise** on long-term energy policy and market design, providing system-wide insight and evidence to inform decisions.
- **Plan** the future shape of the electricity grid so it can meet demand growth and support decarbonisation.
- **Specify** and coordinate the need for strategic transmission infrastructure.
- **Operate** the system in real-time to maintain continuity, security and system resilience.

4.1.6.3 Our purpose also centres on putting

consumers at the heart of the energy transition by:

- Supporting affordable, clean and secure electricity for homes, farms, businesses and public services
- Collaborating with stakeholders across society, industry and government to deliver shared outcomes
- Acting with transparency and integrity as a trusted, independent system operator ensuring decisions are open and evidence based.

4.1.6.4 By embedding this purpose across our organisation, SONI plays a key role in delivering Northern Ireland’s energy strategy and net zero ambitions.



“Meeting  
Northern Ireland’s  
energy needs,  
today and in the  
future.”



## 4.1.7 Outcomes and Benefits to Consumers

- 4.1.7.1 Our strategy will be delivered through a coordinated forward-looking plan that focuses on delivering clear, tangible outcomes for consumers. By increasing the share of renewable electricity on the system, we will reduce reliance on fossil fuels, cut carbon emissions, and deliver cleaner air and a healthier environment. Strategic and cost-effective grid and system investments will help stabilise and reduce long-term energy costs, keeping affordability at the heart of our decisions.
- 4.1.7.2 Smarter operational planning and enhanced system resilience will strengthen the reliability of the electricity system during periods of high demand.
- 4.1.7.3 We are committed to greater transparency, with clearer communication and stronger community engagement shaping infrastructure that reflects local needs. Consumers will also benefit from more choice and flexibility as the system evolves.
- 4.1.7.4 Ultimately, these actions will help unlock economic and social benefits for Northern Ireland, supporting green jobs, driving innovation and contributing to a more sustainable, net zero future for all.

## 4.1.8 Proposals regarding key areas

- 4.1.8.1 Our future proposals are focused on the areas that will shape Northern Ireland's electricity transition and deliver meaningful benefits for consumers.

### NI Energy Strategy

- 4.1.8.2 We will continue to align closely with Northern Ireland's Energy Strategy, supporting its five key principles and contributing to the delivery of at least 80% renewable electricity by 2030.
- 4.1.8.3 SONI will act as a trusted, independent advisor, providing data-driven insight to inform policy development and support a fair and affordable transition.
- 4.1.8.4 A key part of this includes progressing the Shaping Our Electricity Future Roadmap in partnership with DfE, the Utility Regulator, NIE Networks and the gas TSOs, ensuring that system planning and operational decisions are consistent with long-term decarbonisation goals.

### Innovation

- 4.1.8.5 Innovation will remain central to how we prepare the system for future needs. We will advance work on emerging technologies such as Low Carbon Inertia Services, Long Duration Energy Storage and improved forecasting tools to help create a more efficient, flexible and cost-effective electricity system. By enabling new technical solutions and supporting innovation across the market, we aim to unlock long-term value for consumers through improved system performance and reduced operating costs. Our Innovation and Research Strategy is discussed in Appendix J-1: Innovation and Research Strategy, and specific funding for innovation projects is detailed in Chapter 5.4: Innovation.

### Digitalisation

- We will continue to advance our digitalisation commitments with a focus on improving access to system information,

both in terms of the type of data we publish and also the format and context it is published in. By making existing data more accessible to non-expert stakeholders, we can enable more impactful decision-making. Digitalisation will support a more transparent, efficient and data-driven electricity system through:

- Improved access to real-time system data, supporting market participation and operational visibility.
- Enhanced forecasting and decision support tools, enabling more efficient system planning and operation.
- Stronger data governance, ensuring information is accurate, consistent and securely managed.
- Customer satisfaction will remain a priority with strengthened stakeholder engagement, transparent communication and community input ensuring that consumers remain at the heart of everything we do.
- Continued focus on cyber resilience, protecting the electricity system as it becomes more digitally enabled.

## Sustainability

4.1.8.6 Sustainability will be embedded across our planning and operational activities. Our proposals are designed to ensure that future investments and system development align with environmental objectives, optimise the use of existing infrastructure and support wider energy goals. These proposals will also align with our Sustainability Strategy four pillars:

- Working in partnership with others to deliver Northern Ireland's sustainability and decarbonisation ambitions
- Driving climate action and supporting

energy system transformation

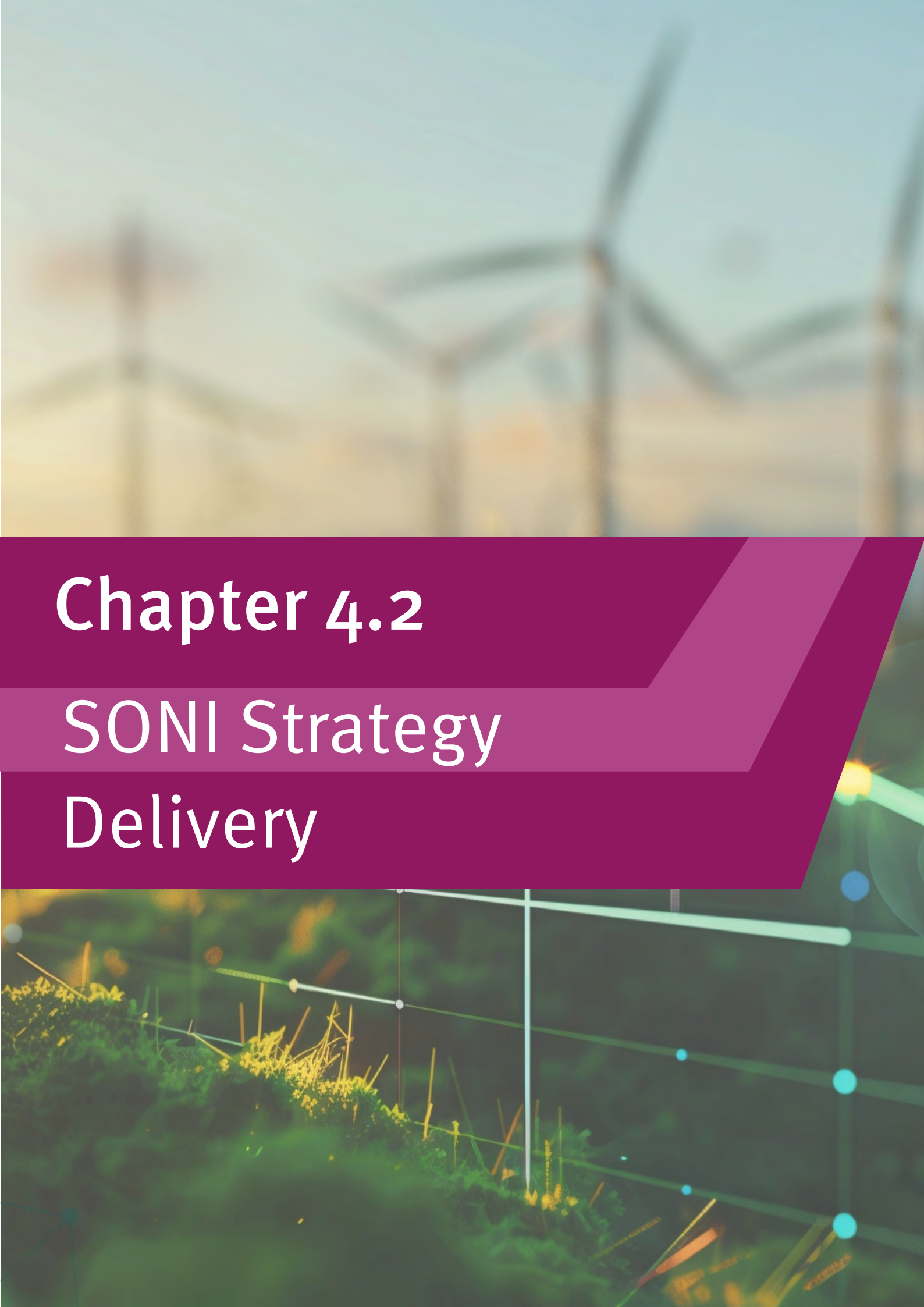
- Commitment to help enable a sustainable society
- Being a responsible business.

## Customer Satisfaction

4.1.8.7 Consumers remain at the heart of how we plan, communicate and operate.

We will continue to deliver high quality engagement across communities, industry and stakeholders, ensuring that local needs and priorities shape our decisions. Clear and transparent communication will continue to be a priority, alongside ongoing improvements in how we present system information and explain the changes needed to support Northern Ireland's energy transition.



The background of the slide is a composite image. The top half shows a blurred view of several wind turbines against a soft, hazy sky. The bottom half features a dark green, textured surface, possibly moss or grass, with a network of thin, glowing lines and small circular nodes overlaid on it. The lines are in shades of green and blue, and the nodes are small circles in blue and yellow. The overall aesthetic is modern and technological, suggesting themes of renewable energy and network infrastructure.

# Chapter 4.2

## SONI Strategy Delivery



## 4.2.1 Executive summary

4.2.1.1 SONI's Strategy 2025-2031 sets out how we will help deliver a cleaner, more secure and affordable electricity system for Northern Ireland. Achieving this ambition requires a transparent and collaborative approach to how we deliver these goals.

4.2.1.2 This chapter sets out how our four strategic pillars, **Advise**, **Plan**, **Deliver** and **Operate**, will deliver real, measurable progress through enhanced governance, improved evidence, strengthened engagement and coordinated action across the whole energy system.



Figure 17: SONI Strategic Pillars

4.2.1.3 Under the **"Advise"** pillar, we will continue to act and enhance our position as a trusted and impartial source of information for government, the Utility Regulator, industry and communities.

4.2.1.4 Additional staff resourcing will enable us to strengthen partnerships with Department

for the Economy, the Utility Regulator, NIE Networks, the gas TSOs and wider stakeholders. We will provide clear and transparent technical evidence and inform energy policy in priority areas such as system flexibility, long-duration storage, interconnection and spatial energy planning.

4.2.1.5 By enhancing our data capabilities and progressing a coordinated plan-led approach, we will help create the environment required for Northern Ireland's long-term energy transition.

4.2.1.6 Through the **"Plan"** pillar, we will prepare the electricity system for future needs by improving our forecasting, system needs assessments and long-term planning.

4.2.1.7 This includes improving demand and generation forecasting methodologies using new techniques and tools, delivering the All-Island Resource Adequacy Assessment and continuing publication of key planning materials such as the Ten-Year Transmission Forecast Statement and Tomorrow's Energy Scenarios.

4.2.1.8 The **"Deliver"** pillar focuses on accelerating the infrastructure and system upgrades required to meet Northern Ireland's renewable ambitions. SONI will deliver the Shaping Our Electricity Future (SOEF) Roadmap, the Transmission Development Plan for Northern Ireland (TDNPI) and the Operational Policy Roadmap through enhanced programme management and coordinated delivery paths.

4.2.1.9 The Joint Programme Management Office (JPMO) with NIE Networks will play a critical role in streamlining approvals, improving transparency and ensuring projects progress at pace.

4.2.1.10 Delivery will be supported by data-driven prioritisation, structured policy input, transparent engagement with communities, and enhanced processes to reduce delays and move towards a more proactive, plan-led model. This will require new tools to support SONI's staff and external stakeholders.

4.2.1.11 Finally, the “**Operate**” pillar will ensure that we continue to run the power system safely, reliably and efficiently as it becomes more complex.

4.2.1.12 We will maintain real-time operational excellence, modernise forecasting and dispatch tools and advance our digitalisation commitments to improve data governance

and transparency. We will maintain close collaboration with statutory partners, industry and the Utility Regulator to ensure that operational decision-making supports decarbonisation, competition and consumer interests. Together, these actions provide a clear, transparent delivery framework for our strategy. We consider that by combining strong evidence, whole-system coordination, modernised tools, community partnership and high-quality operations, we are helping to ensure Northern Ireland's energy transition is delivered safely, collaboratively and at pace.

## 4.2.2 Delivery of SONI Strategy

4.2.2.1 The SONI Strategy 2025-2031 sets out how we will support a cleaner, more secure and affordable electricity system for Northern Ireland. To ensure the strategy translates into real, measurable progress, we have defined a clear delivery framework with our four strategic pillars: Advise, Plan, Deliver, Operate.

4.2.2.2 Delivery across all pillars will be supported by established governance arrangements, improved transparency, enhanced collaboration with key partners and disciplined programme management.

4.2.2.3 This chapter sets out how we will deliver each pillar; the processes, partnerships, tools and operational mechanisms that will turn our strategic goals into outcomes for consumers.

## 4.2.3 Price control projects

4.2.3.1 In Appendix I SRP27 Project List, we have outlined a list of specific projects which SONI foresees will be required during the SRP27 price control period, along with a brief description of each project and the rationale for its need.

4.2.3.2 SONI is certain of the need for these projects to deliver on our statutory or regulatory obligations (as outlined in Appendix A SONI Price Control 2027-32: Roles and Services ) and to deliver the SONI Strategy and deliver benefits to consumers or stakeholders.

4.2.3.3 SONI is also mindful of the impact of its activities on the end consumer bill (as discussed in Chapter 7.2 Impact on Consumers) and has therefore taken these projects through a robust internal challenge

process to ensure that the project list outlined in Appendix I has been kept to the minimum level required to deliver on our obligations and strategy.

4.2.3.4 The exact cost and delivery details of the vast majority of these projects are not currently able to be scoped with sufficient certainty to satisfy the Utility Regulator's information requirements as outlined in the SRP27 guidance, or indeed to satisfy SONI's own internal governance requirements.

4.2.3.5 Therefore, to maintain agility in delivery throughout the SRP27 price control period and ensure that consumers are only paying for projects that are well-scoped and delivered as and when needed, SONI will make use of the Uncertainty Mechanism process (defined in Chapter 6.2) throughout SRP27.

4.2.3.6 However, to ensure that SONI is able to provide sufficient certainty to its lenders around our revenue to enable us to access finance to make these investments, we are seeking up front allowances through an "Unpredictable Capex and Opex" approach, which is outlined in more detail in Appendix T.

4.2.3.7 Given the uncertainty around cost and scope of these projects, SONI has grouped the various projects into a smaller set of categories of projects, detailed below, and provided a cost estimate across each year of the price control for the group of projects in each category.



## SONI Strategy Delivery

4.2.3.8 We have set out below how we intend to deliver our Strategy based on the investments we are seeking for the SRP27 period.

4.2.3.9 The investments needed in both people and systems are key to the successful delivery of the SONI Strategy and to ensure we can realise savings for consumer as a result of our actions.

| Strategic pillar | How we'll deliver this                                                                | SONI staff resources | Grid operations & OTCE | Enterprise digital & data platforms | Delivery enablement & market support | Security, resilience & sustainability | IT separation | How we'll measure this     |
|------------------|---------------------------------------------------------------------------------------|----------------------|------------------------|-------------------------------------|--------------------------------------|---------------------------------------|---------------|----------------------------|
| Advise           | Strengthening partnerships with government, regulators & industry                     | ●                    |                        |                                     | ●                                    |                                       |               | KPI 14<br>KPI 15           |
|                  | Providing data driven analysis                                                        | ●                    | ●                      | ●                                   | ●                                    | ●                                     | ●             | KPI 08<br>KPI 09           |
|                  | Shaping policy in strategic areas to enable the energy transition                     | ●                    |                        |                                     |                                      |                                       |               |                            |
|                  | Advocating a plan-led, whole system approach                                          | ●                    | ●                      | ●                                   | ●                                    | ●                                     | ●             |                            |
|                  | Delivering inclusive engagement                                                       | ●                    |                        | ●                                   | ●                                    |                                       |               | KPI 1                      |
| Plan             | Maintain strong partnerships with government, UR, NIEN, Gas TSO & industry            | ●                    | ●                      |                                     | ●                                    |                                       |               | KPI 10<br>KPI 11<br>KPI 12 |
|                  | Provide data-driven analysis & technical evidence to inform decision-making           | ●                    | ●                      | ●                                   | ●                                    | ●                                     | ●             | KPI 08<br>KPI 09<br>KPI 13 |
|                  | Shaping policy in strategic areas to enable the energy transition                     | ●                    | ●                      | ●                                   | ●                                    |                                       |               |                            |
|                  | Advocating a plan-led, whole system approach                                          | ●                    | ●                      | ●                                   | ●                                    | ●                                     | ●             |                            |
|                  | Engage transparently ensuring decisions are inclusive of all stakeholder perspectives | ●                    |                        | ●                                   | ●                                    |                                       |               | KPI 01<br>KPI 14<br>KPI 15 |
| Deliver          | Maintaining strong partnerships across industry                                       | ●                    | ●                      | ●                                   | ●                                    | ●                                     | ●             | KPI 01                     |
|                  | Data-driven analysis & technical evidence to support delivery choices                 | ●                    | ●                      | ●                                   | ●                                    |                                       | ●             |                            |
|                  | Shaping policy in key strategic areas                                                 | ●                    | ●                      | ●                                   | ●                                    | ●                                     | ●             |                            |
|                  | Engaging transparently to ensure all stakeholder perspectives are considered          | ●                    |                        |                                     | ●                                    |                                       |               | KPI 14<br>KPI 15           |
|                  | Accelerating delivery through enhanced programme management                           | ●                    | ●                      | ●                                   | ●                                    | ●                                     | ●             | KPI 10<br>KPI 11<br>KPI 12 |
|                  | Operational improvements & infrastructure upgrades                                    | ●                    | ●                      |                                     | ●                                    |                                       | ●             |                            |
| Operate          | Real time excellence                                                                  | ●                    | ●                      |                                     |                                      | ●                                     |               | KPI 02<br>KPI 03           |
|                  | Modernise operational tooling                                                         | ●                    | ●                      | ●                                   | ●                                    | ●                                     | ●             | KPI 04<br>KPI 05<br>KPI 13 |
|                  | Data governance & transparency                                                        | ●                    |                        | ●                                   |                                      |                                       | ●             | KPI 06<br>KPI 14<br>KPI 15 |
|                  | Collaborative operations                                                              | ●                    | ●                      | ●                                   | ●                                    | ●                                     | ●             | KPI 07                     |

Figure 18: SONI Strategy Delivery

## 4.2.4 Grid operations & Operational Tools and Capability Enhancement (OTCE)

4.2.4.1 The Grid Operations & Operational Tools and Capability Enhancements (OTCE) category of projects is focused on the needs of the SONI control room and delivery of the Operational Policy Roadmap.

4.2.4.2 This includes new software and forecasting tools available to SONI's control room engineers, as well as studies and development of toolkits to provide SONI with assurance as the Operational Policy Roadmap is implemented.

4.2.4.3 While the Operational Policy Roadmap will deliver significant financial benefits to consumers and help deliver Northern Ireland's renewable electricity targets, SONI must also protect security of supply throughout its delivery. The assurance that the OTCE programme and wider grid operational tools will provide will enable SONI to be sure that security of supply will be maintained while the benefits of the Operational Policy Roadmap are delivered.

## 4.2.5 Enterprise digital & data platforms

4.2.5.1 The enterprise digital and data platforms group of projects relates to the development and maintenance of new and existing tools which enable SONI's data to be used by interested stakeholders and decision-makers.

4.2.5.2 SONI currently publishes a wide range of

system operational data on its website, or through the SEMO website. As the energy transition intensifies, the volume of data anticipated to be required by stakeholders is expected to increase substantially.

4.2.5.3 The roll out of smart metering in Northern Ireland, for example, is expected to require much more granular data than is currently published to be made available, and this will need to be available as close to real time as possible to ensure that the maximum value is achieved from it.

4.2.5.4 At the same time, stakeholders throughout the SRP27 development process have highlighted that the volume and type of data is important, but so too is the context in which it is made available and presented. Stakeholders do not simply want large volumes of raw data made available, but rather they want this data to be accessible at an appropriate level for the audience.

4.2.5.5 This means that SONI will need to enhance its data offering in terms of dashboards, meta data and other tools required by stakeholders.

4.2.5.6 The introduction of Licence Condition 43 (Digitalisation) in 2025 requires SONI to develop a joint digitalisation strategy and action plans with NIE Networks. It is expected that many of the enterprise digital and data platforms projects will support delivery of these action plans once they have been developed.

4.2.5.7 While increased digitalisation is required and will deliver benefits for consumers and aid delivery of the energy transition, SONI must also be mindful of the threat that increased access to digital IT systems can pose in terms of cyber security. Therefore, there are also

projects relating to ongoing and new cyber security tools included within this category.

## 4.2.6 Delivery enablement & market support

4.2.6.1 As well as new digital tools to support external stakeholders, SONI's internal IT systems will require investment over the SRP27 period to ensure that SONI's staff are able to be as productive as they can be and that IT infrastructure keeps up with requirements and is not a blocker to delivery of SONI's obligations and strategy.

4.2.6.2 The growth of automation and artificial intelligence (AI) in recent years has accelerated. Use of these tools over the coming years will not be optional. Being able to harness the power of these tools is therefore vital for SONI as it seeks to enhance its position as a world class TSO. Enabling staff to develop new ways of working and rolling out these tools into processes is expected to deliver significant benefits for SONI and NI consumers.

4.2.6.3 New tools to enable SONI to engage with stakeholders such as client relationship management (CRM) tools will also enable SONI to continue the positive trend that has been demonstrated during SRP20 in terms of stakeholder satisfaction. CRM tools will enable SONI to more efficiently deliver the information and insights that stakeholders want from SONI. Coupled with automation and AI, SONI will be able to provide a world class stakeholder engagement service.

4.2.6.4 Until 2029, SONI has also been able to secure agreement from EirGrid for continued use of shared IT systems to allow SONI time to

develop its own standalone systems to comply with Licence Condition 42. The ongoing costs of maintaining this shared service are also included in the delivery enablement and market support category.

4.2.6.5 While cyber security will be vital in terms of developing new external facing digital platforms, the most likely source of any successful cyber-attack remains through mechanisms such as phishing targeting SONI's internal staff. Therefore, delivery enablement and market support also includes an element of cybersecurity costs to protect SONI's internal resources and ensure that staff are fully aware and equipped to deal with targeted cyber-attacks. This demonstrates SONI's commitment to embed cybersecurity in all that we do.

## 4.2.7 Security, resilience & sustainability

4.2.7.1 As well as IT investment, delivery of SONI's regulatory obligations and its strategy will also require investment in the physical buildings that SONI owns and maintains.

4.2.7.2 SONI's head office, Castlereagh House, which houses the main control centre for Northern Ireland, is aging and increasingly requiring remedial repairs. Rather than take a reactive approach to these repairs, SONI believes that it is more efficient and therefore in consumers interests to proactively tackle some of these issues and replace end of life assets.

4.2.7.3 As a responsible business, and in line with our sustainability strategy (Appendix J-5), there are also improvements that SONI will make to Castlereagh House to make it more



environmentally sustainable, reducing SONI's carbon footprint and potentially operational costs.

4.2.7.4 While the main SONI control room is located in Castlereagh House, to ensure that there is sufficient resilience in SONI's operations, there is also a secondary Emergency Control Centre located in Northern Ireland. This building is also in need of significant overhaul to bring it in line with current requirements.

4.2.7.5 Finally, while cybersecurity is of vital importance to SONI, physical security is also a key priority. SONI has identified several improvements that should be made to enhance the physical security of both Castlereagh House and the Emergency Control Centre, both vital strategic infrastructure for Northern Ireland.

## 4.2.8 IT separation

4.2.8.1 Following the introduction of Licence

Condition 42 into SONI's TSO licence, SONI has been undertaking a significant programme of implementation work to ensure compliance with this condition.

4.2.8.2 Licence Condition 42 states that SONI

must be managerially and operationally independent from its parent company, EirGrid, unless a derogation is sought and approved by the Utility Regulator. Operational independence includes non-staff resources such as IT systems.

4.2.8.3 Following extensive engagement with both

EirGrid and the Utility Regulator, SONI has submitted three derogation applications to the Utility Regulator. These cover the running of capacity auctions, use of corporate IT systems and operational power system IT services. All three derogation applications are time limited until 30 September 2029. These derogations are to enable SONI to develop its own operationally independent systems. The derogation applications are subject to UR approval. These approvals are expected in 2026.

4.2.8.4 Should SONI continue to use shared

systems with EirGrid past this date, it would be in breach of Licence Condition 42.

4.2.8.5 SONI is therefore progressing a programme

of work to design and build its own separate IT systems. Due to the time constraints and complexity of these projects, SONI is seeking funding during the SRP20 price control as work will need to be at an advanced stage by the commencement of the SRP27 price control in October 2027.



4.2.8.6 This category of projects is therefore included for information and SONI assumes that, as the Utility Regulator has a duty to ensure that SONI can finance its activities and SONI would be in breach of Licence Condition 42 by continuing to use EirGrid systems past 30 September 2029, reasonable and efficient costs associated with these separation projects will be approved prior to the commencement of SRP27. For costs which occur during the SRP27 period, we assume that these allowances will effectively draw down from the Unpredictable Capex and Opex allowances.

4.2.8.7 Other IT projects listed under the other categories are based on the assumption that they will be delivered in the context of SONI-only IT systems.

4.2.8.8 One of the benefits of SONI-only IT systems is that SONI will have direct control and flexibility over developments to these systems and how change requests are prioritised.



## 4.2.9 Pillar 1: Advise

4.2.9.1 The “**Advise**” pillar positions SONI as a trusted, impartial and independent source of insight for policymakers, the Utility Regulator, industry and consumers. It ensures that our decisions, evidence and insight support the delivery of the Northern Ireland Energy Strategy, accelerate decarbonisation and provide stakeholders with the confidence needed to navigate a rapidly changing electricity landscape.

### Strategic goals

4.2.9.2 The strategic goals within this pillar are:

- Be an independent, trusted advisor on electricity systems and markets.
- Develop, use, and share data and technical expertise to inform policy, provide evidence-based guidance and challenge the status quo where appropriate.
- Advise on the development of new deliverable pathways to achieve future energy goals and targets.

### Strategic delivery themes

4.2.9.3 To achieve these goals, we will focus on three strategic delivery themes:

- **Supporting the delivery of the Northern Ireland Energy Strategy:** SONI will continue working with the Department for the Economy (DfE) and other partners to support their annual Energy Strategy Action Plans and broader strategic objectives.
- **Providing expert independent advice on enabling policies:** SONI will contribute to policies relating to:
  - A more plan-led approach including greater spatial energy planning
  - System flexibility and demand-side

participation

- Interconnection and green hydrogen strategy development

4.2.9.4 **Enhancing our data offer:** SONI will

improve the robustness, accessibility and transparency of system information, including presenting the data in a user-friendly format and providing context around data to support decision-making.

## 4.2.10 How we will deliver this pillar

4.2.10.1 To ensure the “**Advise**” pillar is delivered, we are strengthening our approach across five key areas:

### 1. Strengthening partnerships with government, regulators and industry:

We will maintain strong, structured relationships with DfE, the Utility Regulator, NIE Networks, NI’s gas TSOs, market participants and community stakeholders. This includes establishing clearer engagement pathways and platforms, regular evidence-sharing and joint policy development sessions to ensure alignments across the whole system. This will require additional resourcing and tools within SONI through the additional staff requested as outlined in Chapter 5.1 Operational Expenditure, and the stakeholder engagement tools outlined in 4.2.6 (Delivery enablement & market support).

### 2. Providing data-driven analysis:

We will deliver high-quality modelling, forecasting, and system insights through transparent methodologies published assumptions and enhanced analytical tools. This includes strengthening our governance of data and ensuring evidence is communicated clearly



to inform policy and regulatory decisions. This will require projects as outlined at 4.2.5 (Enterprise digital & data platforms) as well as additional digitalisation staff outlined in Chapter 5.1 Operational Expenditure.

**3. Shaping policy in strategic areas that enable the energy transition:** We will contribute structured, evidence-based advice on the energy policies that are important for Northern Ireland’s future system, including long-duration storage, flexibility, interconnection, system services and whole-system planning across electricity and gas. This will require additional resourcing within SONI through the additional staff requested in Chapter 5.1 Operational Expenditure.

**4. Advocating a plan-led, whole system approach:** We will champion more coordinated planning models that deliver efficient outcomes for consumers, including stronger integration between electricity and gas system planning, and support the development of a spatial energy plan for Northern Ireland. This will require additional resourcing within SONI through the additional staff requested as well as new stakeholder engagement tools outlined in 4.2.6 (Delivery enablement & market support).

**5. Delivering inclusive engagement:** We will use clear communication, open consultations and deliberative engagement approaches to ensure stakeholders understand the implications and opportunities associated with policy and system decision. This includes publishing more accessible datasets and evidence summaries. This will require new tools outlined in 4.2.5 (Enterprise digital & data platforms) and new stakeholder engagement tools outlined in 4.2.6 (Delivery enablement & market support).

4.2.10.2 Through these goals, themes and delivery actions, the “Advise” pillar positions SONI as a credible, independent and forward-looking



## 4.2.11 Pillar 2: Plan

4.2.11.1 The “**Plan**” pillar prepares Northern Ireland’s electricity system for the future through robust forecasting, transparent system needs assessments and coordinated long-term planning that aligns stakeholders with clear evidence-based choices.

### Strategic goals

4.2.11.2 The strategic goals within this pillar are:

- Provide leadership in the planning the electricity system and markets, now and in the future.
- Build our research and innovation capabilities to support evidence-based decision making
- Streamline decision making and accelerate delivery

### Strategic delivery themes

4.2.11.3 To achieve these goals, SONI will focus on three strategic delivery themes:

#### 1.Meeting Northern Ireland’s future generation

**needs:** SONI will evolve demand and generation forecasting methodologies to reflect changing consumption patterns and technology adoption.

- SONI will continue to deliver the All-Island Resource Adequacy Assessment to replace the former Generation Capacity Statement and align with European best practice.
- SONI will provide evidence to support energy policy on long-duration energy storage, low-carbon inertia, and flexible services required for a decarbonised power system.

#### 2.Transmission Forecasting

- SONI will publish robust, reliable, and accessible information on future power system needs.

- SONI will maintain publication of the Ten-Year Transmission Forecast Statement, in line with licence requirements, to support investment and market planning.

#### 3.Tomorrow’s Energy Scenarios (TES)

- SONI will evolve TES to present credible net-zero pathways out to 2050, reflecting technology, policy and market uncertainties.
- SONI will use TES to inform the Transmission Development Plan for Northern Ireland and a comprehensive System Needs Assessment, aligning assumptions across stakeholders.

## 4.2.12 How we will deliver this pillar

#### 1. Maintain strong partnerships with

**government, the Utility Regulator, NIE Networks, the gas TSO and industry:** We

will run structured engagement forums with DfE, the Utility Regulator, NIE Networks, the gas TSOs and market participants to align assumptions early, coordinate interdependent milestones (e.g. the Transmission Development Plan for Northern Ireland and the Ten-Year Transmission Forecast Statement) and unlock cross-sector issues quickly. These partnerships will ensure generation adequacy assessments, transmission forecasting and scenario planning translate into coherent whole-system plans. This will require additional staff as outlined in Chapter 5.1 Operational Expenditure as well as tools outlined in 1.3.3. This stakeholder engagement will feed into tools and studies outlined in 1.3.1.



**2. Provide data-driven analysis and technical evidence to inform decision-making:** We will strengthen forecasting governance (demand, supply, flexibility and storage), publish transparent methodologies and assumption, and continue to deliver core evidence products such as the All-Island Resource Adequacy Assessment, and the Ten-Year Transmission Forecast Statement. These will be released with accessible datasets and clear change logs to support regulatory policy, and investment decisions. This will require investment as outlined in 4.2.4 (Grid operations & OTCE) and 4.2.5 (Enterprise digital & data platforms). Additionally, we will require dedicated professional services allowances each year in base operational expenditure for ongoing model validation. This is discussed in Appendix L: Opex split.

**3. Shape policy in key strategic areas that enable the energy transition:** Using our modelling and data driven evidence base, we will provide structured advice on long-duration energy storage, low carbon inertia services, flexibility and interconnection. We will also contribute to the development of a plan-led framework and spatial energy planning so that planning signals, market designs and network investment point in the same direction. This will require investment as outlined in 4.2.4 (Grid operations & OTCE) and 4.2.5 (Enterprise digital & data platforms).

**4. Advocate a more plan-led, whole system approach:** We will champion coordinated, plan-led development by linking TES outputs to TDPNI priorities and integrating electricity and gas planning assumptions where appropriate in collaboration with the Gas TSOs. This includes joint needs assessments, common scenario baselines and early cross-

network optioneering to minimise whole-system costs and accelerate delivery. This requires investment as outlined in 4.2.6 (Delivery enablement & market support)

**5. Engage transparently to ensure decisions are inclusive of all stakeholder perspectives:** We will broaden planning transparency by publishing assumptions and system-needs data earlier, using deliberative engagement with communities and industry as outlined in Chapter 3.2: Stakeholder Engagement, and clearly setting out the implications and opportunities of planning choices. Feedback loops from consultations will be visibly reflected in updated datasets, scenarios and plan sequencing. This will require new tools outlined in 4.2.6 (Delivery enablement & market support)





## 4.2.13 Pillar 3: Deliver

4.2.13.1 The “**Deliver**” pillar focuses on implementing the infrastructure and operational changes required to advance Northern Ireland’s energy transition. It centres on coordinated timely delivery of grid reinforcements, system upgrades and market-ready capabilities, supported by strong collaboration with communities, industry and government. Through this pillar, SONI will ensure that the essential projects underpinning a secure, decarbonised electricity system are delivered efficiently, safely and transparently.

### Strategic Goals

4.2.13.2 The strategic goals within this pillar are:

1. Accelerate our delivery performance, ensuring the appropriate systems, resources and timescales are in place.
2. Balance the transition to new systems in safe, secure and just way.
3. Deliver the transition in collaboration with communities and stakeholders, creating shared goals across the energy sector.

### Strategic delivery themes

4.2.13.3 To achieve these goals, SONI will focus on three strategic delivery themes:

#### 4.2.13.4 Deliver the Shaping Our Electricity Future (SOEF) Roadmap:

- The roadmap identifies the transformation required for Northern Ireland to achieve its renewable ambitions.
- It covers four key areas: Operations, Networks, Markets and Engagement.
- SONI will continue to work with the SOEF Advisory Council ensuring the roadmap

remains evidence-based, deliverable and aligned with stakeholder priorities.

#### 4. Deliver the Transmission Development Plan Northern Ireland (TDPNI):

- The TDPNI sets out the network reinforcements and upgrades required over a 10-year horizon to support system security, affordability and increased renewable integration.
- SONI is progressing a wider Action Plan for Change to shorten development timelines and move towards a more plan-led approach. This includes the introduction of the Joint Programme Management Office (JPMO) with NIE Networks, the coordinated delivery engine for all transmission infrastructure. The JPMO provides a single end-to-end programme for all transmission projects needed to meet Northern Ireland’s renewable targets. The JPMO strengthens delivery by improving coordination between SONI and NIE Networks, enhancing transparency, and providing clear governance, milestones and issue-resolution processes. This integrated approach reduces whole-system costs, increases delivery confidence and aligns strongly with the Utility Regulators priorities for collaboration, innovation and whole system coordination.
- Collaboration with NIE Networks and the Utility Regulator will be crucial to streamline approvals and accelerate delivery

#### 5. Implement the Operational Policy Roadmap:

- The Operational Policy Roadmap sets out the operational upgrades required to

securely run a high-renewables system. The roadmap itself is directional rather than prescriptive, each step identified will require its own business case, project plan and funding before implementation.

- Refreshed every two years, it identifies the specific projects, capabilities and market arrangements needed.
- SONI will deliver key projects such as
- Low Carbon Inertia Services
- Future Arrangements of System Services
- Long Duration Energy Storage
- Scheduling and Dispatch enhancements



## 4.2.14 How we will deliver this pillar

### 1. Maintaining strong partnerships across

**industry:** We will coordinate delivery through shared governance structures, including the JPMO, SOEF Advisory Council and structured engagement with DfE and the Utility Regulator. This will ensure that there is alignment across approvals, planning assumptions, project sequencing and statutory responsibilities.

### 2. Data-driven analysis and technical evidence

**to support delivery choices:** We will use robust evidence, from Tomorrows Energy Scenarios, All-Island Resource Adequacy Assessment, Transmission Development Plan NI and operational studies to inform prioritisation and investment planning. By having clear, accessible reporting it will support understanding across government, the Utility Regulator and communities. These studies will require investments outlined in 4.2.4 (Grid operations & OTCE).

### 3. Shaping policy in key strategic areas:

We will use robust evidence, from Tomorrows Energy Scenarios, All-Island Resource Adequacy Assessment, Transmission Development Plan NI and operational studies to inform prioritisation and investment planning. By having clear, accessible reporting it will support understanding across government, the Utility Regulator and communities. These studies will require investments outlined in 4.2.4 (Grid operations & OTCE).

### 4. Engaging transparently to ensure all

**stakeholder perspectives are considered:**

We will embed the Public Engagement Model and Landowner Charter across the full project

lifecycle, ensuring communities understand the implications and opportunities associated with new infrastructure. Quarterly JPMO updates and TDPNI publications will enhance visibility and accountability. This will require investments outlined in 4.2.6 (Delivery enablement & market support).

**5. Accelerating delivery through enhanced programme management:** We will use the JPMO to coordinate delivery across organisations. SONI will apply structured stages, risk tracking and performance dashboards. SONI will introduce acceleration plans for critical reinforcements and improve internal and external processes to reduce delays and move towards a more pro-active plan-led model. This will require investments listed in 4.2.5 (Enterprise digital & data platforms) and 4.2.6 (Delivery enablement &

market support).

## **6. Operational improvements and infrastructure**

**upgrades:** We will deliver the reinforcements, system-service reforms and operational capabilities required for a secure, decarbonised system, which is supported by clear resources, achievable timelines and ongoing monitoring. This will require investments outlined in 4.2.8 (IT separation) and 4.2.4 (Grid operations & OTCE).

4.2.14.1 The deliver pillar brings together programme management, community partnership, evidence decision-making and whole system coordination to ensure that Northern Ireland's energy transition can be achieved safely and at pace.





## 4.2.15 Pillar 4: Operate

4.2.15.1 The “**Operate**” pillar is focused on managing the power system safely and reliably in real time, while evolving SONI’s capabilities, tools, data and markets to manage a more complex and highly renewable system.

### Strategic Goals

4.2.15.2 The strategic goals within this pillar are:

- Operate the power system safely, reliably, and economically and on a continuous basis.
- Develop and implement new capabilities, technologies, and operational tools to ensure maximum efficiency and effectiveness for a net zero power system.
- Improve data accessibility for everyone throughout the wider energy system by focusing on collaboration and data exchange, with a commitment to good data quality and data governance.

### Strategic delivery themes

4.2.15.3 To achieve these goals, SONI will focus on three strategic delivery themes:

#### 1. Security of Supply

- SONI will maintain safe, secure and efficient system operation aligned with best practice
- SONI will continue improving energy planning and resilience
- SONI will collaborate with government and the Utility Regulator on a strategic security of supply programme
- SONI will work with industry to ensure timely delivery of new generation and demand flexibility initiatives to manage peak loads

#### 2. Efficient Operation of the Market

- In partnership with EirGrid, SONI will continue to operate the All-Island Single Electricity Market (SEM)
- SONI will deliver critical functions like auctions and settlements
- SONI will implement the Strategic Markets Programme (covering EU Internal Energy Market integration and balancing market reform) and other All-Island Programmes as determined by the SEM Committee.
- SONI will use its expertise to advocate for market reforms to improve outcomes for consumers

#### 3. Future Arrangements of System Services

- SONI will implement new system services arrangements as set out by the SEM Committee with the aim of supporting 80% RES-E by 2030.

## 4.2.16 How we will deliver this pillar

4.2.16.1 We will maintain rigorous control-room standards which will be supported by enhanced monitoring and strengthened contingency planning. This will ensure the system can respond effectively to changing conditions, including higher penetrations of renewables and increasing operational complexity. This will require investments as outlined in 4.2.4 (Grid operations & OTCE) and 4.2.8 (Security, resilience & sustainability).

**1. Real time excellence:** We will maintain rigorous control-room standards which will be supported by enhanced monitoring and strengthened contingency planning. This will ensure the system can respond effectively to changing conditions, including higher

penetrations of renewables and increasing operational complexity. This will require investments as outlined in 4.2.4 (Grid operations & OTCE) and 4.2.8. (Security, resilience & sustainability).

**2.Modernise operational tooling:** We will upgrade and integrate forecasting, scheduling and dispatch decision support tools to reflect the evolving needs of a decarbonised system. This includes developing improved visibility of energy resources, flexibility providers and emerging technologies. Enhanced modelling, analysis and real-time automation will support more accurate operational decisions and allow us to manage new risks while maximising the value of renewable electricity. This will require delivery of the projects outlined in 4.2.4 (Grid operations & OTCE).

**3.** We will advance our digitalisation commitments by improving data quality, accessibility and cyber resilience, ensuring operational and market data is robust and trusted. Clearer near real-time information will be made available to market participants and stakeholders to support decision-making, encourage competition, and enhance visibility of system conditions. Strengthening governance processes and transparent reporting will support accountability and build enhanced confidence in our decision-making. This requires the projects outlined in 4.2.5 (Enterprise digital & data platforms).

**4.Collaborative operations:** We will maintain engagement with industry, statutory partners and the Utility Regulator to ensure operational decision reflect Northern Ireland's decarbonisation pathway and consumer interest. This includes regular forums, targeted consultations and evidence-based discussions that ensure a shared understanding of

system needs, operational constraints and emerging challenges. Through collaborative operational planning, we will support efficient implementation of policy, regulatory and market changes. These actions will strengthen the foundation needed for a secure, flexible and decarbonised electricity system. By combining real-time excellence, modernised tools, strong regional coordination, transparent and data and consistent collaboration, we will ensure that Northern Ireland electricity system continues to operate safely, securely, efficiently and in line with the ambitions of the energy transition. This requires additional staff resources as outlined in Chapter 5.1 Operational Expenditure and delivery of new platforms identified in 4.2.5 (Enterprise digital & data platforms). and 4.2.6 (Delivery enablement & market support).



## 4.2.17 Measuring delivery

4.2.17.1 As well as delivering, SONI must be able to demonstrate delivery and show how its actions benefit the interests of NI consumers.

4.2.17.2 SONI has developed a new set of Key Performance Indicators (KPIs) which are outlined in Chapter 6.4 Key Performance Indicators. These new KPIs directly tie back to SONI's actions and provide a quantitative measure of how SONI is fulfilling its roles.

4.2.17.3 Additionally, Chapter 6.3: Evaluative Performance Framework outlines SONI's proposed amendments to the Evaluative Performance Framework (EPF) introduced in SRP20. SONI proposes to continue with the EPF in SRP27.

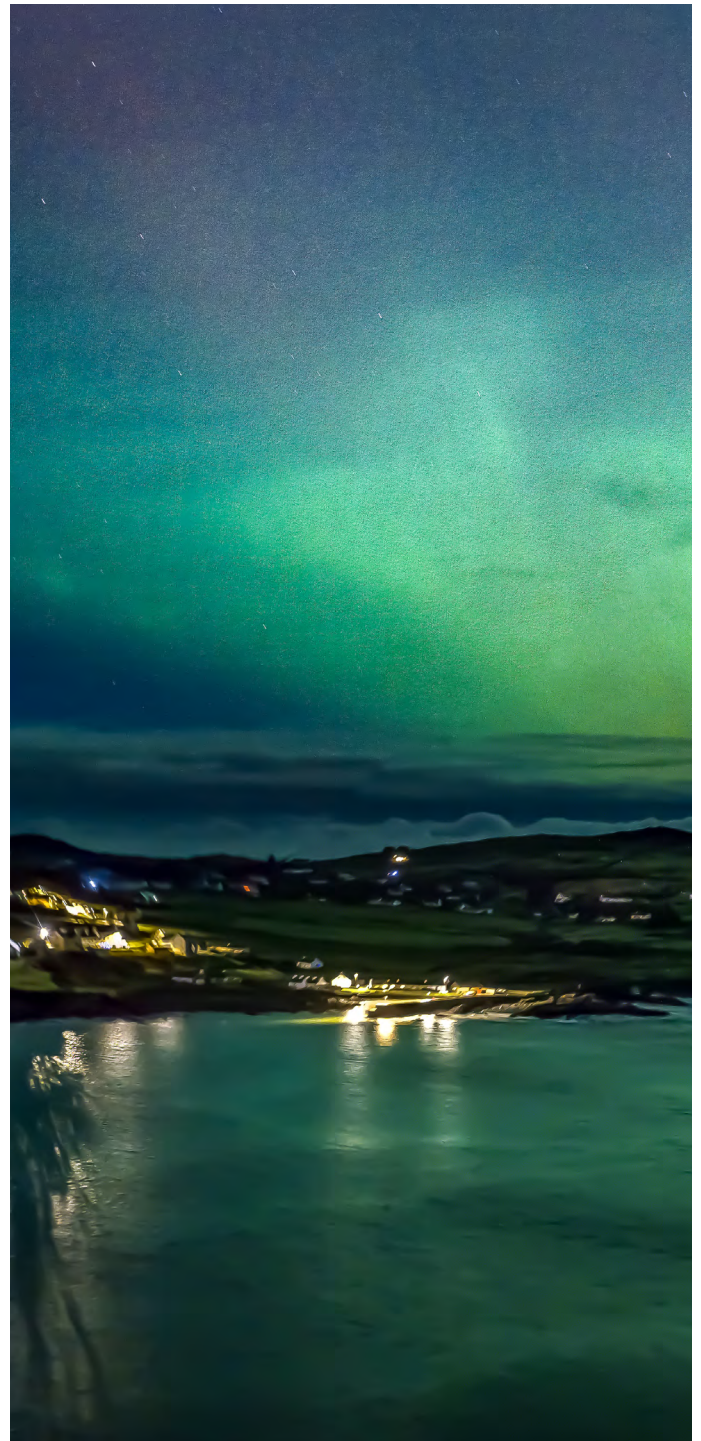
4.2.17.4 A key part of the EPF process is the development of annual Forward Work Plans (FWP) and the ex-post evaluation of delivery against these FWP projects. The independent EPF Panel score SONI on the ambition and delivery of these FWP projects and SONI receives a financial incentive based on the outturn of this panel assessment.

4.2.17.5 This process creates a vehicle for the ongoing tracking of delivery of the SONI Strategy, as well as a financial incentive for good performance.

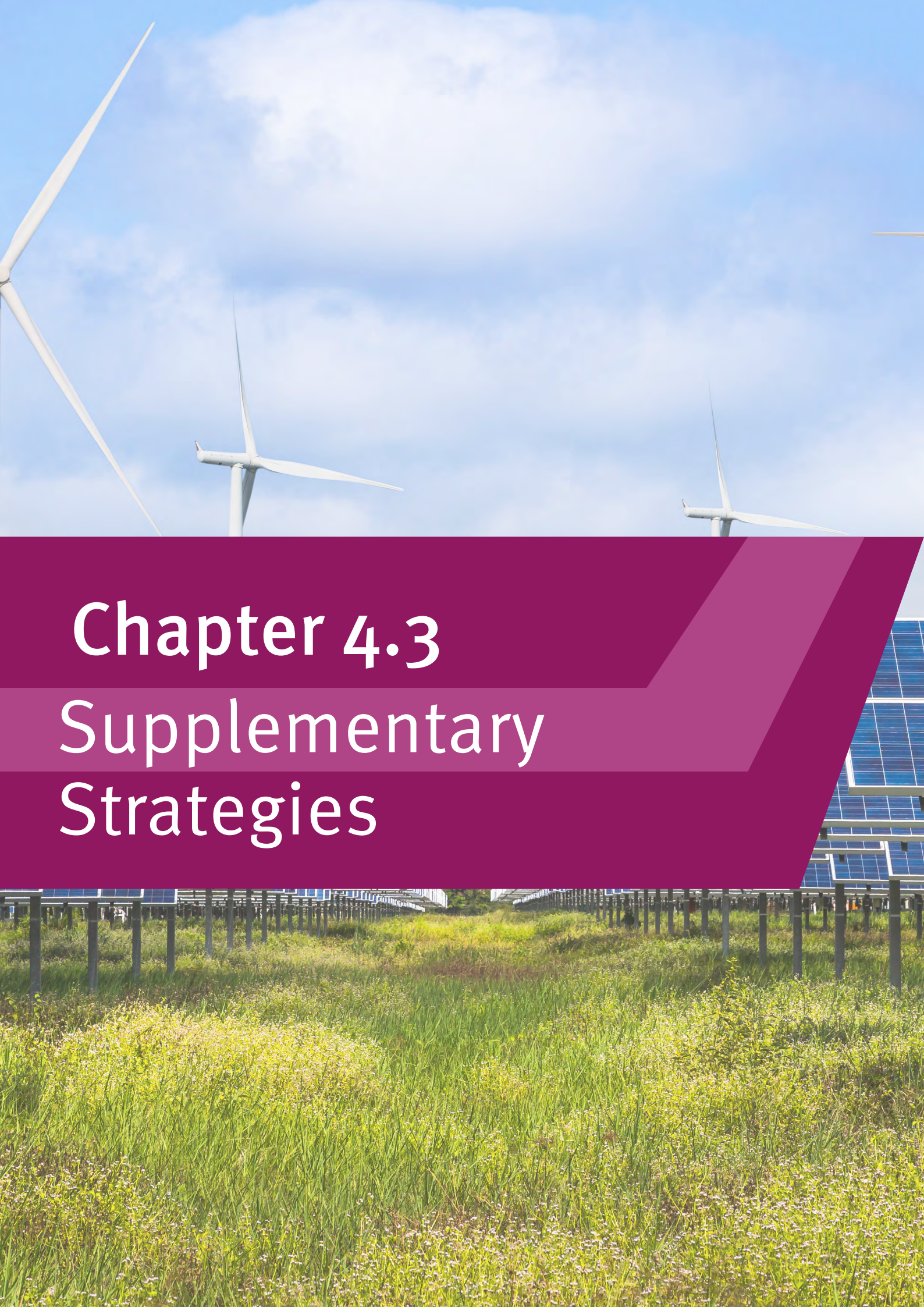
4.2.17.6 Finally, as outlined in Chapter 6.2 Uncertainty Mechanism Process, SONI also proposes to continue the Stakeholder Advisory & Challenge Group established as part of the development of the SRP27 Business Plan. SONI will use this forum to present detailed business cases for projects outlined in section 1.3 and gain stakeholder feedback on

these proposals. This will enable continued stakeholder engagement and assurance that SONI's actions are in line with the SONI strategy and the requirements of SONI's stakeholders.

4.2.17.7 Ongoing reporting will also continue to be provided through the Regulatory Instructions & Guidance (RIGs) process outlined in the SONI licence.







# Chapter 4.3

## Supplementary Strategies

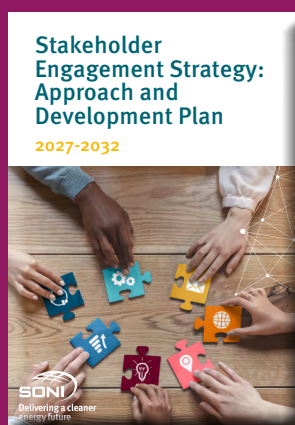
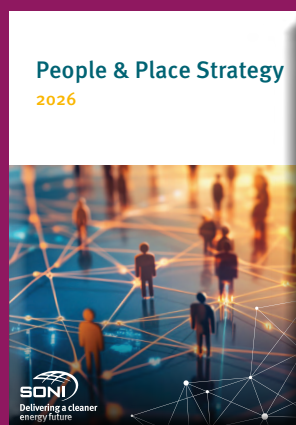


## 4.3.1 Introduction

4.3.1.1 This section summarises the suite of supplementary strategies that SONI has in place in preparation of the SRP27 Business Plan. These papers set the foundations for the actions we need to progress during the SRP27 period. The suite of strategies includes those that the Utility Regulator indicated in its approach paper that it would expect to see.

### SONI Suite of Strategies

Click the thumbnails below to view each of our Strategies:



## 4.3.2 Innovation & Research

### 4.3.2.1 SONI's Innovation and Research Strategy

sets out how the organisation will accelerate innovation to support Northern Ireland's transition to a secure, reliable, and net-zero electricity system. The strategy responds to ambitious climate legislation requiring 48% emissions reduction by 2030, net zero by 2050, and 80% renewable electricity consumption by 2030. To meet these targets, SONI must manage unprecedented system change driven by electrification, increased renewable & Research generation, and evolving consumer behaviours.

4.3.2.2 The strategy aims to strengthen SONI's ability to innovate at greater pace and scale, building on its existing leadership in renewable integration, which is currently capable of operating the system with up to 75% renewable generation at any moment. It outlines SONI's commitment to enhanced collaboration, evidence-based decision-making, and continuous improvement as part of the SONI Strategy 2025-2031.

4.3.2.3 To achieve this, SONI establishes three core foundations:

- **Innovation Environment** - creating a culture and infrastructure that empower staff and partners through initiatives such as a Research Forum, Innovation Champions, expanded collaboration spaces, digital innovation tools, enhanced training, and diversified funding.
- **Innovation Framework** - strengthening governance, processes, and tools to deliver innovation consistently and at scale.

- **Collaboration & Partnerships** - deepening engagement with stakeholders, research institutions, and industry to co-develop future system solutions.

4.3.2.4 The strategy identifies several Strategic Innovation Programmes essential for enabling a future net-zero power system, including flexible network technologies, consumer-centred energy solutions, pathways to operating at 100% SNSP, advanced control centre capabilities, renewable export opportunities (such as hydrogen), and preparation for offshore multipurpose HVDC grids.

4.3.2.5 Finally, SONI commits to publishing an Annual Innovation Report and refreshing this strategy as technologies, system needs, and regulatory frameworks evolve, ensuring Northern Ireland remains on track to deliver a resilient, affordable, and decarbonised electricity system. For further information on this, please see Appendix J-1: Innovation and Research Strategy.

## 4.3.3 Stakeholder Engagement Approach and Development Plan

4.3.3.1 SONI's Stakeholder Engagement Strategy 2027-2032: Approach and Development Plan, sets out a strengthened, organisation-wide approach to engaging stakeholders as Northern Ireland undertakes a significant transformation of its electricity system. Developed in close collaboration with stakeholders and aligned with SONI's Strategy 2025-2031, the strategy recognises that achieving Northern Ireland's renewable energy and net-zero ambitions requires a



whole-system, whole-society effort.

4.3.3.2 In developing our new five-year stakeholder engagement strategy, SONI emphasises the importance of ensuring it is informed by the experiences and learnings from the current 2024–2026 Stakeholder Engagement Strategy, as it has been rolled out over its two-year implementation period. The development timeline outlined in the accompanying Approach and Development Plan has been intentionally designed to allow SONI to draw on these insights, alongside feedback gathered through extensive engagement with stakeholders, including the Stakeholder Advisory Challenge Group (SACG). This process will also incorporate an independent audit of the current strategy, benchmarked against energy-industry best practice and supported by meaningful engagement both internally and externally. SONI is targeting finalisation and publication of the new Stakeholder Engagement Strategy 2027-2032 in September 2026.

4.3.3.3 The strategy approach and development plan reflects insights gathered through one-to-one consultations with key partners, Expert Panel feedback under the Evaluative Performance Framework, and internal workshops involving newly appointed Stakeholder Champions. Engagement will continue throughout 2026 to shape the final published strategy.

4.3.3.4 SONI has mapped its stakeholders into three core groups:

- Society
- Industry
- Statutory

4.3.3.5 SONI acknowledges that each plays an essential role in shaping Northern Ireland's cleaner, affordable and more secure energy

future. As Northern Ireland's Transmission System Operator, SONI must both operate today's grid reliably and plan major upgrades required for the energy transition. Effective, meaningful and transparent engagement is central to achieving these outcomes.

4.3.3.6 SONI commits to five engagement principles:

- Inclusive engagement across all groups
- Transparent communication about decisions and influence
- Responsive interactions tailored to stakeholder needs
- Proactive collaboration to co-develop solutions
- Closing the loop by demonstrating how stakeholder input shapes outcomes

4.3.3.7 To ensure organisational readiness and delivery, SONI will embed the strategy internally through staff competency objectives, the creation of Stakeholder Champions, a centralised CRM system and an annual Stakeholder Engagement Action Plan. Performance will be measured through an Annual Engagement Evaluation Framework, combining quantitative and qualitative indicators, surveys, sentiment analysis and case studies. SONI will set a stakeholder satisfaction KPI, benchmarked against comparable Transmission System Operators, and publish results annually.

4.3.3.8 Through this comprehensive and iterative approach, culminating in the strategy's publication in September 2026, SONI aims to build trusted, long-term relationships with stakeholders to enable the successful transformation of Northern Ireland's electricity system. For further information on this, please see Appendix J-2: Stakeholder Engagement Strategy: Approach and Development Plan.

## 4.3.4 People & Place

4.3.4.1 The SONI People & Place Strategy outlines SONI's vision for developing its people, culture, and workplace to support delivery of the wider SONI Strategy 2025-2031, which aims to meet Northern Ireland's evolving energy needs safely, reliably, and sustainably. The strategy positions people, capability, and organisational culture as essential enablers of SONI's mission.

4.3.4.2 The People & Place Strategy focuses on strengthening organisational capacity, improving employee experience, and enhancing systems and processes to support evidence-based decision-making and efficient operational delivery. It aligns with SONI's ambition to lead the transformation of the electricity system while ensuring staff are equipped, supported, and empowered.

4.3.4.3 For the period 2025–2029, SONI identifies five core strategic goals:

- Drive excellence & innovation by modernising HR systems, enhancing operational efficiency, and leveraging digital tools.
- Grow organisational capability by expanding the workforce through strategic talent acquisition, early-career pathways, and targeted capability building aligned with SONI's governance model.
- Enhance the employee experience through wellness, engagement, diversity and inclusion initiatives, and a safe, modern working environment.
- Invest in staff development through robust learning and development programmes, leadership training, apprenticeships, coaching, and succession planning.
- Strengthen the employee value proposition

(EVP) by ensuring competitive reward and benefits, building trust, and promoting a culture where staff feel valued.

4.3.4.4 The strategy sets out Key Strategic Milestones, including:

- Achieving ISO accreditation for health, safety and environment systems
- Meeting talent acquisition targets
- Developing SONI-specific learning and development programmes
- Implementing SONI-specific HR systems
- Enhancing employee wellbeing through targeted programmes.

4.3.4.5 The People & Place Strategy sets a clear pathway for SONI to strengthen organisational resilience and capability by investing in staff, enhancing the employee experience, modernising systems, and building a culture that supports long-term strategic success. For further information on this, please see Appendix J-3: People & Place Strategy.

## 4.3.5 Governance, Risk & Compliance

4.3.5.1 The SONI Governance, Risk & Compliance (GRC) Strategy sets out an integrated framework to ensure SONI delivers its strategic ambitions responsibly, transparently and in compliance with all legal and regulatory obligations. The strategy embeds “GRC by Design,” ensuring governance, risk and compliance principles are built into SONI's systems, processes and culture from the outset.

4.3.5.2 The Strategy aligns SONI's governance model with the UK Companies Act 2006, SONI's TSO Licence and the UK Corporate Governance Code. The Board maintains

oversight of strategy, risk, regulatory submissions and financial performance, supported by a clear decision-making framework and strong ethical standards for directors and employees.

4.3.5.3 The Three Lines of Defence model underpins SONI's assurance framework. Operational teams own and manage risks; second-line functions, including GRC, Legal, Regulation and Health & Safety, provide oversight and challenge; and Internal Audit delivers independent assurance to the Audit & Risk Committee and Board. This ensures risks are consistently identified, assessed and monitored.

4.3.5.4 The Enterprise Risk Management Framework (ERMF) guides SONI's approach to risk identification, assessment, mitigation and escalation. Annual review of Risk Appetite by the Executive Team and Board sets clear boundaries for risk-taking, while the Business Resilience Framework supports crisis preparedness and response. Principal risks and mitigation progress are reviewed quarterly.

4.3.5.5 Compliance is maintained through a consolidated register of statutory and regulatory obligations, annual review of key GRC policies, mandatory training on ethics and governance, and ongoing internal and external audit activity. Regular reporting ensures transparency and provides assurance to the Executive Team, Audit & Risk Committee and Board.

4.3.5.6 Overall, the Strategy embeds accountability, resilience and regulatory rigor across SONI. By unifying governance, risk and compliance within a single coherent framework, SONI is

positioned to deliver a secure, sustainable and consumer-focused electricity system for Northern Ireland. For further information on this, please see Appendix J-4: Governance, Risk & Compliance Strategy.

## 4.3.6 Sustainability

4.3.6.1 The SONI Sustainability Strategy sets out SONI's long-term vision for delivering a low-carbon, resilient and socially responsible electricity system for Northern Ireland. As the Transmission System Operator (TSO), SONI plays a central leadership role in enabling the energy transition, supporting decarbonisation and ensuring a secure, affordable and sustainable electricity supply. The strategy is framed by a strong focus on Environmental, Social and Governance (ESG) principles and aligns with the UN Sustainable Development Goals<sup>3</sup>, with a primary focus on SDG 13 Climate Action.

4.3.6.2 SONI emphasises that Northern Ireland's energy transition must be environmentally effective, socially fair and inclusive. The organisation recognises that decarbonisation will impact people, communities and businesses, and commits to ensuring that benefits are shared, barriers are minimised and diverse perspectives shape decision-making. Sustainability is embedded into SONI's planning, operations and engagement activities.

4.3.6.3 The strategy is built around four key pillars:

- Working in partnership across the energy ecosystem to deliver decarbonisation.
- Driving climate action by enabling a smart, flexible, low-carbon electricity system and reducing SONI's own Scope 1 and 2 emissions

<sup>3</sup> THE 17 GOALS | Sustainable Development



while expanding Scope 3 monitoring.

- Supporting a sustainable society through education, skills, community engagement and diversity and inclusion initiatives.
- Embedding responsible business practices across procurement, resource use, governance and reporting.

4.3.6.4 SONI will continue to collaborate with the Utility Regulator, Department for the Economy, NIE Networks, EirGrid, Gas TSOs, academia, communities, consumers and education providers. This collaboration ensures that SONI's actions are evidence-based, informed by diverse perspectives and aligned with broader sustainability goals.

4.3.6.5 Overall, the SONI Sustainability Strategy 2026-2032 reaffirms SONI's commitment to leading Northern Ireland's transition to a secure, low carbon energy system. A system that delivers environmental benefits, supports society and strengthens economic resilience while upholding transparency and responsible business practices. For further information on this, please see Appendix J-5: Sustainability Strategy.

## 4.3.7 Digital

4.3.7.1 SONI's Digital Strategy outlines how the organisation will become a modern, independent, and digitally capable Transmission System Operator. It focuses on building stable digital foundations, improving efficiency, and enabling innovation across the organisation.

4.3.7.2 The strategy is delivered across three horizons:

- **Horizon 1 (2026 - 2028):** Establish SONI's independent digital environment, deploy core systems, and stabilise operations.
- **Horizon 2 (2028 - 2029):** Standardise

processes, scale digital adoption, and introduce automation and low-code solutions.

- **Horizon 3 (2029 - 2031+):** Expand analytics and AI, enhance stakeholder engagement, and embed continuous improvement and transparency.

4.3.7.3 SONI's priorities include digitising business processes, improving collaboration, creating better user and stakeholder experiences, and building a strong digital culture. Key challenges include inconsistent digital literacy, fragmented manual processes, and the need for stronger governance and regulatory assurance.

4.3.7.4 Five strategic objectives guide the transformation:

- Understand and update all business processes.
- Standardise and simplify workflows.
- Maximise responsible artificial intelligence (AI) adoption.
- Strengthen enterprise governance and architecture.
- Expand digital engagement with the public and stakeholders.

4.3.7.5 Overall, the strategy aims to create a digitally mature, efficient, insight-driven SONI that operates transparently and confidently in a modern energy system. For further information on this, please see Appendix J-6 Digitalisation Strategy.

4.3.7.6 SONI is not releasing its Digital Strategy publicly because it contains sensitive information that, if disclosed, could undermine the security and resilience of Northern Ireland's electricity system.

## 4.3.8 Cyber Security

4.3.8.1 The SONI Cyber Security Strategy (2026-2029) establishes our pathway to delivering a compliant, resilient, and independently governed cyber security capability as it completes IT separation from EirGrid. The strategy aligns with UK regulatory expectations, prepares for future Critical National Infrastructure (CNI) requirements, and outlines how SONI will govern, protect, detect, and respond to cyber threats affecting essential electricity system operations.

4.3.8.2 SONI is not releasing its Cyber Security Strategy publicly because it contains sensitive information that, if disclosed, could undermine the security and resilience of Northern Ireland's electricity system.

## 4.3.9 IT

4.3.9.1 The SONI IT Strategy sets out how we will build a secure, modern, and resilient technology environment as it becomes fully independent from EirGrid. IT is positioned as a core enabler of system security, regulatory trust, operational readiness, and future energy-system transformation.

4.3.9.2 Similar to the Digital Strategy, the IT strategy is delivered across three horizons:

- Horizon 1 (2026 - 2028): Establish SONI's independent IT estate, deploy core systems (HR, Finance, CRM, GRC, Procurement), strengthen baseline cybersecurity, and ensure a stable, secure Day 1 transition.
- Horizon 2 (2028 - 2029): Mature IT operations through Information Technology Library aligned processes, improved monitoring, vendor governance,

and increased automation and standardisation.

- Horizon 3 (2029 - 2031+): Move toward predictive, automated, AI enabled IT operations with advanced cybersecurity, real-time regulatory dashboards, and optimised cloud hosting.

4.3.9.3 Key challenges include gaps in digital skills, fragmented legacy systems, an evolving IT operating models, limited automation, cybersecurity maturity level and vendor management issues.

4.3.9.4 To address these, the strategy focuses on five priority areas:

- Enable independent and reliable operations.
- Establish an efficient and scalable IT operating model.
- Strengthen governance, security, and compliance.
- Maximise adoption, automation, and innovation.
- Act as a strategic business partner

4.3.9.5 Overall, SONI aims to evolve into a digitally empowered, insight-driven Transmission System Operator, operating with strong cyber resilience, efficient processes, modern platforms, and a trusted IT/business partnership.

4.3.9.6 SONI is not releasing its IT Strategy publicly because it contains sensitive information that, if disclosed, could undermine the security and resilience of Northern Ireland's electricity system

## 4.3.10 Data

4.3.10.1 The SONI Data Strategy sets out how SONI will transform data into a strategic organisational asset that enables reliable operations, regulatory confidence, and insight-driven decision-making. As SONI moves into SRP27, high-quality, trusted, and well-governed data becomes more essential for planning, forecasting, market operations, and supporting Northern Ireland's transition to a sustainable energy system.

4.3.10.2 In line with the Digital and IT strategies, the Data strategy follows three horizons:

- **Horizon 1 (2026-2028):** Build SONI's data foundations—define governance, migrate inherited data securely, improve quality, document lineage, and set up the cloud data platform.
- **Horizon 2 (2028-2029):** Unify and standardise data across operational, market, and corporate domains; embed governance; and enable secure self-service analytics and reporting.
- **Horizon 3 (2030-2031+):** Deliver advanced analytics, automation, predictive insights, and AI-enabled decision-making to optimise operations and enhance regulatory transparency.

4.3.10.3 Key challenges include improving data quality, unclear lineage, fragmented tools, improving reporting processes, limited data literacy, and the need for strong governance across high-assurance operational systems.

4.3.10.4 To address these, the strategy focuses on five priority areas:

- **Data-driven decision-making:** Treating data as an asset with clear KPIs, metadata management, and improved literacy.

- **Operational efficiency:** Integrating data via standard APIs and scalable cloud architectures.

- **Data governance:** Establishing stewardship, ownership, standards, dictionaries, and quality controls.

- **Reporting & analytics:** Cloud-first reporting, automated dashboards, and consistent insights.

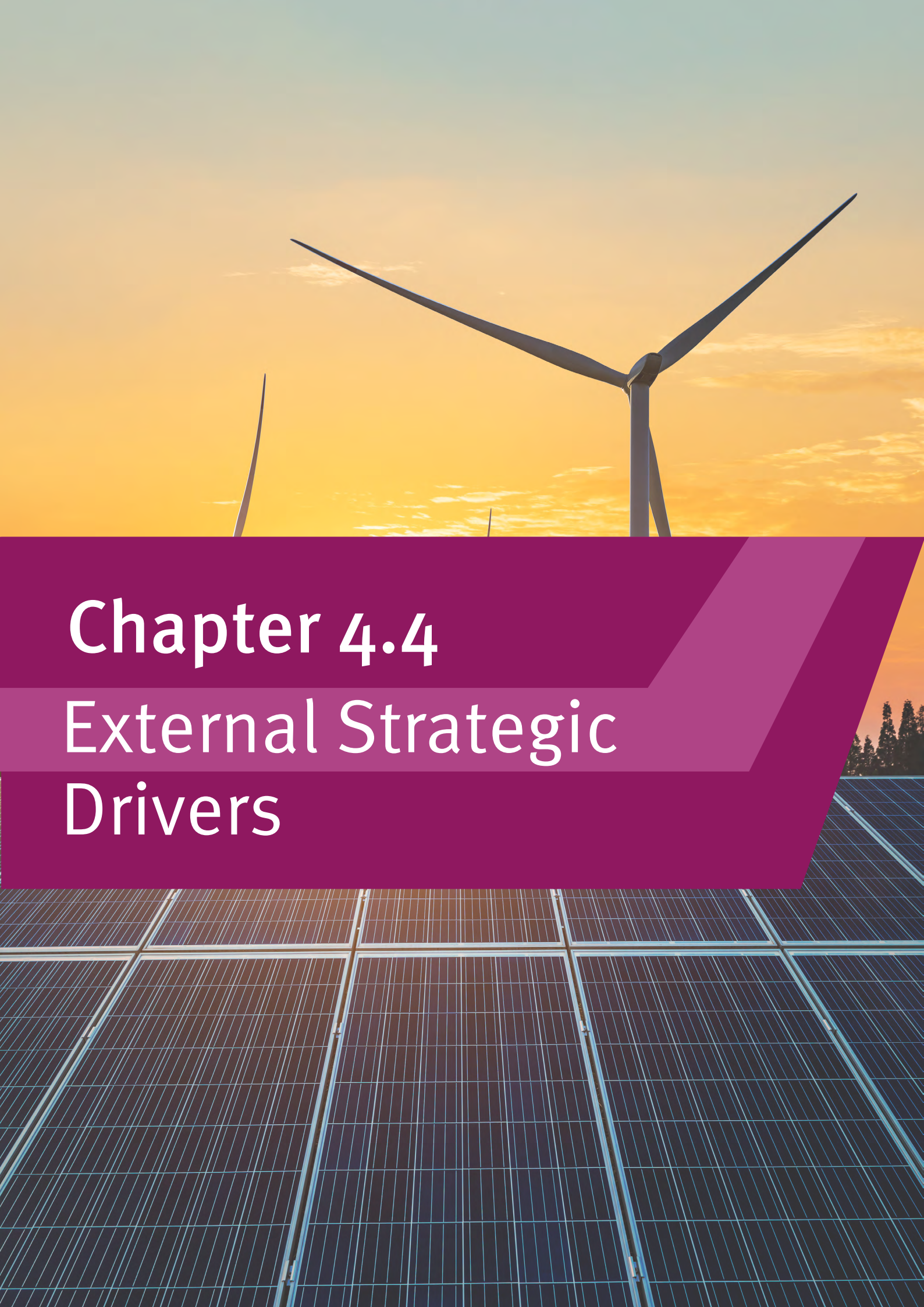
- **Secure & accessible data:** Role-based access, encryption, secure cloud platforms, and controlled remote access.

4.3.10.5 Overall, SONI aims to evolve into a mature, insight-driven TSO with trusted, secure, high-quality data underpinning all operational, market, and regulatory activities.

4.3.10.6 SONI is not releasing its Data Strategy publicly because it contains sensitive information that, if disclosed, could undermine the security and resilience of Northern Ireland's electricity system.







# Chapter 4.4

## External Strategic Drivers

## 4.4.1 Executive summary

4.4.1.1 SONI operates within an uncertain landscape of energy policy and technology changes. As a trusted advisor to government and the Utility Regulator, we proactively input to the development of energy policy within Northern Ireland by using our expertise and experience to set out the roadmap to achieve aspirations within the context of our power system.

4.4.1.2 The introduction of the Climate Change (NI) Act 2022<sup>4</sup> sets out significant and ambitious legally binding targets for decarbonisation, renewable electricity generation and carbon budgets out to 2050. The NI Energy Strategy<sup>5</sup> also sets out targets for renewable electricity by 2030.

4.4.1.3 There remains significant energy policy uncertainty around how these targets will be delivered. For example, heat policy in Northern Ireland is still to be developed, and schemes such as the Renewable Electricity Price Guarantee are still to be implemented.

4.4.1.4 Additionally, as the Single Electricity Market looks to recouple with the wider European market with the introduction of the Celtic Interconnector, changes to the Internal Electricity Market will become more relevant to Northern Ireland over the SRP27 period.

4.4.1.5 During SRP20, Licence Condition 42 regarding SONI's governance was introduced, and implementation of this continues and is expected to continue throughout the first half of SRP27 (assuming the derogation

applications made to the Utility Regulator are approved).

4.4.1.6 Currently, unlike other comparator UK regulators, the Utility Regulator is unable to consider wider government policy, particularly around the Climate Change (NI) Act 2022 in its decision-making. This means that SONI faces challenges in progressing projects specifically to support decarbonisation unless other project benefits can be identified.

4.4.1.7 The Department for the Economy<sup>6</sup> consulted on changes to the Utility Regulator's vires during SRP20. While changes resulting from this consultation have not been made to date, SONI anticipates that there will be some amendment to the Utility Regulator's legal framework before or during SRP27.



<sup>4</sup> Climate Action Change (NI) Act 2022

<sup>5</sup> NI Energy Strategy

<sup>6</sup> DEE Consultation



## 4.4.2 Structure of Chapter

4.4.2.1 This chapter sets out the significant external strategic drivers that SONI faces both now and into the future. We have grouped these drivers into a number of themes including:

- Implementation of Licence Condition 42
- International context
- Northern Ireland's energy transition
- What could 2032 look like?
- SONI's approach
- Building the grid of the future

## 4.4.3 Implementation of Licence Condition 42

4.4.3.1 The external driver that has had the strongest direct impact on the shape of SONI's business over recent years is the introduction of Condition 42 to the SONI TSO Licence.

4.4.3.2 Licence Condition 42 required the establishment of an independent SONI Board (in place from October 2023) and a new independent management team (fully in place from December 2024). Licence Condition 42 also requires SONI to operate independently from EirGrid from October 2026, unless we have obtained approval for a derogation from Licence Condition 42 from the Utility Regulator to deliver an output jointly.

4.4.3.3 SONI is building the capability to deliver this obligation to operate independently via a multiple track approach through uncertainty mechanism submissions. The first resource request submitted to the Utility Regulator (Track 1) covered the initial separation work and activities (mainly business support

functions) that were straightforward to implement. This funding request covered staff costs and was submitted in August 2024. A final decision from the Utility Regulator was received in June 2025.

4.4.3.4 A funding submission for further staff costs (Track 2, see suite of appendices O) was submitted in October 2025 and SONI received a final decision on this in February 2026. Track 2 covered both pure separation costs and future-proofing the SONI business to support delivery of the SONI Strategy 2025-31 (see Chapter 4.1). This was deemed a more efficient approach than trying to separate pure Licence Condition 42-driven roles and wider business improvement roles and will deliver the capability that SONI needs to ensure compliance and meet the ambitions set out in the SONI Strategy 2025-2031.

4.4.3.5 The final decision from the Utility Regulator in February 2026 only considered part A of the Track 2 submission, relating primarily to Licence Condition 42-driven roles. The Utility Regulator deferred part B for consideration as part of the SRP27 Business Plan. To this end, SONI has included all of the Track 2 (parts A and B) roles in the SRP27 submission, however, has reprofiled the start date for different roles to account for the delay to being able to begin recruitment of part B.

4.4.3.6 Following extensive discussion with EirGrid and the Utility Regulator, SONI has requested three derogations from Licence Condition 42 from the Utility Regulator. These derogations largely cover IT systems which are currently shared by SONI and EirGrid. The derogation requests cover the period to October 2029, by which point it is envisaged that SONI will have its own independent corporate and



power system IT capability and systems. The derogation requests also covers execution of the auctions under the SEM Capacity Remuneration Mechanism.

4.4.3.7 To begin building these independent IT systems, SONI has also requested cost allowances via uncertainty mechanisms from the Utility Regulator to cover the scoping, high-level and detailed design phases of these IT separation projects. We anticipate that further uncertainty mechanism submissions will be submitted to cover the costs of the implementation, testing and adoption phases of these projects over the coming years (ahead of the commencement of SRP27 in October 2027). Given the nature of these programmes, it is also expected that the uncertainty mechanisms will cover both SRP20 and SRP27 timelines. We provide estimates of the cost of the programmes as part of our SRP27 submission, however SONI is unable to accurately quantify exact scopes and costs until the detailed design phase of the programmes are completed. This will not be done prior to the Business Plan submission or potentially draft determination stage of the SRP27 process, and as such uncertainty mechanisms represent the best approach in the interest of consumers for delivering the independent IT systems programmes.

4.4.3.8 Conditional approval of the requested Licence Condition 42 derogations was received from the Utility Regulator in May 2026. However, SONI is awaiting final approval subject to finalisation and approval of Service Agreements, as well as decisions on some of the funding submissions for the IT separation projects. For the purposes of completing the SRP27 Business Plan template and financial model, we assume that these various requests will ultimately be approved.

4.4.3.9 While further requests for cost allowances to facilitate the IT separation from EirGrid will be submitted ahead of SRP27, we anticipate that they will cover the first years of SRP27.

4.4.3.10 Additionally, while SONI remain users of EirGrid's IT systems until separate systems are in place, it is understood that SONI will be required to pay a share of the cost of these systems. As such, for the first two years of SRP27, there will be an atypical increase in costs of shared IT systems as well as establishment costs of independent SONI IT systems.

4.4.3.11 We also anticipate that significant organisational bandwidth, particularly within the IT and Digital Innovation teams within SONI, will be consumed by implementation of the independent SONI IT systems. This may have an impact on SONI's ability to deliver other digital and IT programmes during the first two years of SRP27.

## 4.4.4 International context

4.4.4.1 The wholesale electricity market operates on an all-island basis across both Ireland and Northern Ireland via the Single Electricity Market (SEM). The SEM was protected by the Withdrawal Agreement between the UK and European governments when the UK left the European Union. The SEM remains part of the EU Internal Market for Electricity and is therefore subject to European rules around the internal market. Aspects of SONI's business are therefore shaped by compliance with European law and our membership of European bodies, while we deliver other activities in line with UK and local Northern

Ireland laws.

4.4.4.2 The continuation of this arrangement is subject to consent by the Northern Ireland Assembly. The first vote on the application of Articles 4 – 10 of the Protocol on Ireland and Northern Ireland was held in December 2024, with the next vote scheduled for 2028. Article 9 covers legislation that underpins the SEM. A vote in 2028 that disapplies that section of the agreement would trigger a fundamental redesign of electricity trading arrangements and SONI's ways of working which would invalidate our current plans. This Business Plan therefore assumes that Articles 4 – 10 of the Protocol on Ireland and Northern Ireland, and the European framework associated with that, will continue to apply for the duration of the price control, i.e. until at least 2032.

4.4.4.3 European energy policy is continuing to drive the evolution of legislation related to the wholesale electricity markets. This legislation has shaped many of SONI's new activities during our current price control, for example updating the way in which we procure system services through day ahead auctions, which will be delivered through the Future Arrangements for System Services programme.

4.4.4.4 The Clean Energy package of legislation was updated in the summer of 2024. This introduced new obligations related to the assessment of flexibility needs, setting targets for flexibility within the electricity system and promoting investments in the technologies that provide that level of flexibility. This will drive SONI's activities during SRP27. Many flexible technologies are novel and will create a requirement for innovative projects during SRP27. The first Flexibility Needs Assessment as required under this legislation is not

due to complete until later in 2026, and therefore SONI is unable to detail the scope of the resulting projects at this stage. Again, uncertainty mechanisms therefore represent the best approach to funding this work once more clarity is available, rather than requesting allowances for speculative projects at the SRP27 Business Plan stage.

4.4.4.5 However, SONI is certain that the projects will be required and to ensure that we are able to access finance from our lenders, we are requesting an allowance of Unpredictable Capex and Opex. This is outlined in more detail in Appendix T.

4.4.4.6 Future policy and legislative developments at a European level also will underpin SONI's work to secure adequate supplies of electricity in Northern Ireland via a capacity market. We will provide support and insight to the Utility Regulator and Department for the Economy to secure the necessary approvals for an updated capacity remuneration scheme during the next price control period. The timing and scope of our work is still to be determined; therefore we will need to use an uncertainty mechanism to secure funding for that essential work.

4.4.4.7 SONI is required to implement any new Network Codes that are developed under and given legal status by the Electricity Regulation. At present the European Commission is finalising a new Network Code that sets out requirements related to Demand Response. This obliges close working with the DSO, including the development of joint IT systems to ensure a common interface for market participants. This has ambitious delivery deadlines. The timing of this legislation means that SONI will need to utilise uncertainty mechanisms to fund its work to implement

this code. There may be some efficiencies and overlap with Licence Condition 43 (Digitalisation) of the SONI TSO licence.

4.4.4.8 Currently some of the obligations set out in European Network Codes are irrelevant to SONI because of physical separation of the SEM from the continental market. This will change when the Celtic Interconnector<sup>7</sup> between Ireland and France is commissioned, providing the SEM with direct commercial access to European markets. The second North-South tie line is also expected to be energised before the end of the upcoming price control period, significantly reducing the physical constraint on electricity flows between NI and the European transmission system.

4.4.4.9 Re-integration with Europe means that we are working to implement the obligations in the current version of the existing Network Codes that will become achievable once direct physical reconnection is achieved. In addition, ENTSO-E is working with ACER and the European Commission to update some of the Network Codes that are already in force. Working drafts of these updates suggest that they could have implications for how SONI makes decisions relating to system operation, for example by potentially requiring optimisation of balancing energy and balancing capacity.

4.4.4.10 The outcome of the process to update the Network Codes is not known at the time of Business Plan submission. However, we expect these changes to our obligations will need to be implemented before 2032. We will therefore have to rely on the uncertainty mechanisms to unlock the funding that we will need to maintain compliance.

4.4.4.11 Many of the Network Codes require close

cooperation between TSOs and DSOs. While SONI currently works closely with NIE Networks in its role as network owner under both its transmission and distribution licences, the interactions between us as system operators will also increase as we implement the new and updated Network Codes. Formalising these TSO-DSO interfaces within our local framework will support efficient compliance with these updated European Network Code obligations.

4.4.4.12 Despite the introduction of the Celtic Interconnector to France, most of the SEM's current and future interconnection capacity remains with Great Britain. Energy policy within Great Britain and our physical connection to the GB market and transmission system are also expected to change over the upcoming price control period. The Common Framework agreed between the UK and European governments in May 2025, sets out their aspiration to include GB within the European wholesale electricity trading arrangements. Any associated delivery timelines are currently unknown. SONI will need to react quickly and flexibly once the details of the future trading relationship between GB and the European market are confirmed.

4.4.4.13 Trading arrangements between the SEM and GB will also determine the viability of future interconnection with NI. Should a new interconnection project come to fruition, SONI expects to rely on funding via the uncertainty mechanisms to ensure that it can incorporate an additional interconnector into our systems and ways of working as quickly and efficiently as possible.

<sup>7</sup> The Celtic interconnector is currently expected to enter service in 2028



## 4.4.5 Northern Ireland's energy transition

4.4.5.1 The Northern Ireland Assembly has committed Northern Ireland to contributing towards the UK decarbonisation targets. This is being delivered via a suite of obligations set out in the Climate Change Act and the NI Energy Strategy. The Climate Change (Northern Ireland) Act in 2022 sets a target of an at least 100% reduction in net zero greenhouse gas (GHG) emissions by 2050 compared to 1990 levels.

4.4.5.2 In working towards 2050, the Act requires the Department for Agriculture, Environment and Rural Affairs (DAERA) to make regulations that set carbon budgets, this being the maximum total amount of emissions permitted for budgetary periods 2023-2027, 2028-2032 and 2033-2037 each with their own target reduction in emissions. The Climate Change Act also drives the requirement for DAERA and other government departments to develop and implement a number of sectoral climate action plans which set out the actions identified to meet the carbon budget targets.

4.4.5.3 SONI is most impacted by the sectoral specific obligation placed on the Department for the Economy to ensure “that at least 80% of electricity consumption is from renewable sources by 2030.” This target supersedes the 70% renewable electricity consumption target established in the Energy Strategy (2021).

4.4.5.4 While the overall target for renewable electricity in 2030 has been updated, the framework that had already been established by the Energy Strategy is being utilised to deliver the higher ambition. This strategy is

built around five key principles. While SONI will influence the outcomes in each of these areas, this impact is not equal across them. SONI's potential contribution to each of the five strands of the NI Energy Strategy as set out below. SONI's own strategy<sup>8</sup> sets out our approach to these challenges in further detail.

### Placing you at the heart of our energy future

4.4.5.5 This strand of the NI Energy Strategy focuses on making choices related to energy as simple as possible for consumers and maintaining affordability and fairness. The scheduling and dispatch decisions that SONI makes impact the cost of electricity in Northern Ireland. Delivering SONI's Operational Policy Roadmap will ensure that we are able to optimise these decisions as we transition to lower carbon sources of electricity.

4.4.5.6 SONI will also increase the opportunities for demand side participation within the markets that we operate, providing opportunities for end users. By leveraging the new technologies available to us we will be able to reduce the cost of maintaining system stability. The Flexibility Needs Assessment (see paragraph 4.4.4.4) will be the first step to delivering these opportunities.

4.4.5.7 Some of these opportunities may benefit from the proposed innovation funding outlined in Appendix I *SRP27 Project List* and would be in line with the Utility Regulator's duty to promote research into, and the development and use of, new techniques by electricity transmission licensees.

### Grow the green economy

4.4.5.8 The DfE aims to create new jobs and grow a low carbon skills base in Northern Ireland. SONI will facilitate investment in our green

<sup>8</sup> SONI Strategy 2025-2031

economy, through creating routes to market for low carbon system services and flexibility providers. We aim to connect renewable generation and other service providers in a more proactive and coordinated manner<sup>9</sup>.

4.4.5.9 By enabling electricity to be generated at a lower average carbon intensity and reducing the overall end consumer bill, as outlined in the Power of SONI report (Appendix AA), SONI will also help to attract new industry to Northern Ireland through lower non-domestic bills than would otherwise be the case.

### Do more with less

4.4.5.10 This part of the energy strategy focuses on energy efficiency. While SONI has less influence in this area, we will be supporting the rebalancing of energy consumption and driving demand side flexibility. Investment in SONI's systems and people will ensure that we are able to optimise our impact.

### Replace fossil fuels with renewable energy:

4.4.5.11 SONI is pivotal in the delivery of this element of the energy strategy. By 2024 we had already increased our capability so that we can safely operate our system with 75% of inputs coming from non-synchronous sources such as wind, solar and interconnection, allowing us to access low-cost renewables from Great Britain and beyond. However, to achieve the 80% target, we will need to increase this limit to at least 95% of our power coming from non-synchronous sources. The path to achieving this is set out in our Operational Policy Roadmap<sup>10</sup>. This sets out the substantial changes that we will need to make to be able to operate a system securely and safely under these unprecedented and ambitious conditions.

4.4.5.12 We will need to adapt the markets that we operate, including the system services market, to ensure that Northern Ireland remains attractive to investors in renewable generation and new low-carbon technologies.

### Create a flexible, resilient and integrated energy system:

4.4.5.13 The DfE aims to create a flexible, smart and digitised energy system. This includes the assets planned and operated by SONI and the data that we use. SONI will need to be able to respond to this challenge in an agile and timely way, to ensure that value is created for consumers and that security of supply is maintained. Our digitalisation strategy outlines our ambition in this area. Under Licence Condition 43 (Digitalisation), SONI is also developing a joint digitalisation strategy with NIE Networks. The first iteration of this strategy will not be complete until September 2026, and the first action plan will follow thereafter. Uncertainty mechanisms will therefore be vital in enabling SONI to deliver the commitments from these action plans.

4.4.5.14 Significant investment will also be required in transmission assets. This investment can be optimised if funding arrangements support SONI in planning the network proactively. SONI's Strategy 2025-31 outlines our ambition to move to a more plan led approach to network development. We believe that the current transmission network planning project (TNPP) framework and guidance can be used to deliver this ambition, with the right mindset from SONI and the Utility Regulator. This approach would dovetail with the Utility Regulator's duty to secure a diverse, viable and environmentally sustainable long-term energy supply.

<sup>9</sup> Network Codes

<sup>10</sup> SONI/Eirgrid Operational Policy Roadmap 2025-2035

4.4.5.15 The DfE has determined that a new renewable energy support scheme will be needed to ensure the investment in renewable energy required to achieve our targets. In February 2025, DfE wrote to SONI setting out the role it expects us to be given in the legislation that will underpin that scheme. While the first auction under the Renewable Electricity Price Guarantee (REPG) scheme is currently expected to take place before the end of the SRP20 period, SONI anticipates that there may be an enduring role. However, as this is not certain, consumers are best served by SONI using uncertainty mechanism submissions to request funding for an enduring role as and when it crystallises.

4.4.5.16 The renewable support mechanism is expected to cover offshore wind too in the future. Any funding to cover the enduring role, including auctions for the offshore element of the support scheme, will need to be provided via the uncertainty mechanisms because the legislation will not be passed before submission of this business plan.

4.4.5.17 While SONI is ambitious to aid delivery of the NI Energy Strategy and Northern Ireland's ambitious climate objectives, we are mindful of the ability of the Utility Regulator to consider wider policy ambitions in its decision-making (as outlined in Appendix K). We are also mindful of stakeholders' primary focus on ensuring that end-user energy costs are kept as low as possible. As such, SONI will prioritise projects that deliver climate targets alongside demonstrable benefits in terms of consumer costs throughout the SRP27 period.

4.4.5.18 Despite the publication of the NI Energy Strategy and the adoption of the Climate Change (NI) Act 2022, there are still significant

open energy policy questions in Northern Ireland around how these targets can be delivered. The pathway to decarbonise domestic heating, for example, remains unclear, with both electrification and biogas being touted as potential solutions. Additionally, carbon budgets and sectoral plans as required under the Climate Change (NI) Act are still to be finalised. SONI will need to be agile to ensure that we are able to support delivery whenever these energy policy decisions are made. However, SONI can also use our data-driven expertise to be a trusted advisor to the NI Executive in making these decisions.

4.4.5.19 We note the planned publication of a 'energy policy position statement'<sup>11</sup> by the Department for the Economy in 2026. This is a welcome development and SONI will consider the content and deliverables when considering which uncertainty mechanism submissions to bring forward during the remainder of SRP20 and into SRP27.

## 4.4.6 What could 2032 look like?

4.4.6.1 The SONI Price Control period of 2027 to 2032 will cover a period where many long-term projects will begin to deliver tangible change to the transmission system in Northern Ireland and the way in which we operate it. Based on current information and energy policy positions, the key external changes that could be delivered before the end of the 2027-2032 business plan period include:

- The Celtic Interconnector is expected to be delivered around 2028. This will facilitate a direct route for electricity from Europe to

<sup>11</sup> [Mid-term Review of the Energy Strategy - The Path to Net Zero Energy](#)



the SEM and allow re-integration into the European markets. We will also be able to trade system services with European TSOs.

- The completion of the second North-South tie line is currently scheduled to be delivered around 2031. This will remove the main technical constraint within the SEM.
- If the aspirations of the Common Framework between the EU and UK governments are delivered, the SEM will also be connected back into European markets via Great Britain. Allowing trade in system services with GB as well as more optimal interconnector flows.
- Work led by DfE should have delivered a substantial increase in onshore renewable electricity generation, supported by the REPG scheme. By 2032, offshore wind farms could also be in the process of connecting to the NI transmission system.
- Technologies that are not currently available in Northern Ireland, such as Low Carbon Inertia Services and long duration energy storage will be integrated into our daily operations.
- We will be running daily auctions for system services rather than the current tendered approach used by the DS3 arrangements.
- Grid projects that are in the planning and pre-construction phase at the time of drafting should be at or close to the point of energisation, supporting the achievement of renewable energy targets.
- Smart meters and implementation of the demand response code will facilitate increased participation of demand side units in the scheduling and dispatch process.
- SONI will have the skills and resources to deliver this ongoing change providing an expert and trusted voice that represents Northern Ireland's interests



## 4.4.7 SONI's approach

4.4.7.1 Chapter 4.1 sets out SONI's strategy and how we plan to support the achievement of Northern Ireland's energy transition. Throughout the development of our Strategy and SRP27 Business Plan, SONI has been cognisant to ensure that we remain consistent with the Utility Regulator's strategic objectives

and our ask of the Utility Regulator can be delivered within their current legal vires. SONI has given due consideration to the UR's strategic objectives, including how our business may contribute to the achievement of these objectives, as shown in Figure 19.

|                      | Utility Regulator Objective                                |                                                                               |                                                                |                                                                             |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------|-------------------------------------------------------------------------------|----------------------------------------------------------------|-----------------------------------------------------------------------------|
|                                                                                                                                                                                        | Objective 1:<br>Supporting the Just Transition to Net Zero | Objective 2:<br>Securing our energy supply, and water and wastewater services | Objective 3: Enabling best in class energy and water companies | Objective 4: Providing the highest level of consumer service and protection |
| <b>Advise</b>                                                                                                                                                                          |                                                            |                                                                               |                                                                |                                                                             |
| Be an independent, trusted adviser on electricity systems and markets.                                                                                                                 | ●                                                          |                                                                               | ●                                                              | ●                                                                           |
| Develop, use and share data and technical expertise to inform policy, provide evidence-based guidance and challenge the status quo where appropriate.                                  |                                                            |                                                                               | ●                                                              | ●                                                                           |
| Advise on the development of new deliverable pathways to achieve future energy goals and targets                                                                                       | ●                                                          | ●                                                                             | ●                                                              | ●                                                                           |
| <b>Plan</b>                                                                                                                                                                            |                                                            |                                                                               |                                                                |                                                                             |
| Provide leadership in the planning of the electricity system and markets now and in the future enable risk to be effectively managed.                                                  | ●                                                          |                                                                               | ●                                                              |                                                                             |
| Build our research and innovation capabilities to support evidence-based decision making.                                                                                              | ●                                                          |                                                                               | ●                                                              | ●                                                                           |
| Streamline decision making and accelerate delivery.                                                                                                                                    | ●                                                          | ●                                                                             | ●                                                              | ●                                                                           |
| <b>Compliance</b>                                                                                                                                                                      |                                                            |                                                                               |                                                                |                                                                             |
| Accelerate our delivery focus ensuring appropriate systems, resources and timescales are in place.                                                                                     |                                                            | ●                                                                             | ●                                                              |                                                                             |
| Balance the transition to new systems in a safe, secure and just way.                                                                                                                  | ●                                                          | ●                                                                             | ●                                                              |                                                                             |
| Deliver the transition in collaboration with communities and stakeholders, creating shared goals across the energy sector                                                              | ●                                                          |                                                                               | ●                                                              | ●                                                                           |
| <b>Operate</b>                                                                                                                                                                         |                                                            |                                                                               |                                                                |                                                                             |
| Operate the power system safely, reliably, and economically on a continuous basis.                                                                                                     | ●                                                          | ●                                                                             | ●                                                              | ●                                                                           |
| Develop and implement new capabilities, technologies, and operational tools to ensure maximum efficiency and effectiveness for a net-zero power system.                                | ●                                                          | ●                                                                             | ●                                                              |                                                                             |
| Improve data accessibility for everyone throughout the wider energy system by focusing on collaboration and data exchange, with a commitment to good data quality and data governance. | ●                                                          | ●                                                                             | ●                                                              | ●                                                                           |

Figure 19: SONI Strategy Alignment with UR Objectives



## 4.4.8 The strategic importance of SRP27

- 4.4.8.1 All price control decisions require the regulator to balance their twin duties of protecting customers and ensuring the licensee's ability to finance its activities.
- 4.4.8.2 In this business plan SONI proposes some changes to the design of the price control. These are essential if we are to respond in an efficient and proactive manner to the challenges inherent in the NI Assembly's decarbonisation targets and also reduce costs for end-consumers.

## 4.4.9 Development of skills

- 4.4.9.1 Decisions made by the Utility Regulator on SRP27, particularly around SONI's human resources, will directly impact SONI's ability to hire, develop and retain staff. Sufficient and appropriately skilled staff will allow us to play our part in the growth of the green economy in Northern Ireland and deliver financial savings to consumers. SONI requires additional staff to be able to incorporate additional renewable sources of energy onto the system and to ensure that the system meets the DfE's expectations around flexibility and resilience.
- 4.4.9.2 Events such as the blackouts seen in Spain and Portugal in 2025 highlight the important role that a TSO plays. Ensuring that SONI has an appropriately skilled workforce means that it will be able to manage the energy transition safely, securely and at least cost to end-users.
- 4.4.9.3 Given the current energy policy uncertainty in Northern Ireland, SONI can be a trusted advisor to the NI Executive and other decision-makers in clarifying this policy. Our data-driven modelling work undertaken during SRP20 with the DfE and the Utility Regulator is just a start. The Utility Regulator has recognised this role by asking SONI to provide expert technical input into their assessment of the need for a future regulatory framework for interconnection<sup>12</sup>.
- 4.4.9.4 To continue to provide this expert support to policy and decision-makers, SONI needs to bring in additional capability and capacity in terms of resources. We intend to do this through resourcing originally requested under the Track 2 submission (submitted to the Utility Regulator in 2025) but based on Utility Regulator instructions is now being requested under the SRP27 Business Plan.
- 4.4.9.5 Some stakeholders have queried why consumers should pay for SONI to provide advice to DfE. SONI's understanding is that in order to provide advice to DfE outside of the Price Control funding framework, we would need to establish a non-regulated consulting arm and then compete in tender processes for specific projects for DfE. This is not efficient for taxpayers and SONI is likely to be able to provide faster, more expert and lower cost advice to DfE than they would get through a tendered consultancy support.
- 4.4.9.6 SONI considers that under its obligations to 'ensure the development and maintenance of an efficient, co-ordinated and economical system of electricity transmission which has the long-term ability to meet reasonable demands for the transmission of electricity', we have a role in supporting the development of energy policy to ensure that we can meet the above obligation and support both DfE and

<sup>12</sup> [UR Consultation on Revenue Regime for Future Interconnection](#)



the Utility Regulator in protecting consumers now and in the future.

4.4.9.7 We consider that this investment is to the benefit of consumers.

## 4.4.10 Agile response to uncertainty

4.4.10.1 Each strand of the NI Energy Strategy requires SONI to respond with agility to deliver its elements of the transformation as quickly as possible. SONI's funding arrangements include the uncertainty mechanism process, which SONI expects to rely heavily on throughout SRP27. The current uncertainty mechanism process works well in protecting consumers and ensuring that SONI can finance its activities but requires minor improvements to ensure that SONI can continue to operate at the pace the Energy Strategy requires. This is outlined in more detail in Chapter 6.2 Uncertainty Mechanism Process.

4.4.10.2 To ensure SONI's continued financeability, we also require an upfront guarantee of cost allowances to provide to lenders. We are proposing that this is in the form of Unpredictable Capex and Opex, as outlined in Appendix T.

## 4.4.11 Delivering market confidence

4.4.11.1 SONI's TSO licence requires it to operate the capacity market, procure system services and provide financial support to SEMO if it is short of funds to settle the balancing market. The way in which SONI will be procuring system services is changing, with the new arrangements currently expected to go-live in 2027. We also expect, in time, to need to

procure additional storage and flexibility services as part of our delivery of the energy transition.

4.4.11.2 Investor confidence in the markets is essential if Northern Ireland is going to attract the necessary investment in new generation, flexibility and system services provision required to maintain security of supply and reduce overall costs for consumers.

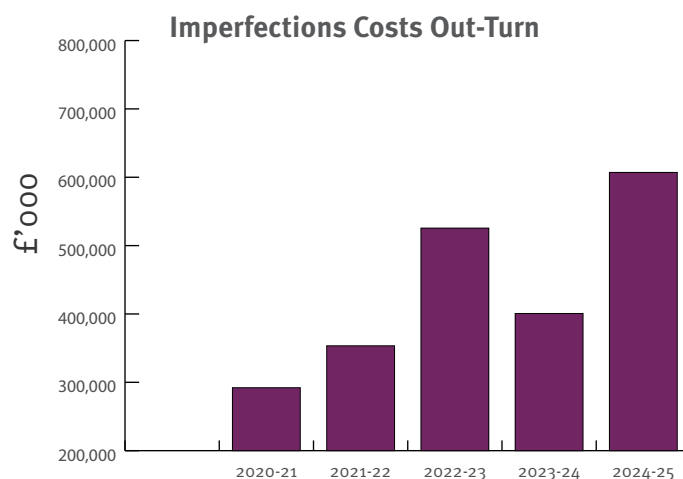


Figure 20: Imperfections Costs Out-Turn

4.4.11.3 To provide confidence in the markets, SONI is currently being asked to carry additional working capital (i.e. borrowing facilities) to fund unforeseeable differences between tariff revenue and payments made to market participants under the current balancing market arrangements. Figure 20 shows an upward trend in recent years of the overall cost of the balancing market through the imperfections costs. Due to this upward trend, SONI has also seen significant draw downs on the working capital facility that it provides.

4.4.11.4 This borrowing facility comes at a cost (which is ultimately passed onto consumers) and impacts SONI's ability to borrow for other things, including programmes of work which would reduce imperfections costs in the long run. Providing market working capital creates particular challenges for SONI's financeability,

as unlike other borrowing, it is not used to fund investment in an asset. This affects our asset to borrowing ratios. This is discussed in more detail in Chapter 7.1 Balance of risk and return.

4.4.11.5 In addition to the current market working capital facility, the Future Arrangements for System Services design also envisages SONI providing significant working capital for differences between tariff revenue recovery and payments out to system service providers from 2027 onwards. This will put a significant strain on SONI's overall financeability. As a small and asset-light TSO, our ability to borrow is not unlimited and SONI faces challenges that other, larger and vertically integrated European TSOs do not in this regard.

4.4.11.6 Given the significant value that our projects and programmes can bring to NI consumers, therefore, it is vital that SRP27 ensures SONI's continued financeability. Market and system services working capital cannot utilise all of SONI's ability to borrow. This is not in the interests of consumers.

4.4.11.7 The Utility Regulator's decisions relating to SONI's financeability out to 2032 will come under scrutiny from banks that are a potential source of the working capital that we need. Banks are likely to be willing to provide working capital so long as there is a level of profitability underpinning it. The Utility Regulator faces a trade-off between protecting consumers through limiting SONI's profitability, while also ensuring that there is sufficient profitability to allow SONI to access the working capital that is being asked of it through market design decision.

## 4.4.12 Defending our decisions and consumer interests

4.4.12.1 As energy becomes a bigger part of people's lives and a more expensive industry, the scrutiny that TSO, regulatory and energy policy decisions come under naturally increases. In recent years, SONI has found that it operates in an increasingly litigious environment. Whether by organisations considering their own commercial interests, or from pressure groups challenging decision-making processes, SONI has increasingly found itself under increasing and significant legal scrutiny throughout the course of SRP20.

4.4.12.2 SONI's legal costs have trended upwards throughout the current price control period, and as difficult decisions will need to be made over the coming years to meet ambitious decarbonisation goals, SONI will need to be prepared to defend its decision-making.

**SONI legal costs (exc. connections)**

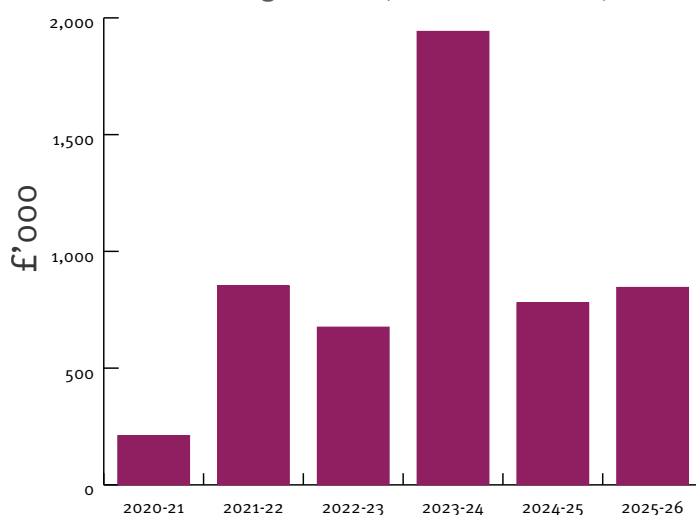


Figure 21: SONI legal costs (exc connections)

4.4.12.3 As SONI is often reactive to legal challenges, using uncertainty mechanisms to secure funding for legal cases is sub-optimal as SONI must either work at financial

risk or opt not to defend cases when they arise. Instead, SONI is seeking an enhanced allowance for legal costs in SRP27. This will enable us to robustly defend our decision-making in the interests of NI consumers.

## 4.4.13 Digitalisation, artificial intelligence and ensuring the Northern Ireland electricity system is protected

### 4.4.13.1 Digitalisation will play a key role in SRP27.

The introduction of Licence Condition 43 in the SONI licence in 2025 means that we are obligated to develop, in coordination with NIE Networks, a digitalisation strategy and action plans, which we must keep updated on a regular basis. In addition, SONI sees huge potential in terms of its own operations from enhanced digitalisation.

### 4.4.13.2 Moving to independent SONI IT systems in 2029 will enable the full potential of this digitalisation to be unlocked. SONI will be able to define the IT systems and tools that it requires with a specific Northern Ireland focus.

### 4.4.13.3 One of the key technologies that we have witnessed develop during the SRP20 period is the use (and misuse) of artificial intelligence. AI unlocks significant potential for efficiency improvements in the way we work, as well as potentially enabling us to develop better forecasts of the energy system in the future and realise efficiencies in the way we design and operate the NI electricity transmission network.

### 4.4.13.4 The SONI Strategy 2025-31 outlines SONI's ambition to become more data-driven, and digitalisation and AI will play a key role in this.

### 4.4.13.5 Unfortunately, for all the beneficial uses that SONI has for enhanced technology, malignant agents have other uses. As the operator of the national electricity grid, SONI is a key target for cyberattacks. Heightened geopolitical tensions in recent years have highlighted and exacerbated this threat. Other energy companies and TSOs have fallen victim to cyberattacks in recent years, and SONI must ensure that we are able to defend ourselves and our systems against attack. This will require continued investment in our systems.





## 4.4.14 Building the grid of the future

4.4.14.1 NIE Networks' RP7 price control laid out a programme of significant investment in the NI electricity distribution network to support increased electrification of heat and transport, as well as increased embedded and distributed renewable generation.

4.4.14.2 It is vital that the electricity transmission grid does not become a bottleneck for meeting Northern Ireland's renewable energy targets.

4.4.14.3 We are increasingly seeing issues with lack of available connection points for new renewable generation, and this situation

risks stymying growth in renewable energy generation. SONI is proactively working to resolve this through initiatives such as introducing transmission clusters<sup>13</sup>.

4.4.14.4 Under any scenario, however, the level of investment in the transmission grid requires a step change. SONI's forecasts are that we will see more transmission network planning projects each year, and these will be larger in scope.

4.4.14.5 To be able to deliver this step up and ensure that the network is fit for 2050 and can deliver the NI Executive's ambitious targets, SONI will require additional resourcing. This is discussed in more detail in Appendix R TNPPs.

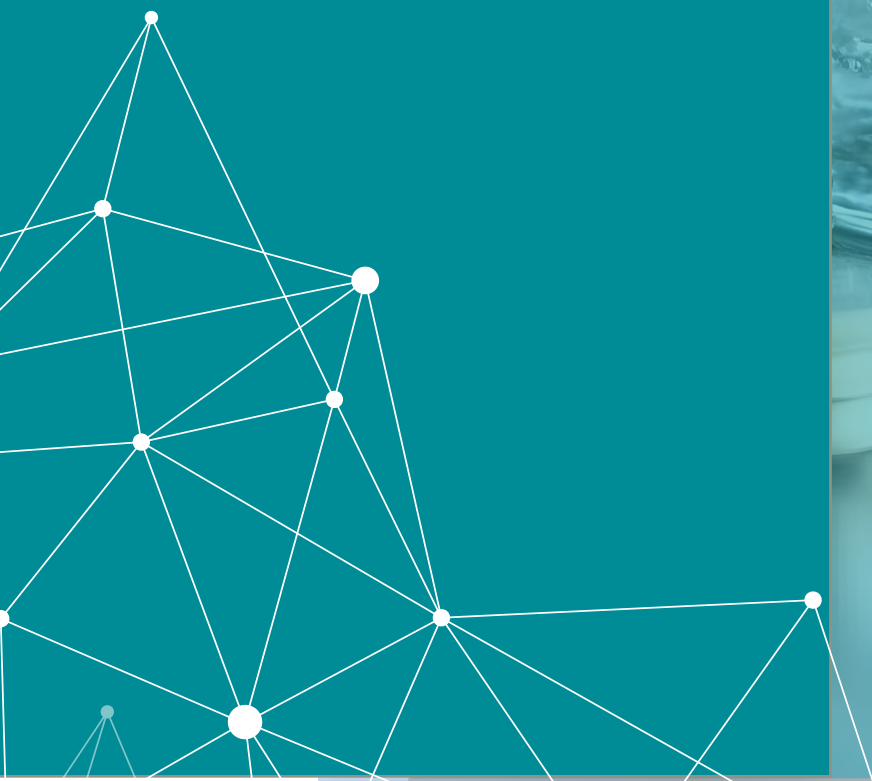
<sup>13</sup> [Transmission Cluster Policy Consultation](#)

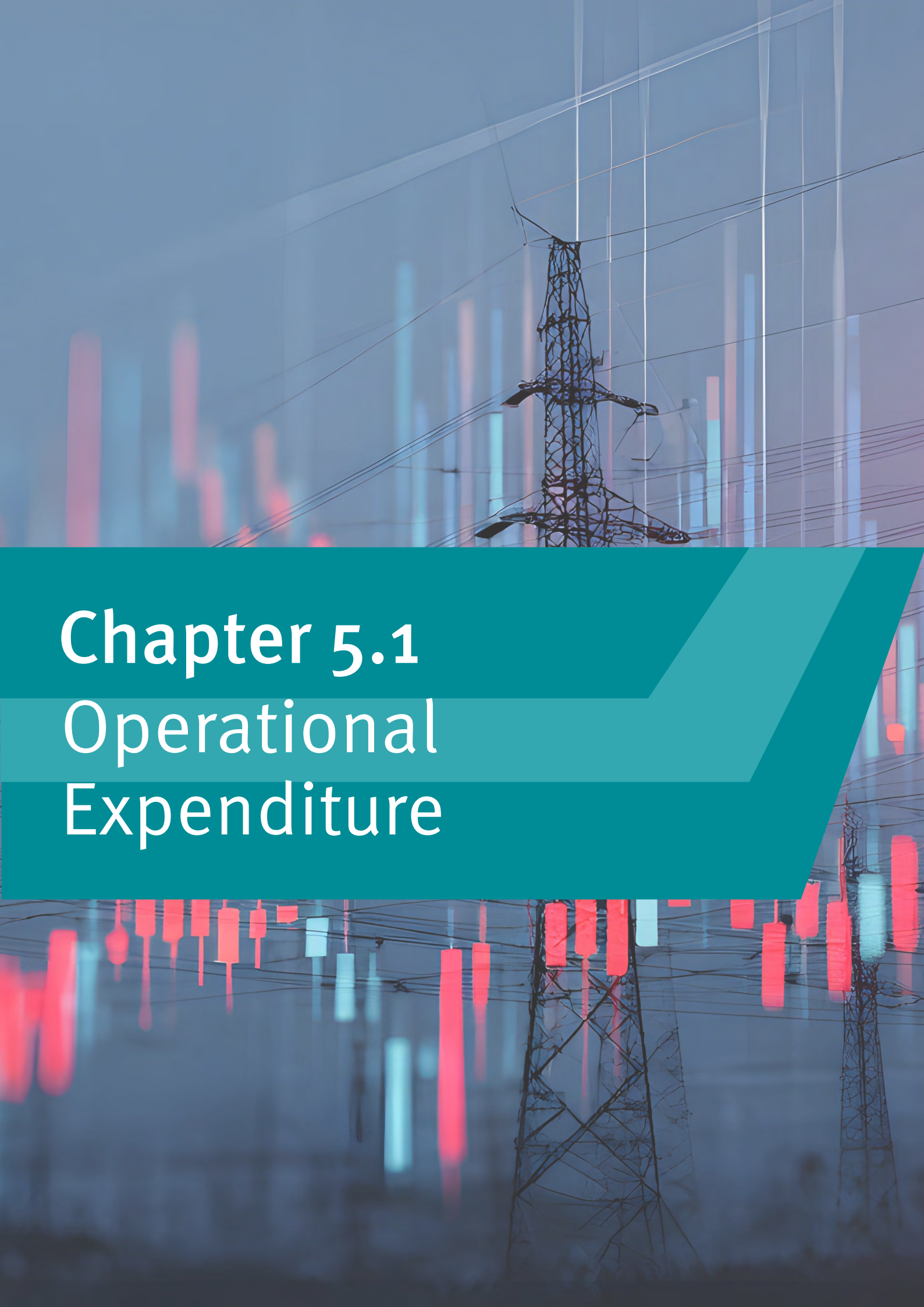




# 5

## Cost to Deliver Ambitions



The background of the slide features a blurred image of a high-voltage power line tower. A large, teal-colored geometric shape, resembling a stylized arrow or a large 'L' rotated 45 degrees, is positioned on the right side of the slide, partially overlapping the tower image. The text is white and set against a dark teal rectangular area on the left side of the slide.

# Chapter 5.1

## Operational Expenditure



## 5.1.1 Executive summary

5.1.1.1 Operational expenditure (Opex) is forecast to increase significantly in SRP27 compared to SRP20, reflecting the impact of implementing Licence Condition 42 and achieving operational independence from EirGrid, as well as SONI's strategic commitment to strengthening our role as trusted advisor to the NI Executive, the Utility Regulator and other key stakeholders in Northern Ireland and SONI's ambition to move to a more plan led approach to network development.

5.1.1.2 This growth is (or will be) primarily delivered by uncertainty mechanisms during the later

years of SRP20. Some of these uncertainty mechanisms will also cover the SRP27 period. For the SRP27 period it is expected that the uncertainty mechanisms will "draw down" from an "Unpredictable Opex" allowance, in a similar way to Unpredictable Capex, as outlined in Chapter 5.2 and Appendix T Unpredictable Capex and Opex.

5.1.1.3 SONI has included additional staff required to deliver operational independence and strategic ambitions, the implementation of enduring IT separation to meet regulatory requirements and the establishment of a Future Arrangements for System Services (FASS) trading desk to deliver the SEM Committee's design for FASS.

| £m                        |                                       |                                      |       | 2027-28 | 2028-29 | 2029-30 | 2030-31 | 2031-32 |
|---------------------------|---------------------------------------|--------------------------------------|-------|---------|---------|---------|---------|---------|
| Base Allowance            | Staff Costs                           |                                      |       | 22.59   | 24.76   | 24.76   | 24.76   | 24.76   |
|                           | Other                                 | Professional services                | 2.33  | 2.24    | 2.24    | 2.44    | 2.84    |         |
|                           |                                       | Facilities                           | 1.66  | 1.66    | 1.66    | 1.66    | 1.66    |         |
|                           |                                       | Operational costs                    | 0.55  | 0.55    | 0.55    | 0.55    | 0.55    |         |
|                           | Total base Opex                       |                                      |       | 27.13   | 29.21   | 29.21   | 29.21   | 29.81   |
| Uncertainty mechanisms    | Staff Costs                           |                                      |       | 6.81    | 7.84    | 7.02    | 7.02    | 7.02    |
|                           | IT Costs                              | IT Separation                        | 22.50 | 21.20   | 14.52   | 6.00    | 3.00    |         |
|                           |                                       | Delivery enablement & market support | 5.01  | 5.38    | 2.31    | 2.43    | 2.53    |         |
|                           |                                       | Enterprise digital & data platforms  | 3.66  | 6.86    | 9.96    | 13.06   | 13.06   |         |
|                           |                                       | Telecommunications                   | 5.89  | 6.46    | 7.34    | 9.73    | 7.19    |         |
|                           | Total forecast uncertainty mechanisms |                                      |       | 43.87   | 47.73   | 41.16   | 38.25   | 32.81   |
| Total SRP27 cost estimate |                                       |                                      |       | 71.00   | 76.94   | 70.37   | 67.65   | 62.62   |

Table 2: Operational Expenditure Forecast

5.1.1.4 Staff costs are due to increase through 2025/26 to 2028/29 as these programmes are introduced and ramp up. Staff costs are then forecast to stabilise as SONI transitions to a steady-state operating model during SRP27.

5.1.1.5 A significant proportion of the forecast costs are IT costs. This reflects the growth in cloud computing, as cloud costs are treated as Opex, whereas 'on premises' IT costs have traditionally been treated as Capex. This is in line with accounting standards.

5.1.1.6 Additional costs include approximately £1m annually for legal support to manage

complex regulatory and market frameworks in an increasingly litigious environment, £100k for ongoing model validation to maintain system integrity and a £500k innovation fund intended to drive efficiency and future-proof SONI's operations, discussed in more detail in Chapter 5.4 Innovation.

5.1.1.7 However, while a forecast increase in staff costs is expected, non-staff costs (excluding IT and telecommunications) are projected to decline as reliance on external professional services reduces in favour of internal expertise.

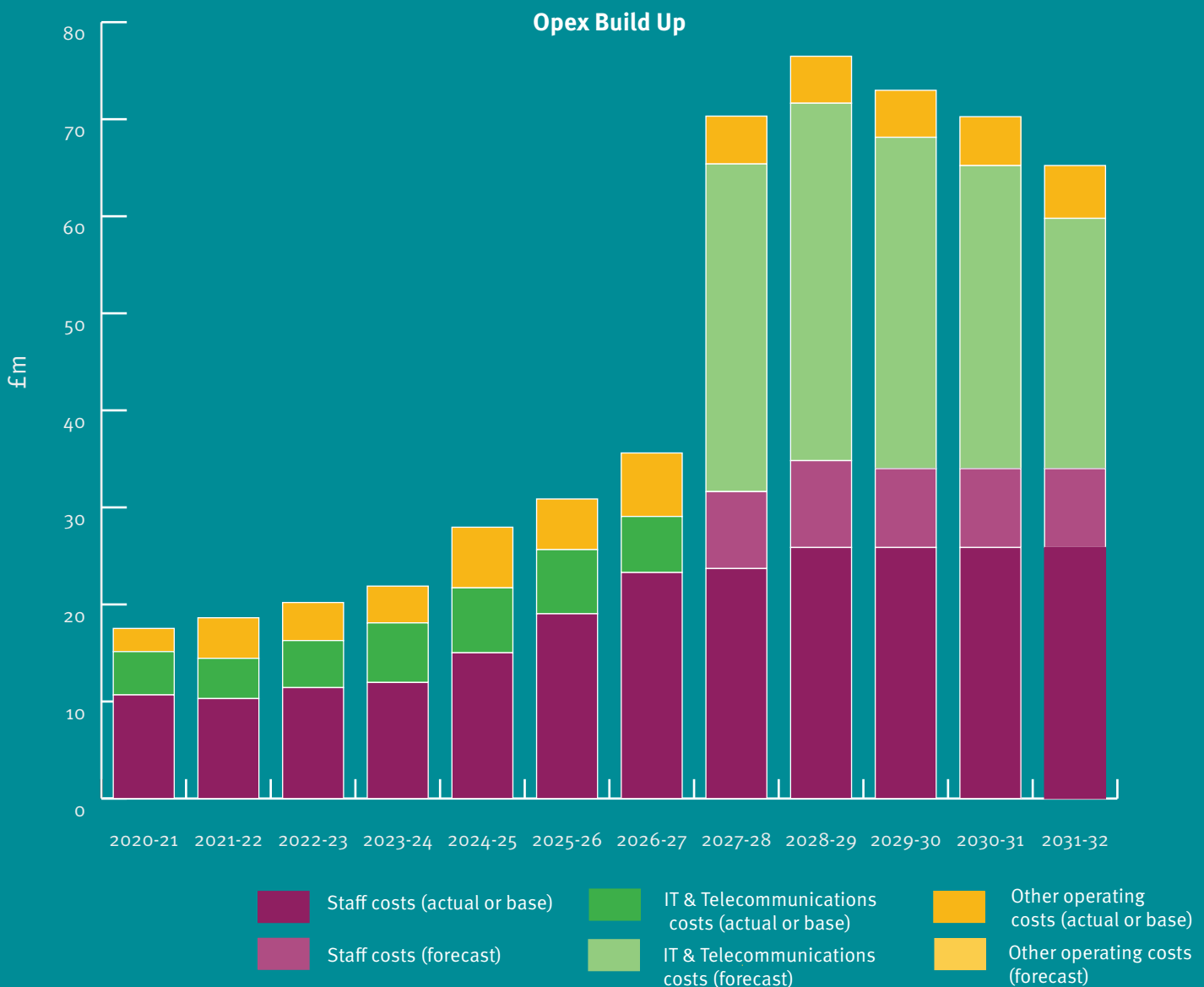


Figure 22: OPEX Build up

## 5.1.2 Staff numbers

5.1.2.1 SONI's headcount is projected to reach approximately 315 full time equivalents (FTE) by the end of SRP27 (excluding staff not covered by the SONI TSO price control, such as connections staff or SEMO staff). This increase represents an investment in capability to deliver SONI's strategic objectives and regulatory commitments.

5.1.2.2 This increase will largely be driven by staff roles already requested during SRP20 through Uncertainty Mechanism submissions such as Track 1 and Track 2, discussed in Chapter 3.1 (Business Plan preparation).

5.1.2.3 At the time of writing the SRP27 Business Plan, SONI had received final approval for 34 FTE via an uncertainty mechanism submission covering business support functions ("Track 1") and a final decision approving 31 FTE from an uncertainty mechanism submission covering roles delivering functions which had previously been delivered on a group basis and must now be delivered on a standalone SONI basis ("Track 2A").

5.1.2.4 16.5 FTE Track 2A roles had been provisionally disallowed or SONI had been instructed to defer these to the SRP27 Business Plan in the draft decision.

5.1.2.5 A further 33 FTE related to delivering SONI's wider Strategy ambitions ("Track 2B") were not considered by the Utility Regulator and SONI were instructed to request these via the SRP27 Business Plan.

5.1.2.6 In developing this submission, we have included the 66 finally approved Track 1 and Track 2A roles in the base Opex allowance.

5.1.2.7 We have also included the 49.5 non-

approved Track 2A and 2B roles in the base Opex allowance, albeit with an updated phasing from the uncertainty mechanism submissions. We have included justification for these roles in Appendix L: Opex

5.1.2.8 We are forecasting a requirement of 56 FTE for a separate corporate and power system IT operating model (discussed later in this chapter), however this remains an estimate and we will seek these resources through a separate uncertainty mechanism once the detailed design phase of the IT separation programme has completed.

5.1.2.9 We are also forecasting an additional 12 FTE to establish a Future Arrangements for System Services (FASS) trading desk to meet the requirements of the day ahead procurement design required by the SEM Committee.

5.1.2.10 Recruitment of additional staff for IT separation and FASS are likely to be required ahead of SRP27, however at the time of writing the exact scope of these roles had not been finalised due to uncertainty over the final design of the SONI-only IT systems pending completion of the detailed design phase later in 2026, and decisions by the SEM Committee on FASS.

5.1.2.11 Historically under an EirGrid group model, staff recharges have been made between SONI and EirGrid to cover shared delivery of services. Recharges are expected to fall away as Licence Condition 42 takes full effect, although transitional arrangements will persist until 2029 to safeguard continuity. This is dependent on approval of the Licence Condition 42 derogation applications that we submitted to the UR in November 2025.

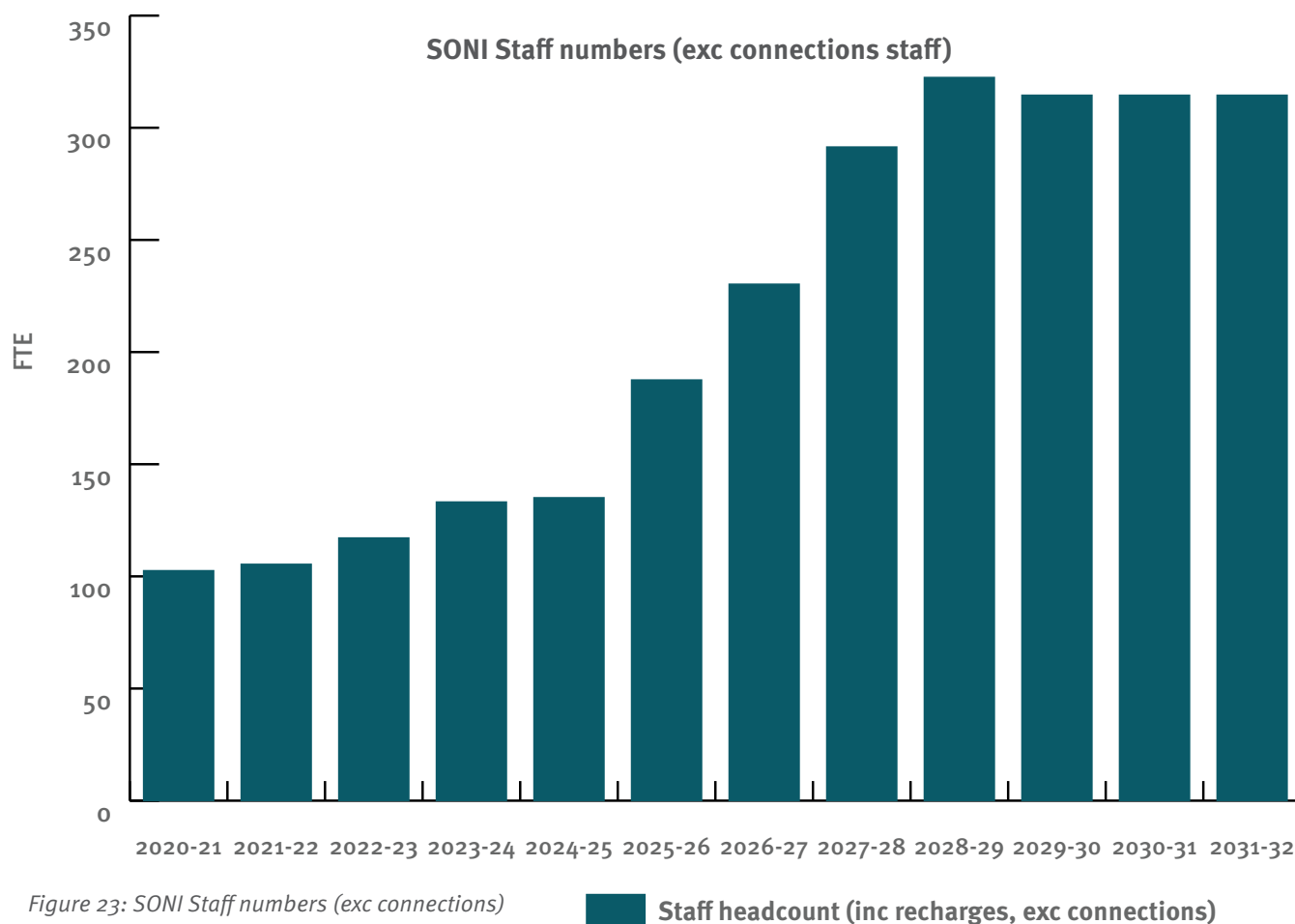
5.1.2.12 Recruitment phasing for additional



staff has been designed to reflect delivery constraints both internally within SONI and also to reflect availability of candidates in the recruitment market. However, this latter consideration remains a delivery risk, if suitable candidates are not available.

5.1.2.13 Based on the anticipated requirements for network planning, we have also included an uplift of network planning staff funded through the SFT term from 4.25 to 10.75 FTE. This is discussed in Appendix R: TNPPs.

5.1.2.14 The chart shown in Figure 23 below provides a visual account of the FTE composition across the SRP27 timeline.



5.1.2.15 While costs associated with agency staff have risen in recent years, the planned increase in core FTEs should reduce reliance on external contractors, although a small element of agency costs will remain for long-term illness or maternity cover.

## 5.1.3 Staff costs

5.1.3.1 SONI's staff costs are based on the application of a standard cost allowance per FTE. This standard FTE is based on a build-up of the costs outlined in Figure 24 below.

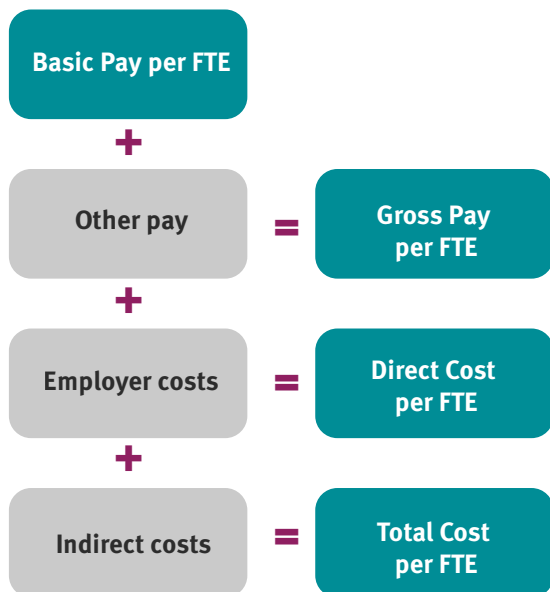


Figure 24: SONI FTE

5.1.3.2 Basic pay covers base staff salaries, gross pay includes annual performance related pay and any overtime or shift allowances, direct cost per FTE includes pensions and national insurance contributions, and total cost includes overheads such as training, recruitment costs and consumables required by each FTE.

5.1.3.3 A detailed breakdown of SONI's assumptions feeding into the proposed total cost per FTE is included in Appendix M Salary Benchmarking, prepared by Frontier Economics on behalf of SONI.

5.1.3.4 At a high level, Frontier Economics have largely replicated the Utility Regulator's analysis from SRP20 to benchmark basic pay per FTE and then used historic actuals to build up the total cost per FTE.

5.1.3.5 The one minor change Frontier Economics has made to the Utility Regulator's

methodology from SRP20 is to apply a specific Belfast weighting within the salary benchmarking, rather than a Northern Ireland-wide weighting, to reflect the recruitment market in which SONI operates.

5.1.3.6 This analysis outturns at a total cost of £103.3k per FTE. This is largely in line with the SRP20 allowance, adjusted for inflation (c. £101k/FTE). This also aligns with 2024-25 actual total costs per FTE, which out-turned at £101k.

## 5.1.4 Pensions

5.1.4.1 The total cost per FTE includes pension contributions for active staff. The previous price controls included an additional allowance for pension deficit contributions resulting from the old Viridian group defined benefit pension scheme. Payments towards resolving this deficit will conclude in 2026, and so we propose to remove the Pension Deficit Repair Amount (PR<sub>D</sub>) from the price control.



## 5.1.5 Comparison to SRP20

5.1.5.1 SONI's staff costs are forecast to increase from SRP20, going from an average of £14.53m per annum in SRP20 to £32.25m per annum in SRP27 (Figure 25). This is driven by the number of staff, rather than the cost per staff member.

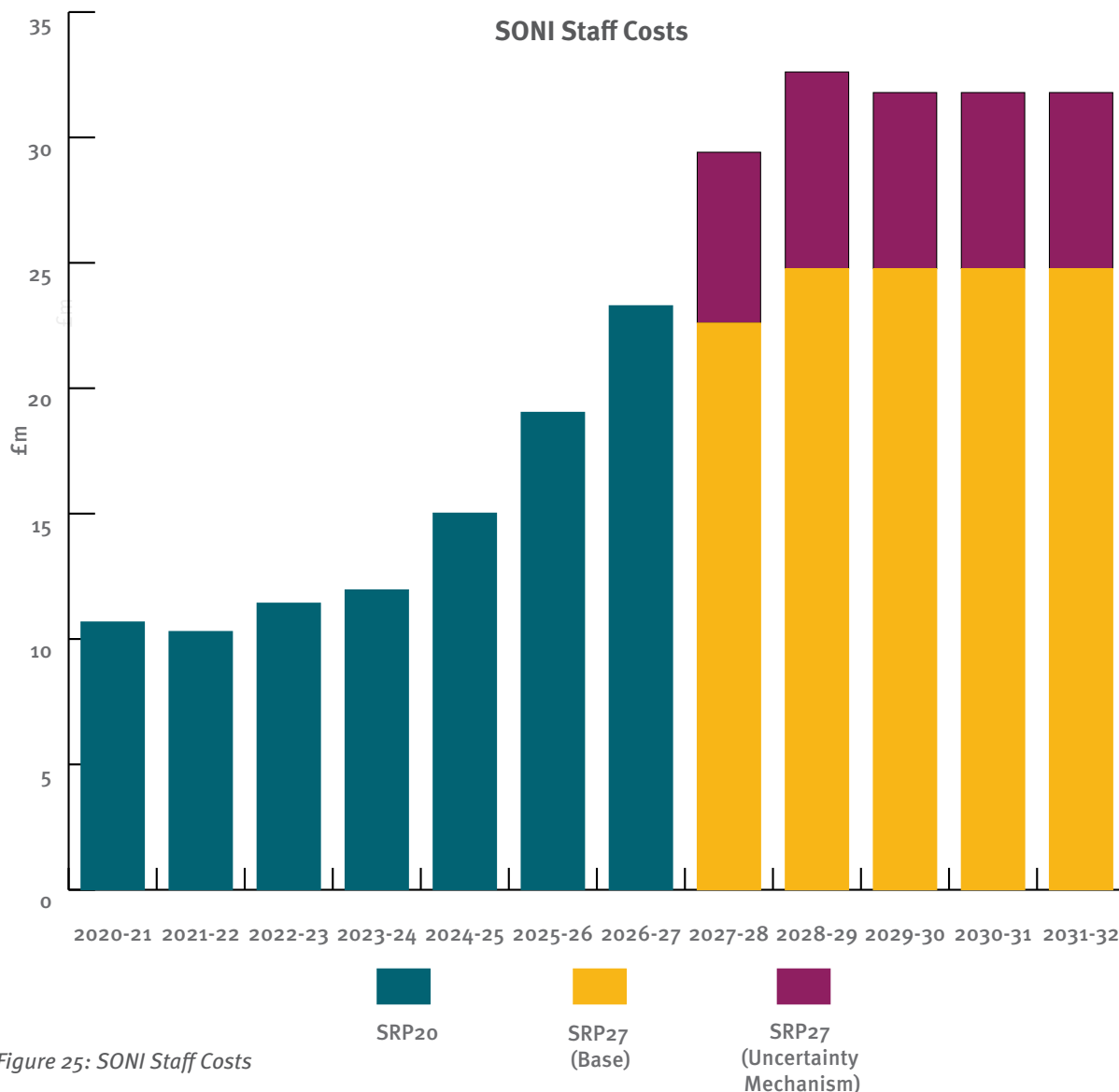


Figure 25: SONI Staff Costs

5.1.5.2 This increase in staff costs reflects the increase in functions that SONI will take on, in line with its Strategy 2025-31 and which stakeholders have told us they wish to see SONI provide. It also reflects the move to an independent standalone TSO model which is able to focus specifically on the needs of Northern Ireland and aligns with the Utility Regulator's existing strategic objective of "enabling best in class energy and water companies". Again, this has received

significant support from stakeholders in our engagement as part of the price control.

5.1.5.3 SONI has several examples of benefits which we have been able to demonstrate in recent years due to increased resourcing and a strong NI focus. These are discussed in the next section.



## 5.1.6 Case studies of SONI benefits

### Transmission cluster policy

5.1.6.1 SONI has been able to prioritise development of a transmission cluster policy<sup>1</sup>. This is a first step towards delivering our planned approach and will enable SONI to more effectively group clusters of likely connections, build the infrastructure required to connect them in a more cohesive and planned manner than issuing individual connections, and thereby reduce the overall amount of grid investment required to connect everyone who wishes to connect.

5.1.6.2 One project we have identified is the North Sperrin cluster, which would be composed of circa ten individual connections of different scales. Combining these into a single cluster connection will require around £115m in network investment (covering both the cost of the cluster itself - £50.34m<sup>2</sup>- and the cost of individual connections to the cluster). However, the alternative is a less coordinated system of individual connections which we estimate would cost in the region of £300m to provide connections and sufficient network reinforcement that these connections would not be continually constrained.

5.1.6.3 Increased resourcing in SONI has therefore already delivered a potential saving of hundreds of millions of pounds for NI consumers through development of this policy.

### Two-set minimum unit trial

5.1.6.4 In 2025, increased resourcing and operational independence allowed SONI to begin trialling a reduction of the “minimum number of conventional units on” constraint in Northern Ireland from three to two. This constraint means that a certain number of large gas-fired turbines must be running at any one time in Northern Ireland to provide system stability and support. This constraint limits the volume of renewable generation that can be accommodated by the system and leads to higher imperfection charges (see Chapter 7.2 for a description of these and their impact on the end user bill).

5.1.6.5 Full removal of the minimum unit constraint is a key objective of the SONI Operational Policy Roadmap and the Power of SONI report (Appendix AA) highlights that delivery of this roadmap could deliver net savings of between £45 and £65 per year to the average household by 2035.

5.1.6.6 An independent SONI management team enabled this trial to be prioritised and technical skills to be developed in Belfast. The learnings from this trial will enable the Operational Policy Roadmap to be progressed and will support delivery of SONI’s Dispatch Down action plan<sup>3</sup>. This action plan highlights that moving from three to two minimum units could release c. 60-100MW of renewable generation at any one time, supporting Northern Ireland’s renewable electricity targets.

<sup>1</sup> Transmission Cluster Policy

<sup>2</sup> Draft Transmission Development Plan 2025-34

<sup>3</sup> Dispatch Down Draft Action Plan

## Trusted advisor role

5.1.6.7 SONI has been delivering on its enhanced trusted advisor role and has demonstrated this through strategic policy leadership, provision of independent local expertise, application of proactive system solutions and the targeted capabilities. These are aligned to SONI's statutory duty as a TSO to operate an efficient, coordinated and economical transmission system and to meet reasonable future demand (as outlined in Appendix K: Utility Regulator Vires).

5.1.6.8 SONI is actively participating in supporting the shaping of Northern Ireland's energy policy landscape by providing strategic advice and evidence through:

- Formation of the Future Energy Modelling Group, a collaborative group with DfE, the Utility Regulator and SONI
- Advising the Utility Regulator on interconnection and Large Energy User policies;

5.1.6.9 This energy policy work strengthens Northern Ireland's ability to plan and manage a modern, efficient and economical energy system.

5.1.6.10 As a trusted advisor, SONI is proactively identifying system issues and implementing practical solutions, rather than responding after the fact or maintaining a more passive role. In addressing challenges early and applying corrective actions, SONI is safeguarding system security and supporting cost-effective transitions.

5.1.6.11 This approach will be enhanced through the resourcing sought for SRP27 (Track 2 referenced above), which provides a link between activities and statutory requirements, which in turn will ensure that we can uphold an efficient, coordinated and economical transmission system as we implement the independent model required under the TSO licence.



## 5.1.7 Comparison to other jurisdictions

5.1.7.1 In addition to the significant benefits that investing in SONI's independent operational capacity and capability can bring, the upward trend in staff costs is not a specific SONI phenomenon.

5.1.7.2 Comparator TSOs such as EirGrid have also seen an upward trend in their staff costs in the same time period as SONI, and this is also expected to continue to increase before flattening from around 2028 onwards (Figure 25).

5.1.7.3 NESO has also seen significant increases in its operational capability (Figure 26), however numbers are difficult to compare in this regard, as the move from National Grid ESO to NESO has also meant that additional functions such as gas network planning have been incorporated into NESO's remit.

5.1.7.4 However, the trend is clear that the role of the TSO is becoming more important as electricity systems transition to a new low-carbon world.

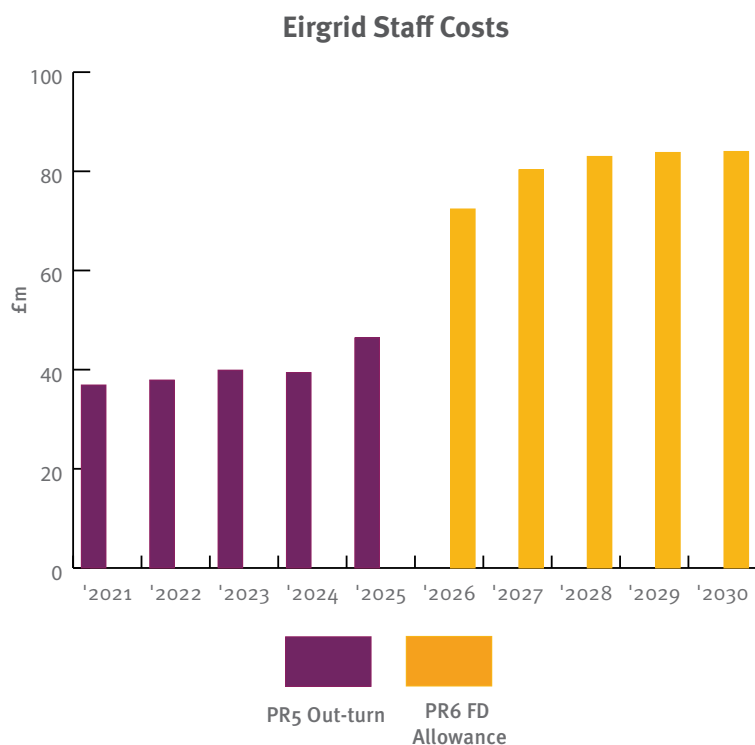


Figure 26: Eirgrid Staff Costs

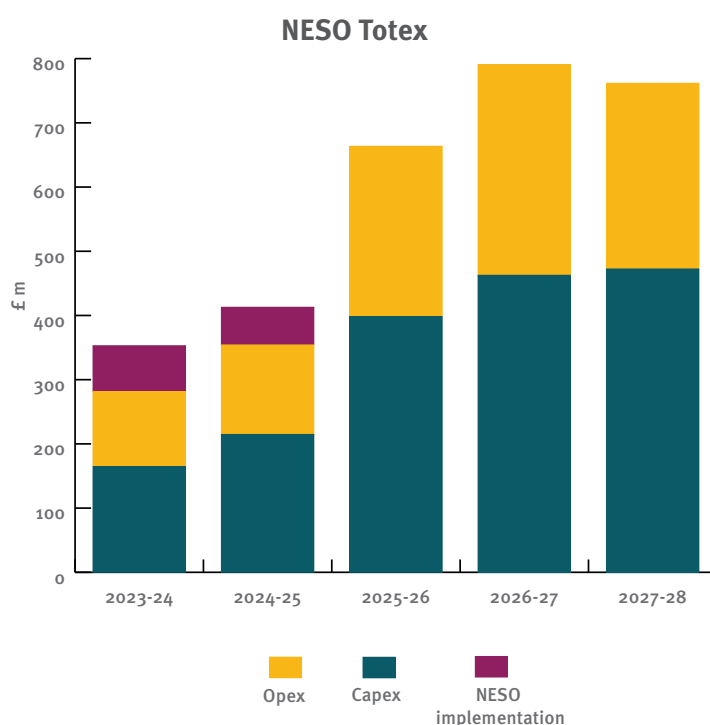


Figure 27: NESO Totex



5.1.7.5 Historically, Northern Ireland’s electricity needs have largely been served by three large gas or coal-fired power stations. Not only have these power stations provided megawatts for consumers to use, by the nature of their technology type, they have also provided necessary system support services to SONI in managing the electricity transmission grid.

5.1.7.6 As we move to a higher-renewable, more distributed system, there are more factors and considerations for SONI as the TSO to manage. Additionally, renewable technologies as currently deployed do not generally provide the system support services, such as inertia, voltage support or reactive power, that thermal generation can provide. Therefore, SONI must now actively procure and manage this separately to generation capacity.

5.1.7.7 Going forward, SONI will also need to ensure that there are sufficiently flexible providers of low carbon generation on the system and manage this also, to account for swings in wind generation driven by weather factors during the day, for example.

5.1.7.8 This new reality will inherently mean that the TSO must be resourced to a higher capability and capacity.

5.1.7.9 Failure to ensure this capability could have dire consequences for Northern Ireland. While investigations are still ongoing into the causes of the Spain and Portugal blackout in April 2025, it is clear that voltage stability was a key driver. In a high thermal generation system, voltage stability is almost a by-product of generation, however in a high renewable system this must be more actively managed by the TSO.

5.1.7.10 Based on 2025 demand profiles and the

SEM Committee’s value of lost load (VoLL)<sup>4</sup>, we estimate that a one-day blackout of the NI transmission system would have economic impacts in the region of £200m to £400m. Therefore, protecting against this risk by ensuring that SONI is sufficiently resourced is a sound investment.

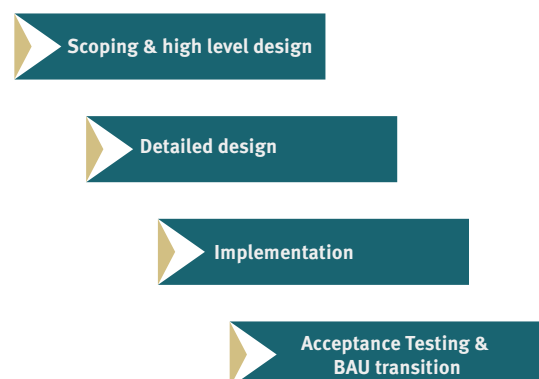
## 5.1.8 IT & telecoms costs

### Impact of Licence Condition 42 (LC42)

5.1.8.1 Following engagement with EirGrid and the Utility Regulator, SONI will move to become an independent TSO (aside from an anticipated three time-limited derogation areas) by October 2026. This is discussed in more detail in Chapter 3.1 Business Plan preparations.

5.1.8.2 SONI will continue to use shared EirGrid group corporate IT systems (e.g. staff laptops, HR and finance software, etc.) and power systems IT (e.g. Control Room tools, etc.) with EirGrid until October 2029, at which point SONI will need to move to a standalone model.

5.1.8.3 The separation of IT is challenging – at the time of writing this Business Plan, SONI has submitted funding requests for detailed design phases of corporate and power systems IT separation programmes. These separation projects are based on a phased approach:



<sup>4</sup> SEM Committee: Calculation of a single Value of Lost Load for the Single Electricity Market

Figure 28: NESO total expenditure requirement

5.1.8.4 At the time of writing, some of these funding requests are currently with the Utility Regulator for review, however for the purposes of the SRP27 Business Plan submission we assume these will be approved in full.

5.1.8.5 We have included estimates of the total cost of the implementation and business-as-usual (BAU) transition stages of the IT separation programme in the total cost numbers we present here. This is to give the Utility Regulator and consumers sight of the expected level of spending required, and to feed into our considerations of the balance of risk and reward and our financeability (see Chapter 7.1).

5.1.8.6 We will only be in a position to provide detailed and accurate costs at the completion of the detailed design phase of the programme, anticipated in late 2026. Therefore, the request will be an uncertainty mechanism submission under the SRP20 price control which will carry on into the SRP27 period, drawing down on some of the Unpredictable Capex and Opex allowances.

5.1.8.7 Until full separation occurs in 2029, SONI will also be required to contribute towards shared EirGrid group IT costs. This will mean that there is effectively a temporary period of one-off atypical costs. EirGrid has provided us with a forecast of Opex and Capex recharges that SONI will need to fund, and these have been incorporated into our request for Unpredictable Capex and Opex.

5.1.8.8 As part of the discussions around derogations with EirGrid and the agreement to continue a shared IT model until 2029 to allow SONI to establish its own independent IT infrastructure safely and securely, SONI is working with EirGrid on the service level

agreements that will apply.

### 5.1.8.9 Cloud IT costs

5.1.8.10 IT Opex is forecast to rise sharply in SRP27, partly driven by SONI's increased ambition in digital capability and IT separation costs, and compounded by a shift from capital investment to cloud-based service models in the IT sphere.

5.1.8.11 Cloud costs, including one-off establishment costs of cloud services, are treated as Opex under accounting standards.

5.1.8.12 This approach, consistent with SEMO's 2024-2029 price control, accelerates SONI's cost recovery by allowing expenses to be recovered in year. However, this increases the immediate impact on end-user bills compared to capitalisation and multi-year depreciation, as significant costs are no longer spread over time. It also means that SONI's regulated asset base is smaller than would historically have been the case as IT assets are replaced by cloud-based software as a service (SaaS) model.

5.1.8.13 This has implications for SONI's ability to access finance, as there will be a smaller asset base to borrow against. This could impact SONI's ability to provide working capital to the market and for the Future Arrangements for System Services (FASS) arrangements.



## 5.1.9 Forecast IT Opex

5.1.9.1 Ongoing business as usual IT costs are forecast to increase across the SRP27 period as more services become integrated into a SONI-only model, particularly a SONI-only power systems IT framework. While separation project costs will cover the one-off costs of establishing these systems, the business-as-usual operating expenditure will cover enduring (non-staff) costs after the acceptance testing and BAU transition stage of the programme.

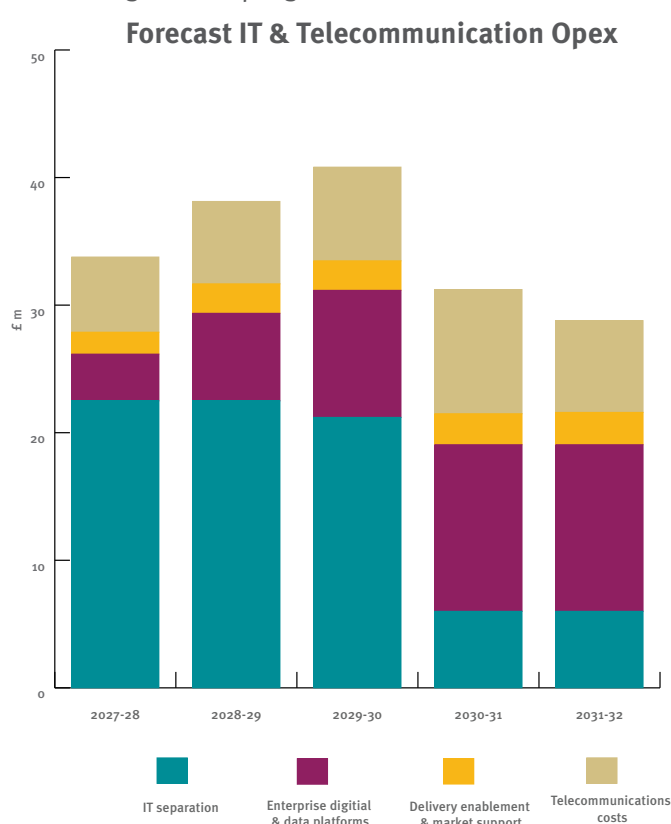


Figure 29: Forecast IT & Telecommunication Opex

5.1.9.2 As we await the completion of the detailed design phase of the IT separation programme, SONI is not in a position to give exact forecasts of the ongoing operational costs of the systems at this point and will return via uncertainty mechanisms during the SRP27 period with more robust estimates.

5.1.9.3 These uncertainty mechanisms will draw-down on a pre-approved “unpredictable Opex” allowance, similar to that outlined in Chapter 5.2

Capital expenditure and discussed in Appendix T.

5.1.9.4 SONI will also need to establish its own cyber security functionality during the separation programme so that it is in place throughout the programme and into business-as-usual operation. Provision has been included for this in our forecasts.

## 5.1.10 Projects IT Opex

5.1.10.1 Operating expenditure associated with the specific groups of projects below primarily reflects external services, contractual commitments, software licensing and specialist consultancy required to support the delivery of SONI’s operational, digital, and regulatory obligations.

5.1.10.2 These costs are largely driven by asset lifecycle requirements, security standards, vendor licensing models and the need for specialist technical capability not held in-house.

### IT separation

5.1.10.3 Opex will be required during the transition phases of IT separation activities related to SONI independence. This includes specialist consultancy, technical design expertise, vendor engagement, and programme assurance services necessary to define, plan, and execute the separation of currently shared corporate systems.

5.1.10.4 Additional Opex will be required to support the implementation of power system IT separation. Given the complexity and business criticality of these systems (i.e. failure of these systems risks lost load events on the NI transmission system), specialist external expertise is required to mitigate operational risk and ensure continuity of service throughout any transition activity.



5.1.10.5 These costs are expected to be incurred through uncertainty mechanisms submitted prior to SRP27 commencing and are essential to ensure the separation is deliverable, financeable and compliant with regulatory and operational requirements.

### **Delivery enablement and market support**

5.1.10.6 Within the delivery enablement and market support projects are cost estimates for mobile device and video conferencing services to support the delivery of SONI's operational and corporate activities within a hybrid working model and are required to support workforce growth, security and business continuity.

5.1.10.7 Ongoing operational expenditure includes managed services, network connectivity, customer support, security controls and service delivery obligations defined within tendered service agreements. These recurring costs ensure consistent service availability, device security, and reliable connectivity.

5.1.10.8 Also included within these projects are cyber security operating costs, associated with both SONI-only IT services and EirGrid group systems.

5.1.10.9 These cost forecasts are based on current service subscription charges and reflect the forecasted expansion of the IT estate, including cloud environments and colocation facilities, which will drive increases in users, assets and log generation.

5.1.10.10 These investments form part of a defence in depth, layered cybersecurity strategy designed to deliver stronger, more resilient protection against evolving cyber security risks, thereby supporting the secure and reliable operation of SONI's systems to the benefit of Northern Ireland consumers.

5.1.10.11 Given the uncertainty around the design of SONI's future IT systems which remains, SONI feel that it is prudent to use uncertainty mechanisms and Unpredictable Opex to access the funding for delivery enablement and market support projects.

### **Enterprise Digital and Data Platforms**

5.1.10.12 Enterprise digital and data platforms Opex covers third-party licensing, support and ongoing maintenance of SONI's core IT platforms. This includes systems required to support corporate operations, operational technology environments and power system applications.

5.1.10.13 These costs ensure system stability, user access and regulatory compliance. Power system and mission-critical platforms additionally require enhanced service levels, including 24/7 support arrangements, to meet operational resilience and system availability requirements.

5.1.10.14 This also incorporates periodic software upgrades, enhancements and compliance-driven changes necessary to retain third party support and to align with cybersecurity and regulatory expectations.

5.1.10.15 The Opex costs of this group of projects is forecast to increase over the SRP27 period as more systems become SONI-only and cloud IT becomes more prevalent.

5.1.10.16 Given the uncertainty around the design of SONI's future IT systems which remains, SONI feel that it is prudent to use uncertainty mechanisms and Unpredictable Opex to access the funding for enterprise digital and data platforms projects.

## 5.1.11 Telecommunications Opex

5.1.11.1 In addition to core IT costs, SONI also has significant telecommunications costs. These relate to telecommunications infrastructure between the SONI control room, emergency control centre and generators, interconnectors, connecting TSOs, etc.

5.1.11.2 This telecommunications network is largely owned by NIE Networks through the Operational Telecommunications Network (OTN), however SONI pay a share of the costs of this network and NIE Networks operate essentially as a service provider. Therefore, all telecommunications costs (including NIE Networks' capital investments in the network) is treated as Opex for SONI.

5.1.11.3 The forecast telecommunications costs for SRP27 can be broken into five key categories:

- **Operational Telecommunications Network (OTN)** investment covers NIE Network's investment in the OTC, of which SONI covers 30% to reflect use of the asset.
- **SONI telecommunications investment** covers additional investment requested by SONI in the OTN
- **SONI networks investment** covers costs through a tri-party contract between SONI, NIE Networks and Vodafone. Local network support and services are supplied to SONI for Castlerea House and the emergency control centre. Through this service, a number of support contracts and services exist explicitly for SONI from an IT Network perspective. This network must be maintained and invested in outside the

normal OTN costs.

- **SONI telecommunications operation** covers ongoing expenses for running SONI IT services which include but are not limited to license costs, support and maintenance of SONI's telemetry. Support and maintenance of this ensures realisation of the benefits of SONI's investment in the product whilst ensuring the stability and the security therein.
- **EirGrid group telecommunications costs** covers costs associated with EirGrid group telecommunications networks and interfaces. These are minimal and are expected to fall away completely once IT separation is complete.

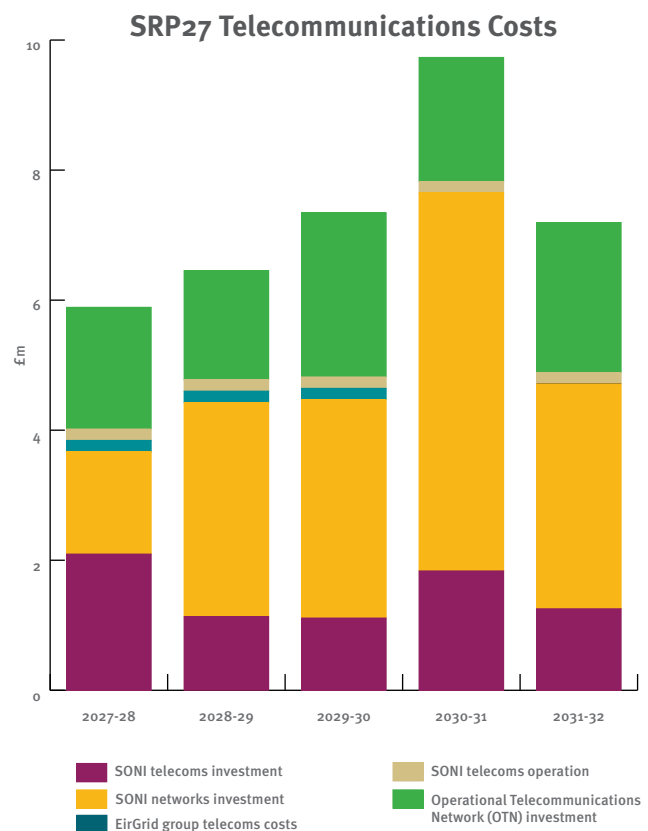


Figure 30: SRP27 Telecommunications Costs

5.1.11.4 While some of the costs associated with telecommunications are forecastable based on NIE Network's RP7 price control outturn, the majority remain uncertain and will depend on specific projects, new connections and other factors.

5.1.12 As such, SONI propose to utilise uncertainty mechanisms for telecommunications costs during SRP27. We propose to submit annual or biennial submissions covering anticipated costs for the coming period. We will discuss this approach with the Utility Regulator following submission of this Business Plan.

## 5.1.13 Professional services and other Opex

5.1.13.1 Professional services and other Opex forecasts have been developed using an evidence-based methodology utilising historical data and forward-looking forecasts.

5.1.13.2 Historical costs for 2020/21 to 2024/25 have been taken directly from the regulatory instructions and guidance (RIGs) submissions, ensuring alignment with reported regulatory information.

5.1.13.3 Provision for legal costs, one of the largest components of professional services, has been established by using average expenditure across the previous regulatory period and applying an uplift of £1m per annum to reflect increasingly complex regulatory and market rules and the increasingly litigious environment that SONI operates in.

5.1.13.4 SONI has been party to a significant number of legal cases in recent years, and external legal support costs have routinely exceeded SRP20 allowances. Many of these cases have been brought against the Utility Regulator as the decision-maker, however SONI has been served as a notice party and provided support and evidence to support the Utility Regulator during the hearings. This

is a prime example of the value that SONI can bring as a trusted advisor, and a larger allowance for legal costs will enable SONI to continue offering this support.

5.1.13.5 At other times SONI itself has been the subject of the legal dispute, and sufficient legal support is vital in ensuring that SONI can defend its decision-making in the interests of NI consumers.

5.1.13.6 Other professional services costs primarily cover consultancy support. This is expected to reduce as more expertise is brought in house via additional SONI staff resourcing. We have assumed a proportional decrease in non-legal professional services to reflect this, based on overall staff numbers.

5.1.13.7 Other operating costs have been forecast using a multi-year average of historic expenditure to establish a baseline. This baseline has then been rolled forward across the SRP27 forward period on the basis that no material changes in costs are anticipated.

5.1.13.8 Other operational costs, for example non-staff costs such as subscriptions, licence fees, lease charges and miscellaneous items have similarly been calculated using normalised historic data, adjusted for known external impacts and rolled forward over the price control period.

5.1.13.9 European membership and interconnector administrator costs are not included in these forecasts as they are inherently unpredictable. We propose to move these into the pass-through costs within the price control framework. This is discussed in more detail in Chapter 6: *Uncertainty Mechanisms*.



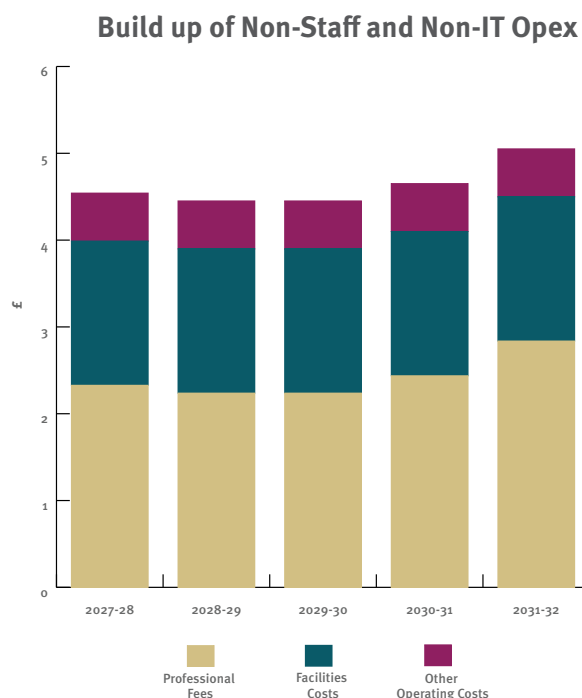


Figure 31: Build up of Non-staff and Non-IT Opex

5.1.13.10 Facilities costs have been rolled forward on the basis that the SRP27 price control initiative “Castlereagh House remedial works” is approved in full. If this is not the case, then it is likely that maintenance costs will increase during the SRP27 period as parts of the building require increasing ad hoc repairs.

5.1.13.11 SONI are seeking allowances for non-staff and non-IT Opex costs as part of the base Opex allowance in SRP27.

## 5.1.14 Connection Costs

5.1.14.1 Over the SRP20 period, SONI has experienced a significant increase in both the volume and complexity of transmission connection requests (Figure 32). Indications are that this trend will continue as the energy transition accelerates and more renewable generators and storage providers seek connections.

5.1.14.2 To meet this growing demand, SONI must scale up its connections function accordingly.

5.1.14.3 The costs of connections staff are covered directly through connection charges. SONI is currently assessing the level of resourcing required to support forecasted future connection requests and we will seek to uplift connection fees to cover additional staff through an amendment to the Transmission Connection Charging Methodology Statement (TCCMS) in due course.

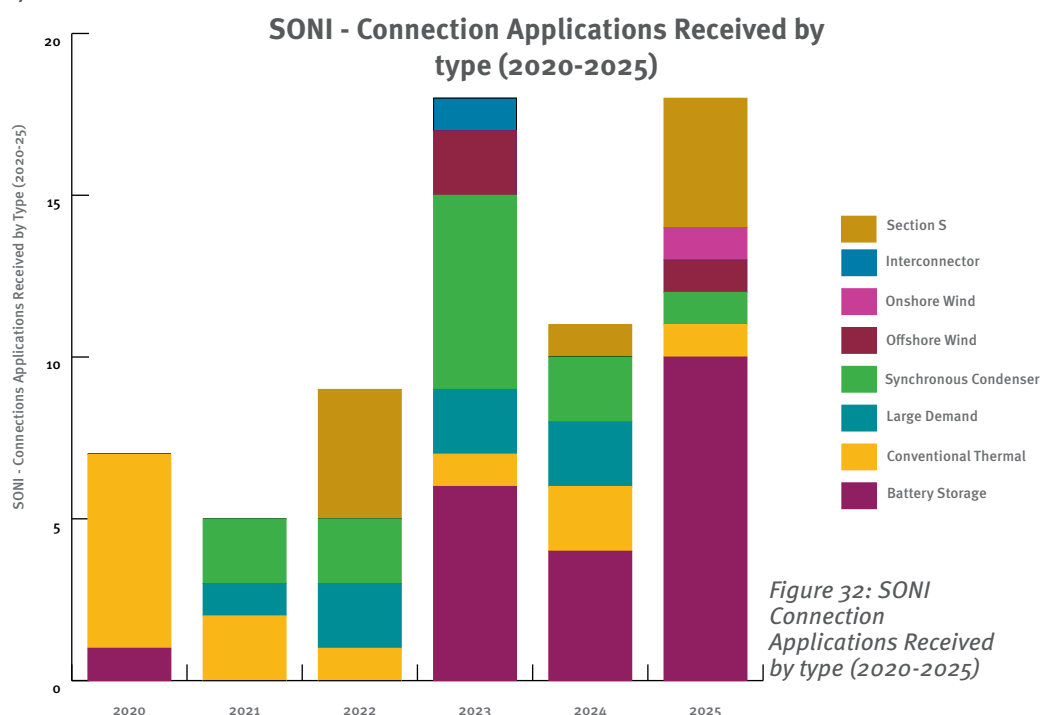


Figure 32: SONI Connection Applications Received by type (2020-2025)

5.1.14.4 There is provision in the price control for Connection Income Overheads (the CIOT term). This is a reduction in SONI's total allowance to offset the recovery of overheads attributable to connections staff from the price control allowance, to avoid double recovery from connection fees and price control allowances.

5.1.14.5 SONI currently has circa five connections funded staff, and the overheads associated with these staff are minimal and the administrative cost of calculating them would be disproportionate. Therefore, the CIOT term has not been used to date.

5.1.14.6 Given the significant increase in the volume and complexity of connections, we anticipate that a significant increase in staffing will be required to process these connections. At this point, the overheads associated with connections staff may become material, and the CIOT term should be used.

5.1.14.7 However, we will discuss the timing of this with the Utility Regulator once the exact scale and phasing of the growth in connections staff becomes firmer. This is discussed in more detail in Appendix Q: *Connections*.

## 5.1.15 Real price effects and productivity

5.1.15.1 In addition to the base allowances in SRP27, the Utility Regulator will also apply adjustments each year based on real price effects and productivity targets.

5.1.15.2 SONI has commissioned Frontier Economics to provide evidence-based assessments of the parameters for these two adjustment factors. The Frontier Economics recommendations are detailed in Appendix N *RPEs and Productivity* and summarised here.

### Real Price Effects

5.1.15.3 Real price effects (RPEs) provide an adjustment to standard economy-wide measures of inflation based on the specific types of costs that a regulated company incurs. For example, if a company's costs are dominated by costs of materials, and the cost increase of these materials year-on-year is outstripping the central rate of inflation, application of RPEs would uplift the base measure of inflation by a percentage.

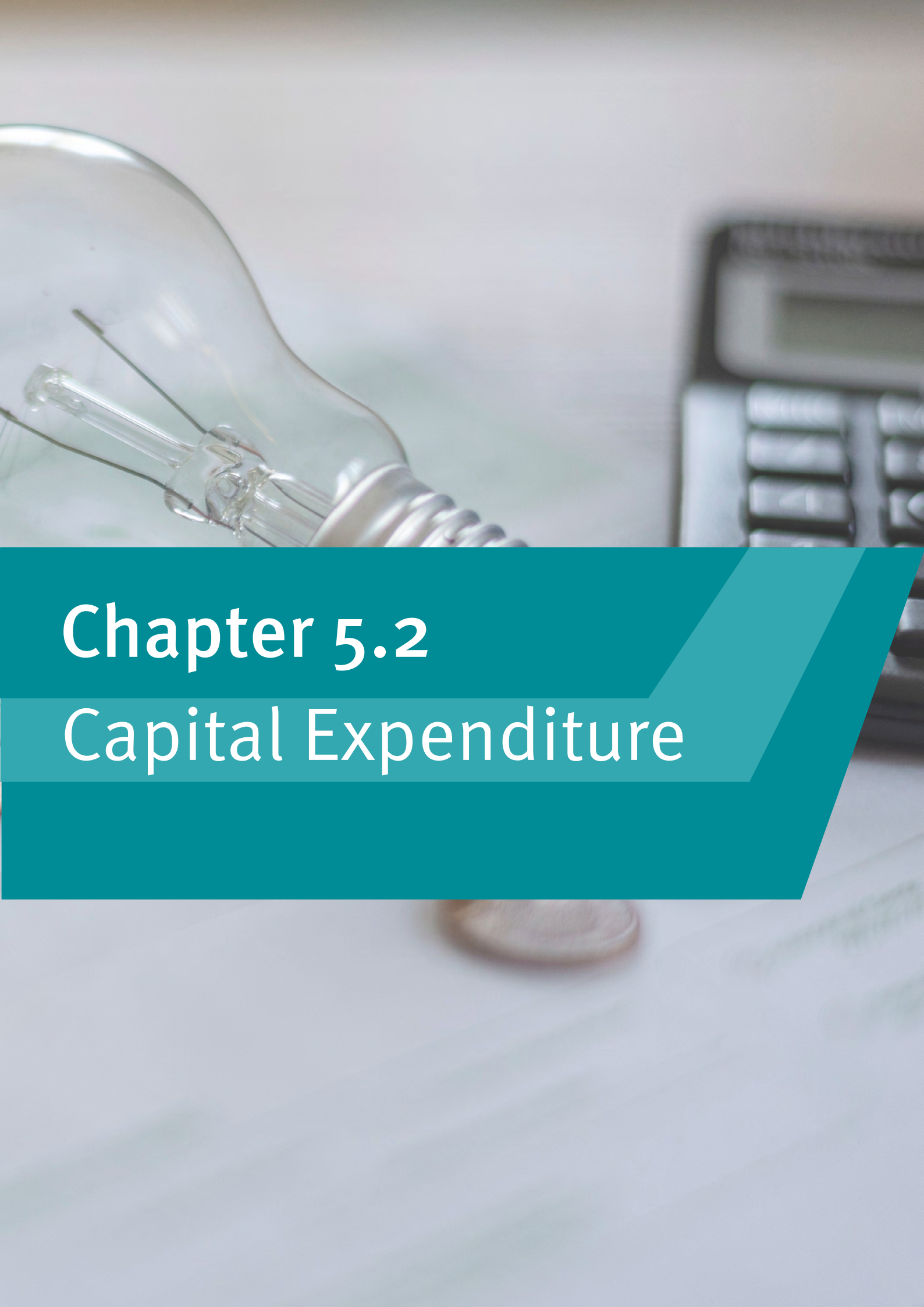
5.1.15.4 Frontier Economics' analysis suggests that a final RPE of 0.43% should be applied to SONI's Opex costs. This is largely driven by above-inflation wage increases within the sectors that SONI operates in.

### Productivity

5.1.15.5 Regulated companies are required to achieve productivity gains over time, reflecting productivity gains that would be expected in a competitive market. These productivity targets are typically set considering evidence from the wider economy, as well as specific factors impacting the company itself.

5.1.15.6 Frontier Economics' recommendation based on data-driven analysis from other UK comparators and regulatory precedents is that a productivity target of 0.6% per year should be applied to SONI.

5.1.15.7 Overall, this 0.43% positive adjustment driven by RPEs and 0.6% negative adjustment driven by productivity results in a recommended -0.17% total cost trend to be applied to SONI's costs.

A background image showing a lightbulb on the left and a calculator on the right, both slightly out of focus. A teal-colored banner with a diagonal split is overlaid on the bottom half of the image.

## Chapter 5.2

# Capital Expenditure



## 5.2.1 Executive summary

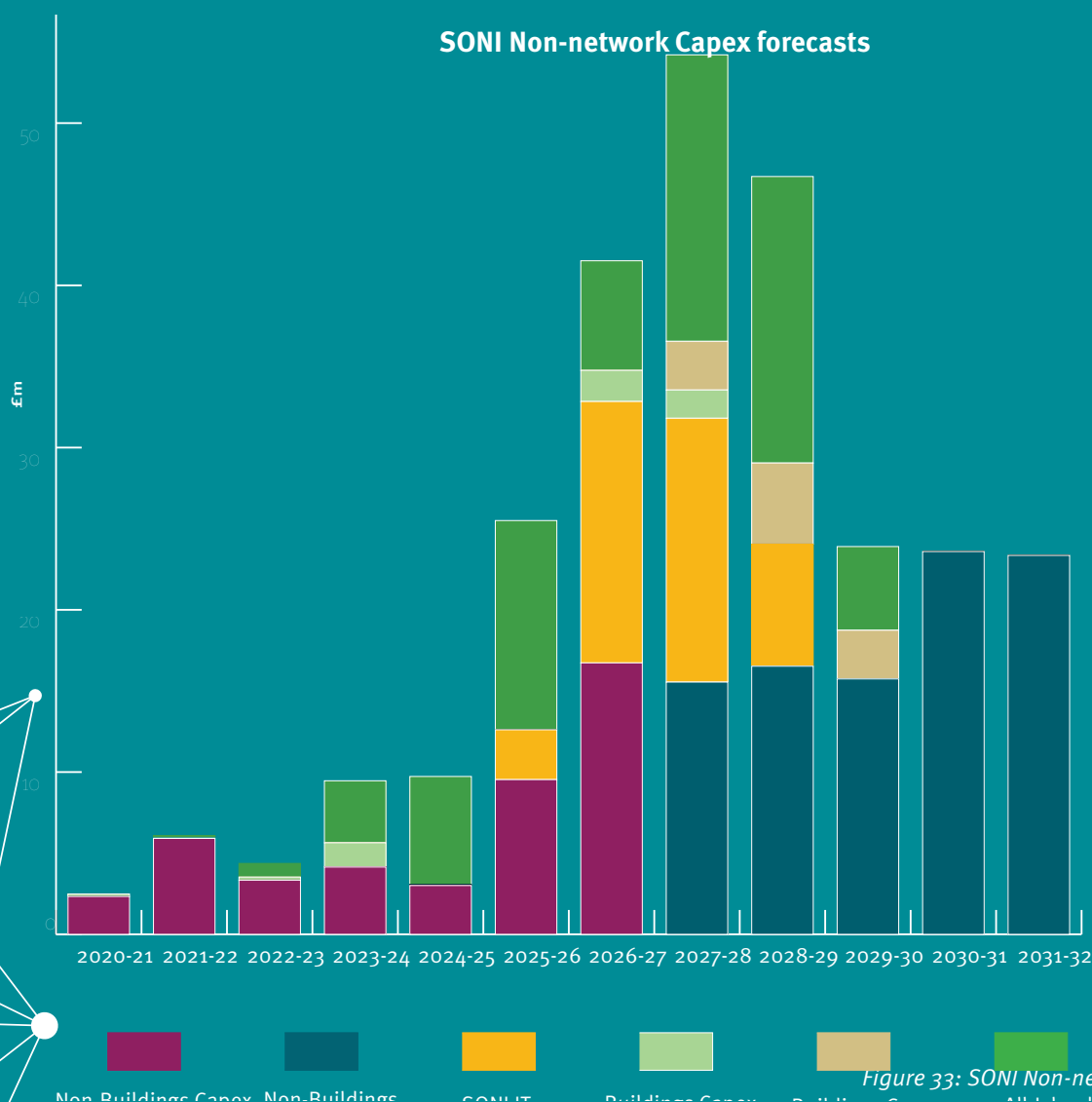
5.2.1.1 The majority of SONI's non-network capital expenditure (Capex)<sup>1</sup> during SRP27 is IT systems and hardware. A limited amount relates to the buildings that SONI own and maintain (Castlereagh House, and an Emergency Control Centre used as a backup location in case the main control centre in Castlereagh House is unavailable).

5.2.1.2 Where Capex is referred to in this Chapter, it relates to non-networks Capex unless otherwise stated. Networks-related Capex (i.e. transmission network pre-planning projects) is covered in the separate Appendix R TNPPs).

5.2.1.3 SONI's Capex investment through the SRP27

period is forecast to increase significantly in comparison to SRP20. The increase is driven by a number of factors including:

- Investment required in SONI's TSO IT systems (and until September 2029, shared EirGrid group IT systems) to facilitate the energy transition and the focus on digitalisation requested by the Utility Regulator. The total cost of this is estimated to be £95m across the SRP27 period.
- Implementation of Licence Condition 42 (LC42) which requires SONI to ensure full separation of both Corporate and Power Systems IT ahead of the end of the agreed Derogation period with EirGrid in September 2029, requiring significant investment in its standalone TSO IT systems. The total cost of this over the SRP27 period is £24m.



<sup>1</sup> UR Consultation on Revenue Regime for Future Interconnection

- Changes in European requirements are driving significant changes in the SEM market design. Significant investment in IT systems is required to ensure compliance, driven by the SEM Committee's Multi-Year Market Roadmap. Three All Island Programmes (AIPs) have already been developed and are in track during SRP20. Over the course of SRP27 (or even before), SONI expects to seek funding for additional projects. The total cost of this is estimated to be £40m across the SRP27 period, however due to the high level of uncertainty over the SEM Committee's market

roadmap, the eventual outturn may exceed this.

- Investment in SONI's Castlereagh House estate and the Emergency Control Centre to enhance security, sustainability and replace assets nearing their end of life. The total cost of this over the price control period is £13m.

5.2.1.4 SONI is forecasting total capital expenditure of c£172m in SRP27, around £13m of which is for investment in buildings, and the remaining c£159m relates to IT systems and capability enhancement programmes.

| £m                                                                |                     |                                         | 2027-28 | 2028-29 | 2029-30 | 2030-31 | 2031-32 | Total  |
|-------------------------------------------------------------------|---------------------|-----------------------------------------|---------|---------|---------|---------|---------|--------|
| Requested or allowed through other mechanisms                     | Buildings capex     | Security, resilience and sustainability | 1.74    | 0.00    | 0.00    | 0.00    | 0.00    | 1.74   |
|                                                                   | Sub-total           |                                         | 1.74    | 0.00    | 0.00    | 0.00    | 0.00    | 1.74   |
| Uncertainty mechanisms                                            | Non-buildings capex | Grid operations & OTCE                  | 4.77    | 4.77    | 9.77    | 14.77   | 14.77   | 48.87  |
|                                                                   |                     | Enterprise digital & data platforms     | 1.19    | 2.67    | 2.67    | 2.67    | 4.67    | 13.86  |
|                                                                   |                     | Delivery enablement and market support  | 9.58    | 9.08    | 3.30    | 6.15    | 3.92    | 32.04  |
|                                                                   |                     | IT Separation                           | 16.26   | 7.53    | 0.00    | 0.00    | 0.00    | 23.78  |
|                                                                   | Buildings capex     | Security, resilience and sustainability | 3.00    | 5.00    | 3.00    | 0.00    | 0.00    | 11.00  |
|                                                                   | Sub-total           |                                         | 34.81   | 29.05   | 18.74   | 23.59   | 23.36   | 129.55 |
| All Island Programmes & SEM Market Roadmap (for information only) |                     |                                         | 17.66   | 17.66   | 17.66   | 17.66   | 17.66   | 17.66  |
| Total                                                             |                     |                                         | 54.21   | 46.71   | 23.90   | 23.59   | 23.26   | 171.76 |

Table 3: Non-Network Capex Forecasts

5.2.1.5 SONI will use uncertainty mechanisms to seek the bulk of this capital expenditure owing to either the uncertainty around projects, or in some cases the need to commence the projects in advance of SRP27.

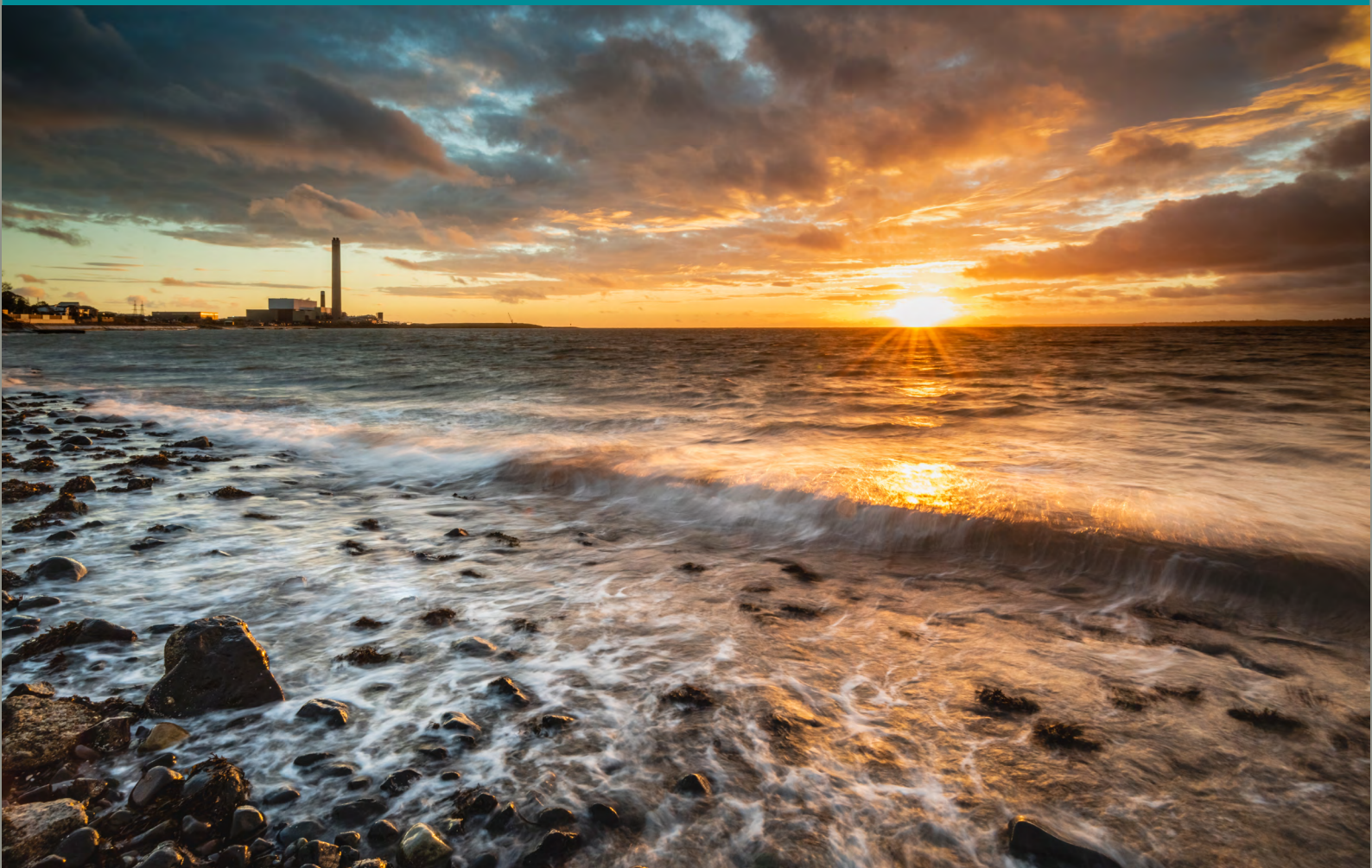
5.2.1.6 To ensure that SONI can get sufficient facilities from our lenders, however, we are seeking up front commitments from the Utility Regulator regarding the overall envelope of capital allowance that will be permitted during SRP27. This ties in closely with the issues outlined in Chapter 7.1 Balance of risk and return and in particular the financeability section in that Chapter.

5.2.1.7 The model that we are recommending for this is a variation of the “Unpredictable Capex” allowance model used in the SEMO Price Control 2024-29. This model accommodates an allowance of Capex which is not tied to a specific project or business case, but which can be used for uncertain or unpredictable IT

projects during the price control period.

5.2.1.8 Under SONI’s proposed model for SRP27, the total Capex figure above would be approved as “Unpredictable Capex” and then SONI could draw down on this allowance for specific projects. We would develop project-specific business cases in line with the uncertainty mechanisms templates and submit these to the Utility Regulator in advance of project commencement for assurance purposes. This approach however would act as a guaranteed envelope of financing that banks could look at to minimise their lending risk and ensure SONI remains financeable. Further information on this can be found in Appendix T Unpredictable Capex and Opex.

5.2.1.9 SONI’s proposals for Unpredictable Capex and Opex are outlined in Appendix T, and SONI will work with the Utility Regulator to ensure the appropriate guidance documentation is in place to support the proposed arrangements.





## 5.2.2 SONI's recovery of capital expenditure

### The RAB model

5.2.2.1 Under SONI's current financing model, capital expenditure is approved by the Utility Regulator up front and then recovered over a period of either five or twenty-five years (depending on if the capital investment is in non-buildings assets or buildings assets, respectively).

5.2.2.2 In effect, this means that SONI spends the money in the first year and uses borrowing to cover this expenditure until the money is fully recovered through tariffs over the following four (or twenty-four) years.

5.2.2.3 The recovery period is also known as the depreciation period and works on the assumption that the capital investment in the first year creates an asset, which then depreciates on a straight-line basis (i.e. by an equal £ amount each year) until it is fully depreciated.

5.2.2.4 The total sum of SONI's assets, taking into account depreciation applied to them, is known as the regulated asset base (RAB).

5.2.2.5 This approach is standard in the economic regulation of utilities and natural monopolies and shields consumers from high price volatility driven by one-off capital projects, as the cost is smeared through tariff recovery over a number of years.

5.2.2.6 However, the approach does place a cost on SONI as it must cover the costs of borrowing this money (or if funded through equity, provide a rate of return to the shareholder). To compensate SONI for this cost, the Utility

Regulator allows SONI a rate of return on the RAB. This is known as the weighted average cost of capital (WACC). The WACC is discussed in more detail in Chapter 7.1 Balance of risk and Return and Appendix W Allowed Returns.

5.2.2.7 An example of how SONI would recover a capital expenditure of £10m is included in Figure 34.

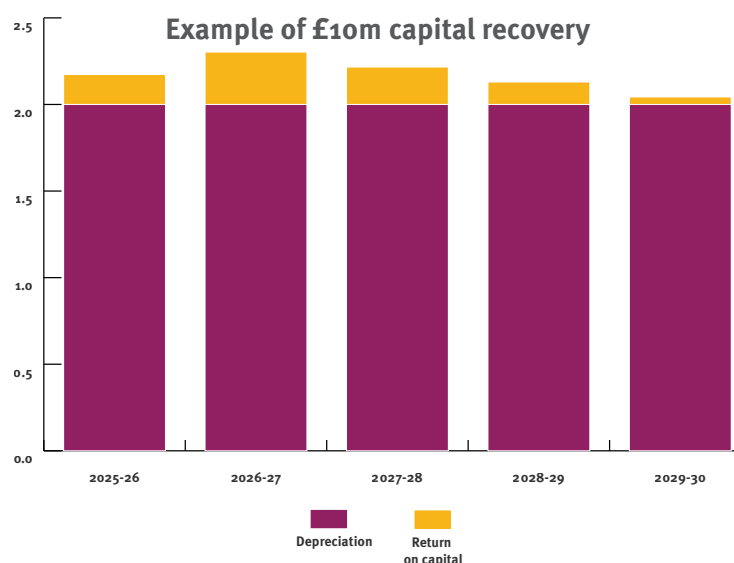


Figure 34: Example of £10m Capital Recovery

5.2.2.8 In this chart, £10m would be spent in year 1, while SONI would only recover £2m, so would need to make up the difference of £8m through borrowing. This residual £8m is then recovered over years 2-5 at a rate of £2m per year. All the while, SONI will be paying interest charges on the borrowing. To compensate SONI for this, the return on capital is added to the depreciation amount to be recovered from consumers through tariffs each year. The depreciation amount is higher in earlier years as the total debt stock which is incurring interest charges is also higher<sup>1</sup>.

5.2.2.9 This model is well understood and SONI is not proposing changes to it.

<sup>1</sup> The return on capital in year 1 is smaller than in year 2 as it is based on the average of the opening value for RAB at the start of the year, and the closing value at the end of the year. In year 1, there is no opening balance. This is a peculiarity of the algebra in Annex 1 of SONI's licence. SONI is kept whole over the five-year depreciation period, but the recovery is shifted back by a year to some degree.

## Unpredictable Capex

5.2.2.10 Currently, all capital expenditure must be approved up-front by the Utility Regulator, and each project requires a detailed business case before the project commences (unless SONI works at its own financial risk). If this approval is not sought, then SONI cannot recover the depreciation or return on capital via tariffs.

5.2.2.11 Due to the level of uncertainty still present due to energy policy uncertainty, the need for the detailed design stage to complete for the SONI IT separation programme and more clarity required from the SEM Committee in terms of its Multi-year Markets Roadmap, SONI is not currently in a position to develop project specific detailed business cases and implementation plans to include projects as price control initiatives.

5.2.2.12 SONI would not be able to provide accurate costs, or detailed implementation plans which the Utility Regulator usually requests as part of funding submissions. As such, SONI's preferred approach is to rely on Uncertainty Mechanisms to seek project specific funding once this information becomes available.

5.2.2.13 Given the scale of capital expenditure forecast in SRP27, however, SONI needs to engage with lenders to ensure that adequate financing can be put in place to cover the SRP27 period.

5.2.2.14 These lenders will look to see guarantees that SONI will be able to access cost recovery for any financing that they provide. This will minimise the regulatory risk that they face and increase the likelihood of them providing SONI with financing and also the cost at which they will provide the financing.

5.2.2.15 Therefore, it is in the overall interest of

consumers that SONI has guarantees over capital expenditure cost recovery up front, so that lenders have certainty over cost recovery to reduce the regulatory risk that they face.

5.2.2.16 In the SEMO Price Control 2024-29 Final Determination<sup>2</sup>, the SEM Committee allowed SEMO an allowance called "Unpredictable Capex". This was a capital allowance which is not tied to a specific project, but which SEMO can draw down on as required as unpredictable projects come to fruition.

5.2.2.17 SONI is proposing that this is replicated for SRP27, and that the full forecast Uncertainty Mechanism costs outlined in Table 4 are allowed as unpredictable Capex:

|                          | 2027-28 | 2028-29 | 2029-30 | 2030-31 | 2031-32 |
|--------------------------|---------|---------|---------|---------|---------|
| Unpredictable Capex (£m) | 34.81   | 29.05   | 18.74   | 23.59   | 23.36   |

Table 4: Unpredictable Capex

5.2.2.18 We propose that, to draw down on this allowance, SONI will submit Uncertainty Mechanism submissions on a project or programme basis as we would under current arrangements, i.e. on an ex-ante basis.

5.2.2.19 However, rather than requiring a response from the Utility Regulator in the positive, the default assumption will be that the draw-down from the Unpredictable Capex allowance will be approved, unless the Utility Regulator makes disallowances in line with its Demonstrable Inefficient and Waste Expenditure (DIWE) guidance.

5.2.2.20 This approach ensures that the Utility Regulator retains oversight over SONI's spending and can ensure that only worthwhile projects or programmes are progressed, however it also ensures that SONI has sufficient certainty over revenue recovery to

<sup>2</sup> SEMO Price Control Final Determination

provide to its lenders and therefore achieve sufficient financing at the best possible rates.

- 5.2.2.21 SONI will ensure that regular updates and forecasts are provided to the UR on upcoming projects and ensure there is alignment on the call down of funds from the unpredictable capex allowance.

## 5.2.3 Project capital expenditure

### Security, resilience & sustainability (buildings and facilities)

- 5.2.3.1 Included within the security, resilience and sustainability cost category are three potential projects. The first of these is a price control deliverable and relates to remedial works relating to SONI's Castlereagh House estate. The project would repair long-standing issues in the building, avoiding costly ad hoc repairs in the future, as well as replace end of life assets to enhance sustainability of the building and further enhance the security of the building. Appendix H Proposed: *New Initiative – Castlereagh House Remedial Works*.
- 5.2.3.2 Another project would further enhance the safety and sustainability of the Castlereagh House building by replacing the exterior concrete cladding, which is currently failing. A feasibility study would need to be undertaken to understand the best long-term solution to this issue.
- 5.2.3.3 The final and most substantive project would either replace or overhaul the existing Emergency Control Centre. This building provides back-up functionality for the primary Castlereagh House control room, such that if the primary control room became unavailable for any reason, the Northern Ireland electricity

grid could continue to operate. The building is currently in need of significant repairs and security enhancements. SONI is currently undertaking a feasibility study of the best approach to bringing this facility in line with requirements and expectations. The exact cost of this project will depend on the feasibility assessment.

### All-Island Programmes

- 5.2.3.4 There are currently three programmes which are classed as All-Island Programmes (AIPs) by the SEM Committee under the definition outlined in their decision paper SEM-24-034<sup>3</sup>: the Scheduling & Dispatch Programme (SDP), the Future Arrangements for System Services programme (FASS) and the Strategic Markets Programme (SMP).
- 5.2.3.5 Work on both SDP and FASS programmes is expected to be completed in advance of the start of SRP27. However, significant Capex investment in the SMP will be required in the early years of SRP27.
- 5.2.3.6 SONI's allocation of this investment (c. £15.5m) has already been approved by the regulator and as such no further request is being made in this regard. However, the values are being included in the total Capex requirement to form a comprehensive picture for the financeability assessment (see Chapter 7.1 Balance of Risk and Return).
- 5.2.3.7 As well as the three existing AIPs, SONI expects that there will be additional AIPs over the coming years coming out of the anticipated SEM Committee Multi-Year Plan<sup>4</sup>. These AIPs may commence in advance of the SRP27 period.
- 5.2.3.8 The Single Electricity Market (SEM) is facing significant need for reform over the coming

<sup>3</sup> SEM Committee All Island Programmes: Approach to Governance & Revenue Recovery Arrangements

<sup>4</sup> SEM Committee Multi-Year Plan



years, driven by the requirements of the European Clean Energy Package as well as the need for appropriate trading arrangements between the SEM and Great Britain (GB) post Brexit, and other obligations under European Union regulations as outlined in Chapter 4.4 External strategic drivers.

5.2.3.9 Within its forecasts for Capex, SONI has included provision for two additional AIPs: Long Duration Energy Storage (LDES) and TSO-DSO Operating Model in the period. Funding for these projects will be sought through the relevant Uncertainty Mechanism process once appropriate detailed business cases have been developed and approved by the SEM Committee. SONI's current best estimate of its required Capex investment into the programmes is circa £25m, however this is an estimate.

5.2.3.10 It is important to highlight that SONI alone cannot determine that a programme is an All-Island Programme, only the SEM Committee is able to do this. The projects listed above are also only indicative placeholders at this stage. SONI's understanding is that the SEM Committee is undertaking a prioritisation exercise to determine which programmes to prioritise and determine a deliverable programme of work over the next decade to implement required market design changes.

5.2.3.11 SONI has included these two projects to enable an assessment of financeability to be undertaken. SONI does expect further AIPs to commence during the SRP27 period and potentially beyond. We have not included further provision for more AIPs in the later years of SRP27 as the plans are currently too uncertain and we await further information from the SEM Committee.

## 5.2.4 Non-buildings Capex

### Grid operations & OTCE

#### Operational Tools & Capability Enhancement

5.2.4.1 The Northern Ireland electricity transmission system will undergo radical transformation over the course of SRP27. This includes a potential new high voltage direct current (HVDC) interconnector to Great Britain, integration of offshore wind generation, demand response and energy storage innovations and anticipated market evolution. In addition, significant growth in demand driven by electrification of society and large energy users such as data centres or hydrogen electrolysis may materialise during SRP27.

5.2.4.2 The SONI Operational Policy Roadmap 2025-2035 sets out a pathway for the evolution of operational policy to facilitate these radical transformations while maintaining and enhancing security of supply, reliability and resiliency for customers. The roadmap identifies the need to uplift operational capability to meet the new challenges and requirements introduced by the increased complexity of system operations.

5.2.4.3 Since 2021, SONI and EirGrid have been working on the development of the Control Centre of the Future (CCOTF) initiative, including setting a vision for the CCOTF which encompasses changes in every aspect of control centre operations, facilities, and operating systems.

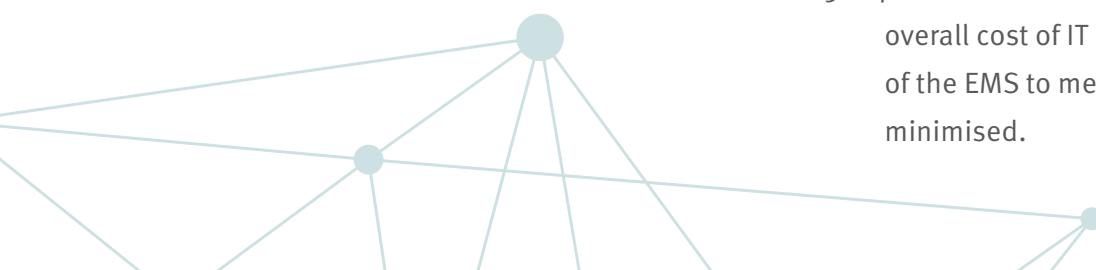
5.2.4.4 Following the CCOTF capability assessment, the CCOTF initiative has been reframed at the Operational Tools and Capability Enhancement (OTCE) programme to account

for the significant broader uplift in operational capability needed to achieve the 2030 legislative targets and government policy requirements.

- 5.2.4.5 OTCE will develop new tools to allow the SONI control room to manage the system, as well as undertake studies to give SONI's engineers the confidence and assurance that current operational policy constraints can be relaxed, enabling more renewable generation onto the system and reducing costs for end-consumers. OTCE will be a key part of SONI's delivery of the Operational Policy Roadmap, and delivery of the benefits identified in the Power of SONI report (Appendix AA).
- 5.2.4.6 Given the innovative nature of OTCE, it is not possible or preferable to lay out detailed multi-year programme plans from the outset. The OTCE programme can deliver the maximum benefit to consumers by taking a "learning by doing" approach. That is, taking a phased approach and using learnings from earlier phases to refine the scope of later phases to focus efforts on areas that can demonstrably deliver the best return on investment.
- 5.2.4.7 SONI has already progressed Tranche 1 of the project with approved funding granted by the Utility Regulator through an uncertainty mechanism submission in 2025. SONI intends to request funding for the next tranches of the programme through further uncertainty mechanisms, recognising the benefit of this "learning by doing approach". Elements of the OTCE programme may benefit from the proposed innovation funding which SONI is seeking in this Business Plan (see Chapter 5.4: Innovation).

## Ongoing operational tool

- 5.2.4.8 As SONI transitions to a SONI-only IT model as discussed later in this Chapter, SONI will also require additional investment in maintaining and upgrading operational tools and IT systems to ensure that they are suitable for a high renewable system.
- 5.2.4.9 The Energy Management System (EMS) is the critical IT system to ensure the ongoing stability and security of supply of the Northern Ireland electricity transmission system. SONI expects a requirement for significant investment in EMS modernisation and enhancement over the SRP27 period.
- 5.2.4.10 The key drivers for the modernisation project are:
- Grid stability - maintaining consistent and reliable system operations to enable SONI to continue operating the grid safely, securely and economically.
  - Security of supply - enhancements strengthen Northern Ireland's system's resilience against disruptions and evolving demands on the grid.
  - Operational efficiency - modernisation of IT tools improves real-time operations, monitoring and decision making.
- 5.2.4.11 As part of the IT separation programme, SONI will aim to ensure that any further upgrades to the EMS are factored in to the separation work itself, however we have included provision for further EMS upgrades post-separation to account for scenarios where, for example, the current EMS is simply replicated to a SONI-only model and then needs subsequent upgrades.
- 5.2.4.12 SONI will endeavour to ensure that the overall cost of IT separation and development of the EMS to meet future requirements is minimised.



5.2.4.13 In addition, to enable SONI to continue accessing EirGrid group IT services during the period for which Licence Condition 42 Derogations apply (i.e. to the end of September 2029), and to avoid cross-subsidisation which is explicitly prohibited in the SONI and EirGrid licences, SONI must contribute a proportion of the funding to EirGrid group IT investments that SONI benefits from.

5.2.4.14 Following consultation with EirGrid, they have provided a forecast of the costs that they expect to allocate to SONI until September 2029.

5.2.4.15 These costs will cover projects under the following programmes: Digital Transformation, Market Capability Uplift, Power System Capability & Enhancements (PSCE), Technology Resilience Management and Transformational Delivery. These programmes are outlined in EirGrid's PR6 Price Control Final Determination.

## 5.2.5 Enterprise digital & data platforms

5.2.5.1 As well as IT systems required to support the SONI control room operations accounted for in the Grid Operations & OTCE category, SONI will also require significant investment in other systems which support SONI's wider activities and roles.

5.2.5.2 Licence Condition 43 (Digitalisation) introduced a requirement on SONI to develop a joint digitalisation strategy and action plans with NIE Networks. These strategies and action plans together will support the roll out of smart meters in Northern Ireland and facilitate end-user flexibility, supporting the energy

transition in Northern Ireland.

5.2.5.3 The type and volume of data that will be required in future will be significantly different to current data needs, and data will need to be gathered and transmitted in effectively real-time for it to be useful.

5.2.5.4 New emerging tools such as agentic artificial intelligence (AI) will also drastically change SONI's data and digital requirements. However, this integration will require a carefully designed infrastructure to ensure that the roll-out is successful.

5.2.5.5 Depending on what is ultimately approved in these strategies and action plans by the Utility Regulator, there is likely to be significant investment required in SONI's IT hardware to ensure that the right data is being captured and that the tools exist to ensure that this data is presented in a format that gives end-users what they need to make informed decisions.

5.2.5.6 These new data and digital platforms will need to be robust and secure to ensure that data flows remain protected and do not create loopholes that malignant actors can exploit and launch cyber-attacks on SONI's systems.

## 5.2.6 Delivery enablement and market support

5.2.6.1 As well as digitalisation tools to support market participants, consumers and other external stakeholders, SONI will also need to ensure that the tools it has available internally enable SONI's staff to deliver efficiently and effectively.

5.2.6.2 As SONI separates its corporate IT systems



from EirGrid's by September 2029, it will also need to invest in new enabling functionality and tools.

5.2.6.3 Existing tools such as video conferencing facilities in the SONI estate will reach end of life during the SRP27 period and will need to be replaced. These audio-visual tools are vital to facilitate modern hybrid working models. Ensuring that these facilities are operational and user-friendly are fundamental to ensuring that SONI can maximise productivity.

5.2.6.4 New digital tools such as online platforms or client relationship management (CRM) tools for engaging with stakeholders or landowners are vital to unlocking operational efficiencies and delivering the experience that stakeholders are increasingly expecting. SONI has introduced improvements in stakeholder feedback and engagement over the SRP20 period (see Chapter 3.2 Stakeholder engagement). We expect this to grow throughout SRP27 and therefore need the technology to ensure we effectively engage with a growing stakeholder and customer base.

## 5.2.7 IT separation

### One-off separation costs

5.2.7.1 Following engagement with EirGrid and the Utility Regulator, SONI will move to become an independent TSO (aside from an anticipated three time-limited derogation areas) by October 2026. This is discussed in more detail in Chapter 3.1 Business Plan preparations, and its implications for IT systems are outlined in Chapter 5.1 Operational Expenditure (Opex).

5.2.7.2 1.70. SONI estimates that the total IT

separation programme will involve total capital investment of around £42.97m between 2025-26 and 2028-29, with £23.78m of this coming within the SRP27 period.

5.2.7.3 Given the timelines involved in the separation programme and the need to have SONI standalone systems by September 2029, SONI must seek cost recovery for this programme via uncertainty mechanisms ahead of SRP27.

5.2.7.4 Despite this cost, there are also significant benefits for SONI and for NI consumers and stakeholders of dedicated standalone IT systems:

- **Strategic alignment & agility:** SONI will have direct control of priorities and decision-making regarding IT programmes and investments. SONI will be able to make changes to IT infrastructure which best suit the needs of Northern Ireland.
- **Operational excellence & service quality:** SONI will have direct control over the service quality of the IT systems rather than being dependent on a third party.
- **Regulatory & market compliance:** SONI will have direct control over cyber security and data governance, ensuring that the IT systems meet Northern Ireland and UK standards and enabling additional assurance in this regard.
- **Stakeholder engagement:** SONI will be able to develop IT systems which meet the needs and requirements of our own stakeholders using a customer-centric approach. This was highlighted as a key benefit by members of the Stakeholder Advisory & Challenge Group (see Appendix G).
- **Risk reduction & resilience:** There will be

wider benefits to the SEM as there will be fewer single points of failure from having two concurrent IT systems.

### Treatment of outstanding RAB

5.2.7.5 At this point it is still unclear as to how the undepreciated outstanding shared RAB will be treated at the point of expiry of the Derogations on 30 September 2029. For modelling purposes, SONI's assumption is that, any capex additions will factor into the RAB as normal, even if depreciation continues after the expiry of Derogations. This assumption has been factored into the financial model and financeability assessment outlined in Chapter 7.1.

## 5.2.8 Real price effects (RPEs) and productivity

5.2.8.1 In addition to the base allowances in SRP27, the Utility Regulator will also apply adjustments each year based on real price effects and productivity targets.

5.2.8.2 SONI has commissioned Frontier Economics to provide evidence-based assessments of the parameters for these two adjustment factors. The Frontier Economics recommendations are detailed in Appendix N and summarised here.

### Real price effects

5.2.8.3 Real price effects (RPEs) provide an adjustment to standard economy-wide measures of inflation based on the specific types of costs that a regulated company incurs. For example, if a company's costs are dominated by costs of materials, and the cost increase of these materials year-on-year is outstripping the central rate of inflation, application of RPEs would uplift the base measure of inflation by a percentage.

5.2.8.4 Frontier Economics' analysis suggests that a final RPE of 0.23% should be applied to SONI's Capex costs.

### Productivity

5.2.8.5 Regulated companies are required to achieve productivity gains over time, reflecting productivity gains that would be expected in a competitive market. These productivity targets are typically set considering evidence from the wider economy, as well as specific factors impacting the company itself.

5.2.8.6 Frontier Economics' recommendation based on data-driven analysis from other UK comparators and regulatory precedents is that a productivity target of 0% per year should be applied to SONI.

5.2.8.7 Overall, this 0.23% positive adjustment driven by RPEs and 0% adjustment to productivity results in a 0.23% total cost trend to be applied to SONI's costs.

5.2.8.8 Given the small magnitude of this adjustment and the high level of uncertainty contained within SONI's cost estimates, we propose that RPEs are not applied to capital expenditure during SRP27.



# Chapter 5.3

## Network Investments



## 5.3.1 Executive summary

5.3.1.1 SONI is responsible for planning the electricity transmission network in Northern Ireland through transmission network planning projects (TNPPs).

5.3.1.2 Given the energy transition, SONI anticipates that the number and scale of TNPPs will increase dramatically over the coming years and into the SRP27 period. Costs associated with TNPPs in SRP27 are forecast to be around four times what they were in SRP20.

5.3.1.3 SONI currently has 4.25 FTEs for network planning. Given the scale of the growth in TNPPs, to deliver this growth we will require 10.75 FTEs in the SRP27 period.

5.3.1.4 This growth in staff has been developed

through a detailed analysis of SONI's processes and experiences to date and represents a significant efficiency relative to the size of the growth in TNPP costs.

5.3.1.5 In addition to this, SONI will also assess how we can develop and scope network planning projects more effectively for consumers. Within our current regulatory and legal frameworks, we will look to move from a more reactive approach to network development to a more proactive approach. This will have the benefit of saving consumers money in the long run as anticipatory investments will reduce the need for ad hoc investments. This will also aid the energy transition and ensure that connection availability does not become a blocker to delivering net zero targets



## 5.3.2 Transmission network planning projects (TNPPs)

5.3.2.1 One of SONI's key roles is to plan the Northern Ireland electricity transmission network. We do this to ensure that the grid is able to meet the future needs of electricity consumers in Northern Ireland, and that the build out is done in the most efficient way possible, while taking into account planning and environmental requirements.

5.3.2.2 SONI seeks to incorporate local communities and landowners feedback wherever possible in our network planning. This is discussed in more detail in Chapter 3.2: Stakeholder engagement.

5.3.2.3 SONI uses a three-stage process<sup>5</sup> for grid development. Once a need for a network investment has been identified, we:

### 1. Identify the best solution and affected areas.

At this stage, we consider how to best deliver a project. This includes which technology is appropriate to use and the likely general area for siting the project. By the end, we will propose a 'best performing technology solution'.

### 2. Identify where to build the project. We

look at all locations where we may site the project. We examine these locations based on their technical, deliverability, cost and environmental merits. By the end, we narrow down to a 'best performing location'.

### 3. Submit planning applications and hand the project over to NIE Networks.

At this stage, we lodge a planning application with the planning authority. The planning authority will make a legally binding decision on the project. If planning is granted, we hand the project over to NIE Networks to construct and energise.



Figure 35: SONI Three-stage grid development process

<sup>5</sup> [Powering the Future Grid Development Process](#)



5.3.2.4 Grid development projects which SONI are progressing are outlined in the Transmission Development Plan for NI (TDPNI)<sup>6</sup>.

5.3.2.5 Funding for specific projects is approved through project-specific business cases submitted to the Utility Regulator on a case-by-case basis. These are referred to as transmission network planning projects (TNPPs).

5.3.2.6 SONI also has a specific allowance of staff and money for professional services (such as consultancy support) to develop the early-stage feasibility studies required to develop project-specific TNPP submissions. This currently consists of 4.5 full-time equivalent staff (FTEs) and c. £250k per year allowed for professional services.



<sup>6</sup> [Transmission Development Plan 2025-2034](#)



## 5.3.3 Forecast of TNPPs during SRP27

5.3.3.1 As the energy transition develops and accelerates, the scale of grid development needs to keep pace. NIE Networks RP7 price control showed significant investment in the distribution network in Northern Ireland. It is vital that the transmission network does not become a bottleneck otherwise the benefits of that investment may be impacted by transmission constraints.

5.3.3.2 The scale of TNPPs over the coming SRP27 price control is forecast to be a step change in

terms of the level of expenditure compared to what we have seen over SRP20 and before.

5.3.3.3 This forecast is built on a project-by-project basis as outlined in Table 5. It should be emphasised that these numbers are a forecast only and are liable to change as projects become more defined.

5.3.3.4 One of the key drivers of this increase in costs is the assumed cost of land acquisition as part of the TNPP process. SONI is responsible for purchasing land required for TNPP projects and then handing this over to NIE Networks. We have found in recent years that the price required to purchase land has increased substantially.

| (£ '000)                                         | 2027-28      | 2028-29       | 2029-30       | 2030-31       | 2031-32       |
|--------------------------------------------------|--------------|---------------|---------------|---------------|---------------|
| Ballylumford - Ballyvallyagh 110 kV uprate       | -            | 570           | 570           | 570           | 570           |
| Armagh Upgrade                                   | 280          | 910           | 1,582         | 3,763         | 2,488         |
| Castlereagh 275kV Rebuild                        | 150          | 150           | 500           | 250           | 20            |
| Coolkeeragh – Strabane upgrade                   | 1,430        | 1,430         | 1,430         | 1,430         | 1,430         |
| Coolkeeragh 110 kV extension                     | 40           | 15            | 15            | -             | -             |
| Coolkeeragh 275kV Rebuild                        | -            | 50            | 250           | 500           | 250           |
| Tamnamore to Drumnakelly 110kV Uprate            | 393          | 30            | 75            | 75            | -             |
| East Tyrone Reinforcement                        | 87           | 14            | 14            | 4             | -             |
| Carnmoney - Eden Reinforcement - Stage 1         | 100          | 12            | 6             | 6             | -             |
| Energising Belfast                               | 50           | 50            | 30            | 10            | 5             |
| Fermanagh Upgrade                                | -            | -             | -             | 810           | 810           |
| Fermanagh Transmission Cluster                   | -            | -             | -             | 700           | 700           |
| Lisburn Upgrade                                  | -            | 250           | 250           | 2,510         | 2,510         |
| Kilroot Transmission Substation                  | 100          | 250           | 650           | 800           | -             |
| Magherafelt 275kV Rebuild                        | -            | 50            | 50            | 250           | 500           |
| Mid Antrim Upgrade                               | 200          | 3,428         | 30            | 15            | -             |
| Connect West                                     | 710          | 710           | 710           | 710           | 710           |
| Moyle IC Capacity Increase                       | 76           | 10            | 10            | -             | -             |
| Newry Reinforcement                              | -            | 1,470         | 1,470         | 1,470         | 1,470         |
| North South Interconnector                       | 1,000        | 500           | 300           | 200           | 100           |
| North Sperrin Generation Cluster                 | 700          | 700           | 700           | 700           | 140           |
| Northwest 110 kV Reinforcement                   | 1,380        | 1,380         | 1,380         | 1,380         | 1,380         |
| Coolkeeragh - Limavady - Coleraine 110 kV uprate | 1,330        | 1,330         | 1,330         | 1,330         | 1,330         |
| Tandragee 275kV Rebuild                          | -            | 50            | 250           | 500           | 250           |
| Kells 275kV Rebuild                              | 500          | 250           | 50            | 20            | 20            |
| Cam Cluster Substation Extension                 | 130          | 20            | -             | -             | -             |
| Belfast Power Flow Control                       | 400          | 100           | -             | -             | -             |
| Omagh – Strabane 110 kV reinforcement            | -            | -             | 1,300         | 1,300         | 1,300         |
| Drumnakelly - Tandragee Uprate                   | -            | 215           | 215           | 215           | 215           |
| Minor TNPP Projects                              | 40           | 40            | 40            | 40            | 40            |
| <b>Total</b>                                     | <b>9,096</b> | <b>13,984</b> | <b>13,207</b> | <b>19,558</b> | <b>16,238</b> |

Table 5: SRP27 TNPP Forecast

## 5.3.4 Resources required for SRP27

- 5.3.4.1 Given the scale in forecast requirements for transmission network planning projects in Northern Ireland over the coming years, SONI does not believe that the current price control resources allowed for network planning are sufficient.
- 5.3.4.2 In addition to the existing 4.25 FTE, we will require an additional 6.5 FTE, bringing the total FTE to 10.75 for network planning. A full explanation of how SONI has built up this requirement based on experience and process review is included in Appendix R TNPPs.
- 5.3.4.3 In addition, a professional services allowance of £384k will be required across each year of the SRP27 price control.
- 5.3.4.4 Given the scale of forecasted TNPP costs has increased from a total of c£15m across the SRP20 period to £72m across the SRP27 period (an almost five-fold increase), a two-and-a-half-fold increase in network planning resourcing demonstrates SONI's commitment to ensuring that we are delivering efficiency and value to consumers.

## 5.3.5 Anticipatory investment and a plan-led approach

- 5.3.5.1 The current approach to TNPP development is reactive and TNPPs are not typically progressed until connection applications drive required upgrades to the network.
- 5.3.5.2 SONI does not believe that this approach is efficient for consumers and it risks being a

blocker to the energy transition.

- 5.3.5.3 In line with the SONI Strategy objective to move to a more plan-led approach, SONI is considering ways that we can move to a more anticipatory investment approach to network planning within its current legal and regulatory frameworks.
- 5.3.5.4 To this end, SONI has developed proposals to introduce a transmission cluster policy approach in Northern Ireland<sup>7</sup>.
- 5.3.5.5 SONI has also reviewed the TNPP guidance<sup>8</sup> issued by the Utility Regulator in the context of moving from a reactive approach to network development to a more proactive approach, using learnings from SONI's other publications such as Tomorrows Energy Scenarios and the associated System Needs Assessment to identify low and no regrets network investments ahead of time and progress these via the TNPP process.
- 5.3.5.6 SONI does not view the existing TNPP guidance as a blocker to this approach and will work with the Utility Regulator to transition to a more proactive approach to network development. As such, we propose no updates to the existing TNPP guidance
- 5.3.5.7 Any TNPP project will still require a robust business case to demonstrate that it is in the interests of Northern Ireland consumers to progress the project beyond feasibility stage.

## 5.3.6 Connections

- 5.3.6.1 In addition to planning the transmission network, SONI is also responsible for providing connections to the network.
- 5.3.6.2 Transmission connections lie outside of the scope of the price control as SONI's

<sup>7</sup> SONI Proposed Transmission Cluster Policy

<sup>8</sup> UR Guidance on TNPP

connections business is funded through connection fees, rather than tariffs on consumers.

5.3.6.3 However, there is provision in the price control to remove overheads associated with connections staff from the overall price control allowance to avoid double recovery of these overhead costs. This has historically not been utilised as SONI only has circa five dedicated connections staff, and therefore overheads associated with these staff are minimal and it would be overly burdensome to attempt to calculate them.

5.3.6.4 SONI has experienced a significant increase in the number of connections in recent years, and these connections are becoming more complex, requiring more resource to deal with them.

5.3.6.5 With the introduction of the Renewable Energy Price Guarantee scheme over the coming years, as well as other initiatives such as the second phase of Low Carbon Inertia Services and potentially long-duration energy storage schemes in the future, SONI anticipates that the scale of connections will continue to increase.

5.3.6.6 As such, SONI has established that it will need to significantly scale up its connections resourcing. We will do this through an uplift to the connection fees that we charge under the Transmission Connection Charging Methodology Statement (TCCMS) . This will require separate Utility Regulator approval and is not part of the SRP27 Business Plan.

5.3.6.7 However, once this scale up is approved, it may be right to begin utilising the Connection Income Overheads parameter in the price control framework. SONI will continue to work with the Utility Regulator with respect to how and when this may be used.







# Chapter 5.4

## Innovation

## 5.4.1 Executive summary

5.4.1.1 Northern Ireland has set ambitious targets in terms of renewable energy and decarbonisation, and SONI will play a key role in supporting the delivery of these targets. However, there remains significant energy policy uncertainty around how these targets will be delivered in practice, as well as which technologies will be used to deliver them.

5.4.1.2 Various mechanisms will play a part in delivery of these targets including additional transmission network build out (covered in Appendix R), SONI's operational policies, market design and the use of digital technologies. SONI will require innovative approaches to support the delivery of the energy targets in the most efficient manner for NI consumers while also ensuring that security of supply is maintained.

5.4.1.3 Network build alone is unlikely to solve all of the challenges we face as we continue to plan and operate an increasingly complex system.

5.4.1.4 Enhancing the use of existing operational tools and infrastructure as well as developing new tools, is a key part of the jigsaw in ensuring that we deliver on our ambitions. To this end, SONI has developed an Innovation Strategy which lays out how we will develop our innovative thinking throughout SRP27.

5.4.1.5 It is accepted that initial high-quality feasibility studies for network planning are valuable and deliver better business cases for full transmission network development projects, as well as better outcomes for NI consumers. To this end SONI receives a dedicated allowance (via the SFt term in our licence) for expenditure on one-off studies and consultancy support to develop these

feasibility studies ahead of full business case submission.

5.4.1.6 Given the vital role that other elements of SONI's activities besides grid build can play in delivering a cost-effective energy transition, we propose a similar mechanism to allow funding for initial feasibility studies for non-network projects which seek to deliver operational policy innovation, market design projects or digitalisation programmes. This approach can deliver more efficient outcomes for NI consumers.

5.4.1.7 Additionally, to ensure that our existing tools remain fit for purpose and deliver on consumer needs, we are proposing an annual Opex allowance to facilitate independent audit and verification of our tools, such as our forecasting tools. This will ensure accuracy and adequacy going forward.

5.4.1.8 We note that under the Electricity (Northern Ireland) Order and related legislation, the Utility Regulator must carry out its functions in the way it considers best calculated to advance several objectives. One of these is innovation. Specifically, they are required to promote research and new techniques relating to licensed activities in the electricity sector. Set out in the Utility Regulator's Statutory Duties<sup>9</sup>, the Utility Regulator must act in a way that best promotes *"research into, and the development and use of, new techniques by or on behalf of persons authorised by a licence to generate, supply, distribute or participate in the transmission of electricity."*

5.4.1.9 This provides clear vires to support innovation by licensees, such as generators, suppliers, network and transmission operators and forms part of the Utility Regulator broader mandate to ensure an efficient, sustainable and forward-looking energy system.

<sup>9</sup> UR Statutory Duties

## 5.4.2 SONI need for innovation

5.4.2.1 Northern Ireland's electricity system has consistently demonstrated leadership in integrating renewable energy in line with NI Executive goals, with SONI playing a critical role in enabling power system changes needed to integrate renewables and other emerging technologies that are essential for achieving our climate targets. We are a world leading Transmission System Operator (TSO) in variable renewable electricity integration. Through the successful progress of strategic innovation programmes such as DS3, we have developed solutions that since 2022 have allowed us to operate the system with up to 75% renewable generation at any given moment, primarily from wind generation.

5.4.2.2 To build on this success and to adhere to ambitious targets for the expansion of renewable electricity set by the government in Northern Ireland, a robust, resilient and adaptable transmission system operator is essential.

5.4.2.3 While SONI already has advanced modelling and analytical tools, these must be further developed to reflect the changing nature of both generation (such as wind and solar) and demand (electric vehicles, heat pumps, smart metering and time of use tariffs). These shifts significantly influence the behaviour and dynamics of the power system, requiring continuous innovation and adaptation.

5.4.2.4 There is still uncertainty around the SRP27 period in terms of technology developments and energy policy direction, making it challenging to scope projects at this point in time. Innovation will therefore be critical

during SRP27 to enable agile delivery of the SONI Strategy 2025-31.

5.4.2.5 The key levers SONI has to deliver value for consumers include:

- planning the future transmission network,
- changing how the network is operated through control room operational policies and digital tools
- and evolving market operations.

5.4.2.6 SONI has developed an Innovation Strategy 2025-2031<sup>10</sup> which focuses on meeting Northern Ireland's renewable energy ambitious through significant collaboration and partnership working with the Northern Ireland Executive, the Utility Regulator and other key stakeholders. This is complemented by our Digitalisation strategy.

5.4.2.7 SONI recognises there are challenges ahead which will require innovative solutions. This Innovation Strategy is aimed at preparing SONI to close the gap, recognising the need to collaborate in a different and more comprehensive way across a wider spectrum of stakeholders, working together to solve challenges and successfully meet the government targets.



<sup>10</sup>For more information, see Appendix J-1 Innovation Strategy



## 5.4.3 Innovation and Operational Policy

5.4.3.1 SONI, jointly with EirGrid, has a well-established Operational Policy process, outlined in the SONI Operational Policy Roadmap 2025-35 . It is envisaged that our innovation plans will support this process and therefore delivery of the Operational Policy Roadmap. This will help to unlock the benefits to consumers identified through the “Power of SONI” report included as Appendix AA.

5.4.3.2 The Operational Policy process is iterative, and summarised in Figure 37 below:



Figure 36: Operational Policy Process

**5.4.3.3 Ongoing monitoring (Innovation project background & justification):** SONI monitors the system parameters and analyse events and disturbances to assess system performance and generator compliance relative to operational policy parameters and metrics. Innovation projects may include data acquisition or tool development to support this phase. Additionally, ongoing audit and evaluation of tools and capability will be a key part of this stage of the process. Insights from this stage inform the need for policy review

and potential change.

### 5.4.3.4 Information gathering (innovation

**project scope, objectives & deliverables):**

During the Information Gathering stage the current status of the operational policy and parameters are assessed, and consultation is held with operations specialists on the drivers, requirements and strategic need for changes are defined. Innovation projects will support the requirement to justify the project’s relevance to system understanding and policy development. Information gathered here forms the basis for proposing a policy change and includes development of a comprehensive project plan and business case.

**5.4.3.5 Analysis & system studies:** At the Analysis & System Studies stage subject matter experts and operations policy specialists study the system under an extensive and detailed range of conditions. They study the impact of the proposed policy change and make recommendations on the conditions of the operational trial. The TSOs approve or reject the proposed trial, based on the studies and in-depth discussions. This is the stage at which business cases developed using innovation funding will deliver outputs.

**5.4.3.6 Operational trial:** Upon relevant approval, an operational trial is conducted under strict criteria with parameters to be monitored, including hours of operation. Trials may be suspended if adverse impacts arise. Delivery of projects scoped via innovation funding continues at this stage.

**5.4.3.7 Trial review & policy update:** If the trial period of operation passes without adverse impacts, subject matter experts will study the results of the trial parameters and criteria. An in-depth examination of the trial period is

carried out. The conditions and events during the trial are examined to determine if any trial related issues arose. The TSOs can then decide whether to either:

- Cease the trial noting adverse impacts.
- Continue the trial if there is insufficient evidence. Gather more relevant data points and information to support decisions.
- Approve the proposed operational policy change as the enduring operational policy.

5.4.3.8 At this stage, the true benefits of the innovation project can be realised. While the innovation project only directly covers the first two stages of the operational policy process, the benefits from the project will arise once the resulting detailed implementation project is undertaken.

## 5.4.4 SONI approach to innovation projects

5.4.4.1 Within this wider scope of the Innovation and Research Strategy are likely to be a number of specific programmes of work throughout the SRP27 period. However, due to the level of uncertainty, for example around the speed and approach to roll-out of smart meters in Northern Ireland, or on the role hydrogen or renewable gases may play in future energy policy, committing specific funding to programmes at this stage would not deliver value for consumers. It is not currently clear which programmes should be prioritised when based on NI Executive requirements. As such, we propose to use Uncertainty Mechanisms to support specific programmes when there is further clarity on the energy policies and priorities for Northern Ireland.

5.4.4.2 Throughout SRP20, we have seen that high-quality feasibility studies for transmission network planning studies have proven valuable, as they lead to stronger business cases for full transmission development projects and better assurance that projects are in the interests of NI consumers.

5.4.4.3 SONI currently receives dedicated operational expenditure allowances for these early studies under the Sft term in Annex 1 of our TSO licence. Building on this well-established approach, SONI proposes to introduce a similar allowance for early-stage operational policy, digitalisation and market operation innovation projects.

5.4.4.4 This Sft allowance provides value to consumers as it allows early-stage scoping work for network development projects to be undertaken without delay waiting for external approvals. Network planning projects through the TNPP process typically deliver value to consumers in terms of millions of pounds per year (for example, the Mid-Antrim Upgrade Project is estimated to save consumers £15.8m per year). Therefore, speeding up the process by a number of months can deliver significant savings for consumers, well in excess of the annual allowance for Sft.

5.4.4.5 Additionally, early-stage scoping and feasibility studies allow more robust cost-benefit analysis and detailed project plans to be developed. This improves the quality of business cases which SONI will ultimately submit to the Utility Regulator. Higher quality submissions allow the Utility Regulator to more quickly approve cost allowance requests as there is a higher level of assurance that costs are well-justified and in NI consumers' interests.

5.4.4.6 We anticipate that a significant number of Uncertainty Mechanism submissions during SRP27 will relate to projects which would benefit from initial feasibility studies. As discussed in Chapter 6.2, submitting higher quality business cases to the Utility Regulator should enable quicker turnaround of decisions on submissions, and therefore quicker delivery of consumer benefits from SONI's projects.

5.4.4.7 We are specifically proposing an annual allowance of up to £500k per year on a "Use It or Lose It" basis, which SONI can draw down for consultancy support or studies related to early-stage operational policy development, digitalisation and market innovation initiatives. This will enable quicker delivery of benefits and improved business case submissions to the Utility Regulator for fully scoped and costed projects.

5.4.4.8 To mitigate risks and ensure consumer confidence, SONI will report any spend from the innovation fund after year-end, with all expenditure subject to the Demonstrably Inefficient or Wasteful Expenditure (DIWE) guidance .

5.4.4.9 We propose a new term in the MCt term in paragraph 2.2 of Annex 1 of the SONI TSO licence, which we refer to as the INNt term, which will cover this funding.

## 5.4.5 What innovation funding will cover

5.4.5.1 Examples of the types of programmes which innovation funding could support are outlined below:

- **Flexible Network Strategy:** This will allow for the utilisation of flexible network technologies to maximise the use of the existing transmission grid while reducing the need for costly new infrastructure. By implementing solutions such as Dynamic Line Ratings and Dynamic Power Flow Controllers, the strategy seeks to reduce network congestion, act as an alternative to extensive new network build, provide system services/operational flexibility, maximise utilisation of existing network assets, enable greater output from renewables and create potential economic/reliability benefits. Innovation funding would allow for the exact scope of this strategy to be defined and a detailed business cases prepared.
- **Champion the Emergence of the Energy Citizen:** The strategy to champion the emergence of the energy citizen focuses on understanding and supporting consumers evolving interactions with power system technologies and services. This aims to enhance SONI's knowledge of active energy citizens, including their behaviours, motivations and choices. By trialling and refining solutions and sharing research on engagement, SONI seeks to strengthen public involvement and ensure consumer-driven innovations contribute effectively to the power system. SONI's learnings from this would be shared with other interested



key stakeholders, such as NIE Networks or the gas networks.

- **Understanding pathways to 100% SNSP:**

This strategy will focus on translating net-zero research into real world trials of next-generation technologies and routes to integration. The aim being to enhance SONI's understanding of the pathways to 100% SNSP of mass integration of emerging technologies such as inverter-based resources (wind and grid scale PV), grid forming control, hydrogen electrolyzers and distributed energy resources (for example small scale solar PV). In turn this will allow SONI to prepare to operate at 100% SNSP by delivering minimum viable products (MVPs) and trials to further inform SONI's understanding of the solutions required and routes to integration.

- **Preparing for a multi-purpose offshore**

**HVDC grid:** through gaining a greater understanding of the capabilities and dependencies to delivering a multi-purpose, multi-terminal, multivendor high voltage direct current (HVDC) grid. The lasting benefits of this will in preparing SONI to support the development of multi-purpose HVDC grids by understanding the implications for infrastructure development, multi-jurisdictional grid operation and multi-purpose, multi-jurisdictional markets. Participate in international working groups to further develop policies, technical standards, financial and legal frameworks for HVDC offshore grids.

- **Plan for a net zero carbon, customer**

**focused, export capable power system:**

Innovations in this area will facilitate a plan led, whole system approach to scheduling and exporting large volumes of renewable

energy via electrical interconnection or via emerging energy carriers such as hydrogen and its derivatives. This will aid in the continued enhancement of SONI's understanding of the opportunities and challenges resulting from a range of emerging renewable technologies that are quickly becoming technologically and economically feasible at large scale, for example solar PV and offshore. This will aid in the continued understanding of opportunities and challenges posed by scalable technologies such as solar PV, offshore wind and hydrogen production, which could serve as long-term seasonal storage. Additionally, SONI will explore solutions like batteries, pumped hydro and additional interconnection with neighbouring countries.

5.4.5.2 In all of these cases, sufficiently well-scoped and defined projects or programmes are not currently available, nor will they be available until such a time that initial feasibility and scoping work has been carried out. A dedicated allowance to undertake studies will be beneficial in terms of progressing the early stages of these projects, enabling more robust and well-defined business cases for the resulting programmes of work.

## 5.4.6 Ongoing validation of existing tools and capabilities

5.4.6.1 In addition to developing new tools and capabilities, a key part of SONI's innovation will be ensuring that existing tools and capabilities remain adequate and effective for SONI's and NI consumers' needs. This

provides a more cost-effective approach than to constantly developing new tools and capabilities, if existing functionality can be adapted or enhanced.

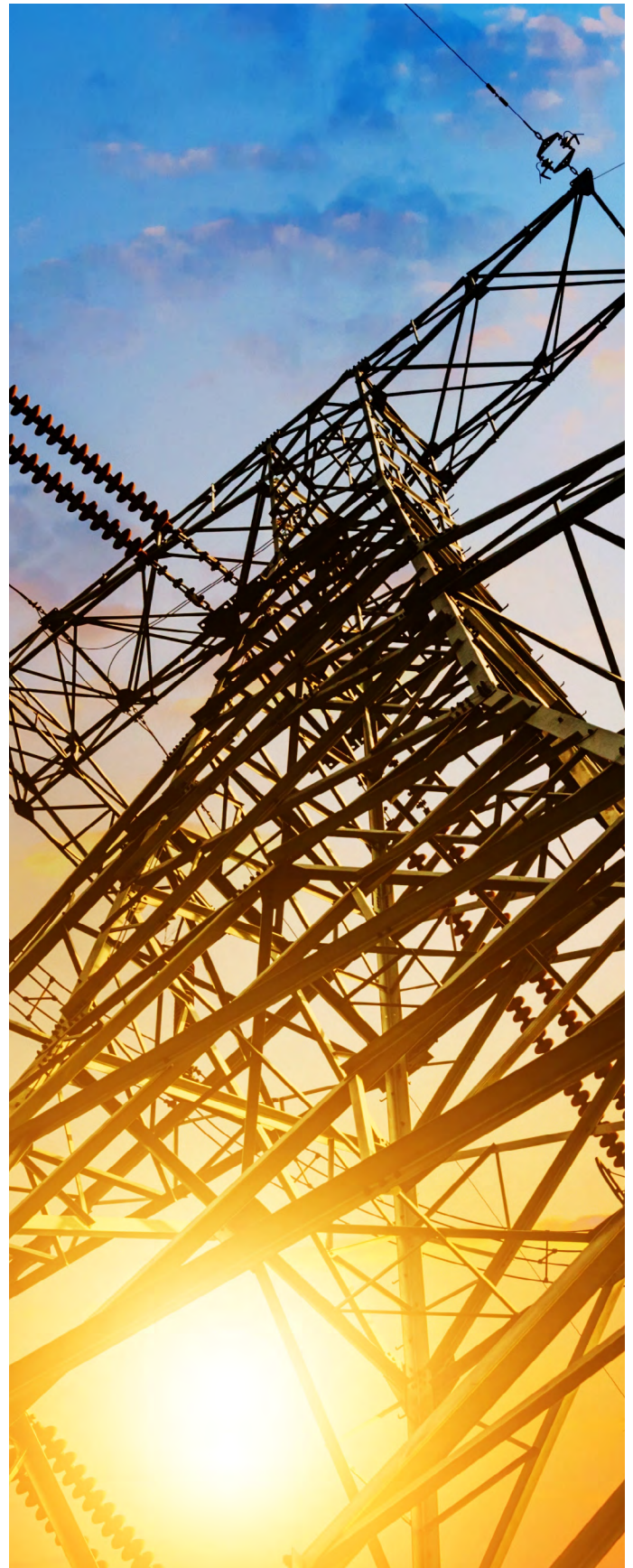
5.4.6.2 SONI currently has various forecasting and modelling tools available for its near real-time operational functions, as well as for longer term planning. These tools require constant updating to ensure that they are providing outputs of sufficient accuracy and quality. As new technologies come onto the system and demand profiles change as consumer flexibility becomes more widespread, ensuring ongoing accuracy of these forecasting tools will become more important, but also more challenging.

5.4.6.3 SONI will therefore undertake an ongoing review and assessment of its full suite of tools, auditing them to ensure that they remain fit for purpose. We have included a provision of £100k per annum of operating expenditure in the SRP27 Business Plan to cover the cost of external validation of these models and forecasting tools.

5.4.6.4 These tools are used in various processes within SONI, ranging from long-term network planning and investment decisions, medium-term processes such as annual tariff setting, and through to real-time scheduling and dispatch decision-making. The cost of potential inaccuracies in the outputs of these models and forecasts therefore could be significant and detrimental to consumers. For example, inaccuracies in demand forecasts could risk security of supply, or could lead to inefficient switching on of expensive thermal generation or over-procurement of system services, at higher cost to NI consumers well in excess of £100k per annum.

#### 5.4.6.5 Chapter 5.1 Operational Expenditure

provides a more detailed breakdown of SONI's operational expenditure required for SRP27. operational expenditure required for SRP27.



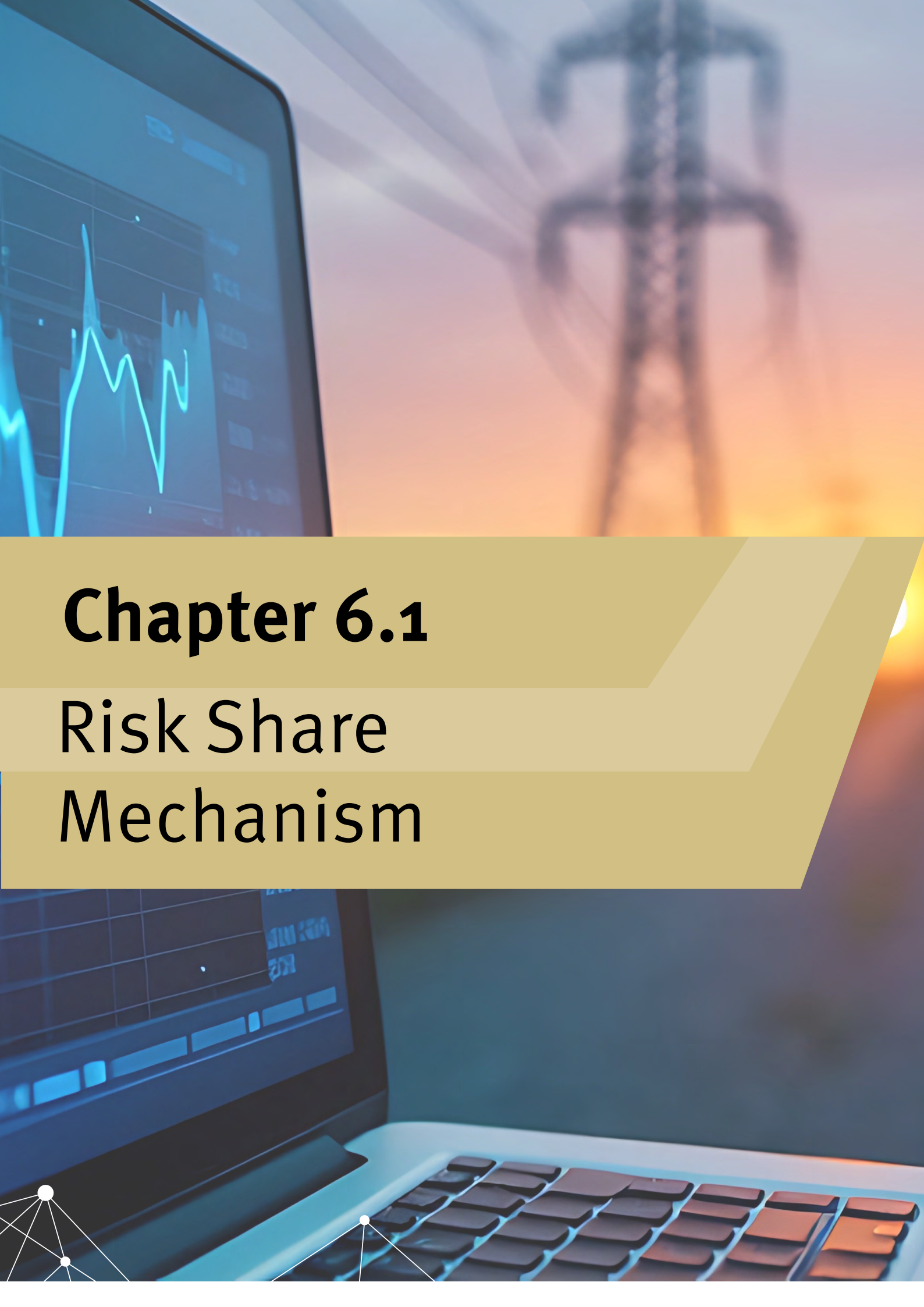


# 6

## Uncertainty Mechanisms & Incentives







# **Chapter 6.1**

## **Risk Share Mechanism**

## 6.1.1 Executive summary

6.1.1.1 There are currently two cost-sharing approaches employed in SONI's price control framework:

- Mechanistic cost sharing applies to uncertainty mechanisms. Consumers keep 75% of any underspend against allowances, but in return underwrite 75% of any overspend on projects.
- Conditional cost sharing applies to price control initiatives and mimics mechanistic cost sharing, apart from that any underspend greater than £500k is fully returned to consumers and SONI may seek greater than 75% cost recovery on overspend above this threshold (up to 100%). Additional reporting is required where actual spend deviates from the allowed amount by more than £500k in either direction.

6.1.1.2 Conditional cost sharing did not result in an underspend or overspend of more than £500k before 2024-25. However, in 2024-25 an overspend in excess of £500k was recorded for the first time.

6.1.1.3 The current mechanistic cost share mechanism is well understood and should continue.

6.1.1.4 The Conditional Cost Sharing submission for 2024-25 was submitted in January 2026, shortly before the development of this Business Plan. This was the first time that SONI met the materiality threshold. We propose to use learnings from this to agree an approach for SRP27 with the Utility Regulator prior to the Draft Determination stage of the price control.

## 6.1.2 Background

6.1.2.1 Under the current SRP20 framework there are two cost sharing mechanisms in operation: Conditional Cost Sharing (CCS) and Mechanistic Cost Sharing (MCS).

## 6.1.3 Conditional Cost Sharing

6.1.3.1 The Conditional Cost Sharing arrangements were introduced within the licence modifications as part of the SRP20 Final Determination and govern how SONI's price control revenues and Regulated Asset Base should be adjusted in the event of any over- or underspend against the price control allowances. Under the current arrangements, 75% of any underspend against ex-ante price control allowances are returned to consumers, but in return consumers also underwrite 75% of any overspend.

6.1.3.2 The costs falling within scope of the CCS arrangements are those costs which are remunerated through ex ante allowances at price control final determination stage, the three categories of costs:

- Operating expenditure.
- Capital additions to the buildings RAB.
- Capital additions to the Non-Buildings RAB.

6.1.3.3 In respect of operating expenditure, the costs within scope of the arrangements are those which are allowed through SONI's "Base Opex" allowance in the SRP20 Final Determination and exclude any allowance awarded for new initiatives or "Enhancement Opex". Additionally, any funding awarded via the uncertainty mechanisms for opex are also

excluded.

6.1.3.4 In respect of capital additions to the Buildings and Non-Buildings RAB, the costs within scope of the arrangements are those which are allowed through SONI's "Base Capex" allowance in the SRP20 Final Determination and exclude any allowance awarded for new initiatives or "Enhancement Capex", additionally any funding awarded via the uncertainty mechanism for capex are also excluded. As SONI was awarded no Base Capex allowance at SRP20 there have been no applicable Capital additions within the period to qualify for the incentive rate.

6.1.3.5 The approach for the Conditional Cost Sharing arrangements builds on the traditional mechanistic cost sharing incentive approach with the application of the incentive rate being conditional on additional evidence about the nature of the over/under spend.

6.1.3.6 In the case of an underspend against allowances SONI can avail of the incentive rate if it can provide good evidence to the Utility Regulator that the under-spend during a financial year was not due to a reduction in costs that came at the expense of a

deterioration in SONI's service performance in that year.

6.1.3.7 In the case of an overspend against allowance if SONI can meet the evidence requirement set by the Utility Regulator as outlined in the CCS guidance to show that this was due to the efficient costs of justified improvements to SONI's service performance, it should be remunerated in full for those additional costs, rather than facing a penalty under the 25% cost-sharing incentive rate.

6.1.3.8 Under the arrangement, any incentive rate adjustments to the Final determination allowances are subject to a materiality threshold of £500k. The Utility Regulator make their determination on the application of the incentive rate based on the Conditional Cost Share submission made by SONI alongside of the annual RIGS statement.

6.1.3.9 The CCS submission for 2024-25 submitted in January 2026, shortly before the submission of this Business Plan, was the first time that SONI has met the materiality threshold.





## 6.1.4 Mechanistic Cost Sharing

6.1.4.1 The Mechanistic Cost Sharing arrangement currently in place was amended within the licence modifications as part of the SRP20 Final Determination. Previously, a 50%:50% risk share mechanism applied, and this was moved to a 75%:25% cost risk share.

6.1.4.2 Similar to the Conditional Cost Share arrangement, consumers are returned 75% of any underspend against ex-ante price control allowances but in return underwrite 75% of any overspend.

6.1.4.3 Unlike the CCS arrangement, the application of the Mechanistic cost share incentive rate is automatic and is not subject to the £500k materiality threshold.

6.1.4.4 The Mechanistic Cost sharing arrangement applies to both ex ante Opex and Capex allowances and additional allowances awarded through Uncertainty Mechanisms which do not work on an “up to a cap” basis, more specifically:

- Operating Expenditure allowances awarded for new initiatives through “Enhancement Opex” and additional allowances awarded through the opex allowance uncertainty mechanism (Et).
- Capital additions to the Buildings/Non-Buildings RAB awarded for new initiatives through “Enhancement Capex” and additional allowances awarded through the capex allowance uncertainty mechanism (Vt).

6.1.4.5 As the application of the Mechanistic cost share incentive rate is automatic there is no additional regulatory reporting requirements involved.

6.1.4.6 Uncertainty Mechanisms submitted using the “up to a cap” uncertainty mechanisms are not subject to cost sharing mechanisms. Any overspend is covered 100% by SONI, whereas any underspend is returned 100% to consumers. This creates an asymmetric risk for SONI, for which an asymmetric risk premium is paid (see Chapter 7.1).



## 6.1.5 Experience during SRP20

6.1.5.1 SONI has historically found limited value added from the introduction of conditional sharing arrangements, as outlined in Table 6.

|         | FD Allowance<br>£'000 | RIGS reported<br>Spend £'000 | CCS Over/<br>Underspend<br>£'000 |
|---------|-----------------------|------------------------------|----------------------------------|
| 2021/22 | 14,401                | 14,413                       | (12)                             |
| 2022/23 | 15,693                | 15,387                       | 306                              |
| 2023/24 | 16,451                | 16,743                       | (292)                            |
| 2024/25 | 15,285                | 18,298                       | (3,013)                          |

Table 6: SONI RIGS Spend vs SRP20 Allowance per CCS statements (nominal)

6.1.5.2 Since the introduction of CCS, the materiality threshold was met for the first time only in 2024-25 (with the relevant reporting submitted to the Utility Regulator in January 2026).

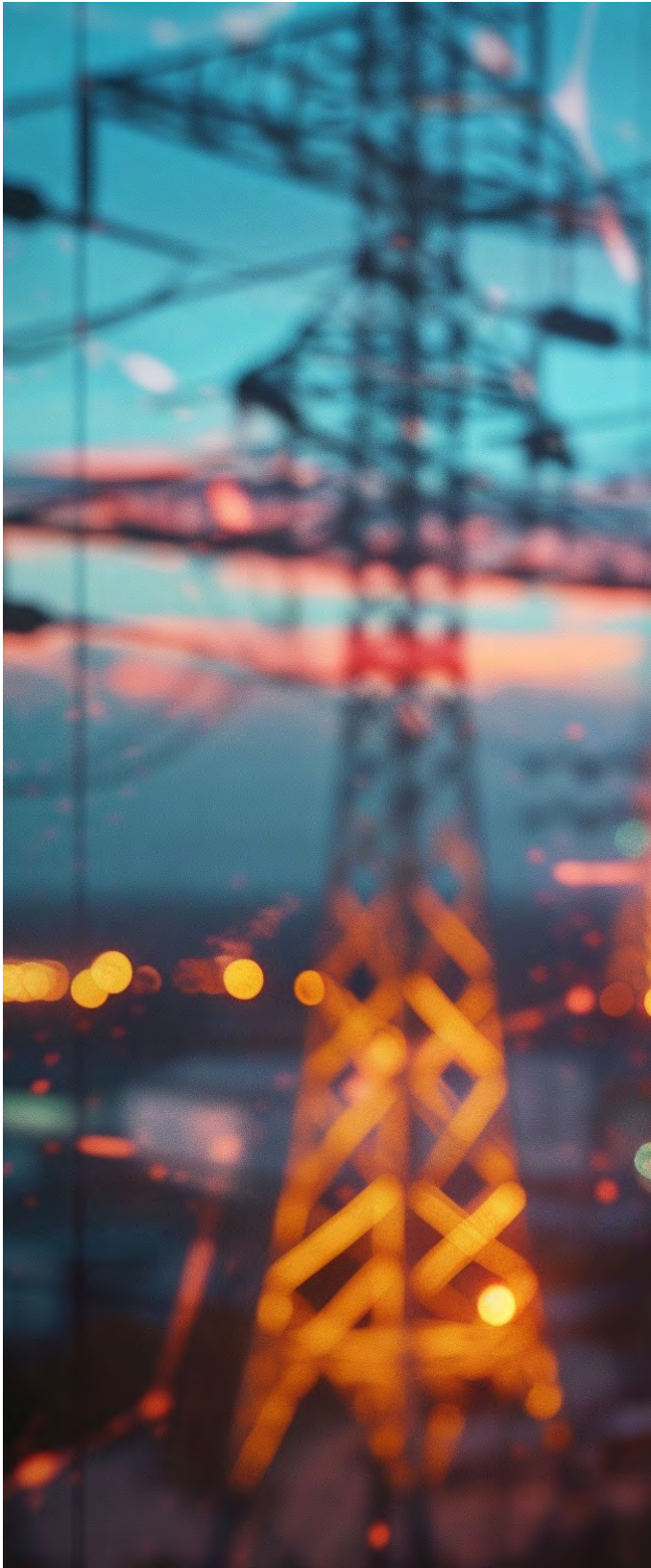
## 6.1.6 Recommendation for SRP27

6.1.6.1 The £500k materiality threshold introduced under the CCS arrangement potentially creates a perverse incentive for SONI to forgo pursuing any major cost savings in excess of the £0.5m threshold.

6.1.6.2 The Mechanistic Cost Sharing approach is well understood and SONI proposes that this continues.

6.1.6.3 SONI will work with the Utility Regulator between the submission of this Business Plan and the SRP27 Draft Determination stage to incorporate learnings from using the full CCS process for the first time now that the £500k threshold has been triggered.

6.1.6.4 SONI will work with the Utility Regulator to consider how relevant cost-sharing mechanisms can be incorporated into the proposed “Unpredictable Capex” and “Unpredictable Opex” approaches outlined in Chapter 5.1, Chapter 5.2 and Appendix T respectively.







# **Chapter 6.2**

## Uncertainty mechanisms



## 6.2.1 Executive summary

6.2.1.1 For SRP20, the Utility Regulator (UR) put in place a cost recovered process, supported by detailed guidance, which allows SONI to submit requests for additional cost allowances during the price control period, post Final Determination. This mechanism is referred to as Uncertainty Mechanisms (UMs).

6.2.1.2 Given the high level of uncertainty around implementation of Licence Condition 42 and wider energy policy uncertainty regarding decarbonisation and the pathway to net zero, SONI expects to use Uncertainty Mechanisms heavily throughout the SRP27 period.

6.2.1.3 SONI's experience of the Uncertainty Mechanism process to date is that decisions on funding submissions often take a significant length of time, usually in excess of the four-month target for the Utility Regulator to make a final decision on UM submissions.

6.2.1.4 While SONI appreciates the speed of processing UM submissions has improved in recent times, our ambition is to ensure that the Utility Regulator can approve funding requests more quickly in future. This in turn will allow SONI to begin work on projects to deliver benefits to NI consumers sooner.

6.2.1.5 We intend to do this through improving our internal processes, including using digitalisation, to streamline the development of funding submissions and ensure that they are of a high and consistent quality.

6.2.1.6 A key part of this enhanced process will be ongoing stakeholder engagement, using the SONI Stakeholder Advisory and Challenge Group (SACG) on an enduring basis to provide

expert feedback on Uncertainty Mechanism requests prior to submission to the Utility Regulator.

6.2.1.7 These improvements should provide the Utility Regulator with sufficient evidence to make quicker decisions on Uncertainty Mechanism submissions than has historically been the case.

6.2.1.8 We also ask the Utility Regulator to consider its resourcing and capability needs to progress approvals of uncertainty mechanism funding requests in a timely manner to the benefit of consumers.

6.2.1.9 SONI's recommended enhancements to the process are:

### Recommendations

Improvements to SONI's internal processes in developing Uncertainty Mechanism submissions

Greater stakeholder engagement in developing Uncertainty Mechanism submissions via the SONI Stakeholder Advisory & Challenge Group

Use of innovation funding to develop more robust and well-defined project business cases

Both the Utility Regulator and SONI consider their resourcing for dealing with Uncertainty Mechanism submissions

Enhanced tracking and reporting of submitted Uncertainty Mechanism requests

Move procedural Uncertainty Mechanism requests into the pass-through  $A_t$  term in the SONI Maximum Core Revenue entitlement

Enable more flexibility to move approved Uncertainty Mechanism allowances between tariff years to account for timing issues or more flexible delivery in the interests of consumers

## 6.2.2 Background to the Uncertainty Mechanism process

### Rationale for the Uncertainty Mechanism process

#### 6.2.2.1 The current Uncertainty Mechanism

process was introduced as a result of the final determination in SONI's Competition and Markets Authority appeal relating to the 2015-20 price control, which stated:

*"The CMA agreed that the [previous price control's] Dt mechanism covered a variety of different categories of costs, with different types of risk and where SONI is able to control costs to a differing extent, and there may be benefits in the UR setting cost recovery mechanisms tailored to these different cost categories. The CMA have found that the UR failed to provide a codified mechanism for recovery by SONI of efficiently incurred costs associated with PCNPs [Pre-Construction Network Planning] and Dt claims, as described above. We have remitted the matter back to the UR for reconsideration and determination with directions that the UR:*

- include within SONI's licence a licence condition to allow SONI to recover the ongoing costs of PCNPs under a 'side-RAB';*
- put in place codification to provide certainty to SONI on the process it should follow to recover the costs of Dt applications and PCNPs, including guidance on how the UR will apply the process (to be referred to in the Licence) and on what information SONI is required to provide to the UR;*
- confirm to SONI the approach by which its efficient investment in PCNPs to date can be recovered under this process; and*
- put in place a mechanism, whether in the Licence or otherwise, to allow SONI to recover the costs of completed PCNPs from NIE under the TIA."*

#### 6.2.2.2 Following this decision, the Utility

Regulator set out Requirements and Guidance that apply to applications by SONI for the approval of funding through what is known as "Uncertainty Mechanisms" as part of SRP20. Pre-construction network planning costs were dealt with separately via the TNPP process (see Appendix R).

#### 6.2.2.3 These Uncertainty Mechanisms are

currently implemented in the SONI TSO Licence via the following licence provisions:

$D_t$ ,  $E_t$ ,  $V_t$ ,  $Z_t$ ,  $SFU_t$  and  $PTRA_t$  contained in Annex 1 of the licence.

| Name     | Description                                                                                                                                      | Cost-Sharing Approach               | RAB Impact | Primarily used for |
|----------|--------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|------------|--------------------|
| $D_t$    | Mechanism allowing for efficiently incurred costs to be recovered                                                                                | Up to a pre-specified cap           | No         | Opex               |
| $Z_t$    |                                                                                                                                                  |                                     | Yes        | Capex              |
| $E_t$    |                                                                                                                                                  | Subject to mechanistic cost-sharing | No         | Opex               |
| $V_t$    |                                                                                                                                                  |                                     | Yes        | Capex              |
| $SFU_t$  | Additional costs in relation to transmission network planning scoping & feasibility activities above those included the price control allowances |                                     | No         | Opex               |
| $PTRA_t$ | Additional Pension Deficit Repair costs above those included in the price control                                                                |                                     |            |                    |

Table 7: SONI licence provisions and funding scenarios

## Development of the Uncertainty Mechanism process

### 6.2.2.5 The purpose of the Requirements and

Guidance on Uncertainty Mechanisms is to document the processes by which SONI can recover its costs in respect of submissions relating to the licence terms above. The document also provided guidance on what information SONI should provide. The guidance recognises that SONI's submissions may concern costs which are by their nature uncertain.

### 6.2.2.6 The Utility Regulator further accommodated the scenario where applications and approvals may be made on costs that have already been incurred. They do however expect SONI to seek prior approval before expenditure in most instances. Should SONI choose to incur costs prior to submission or approval, it does so at its own risk.

### 6.2.2.7 Following the introduction of the guidance, a useful adjustment was bilaterally agreed between SONI and the Utility Regulator, whereby the Utility Regulator will make provisional decisions on uncertainty mechanism submissions, allowing SONI a "right of reply" to initial decisions on requests for additional allowances.

### 6.2.2.8 SONI welcomes this opportunity to comment and provide clarification on requests prior to the Utility Regulator making its final decisions and we recommend that this stage is formally captured in the guidance for SRP27. We have included a proposed red-line version of the guidance in Appendix S capturing this and other recommended updates to the process outlined below.

## 6.2.3 Use and evaluation of the Uncertainty Mechanism process in SRP20

6.2.3.1 Based on the low level of Capex Allowances included in the SRP20 Price Control, SONI made significant use of Uncertainty Mechanisms since 2020, the volume of Uncertainty Mechanism submissions is outlined in Figure 37. As might be expected, there has been a significant upward trend in the use of uncertainty mechanism submissions across the current price control period. This is partly driven by a natural increase in uncertainty as we move away from the start of the price control, and a general increase in uncertainty due to the energy transition and the review of SONI's governance which occurred within the price control period.

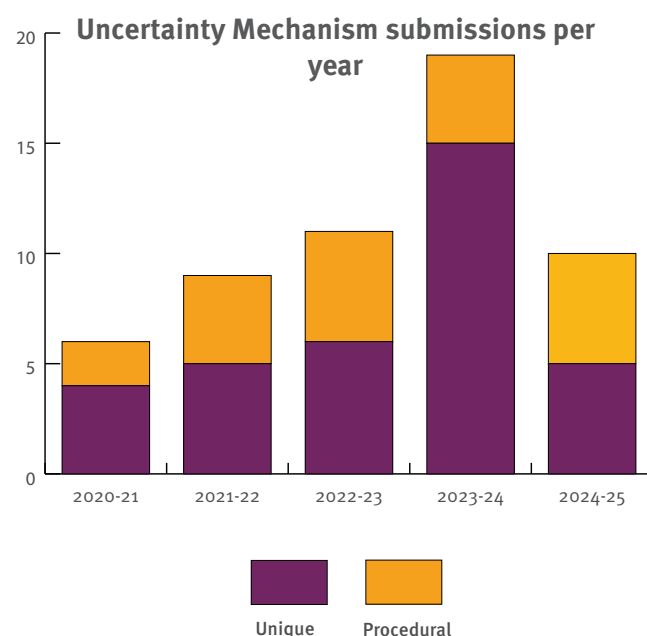


Figure 37: Uncertainty mechanisms submissions per year



### Uncertainty Mechanism allowances

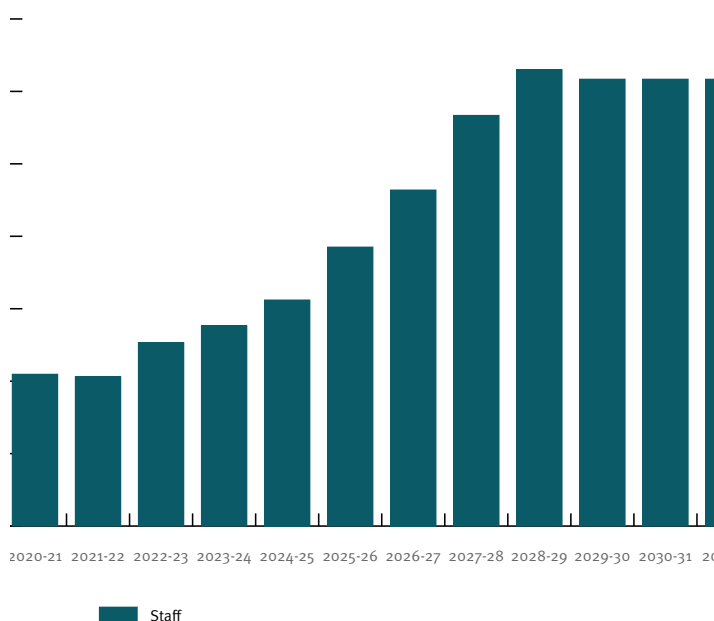


Figure 38: Uncertainty mechanisms allowances

6.2.3.2 As well as an increasing number of Uncertainty Mechanism requests, the volume of cost allowances requested via Uncertainty Mechanisms also increased over the SRP20 period. This has largely been driven by All-Island Programme allowances and additional staff resources and IT costs required to implement Licence Condition 42.

6.2.3.3 As part of its response to the Utility Regulator's Price Control Approach Paper,<sup>1</sup> SONI raised issues and concerns it had in relation to cost remuneration and managing uncertainty, specifically through the current Uncertainty Mechanism processes.

6.2.3.4 SONI values the Uncertainty Mechanism as it provides an important vehicle to receive additional funding to deliver outputs that were not included within the ex-ante price control allowances; however, we have found in practice that the process and procedures for these arrangements are less than optimal.

6.2.3.5 Most notably we highlighted the process and resourcing concerns in terms of the Utility Regulator's ability to make final

decisions upon new business cases within the timeframes set out in its own guidance.

6.2.3.6 By way of example, Figure 39 demonstrates the timeframes in which SONI has received final decisions on funding requests submitted during SRP20 to date.

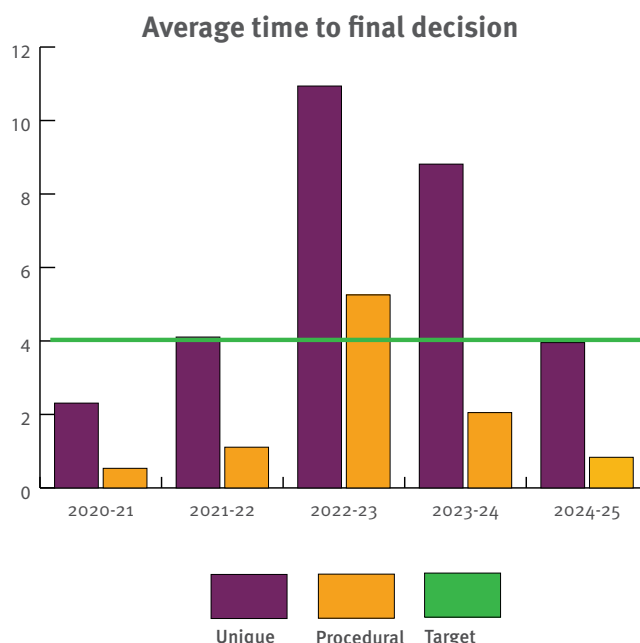


Figure 39: Average time to final decision

6.2.3.7 The funding submissions which are generally approved in under four months tend to be procedural and relate to annual, enduring (but unpredictable) costs such as European membership fees or interconnector administrator costs.

6.2.3.8 Due to their mandatory nature and ease of processing these are typically allowed in full and processed by the Utility Regulator very quickly. SONI believes that to avoid administrative burden, it would be more appropriate that these costs be treated on a "pass-through" basis with relevant ex-post reporting, rather than through ex ante allowances. This is discussed in more detail later in this chapter.

6.2.3.9 The outworking of the length of time taken to approve funding requests is an impact on

<sup>1</sup> UR Final Approach Decision - SONI Price Control 2026-21

SONI's ability to deliver the corresponding benefit to consumers from the projects we seek funding for, unless SONI operates at risk to our own financial position. We agree with the concept of the Uncertainty Mechanisms, however we consider that the processes need to be revisited such that a pragmatic and proportionate approach can be adopted in the future to ensure timely approvals are achieved.

6.2.3.10 We do note that there has been a marked improvement in recent times with regards to the average length of time from submission to approval of Uncertainty Mechanism funding requests, and this has been very welcome from SONI.

## 6.2.4 Forecast use of Uncertainty Mechanisms in SRP27

6.2.4.1 As outlined in Chapter 3.2: Strategy Delivery, SONI is not currently in a position to develop well-defined business cases for majority of the projects that we are likely to undertake during SRP27.

6.2.4.2 Rather than submit inadequate and poorly defined business cases for a large number of projects at the SRP27 Business Plan stage, we intend to return to the Utility Regulator with high quality, rigorous business cases throughout the SRP27 price control period.

6.2.4.3 This approach will benefit both SONI and the Utility Regulator as taking time to create higher quality business cases should enable SONI to provide better forecasts of actual costs and make it easier for the Utility Regulator to understand why these costs are justified and therefore improve the speed of decisions

relating to allowances.

6.2.4.4 Most importantly, the approach will benefit consumers as it will mean that less uncertainty and risk is shouldered by consumers. Where cost allowances are given by the Utility Regulator, consumers can be confident that these will have been well justified and that costs will be more likely to outturn closer to the forecast than if allowances are granted well in advance of the project actually being undertaken.

6.2.4.5 As part of our preparations for the SRP27 Business Plan, we have prepared a list of likely projects that we will need to undertake to deliver our minimum legal and regulatory obligations as well as the SONI Strategy which will support delivery of wider stakeholder expectations of SONI (see Chapter 3.2)

6.2.4.6 Based on this forecast, we estimate that there may be in the region of 80-90 projects (excluding TNPPs) required during SRP27. While some of these projects may be able to be grouped into a single funding submission for efficiency, experience suggests that there will also be additional requests required which we are unable to predict at this stage.

6.2.4.7 During SRP20, SONI has submitted on average seven non-procedural<sup>2</sup> Uncertainty Mechanism submissions per year, with a peak of 15 in 2023-24.

6.2.4.8 Our forecasts suggest the possibility that SONI could need to submit between 16-18 Uncertainty Mechanism submissions per year during SRP27, over double the number in SRP20 and in excess of even the peak year during SRP20 to date.

6.2.4.9 While SONI will make every effort to group projects and minimise the administrative

2 i.e. excluding mandatory European membership costs, interconnector administrator costs and pro-forma submissions for SONI's share of costs associated with market system which have already been approved under the SEMO price control framework

burden, our expectation is that there will remain a step-change in the volume of Uncertainty Mechanism submissions in SRP27 compared to SRP20.

6.2.4.10 SONI's ambition is that, despite the uplift in the volume of Uncertainty Mechanism submissions that is expected, we hope to maintain an average decision timeframe below the existing four-month target.

6.2.4.11 We believe that this is an achievable ambition if process improvements are implemented and an ongoing collaborative approach between the Utility Regulator and SONI is maintained and developed.

6.2.4.12 To ensure an enhanced experience end to end, we also ask the Utility Regulator to consider its resourcing, and capability needs to progress approvals of uncertainty mechanism funding requests in a timely manner to the benefit of consumers.

## 6.2.5 Recommendations for the Uncertainty Mechanism process in SRP27

6.2.5.1 SONI appreciates the role that the Utility Regulator plays in ensuring that any proposed expenditure by SONI is efficient and well-justified and understand that the Utility Regulator requires robust and considered evidence for proposed expenditure by SONI. We believe that the current Uncertainty Mechanism process delivers sufficient protection for NI electricity consumers, however there are minor improvements which could benefit both SONI and the Utility Regulator, whilst enhancing consumer protection.

## 6.2.6 Enhancements to SONI's internal processes

6.2.6.1 To ensure that SONI's funding submissions are of a high and consistent quality, we have reviewed our internal processes for funding submissions and are implementing several internal initiatives to ensure that future submissions provide the Utility Regulator with timely evidence required to approve cost allowance requests. We have summarised these here:

- Improving our forecasting of future funding requests through the SONI annual business planning process. This should give better early sight of likely future funding requirements and enable early development of Uncertainty Mechanism submissions. Better forecasting of likely submission dates will enable the Utility



Regulator to ensure that its resources are lined up for review of submissions when they are received.

- Delivering a programme of enhanced internal training on developing business cases, in line with established external standards where appropriate (such as HMT Green Book guidance for cost-benefit analysis). Ensuring that relevant information is provided up-front as part of a submission should reduce or remove the need for substantial queries from the Utility Regulator on each submission. This stage of the process is where delays have historically been encountered.
- Increased digitalisation of the funding submission process. This will reduce

administrative burden and enable queries from the Utility Regulator to be dealt with more efficiently enabling faster turnaround times and final decisions to be made more quickly, ensuring that the benefits of projects for NI electricity consumers can be realised more quickly.

- In addition to internal process improvements, SONI is also proposing minor changes to the Uncertainty Mechanism process defined in the Requirements and Guidance document. We have summarised these and we explain our rationale for each of these proposals below.



## 6.2.7 Specified feasibility funding for initial studies and project scoping

- 6.2.7.1 Experience to date has suggested that the current Uncertainty Mechanism process is challenging for the early stages of large projects and programmes. For large scale, transformational programmes, SONI often identifies that there is a requirement for a significant programme of work, however the exact details and scope of this work cannot be known from the outset. In these cases, an initial scoping and feasibility stage of work must be completed to define the later stages of the programme.
- 6.2.7.2 In large programmes, this feasibility stage can often be a multi-year project itself and come at significant cost. The outcomes of the early stage can often drastically transform the scope and definition of the later stages of the programme compared to what may have initially been considered.
- 6.2.7.3 The current guidance states that initial investigatory works may be included within the subsequent funding request on an ex-post basis. However, this potentially requires SONI to work at considerable financial risk without any guarantee of cost recovery. Scoping stages of programmes such as the Operational Tools and Capability Enhancement (OTCE) programme, or the programme to implement changes to SONI's IT infrastructure to comply with Licence Condition 42, for example, have cost hundreds of thousands of pounds.
- 6.2.7.4 We envisage that more programmes like OTCE will be required to deliver the ambitious targets

outlined in the NI Energy Strategy and the Climate Change (NI) Act and carbon budgets, both in terms of operational policy and market design. Increased digitalisation such as the introduction of smart metering in Northern Ireland may also require large programmes with substantial scoping and feasibility stages.

- 6.2.7.5 It is not feasible for SONI to work at risk on the early stages of large-scale programmes such as these, particularly given the challenges to SONI's financeability outlined in Chapter 7.1 Balance of Risk and Return. We are also acutely aware that the Utility Regulator prefer to see funding submissions with well-defined scopes and project plans for all stages of the programme, rather than receive funding requests at various stages of the programme.
- 6.2.7.6 Given this, we are proposing a dedicated "use it or lose it" annual allowance for feasibility studies and project scoping for large scale programmes in the operational policy, market design and digital innovation spheres. This is discussed in more detail in Chapter 5.4 Innovation.
- 6.2.7.7 The benefits of this approach are that programmes can be established more quickly by SONI as commencement will not have to wait for feasibility funding to be received. This will speed up the delivery of the benefits of these programmes, which as can be seen by the Power of SONI report (Appendix AA), can be very significant.
- 6.2.7.8 The availability of dedicated resource for project scoping and feasibility stage development, coupled with SONI's internal initiative to build staff skills in terms of business case development, will mean the costs and benefits of programmes will be more certain compared to the current approach, and based on more robust evidence.

6.2.7.9 There is precedent for this approach from the SF<sub>t</sub> allowances for network planning projects which was introduced for SRP20. As such, SONI considers it is appropriate to extend this approach to other areas where SONI's programmes and projects can deliver value to NI consumers and stakeholders.

## 6.2.8 Stakeholder engagement

6.2.8.1 SONI is aware of the importance of stakeholder engagement and the value that the Utility Regulator place on it, and we share that belief in quality stakeholder engagement.

6.2.8.2 As we are proposing to seek funding for the majority of our SRP27 price control projects through Uncertainty Mechanisms (either as new initiatives or to draw down on Unpredictable Capex or Opex allowances), rather than as price control deliverables, we are mindful that stakeholders should have the opportunity to feed into the Uncertainty Mechanism process, in a similar manner to how they might feed into the price control process.

6.2.8.3 The current Uncertainty Mechanism Requirement and Guidance makes minor reference to consultation with stakeholders, however this has not been significantly utilised in practice.

6.2.8.4 SONI proposes to significantly increase the role that stakeholder engagement plays in developing Uncertainty Mechanisms.

6.2.8.5 However, we are also mindful of the need to maintain a streamlined process which is flexible and agile enough to deliver rapid benefits to consumers. We do not want to add additional obligations into the process

if this will impact on our ability to deliver the programmes quickly and flexibly.

6.2.8.6 As such, we are not proposing to introduce formal public consultations as a default for Uncertainty Mechanisms. This would be too administratively burdensome and lead to unnecessary delays in the process, slowing down the rate at which SONI can deliver consumer benefits. This does not rule out traditional consultations as an option, however, we anticipate that they would be used by exception only, rather than as a default option.

6.2.8.7 Rather, SONI proposes to continue the Stakeholder Advisory and Challenge Group (SACG), which was established for the development of the SRP27 Business Plan, as an enduring body which can be used to provide informed stakeholder feedback to our proposed Uncertainty Mechanisms.

6.2.8.8 The SACG represents a broad cross-section of SONI's stakeholders across the different stakeholder groups identified in our Stakeholder Engagement Approach and Development Plan (Appendix J-2). This includes representatives from across our three key stakeholder groups: society, statutory and industry. A full description of the SACG can be found in Chapter 3.2 Stakeholder Engagement and Appendix G Stakeholder Advisory and Challenge Group.

6.2.8.9 Our proposed approach would be to bring details of planned and forthcoming Uncertainty Mechanism submissions to the SACG on a regular basis, such as quarterly meetings. We would present the identified need for each project alongside the business case and other relevant information to the group and receive feedback which we would



incorporate ahead of submission of the Uncertainty Mechanism request to the Utility Regulator.

6.2.8.10 For the avoidance of doubt, some Uncertainty Mechanisms may be confidential or sensitive in nature and may not be suitable for wider stakeholder engagement. Examples of these may be Uncertainty Mechanisms relating to cyber security or legal costs associated with specific litigation. In these instances, Uncertainty Mechanisms would not be brought to the SACG. However, again we would anticipate these sorts of submissions would be infrequent exceptions.

6.2.8.11 This approach has been discussed with the SACG and the current membership is supportive of it.

6.2.8.12 Given the range of stakeholders involved in the group and the experience and individual insight and expertise that each individual member brings, SONI believes that using the SACG in this way will provide the best balance between the benefits of wider public consultation and the benefits of a more streamlined approach which facilitates faster delivery of benefits to consumers by SONI.

6.2.8.13 Utilising the expertise of a dedicated group of experts also has additional benefits over and above a wider public consultation approach. A public consultation is likely to attract responses from organisations with a specific vested interest in the matter at hand, whereas more in depth engagement with a wider panel will enable a more rounded set of viewpoints to be considered. Regular interaction with a dedicated panel will also provide an incentive on SONI to ensure that stakeholder feedback is adequately and accurately represented in submissions to the Utility Regulator.

6.2.8.14 SONI proposes to adopt this approach to engagement in advance of the commencement of SRP27.

## 6.2.9 Ongoing tracking of funding submissions

6.2.9.1 One of the challenges with the current implementation of the Uncertainty Mechanism process from SONI's perspective is the limited feedback once a funding submission has been submitted to the Utility Regulator, particularly in terms of expected turnaround time.

6.2.9.2 SONI is keen to take a more collaborative approach with the Utility Regulator in terms of the processing of funding submissions, including potentially use of a shared tracking system.

6.2.9.3 The key benefits of this approach are an improvement in certainty for SONI in terms of timelines for projects and efficient deployment of resources based on enhanced information about when projects may be able to commence. There is also likely to be some minor administrative benefits to both SONI and the Utility Regulator in terms of reduced request for status updates on specific submissions.

6.2.9.4 However, SONI is keen that information sharing be more bi-directional going forward and this bi-directional feedback be systemised to some extent. We believe that a more formal feedback mechanism would allow SONI to "learn by doing" and allow a process of continuous improvement in terms of the quality of Uncertainty Mechanism submissions to be embedded more easily and quickly. This would only serve to benefit Northern Ireland consumers.

6.2.9.5 We are keen to explore potential solutions to this between the two organisations.

## 6.2.10 Improved reporting of Uncertainty Mechanisms

6.2.10.1 As Uncertainty Mechanisms will play a more important role in terms of SONI's overall funding envelope in SRP27 compared to SRP20, SONI is of the view that enhanced reporting around them would increase transparency for stakeholders and provide assurance to consumers that SONI's costs are reasonable and deliver wider benefits to them.

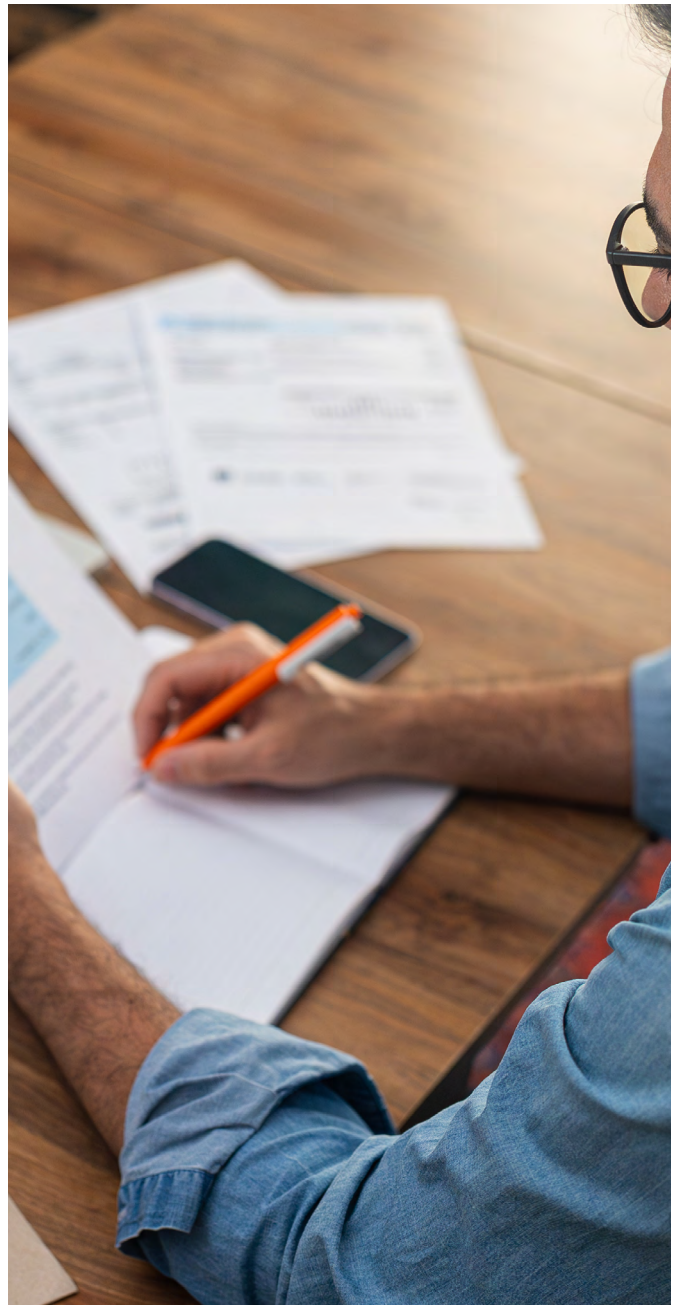
6.2.10.2 In addition to ex post reporting via the RIGs process, SONI currently provides the Utility Regulator with an Additional Approved Costs (AAC) statement under paragraph 4.8 of Annex 1 of the TSO Licence. This statement lays out a summary of previously approved Uncertainty Mechanisms and a forecast of forthcoming Uncertainty Mechanism submissions. This statement is due by 31 March each year.

6.2.10.3 Following discussion with the Utility Regulator, it is SONI's understanding that the March date was determined to allow for information to feed into the annual System Support Service Charge approval process.

6.2.10.4 SONI's experience is that the 31 March is a challenging date as the internal annual business planning process for the subsequent tariff year does not begin until after this date. As such, we propose that Annex 1 is amended such that an initial AAC Statement is submitted in May each year, and subsequent updates to the statement are submitted on a quarterly basis to allow for forecasts to be refined and potential new Uncertainty Mechanisms to be captured.

6.2.10.5 Alongside enhanced tracking as outlined in 1.5.4, this approach should also provide the Utility Regulator with up-to-date information for their own resource planning throughout the year to enable Uncertainty Mechanisms approvals in a timely manner.

6.2.10.6 Quarterly updates would also align with enduring SACG meetings as outlined in 1.5.3 and would enable SONI to provide key stakeholders with regular updates as to the status of previous funding requests and forecasts of forthcoming Uncertainty Mechanism submissions.



## 6.2.11 Other proposed changes for SRP27

### Procedural Uncertainty Mechanism costs

6.2.11.1 As outlined in Section 1.3, roughly a third of the total number of Uncertainty Mechanism submissions during SRP20 have been what could be considered “procedural” submissions. These submissions are largely a formality as SONI has no option but to incur the costs, and they are levied via the  $D_t$  or  $Z_t$  mechanism owing to their inherent unpredictability or because there is no other mechanism by which to recoup them.

6.2.11.2 The key groups of procedural submissions are:

### European membership costs

6.2.11.3 SONI is a member of various European bodies including ENTSO-E<sup>3</sup> and Coreso<sup>4</sup>. Membership of these bodies is mandatory for TSOs operating in the European Internal Market for Energy, of which the Single Electricity Market is part.

6.2.11.4 These organisations are funded through payments from member organisations, and as such SONI must pay annual membership fees. These fees often vary year-on-year as they use complex formulae based on electricity flows across Europe to calculate the respective cost for each member organisation. As such, SONI does not know ahead of time what its exact membership costs will be.

### Interconnector Administrator costs

6.2.11.5 Under Condition 37 of our TSO Licence, SONI acts as the Interconnector Administrator for the Moyle Interconnector<sup>5</sup>. This means

that SONI registers the interconnector in the GB and SEM balancing markets and makes payments under both SEM and GB market rules. While interconnector flows are scheduled in the market, there is always some level of difference between actual flows and scheduled flows due to the nature of thermal losses on the interconnector, this can result in mismatches between payments in the two markets. The two markets are also settled in different currencies, and this can also incur some currency costs for SONI.

6.2.11.6 Additionally, SONI may from time-to-time trade directly with our equivalent TSO in Great Britain (NESO) over the interconnector. This may be done to manage certain events on the transmission system and ensure security of supply.

6.2.11.7 By the nature of these costs, they are unpredictable ahead of time and depend on system conditions, commodity prices, ambient temperatures and relative exchange rates. As such, it would never be possible to forecast them on an ex-ante basis.

### Market Release Costs

6.2.11.8 The SEM Central Market Systems (CMS) supports both System Operator functions (such as scheduling of generator units) as well as Market Operator functions (such as settlement).

6.2.11.9 As with any IT system, occasionally changes need to be made to the systems by the software developers responsible for the system. This may be because of identified bugs with the existing systems requiring fixes, or by the introduction of new functionality. In the case of the CMS, new functionality is likely

<sup>3</sup> ENTSOE

<sup>4</sup> CORESO

<sup>5</sup> As outlined in Section 1.3, roughly a third of the total number of Uncertainty Mechanism submissions during SRP20 have been what could be considered “procedural” submissions. These submissions are largely a formality as SONI has no option but to incur the costs, and they are levied via the  $D_t$  or  $Z_t$  mechanism owing to their inherent unpredictability or because there is no other mechanism by which to recoup them.



the result of an approved modification to the SEM Trading and Settlement Code (TSC).

6.2.11.10 Costs associated with these IT systems are approved by the SEM Committee as they relate to SEM activities. However, as the systems support some TSO activities, SONI as TSO must contribute a proportion of the cost of any changes to the systems.

6.2.11.11 While these costs are more predictable than European membership costs or Interconnector Administrator costs, they are still mandatory for SONI as the costs are approved by the SEM Committee.

6.2.11.12 SONI's share of the costs has to date been paid for via Dt requests and approvals as there is no other licence mechanism in Annex 1 of the TSO licence to use to pay for these costs.

6.2.11.13 All three categories of costs are de facto pass-through costs for SONI as there is no option but to pay them and SONI (as TSO) has no direct control over them.

6.2.11.14 We therefore propose that these costs be included in the  $A_t$  term (The Pass-Through Amount) in SRP27. This will have no practical impact on consumers and will provide administrative savings for both SONI and the Utility Regulator.

6.2.11.15 As actual European membership costs and Interconnector Administrator costs are not known until the year after they are incurred, we propose that the definition of these costs allows for recovered on a Y+1 basis. The other alternative would be to allow the costs in the year they are incurred, but then SONI would not actually be able to recover the money until it is picked up in the K-factor in Y+2. This could pose issues for SONI in terms of financeability as borrowing may potentially already be stretched. This issue is discussed

in more detail in Chapter 7.1 Balance of Risk and Return.

## Timing of Uncertainty Mechanism allowances

6.2.11.16 Under the current framework for Uncertainty Mechanisms, allowances are granted for specific years.

6.2.11.17 Delivery of projects can inherently run into delays, often outside SONI's control, or there may be benefit in beginning projects earlier than planned if efficiencies with other projects can be realised.

6.2.11.18 The current framework for Uncertainty Mechanisms, particularly for Dt and Zt allowances, is limiting in terms of the ability to shift allowances between different years within the price control to match operational delivery of the projects.

6.2.11.19 For example, this means that explicit permission has to be sought from the Utility Regulator to "roll over" previously approved allowances from one year to another, even if the scope of the project has not changed or the project is only delayed by a number of weeks. For example, if a project was due to complete in September, but actually completed in October (and therefore SONI received and paid the invoice for work in October), the previously approved allowance would not automatically apply as it related to the tariff year (Y) covering September, rather than the tariff year (Y+1) covering October.

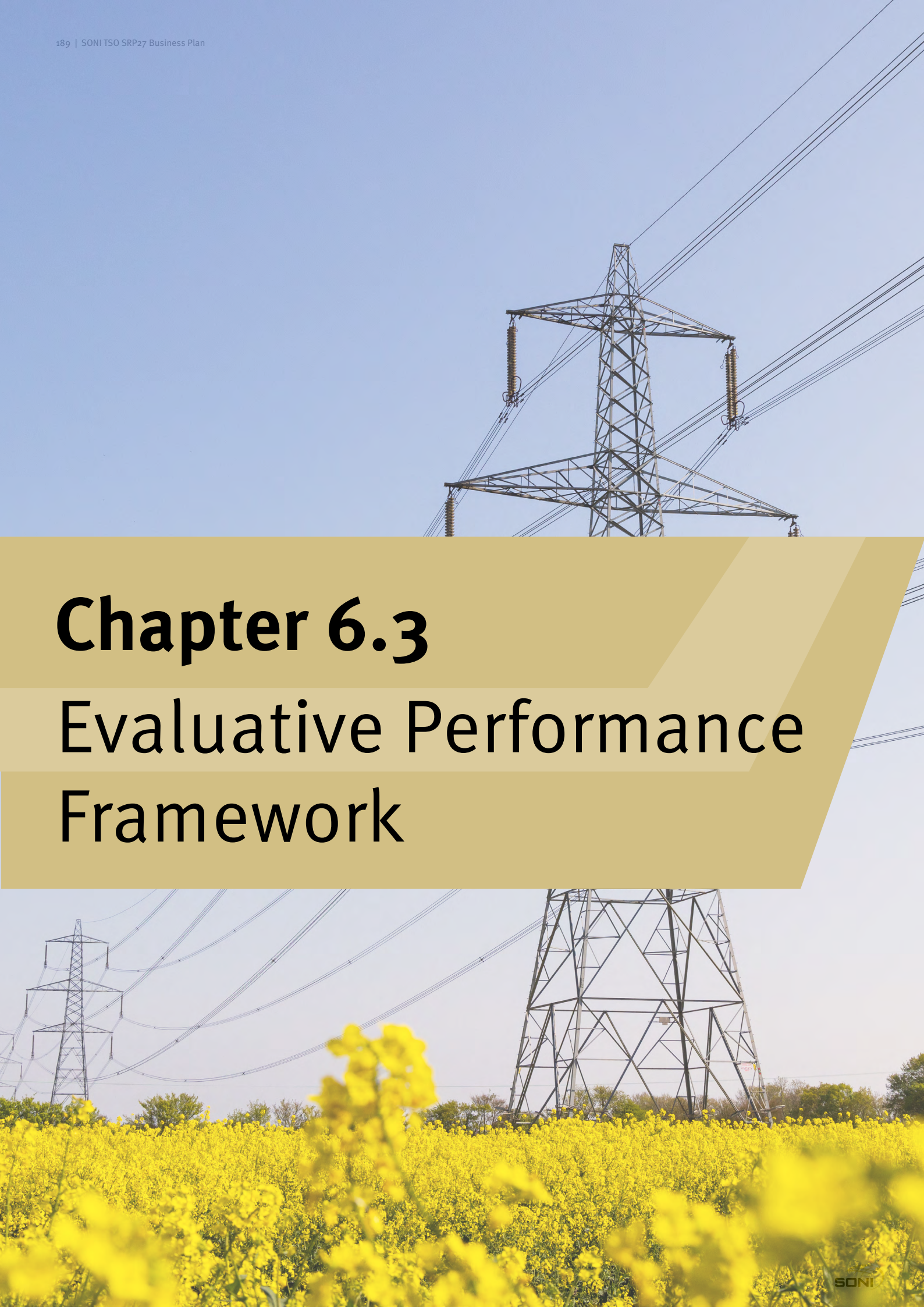
6.2.11.20 This is administratively inefficient for both SONI and the Utility Regulator as SONI must formally write to the Utility Regulator to ask for an allowance to be rolled-over, and then the Utility Regulator must assess the request and respond.

6.2.11.21 More fundamentally, it also creates a financeability risk for SONI, as roll-overs are not automatic and there remains a risk that SONI's costs may be disallowed for the year they are incurred even if they were approved in another year and the reason for reprofiling the project was outside of SONI's control or was demonstrably in consumers' interests if it could result in lower overall costs.

6.2.11.22 As part of the licence amendments to enact SRP27, SONI is keen to work with the Utility Regulator to resolve this issue and develop a more flexible and less administratively burdensome framework for uncertainty mechanisms, in the interests of NI consumers.







# Chapter 6.3

## Evaluative Performance Framework



## 6.3.1 Executive Summary

6.3.1.1 This chapter outlines SONI's proposed updates to the Evaluative Performance Framework (EPF) ahead of the SRP27 price control period. Drawing on four cycles of learning, extensive stakeholder feedback, and insights from NIE Networks' more recent EPF implementation, SONI has identified a series of targeted amendments designed to strengthen transparency, simplify processes, and ensure the framework better reflects SONI's strategic priorities and areas of actual influence.

6.3.1.2 The proposed enhancements focus on improving process clarity, aligning engagement expectations with stakeholder capacity, removing metrics outside SONI's control, and refining role weightings to place greater emphasis on activities that deliver long term consumer benefit. SONI also proposes clarifying how delays arising from decisions by the SEM Committee or the Utility Regulator should be treated during assessments, ensuring fair and consistent evaluation.

6.3.1.3 A key theme throughout the amendments is proportionality—simplifying or removing activities that add limited value, such as mandatory mid year reporting, while reinforcing elements that enhance accountability, including clearer timelines, defined exchange windows, and a proposed shift to a SONI led procurement model for independent panel appointments (with regulatory oversight).

6.3.1.4 Collectively, these changes are intended to support a more robust, fair, and efficient EPF, enabling more meaningful scrutiny

while reducing duplication and ensuring the framework remains fit for purpose as SONI enters the next regulatory period. The resulting improvements aim to drive better outcomes for consumers by prioritising actions linked to system security, decarbonisation, operational efficiency, and value for money.



## 6.3.2 Context and learning from the current EPF cycle

- 6.3.2.1 The Utility Regulator introduced the Evaluative Performance Framework (EPF) into SONI's SRP20 price control. The EPF is an incentive mechanism devised to monitor and assess SONI's performance and ultimately determine an incentive payment or penalty at the end of the annual process.
- 6.3.2.2 Now in the fourth cycle of the EPF, SONI has gained significant learning and insights into the effectiveness of the framework and the areas where further improvements can be made.
- 6.3.2.3 As set out in their Final Approach Paper, the Utility Regulator intends to review the EPF as part of the ongoing price control review, with the objective of incorporating any necessary changes ahead of the next price control period and the implementation of SRP27.
- 6.3.2.4 SONI places considerable value on the learning and insights derived from the EPF process. Feedback from stakeholders and the Expert Panel has been instrumental in informing continuous enhancement of our processes and strengthening how we deliver our statutory functions. We would like to thank the panel and stakeholders for their constructive feedback over the past number of years.

## 6.3.3 Updates to EPF Guidance

- 6.3.3.1 In light of this learning, together with the insights obtained from NIE Networks' more recent EPF, SONI has proposed amendments to the SONI EPF Guidance for consideration as part of the SRP27 Business Plan.
- 6.3.3.2 These proposed changes are intended to simplify the process and ensure closer alignment between the framework and SONI's strategic objectives, while supporting the delivery of long term benefits for consumers in Northern Ireland.
- 6.3.3.3 SONI considers that these recommendations will contribute to the Utility Regulator's ongoing review of the EPF and help ensure that the framework remains robust, proportionate, and fit for purpose.

### Supporting materials and next steps

- 6.3.3.4 SONI has also provided a redline version of the EPF Guidance, in which edits have been made, where appropriate, to reflect the proposed changes set out in this section.
- 6.3.3.5 SONI has included relevant material which has been presented to the Utility Regulator's Price Control team as an annex to this chapter.

## 6.3.4 Summary of proposed amendments to the SONI EPF Guidance

| Area                                       | Proposed Amendment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|--------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Process improvements and clarifications    | <ul style="list-style-type: none"> <li><b>Revised process timelines and diagram:</b> Update the end-to-end timetable to reflect publication of the Forward Work Plan (FWP) at the end of September, with downstream milestones adjusted accordingly.</li> <li><b>Defined exchange windows:</b> Set indicative timelines for queries, responses, and feedback between SONI, the Utility Regulator, and the independent panel to improve transparency and predictability.</li> </ul>                                                                                                                                                                                                                                                                                |
| Stakeholder engagement                     | <ul style="list-style-type: none"> <li><b>Proportional engagement:</b> Align wording with NIE Networks' guidance from "should engage" to "may engage" ahead of FWP publication, recognising SONI's extensive ongoing engagement and stakeholder feedback regarding consultation fatigue. SONI would retain discretion to determine when additional, FWP specific engagement is warranted.</li> </ul>                                                                                                                                                                                                                                                                                                                                                              |
| Mid year reporting                         | <ul style="list-style-type: none"> <li><b>Streamlined midyear reporting:</b> Remove the mandatory midyear performance report and stakeholder event, replacing them (if needed) with an optional, shorter update and no event. This aligns with NIE Networks' approach and reflects historically limited attendance at the midyear event, alongside strong engagement through programme level activities.</li> </ul>                                                                                                                                                                                                                                                                                                                                               |
| Treatment of delays outside SONI's control | <ul style="list-style-type: none"> <li><b>Clarity on SEMC impact mechanism:</b> Provide clearer guidance on how SONI should flag, and how panel assessments should take account of delays or impacts arising from SEM Committee decisions, given the all island nature of many projects.</li> <li><b>Extension to Utility Regulator decisions:</b> Consider extending similar provisions to delays arising from Utility Regulator decisions and specify how SONI should present such impacts across EPF publications.</li> </ul>                                                                                                                                                                                                                                  |
| Role weightings                            | <ul style="list-style-type: none"> <li><b>Rebalanced role weights:</b> Adjust the weighting to reflect the distribution and nature of work, noting the narrower, largely BAU adjacent scope of Role 4 (Commercial Interface): <ul style="list-style-type: none"> <li>Role 1 — System Operation and Adequacy: 37.5%</li> <li>Role 2 — Independent Expert: 25%</li> <li>Role 3 — System Planning: 25%</li> <li>Role 4 — Commercial Interface: 12.5%</li> </ul> </li> </ul>                                                                                                                                                                                                                                                                                          |
| Independent panel appointment              | <ul style="list-style-type: none"> <li><b>Procurement model:</b> Explore a model similar to NIE Networks whereby SONI appoints the independent panel (with Utility Regulator oversight) once existing contracts conclude, with appropriate provision for recruitment and panel costs within the price control framework.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                               |
| UR Service Priority Alignment              | <ul style="list-style-type: none"> <li><b>Simplification for clarity:</b> Retain core strategic and stakeholder priorities but remove "Other Service Priorities," which reflect licence obligations rather than evaluative criteria.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| Reporting on costs and performance metrics | <ul style="list-style-type: none"> <li><b>In scope costs:</b> Remove systemwide costs (imperfections) and Other System Charges from EPF within scope cost reporting, as their drivers sit largely outside SONI's control</li> <li><b>KPI based performance:</b> Report these measures based on the KPI framework outlined in Chapter 6.4: Key Performance Indicators to ensure EPF assessment reflects SONI's actual performance. SONI will have discretion on the KPIs and measurements used in the annual FWP to reflect the business priorities.</li> <li><b>Annex 3 updates:</b> Revise the list of indicators to exclude those not materially influenced by SONI, ensuring fairness and clarity in performance evaluation.</li> </ul>                        |
| Implementation & transitional arrangements | <p><b>Subject to the Utility Regulator's review and decision:</b></p> <ul style="list-style-type: none"> <li>Effective date: SONI proposes applying the updated guidance from the start of the next price control period.</li> <li>Panel procurement: A SONI led appointment process would begin prior to existing contracts concluding and subject to approval of funding for same to manage the inherent overlap of EPF cycles.</li> <li>Documentation updates: SONI have provided an updated process diagram, milestone schedule, and the need agree a revised Annex 3.</li> <li>Reporting alignment: Revised weighting and reporting arrangements will be reflected in the first Forward Work Plan and associated documentation of the SPR27 cycle</li> </ul> |

Table 8: Summary of proposed amendments to the SONI EPF Guidance

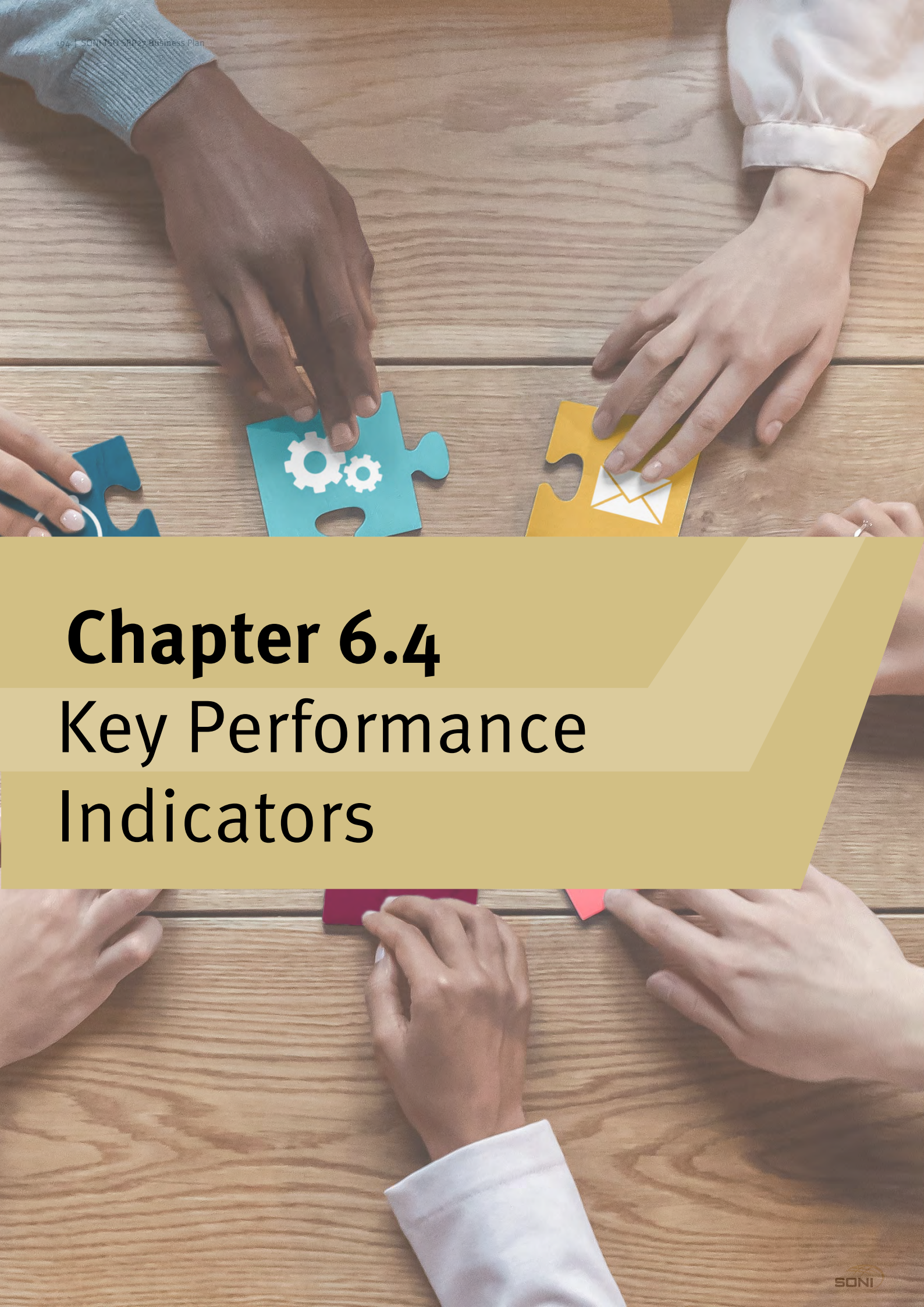


## 6.3.5 Benefits of the Proposed Changes

| Area                                                                | Proposed Amendment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|---------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Strengthening transparency and accountability</b>                | The refinements to timelines, process clarity, and reporting expectations create a more predictable, well structured framework. By clearly setting out when information will be provided and how performance will be assessed, stakeholders gain improved visibility of SONI's planning and delivery processes, strengthening the transparency and accountability underpinning the EPF                                                                                                                                                |
| <b>Ensuring proportionate and meaningful stakeholder engagement</b> | Aligning the guidance with NIE Networks' approach and allowing SONI discretion on when additional FWP specific engagement is needed ensures that engagement remains purposeful. This reduces unnecessary burden on stakeholders who already face significant consultation demands, focusing engagement where it adds genuine value and supports better quality feedback.<br>This approach also allows SONI to unlock potential synergies with other stakeholder engagement which may be ongoing at a similar time to the FWP process. |
| <b>Enhancing fairness and robustness in performance assessment</b>  | Removing metrics outside SONI's control, including Imperfections and Other System Charges from EPF performance assessment ensures the framework evaluates SONI's actual contribution and actions. This improves the integrity of incentives and directs attention to actions that can deliver tangible consumer benefits.                                                                                                                                                                                                             |
| <b>Improving focus on activities that deliver consumer benefit</b>  | Revised role weightings better align incentives with the areas of work that contribute most directly to system security, efficient operation, and strategic planning supporting long -term consumer outcomes across reliability, decarbonisation, and value for money.                                                                                                                                                                                                                                                                |
| <b>Reducing duplication</b>                                         | Streamlining the midyear reporting requirement removes an activity with limited stakeholder value, allowing resources to focus on delivery of core work programmes and evidence based performance reporting. Removing this requirement in its current mandatory form will also help prevent confusion within an already overlapping reporting cycle and provide greater clarity on what is actually being reported.                                                                                                                   |
| <b>Supporting better regulatory coordination</b>                    | Clarifying how delays from the SEM Committee and Utility Regulator decisions are treated within assessments better reflects shared responsibilities and interdependencies, encouraging coordinated regulatory outcomes in the interests of consumers.                                                                                                                                                                                                                                                                                 |

Table 9: Benefits of the Proposed Changes



A top-down view of several hands of different skin tones working together to assemble puzzle pieces on a light-colored wooden table. The puzzle pieces are various colors (blue, yellow, red) and feature white icons: two interlocking gears on a blue piece and an envelope on a yellow piece. The hands are positioned around the pieces, some placing them and others holding them. The background is a warm, natural wood grain.

# Chapter 6.4

## Key Performance Indicators



## 6.4.1 Executive Summary

6.4.1.1 This chapter presents the comprehensive suite of external Key Performance Indicators (KPIs) that will be used to assess SONI's performance during the SRP27 price control period (2027-2032). These KPIs have been developed to reflect the areas of performance for which SONI can be clearly accountable, and they collectively demonstrate SONI's commitment to delivering a secure, reliable, transparent and future-ready electricity system for Northern Ireland.

6.4.1.2 The KPIs span the full breadth of SONI's statutory and strategic responsibilities, including real-time system operation, safety, physical security, forecasting accuracy, infrastructure delivery, regulatory compliance and stakeholder engagement. They are designed to provide meaningful insight to

the Utility Regulator, market participants, policymakers, and wider stakeholders on SONI's operational capability and the effectiveness of its contribution to Northern Ireland's energy transition.

6.4.1.3 Together, these KPIs form a transparent and measurable performance framework that supports regulatory confidence, strengthens accountability, and ensures that SONI's actions remain aligned with its strategic pillars:

- Advise
- Plan
- Deliver
- Operate

6.4.1.4 The KPI suite also enables continuous improvement, reinforces SONI's commitment to delivering value for consumers, and supports the long-term strategic delivery of a cleaner, more secure and affordable electricity system.





## 6.4.2 Introduction

6.4.2.1 This chapter sets out SONI's external Key Performance Indicators (KPIs) for the SRP27 price control period. These indicators focus on the elements of performance that most directly affect external stakeholders, including the Utility Regulator, NI Executive, industry, customers, and the wider public. As external measures, these KPIs track outcomes that reflect SONI's operational performance, its strategic delivery, and the effectiveness of its engagement and decision-making.

6.4.2.2 The KPIs presented here have been selected to align with SONI's statutory obligations and strategic ambitions, ensuring that each measure reflects an area where SONI has a clear role, responsibility and ability to influence outcomes. They cover critical dimensions of system operation - including safety, reliability, forecasting accuracy, system resilience and policy delivery, as well as organisational responsibilities such as compliance and stakeholder satisfaction.

6.4.2.3 In developing the KPI suite, SONI has sought to ensure consistency with stakeholder expectations and regulatory priorities, including proposals highlighted by the Utility Regulator in its most recent SONI Cost & Performance Report. These are discussed further below. SONI welcomes continued engagement with the Utility Regulator on strengthening the alignment of KPIs with industry-wide performance indicators and targets as these evolve over time. Overall, the KPIs set out provide a clear, credible and transparent basis for assessing SONI's performance throughout SRP27

## 6.4.3 KPI Design Principles

6.4.3.1 To ensure the KPI framework is robust, meaningful, and aligned with regulatory expectations, SONI's KPIs have been developed using the following design principles:

**1.Accountability:** Each KPI reflects an area of performance for which SONI has a clear and direct responsibility. This ensures SONI can be held appropriately accountable for outcomes that align with its statutory and operational remit.

**2.Materiality:** KPIs are selected based on their relevance and importance to external stakeholders, focusing on aspects of performance that directly impact system reliability, safety, forecasting accuracy, regulatory compliance, and infrastructure delivery.

**3.Measurability and Transparency:** Each KPI is quantifiable, evidence based, and capable of being assessed independently. This provides stakeholders with clarity, consistency, and confidence in SONI's reporting.

**4.Strategic Alignment:** KPIs are mapped to SONI's four strategic pillars to ensure they reinforce progress toward long term strategic goals and the wider energy transition.

- Advise
- Plan
- Deliver
- Operate

**5.1. Stability and Consistency:** KPIs are designed to remain stable across the price control period where possible, enabling consistent performance tracking and reducing administrative burden for both SONI and the Utility Regulator.

## 6.4.4 SONI KPI Summary Table

6.4.4.1 The Key Performance Indicators outlined below are described in further detail in Appendix V Key Performance Indicator Breakdown.

| KPI No. | KPI Title                             | Description                                                             | Strategic Ambitions            | Target 2027/28–2031/32      |
|---------|---------------------------------------|-------------------------------------------------------------------------|--------------------------------|-----------------------------|
| KPI1    | Stakeholder Satisfaction Survey       | Maintain or exceed an average stakeholder satisfaction score above 3/5. | Advise, Plan, Deliver          | ≥3 each year                |
| KPI2    | Health & Safety Incidents             | Zero material Health & Safety incidents per year.                       | Operate                        | 0 each year                 |
| KPI3    | Physical Security Incidents           | Zero material physical security events per year.                        | Operate, Deliver               | 0 each year                 |
| KPI4    | Voltage Excursions                    | Zero voltage excursions beyond secure limits.                           | Operate                        | 0 each year                 |
| KPI5    | Frequency Excursions                  | Remain within 49.9–50.1 Hz for ≥98% of the time.                        | Operate                        | Remain within secure limits |
| KPI6    | System Minutes Lost                   | Zero SML as a result of SONI action or inaction.                        | Operate                        | 0 each year                 |
| KPI7    | System Operations – Safety Incidents  | Zero operational safety incidents per year.                             | Operate                        | 0 each year                 |
| KPI8    | Imperfections Forecast Accuracy       | Outturn imperfections costs within +/-10% of forecast.                  | Advise, Plan                   | +/-10% each year            |
| KPI9    | System Services Forecast Accuracy     | Outturn system services costs within +/-10% of forecast.                | Advise, Plan                   | +/-10% each year            |
| KPI10   | TNPP Requests On Time – JPMO          | 75% of TNPP requests issued in line with JPMO milestones.               | Plan, Deliver                  | 75% each year               |
| KPI11   | TNPP Requests On Time – FWP           | 100% of TNPP requests issued in accordance with FWP milestones.         | Plan, Deliver                  | 100% each year              |
| KPI12   | Planning Applications On Time         | 75% of planning applications submitted on time.                         | Plan, Deliver                  | 75% each year               |
| KPI13   | Operational Policy Roadmap Milestones | 80% of annual Operational Policy Roadmap milestones achieved.           | Plan, Operate                  | 80% each year               |
| KPI14   | Licence Compliance Issue Resolution   | 100% of licence compliance issues closed on time.                       | Advise, Deliver, Operate       | 100% each year              |
| KPI15   | EPF Score                             | Achieve overall score above 3 out of 5.                                 | Advise, Plan, Deliver, Operate | ≥3 each year                |

Table 10: SONI KPI Summary

## 6.4.5 Further KPI Development

6.4.5.1 The KPIs outlined in this chapter have been designed to focus on aspects of performance that fall within SONI's direct control and accountability.

6.4.5.2 We intend to establish alignment between our KPIs and any industry-wide performance measures that the Utility Regulator wishes to establish, and we would welcome the opportunity to discuss this further with the Utility Regulator.

6.4.5.3 In the SONI Cost & Performance Report (October 2020–September 2024)<sup>6</sup>, published by the Utility Regulator in December 2025, the UR proposed the introduction of several KPIs,

[6 2025-12-02 SONI Mid-Term C&PR.pdf](#)

including:

- Metrics focusing on system wide costs.
- Target around demand forecasting accuracy.
- KPI for wind forecasting accuracy.
- Metrics on planned outage performance

6.4.5.4 SONI considers that our proposed KPIs address items 2 and 4. For items 1 and 3, noting that system wide costs sit largely outside of SONI's direct ability to control we do not consider these to be appropriate to be SONI specific KPIs.

6.4.5.5 SONI has also shared its proposed KPIs with the Stakeholder Advisory and Challenge Group as outlined in Appendix G Stakeholder and Advisory Group. Members of the SACG noted that SONI's KPIs should measure factors which are within its control.

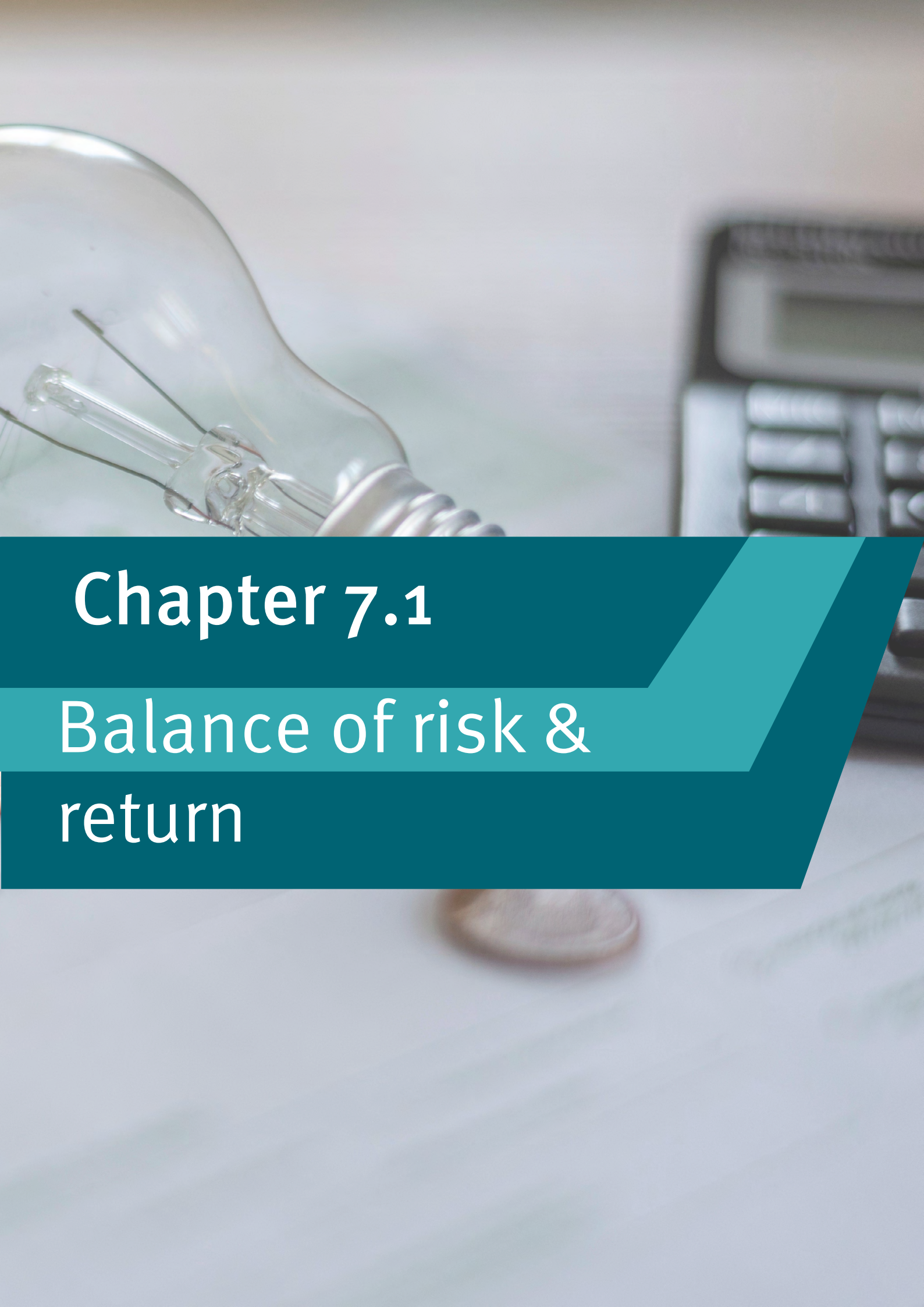




# 7

## Financial Projections



A background image showing a lightbulb on the left and a calculator on the right, both slightly out of focus. A teal-colored banner with a diagonal split is overlaid on the bottom half of the image.

# Chapter 7.1

## Balance of risk & return



## 7.1.1 Executive summary

7.1.1.1 . SONI commissioned Frontier Economics to review the financial parameters that feed into the price control. These parameters were introduced by the CMA and have been applied to SRP20. They are expected to also apply to the SRP27 price control as indicated in the Utility Regulator Approach paper for SRP27 . Frontier Economics have recommended increases to the weighted average cost of capital (the return that SONI earns on capital expenditure), as well as the revenue collection agent margin.

7.1.1.2 Frontier Economics has proposed keeping the remuneration for the parent company guarantee as it currently stands, as well as the asymmetric risk premium rate that SONI currently receives.

7.1.1.3 The level of borrowing that SONI will require during SRP27 is significantly higher than anything SONI has borrowed before. This could cause SONI financeability issues throughout the price control and is a key factor for consideration by the Utility Regulator ahead of the SRP27 draft determination.

7.1.1.4 To borrow money, SONI is required to meet covenants set by its lenders. These are commercially confidential, however SONI must ensure that its assets and its earnings are proportionate to its borrowing.

7.1.1.5 Additionally, as a commercial entity, SONI must also ensure that it is a viable, profit-generating business. The Utility Regulator also has a duty to ensure that SONI can finance its activities.

7.1.1.6 SONI puts significant borrowing facilities in

place to manage working capital requirements on behalf of the single electricity market. This is to reduce volatility in tariffs to end consumers. With the introduction of the Future Arrangements for System Services, the level of working capital that SONI is expected to take on will increase substantially.

7.1.1.7 The scale of this potential borrowing poses significant financeability problems for SONI, as unlike capital expenditure, it is not supported by an asset.

7.1.1.8 There are several ‘regulatory levers’ available to help address the financeability challenges SONI (and the Utility Regulator) face for SRP27. These will need careful consideration, and the Utility Regulator may need to consider adjustments to a number of these ‘levers’ to ensure SONI is financeable.

7.1.1.9 SONI will work with the Utility Regulator and the SEM Committee over the coming period (ahead of the SRP27 draft determination) to ensure that the Utility Regulator can meet its statutory duty to ensure that SONI is financeable for the activities that it is asked to undertake by the SEM Committee.

7.1.1.10 A key focus of this engagement will need to be on the Working Capital Arrangements for the SEM and FASS. With this in mind, SONI proactively initiated engagement with the Utility Regulator in November 2025 and followed up with a subsequent meeting in January 2026 to highlight our financeability concerns.



## 7.1.2 Financial parameters

### Weighted Average Cost of Capital (WACC)

7.1.2.1 The weighted average cost of capital (WACC) is the return that SONI receives on assets resulting from capital expenditure each year. The concept behind this is explained in Chapter 5.2 Capital Expenditure. The WACC is a combination of the assumed costs of debt and equity. It is intended to compensate SONI for the costs of providing capital (either through borrowing or via equity) to invest in assets.

7.1.2.2 For SRP20, a rate of 4.36% has been used. This was based on analysis conducted by the Utility Regulator in 2020. At that time, interest rates globally were at a historic low, meaning that the cost of debt was very cheap and the cost of equity was similarly low.

7.1.2.3 Since 2020, the world has changed significantly. Large scale government financial support during the COVID-19 pandemic followed by the easing of restrictions on movement and economic activity across the world created a period of higher inflation driven by excess demand and pressure on supply chains. This was compounded by an energy price inflationary event following the Russian invasion of Ukraine. This period of inflation was dubbed the “cost of living crisis”.

7.1.2.4 The response of central banks across the globe was to raise base interest rates from the historically low levels of the 2010s following the 2008 global financial crisis to more historically normal levels.

7.1.2.5 The current 4.36% WACC, therefore, is artificially low compared to the prevailing costs of debt and equity which SONI now faces.

7.1.2.6 As part of its preparations for the SRP27 Business Plan submission, SONI commissioned Frontier Economics to assess the prevailing costs of debt and equity and make a recommendation for the WACC parameters for SRP27.

7.1.2.7 Frontier Economics’ full report can be found in Appendix W Allowed Returns. The analysis undertaken by Frontier Economics largely replicates the Utility Regulator’s methodology from the SRP20 price control.

7.1.2.8 Frontier’s recommendation is to move from a WACC of 4.36% to between 6.73% and 8.18%, with a central estimate of 7.44%. SONI has accepted this central recommendation and proposes that it applies for SRP27.

### Cost of the Parent Company Guarantee (PCG)

7.1.2.9 Under the current price control framework, SONI receives an allowance to compensate its parent company, EirGrid, for lodging a parent company guarantee (PCG) of £10m in accordance with Condition 3A of the SONI licence.

7.1.2.10 This allowance represents an annual revenue entitlement of 1.75% of the size of the PCG and equals £175,000.

7.1.2.11 SONI proposes to maintain this arrangement for SRP27.

### Cost of Premium for Asymmetric Risk

7.1.2.12 SONI currently has an allowance of £136,000 per year (in 2019 prices) under the SRP20 framework to account for asymmetric risk resulting from certain types of uncertainty mechanism<sup>1</sup> and transmission network planning projects (TNPPs). This asymmetric risk arises due to the “up to a cap” nature of the uncertainty mechanisms and TNPPs and the potential application of ex-post cost disallowances.

<sup>1</sup> Specifically D<sub>i</sub> and Z<sub>i</sub> as defined in Annex 1 of the SONI TSO Licence

7.1.2.13 The up to a cap allowance means that SONI's cost recovery is limited to the lower of the actual expenditure or the ex-ante allowance. However, the existence of the Demonstrably Inefficient or Wasteful Expenditure (DIWE) guidance means that actual costs can be disallowed, meaning that ultimate cost recovery can be lower than actual costs incurred, but never more than actual costs incurred. This creates an asymmetric risk for SONI: there is a potential under-recovery of costs, but never a potential over-recovery. This poses a financeability challenge for SONI as it introduces regulatory risk.

7.1.2.14 The asymmetric risk premium was introduced following the Competition and Markets Authority (CMA) decision on SONI's 2015-20 price control to mitigate this regulatory risk, thereby enabling SONI to finance its activities more effectively and at lower cost to consumers (as this regulatory risk will not be priced into borrowing costs).

7.1.2.15 The figure of £136,000 was based on a forecast of the uncertainty mechanisms which the UR estimated would be submitted during the SRP20 period multiplied by 3% to provide an annual allowance as compensation for this asymmetric risk.

7.1.2.16 SONI undertook an assessment of the 'up to a cap' and TNPP approvals received during the SRP20 period. With perfect hindsight, this would have equated to an asymmetric risk annual value of £308k. When compared to the annual allowance of £136k, it can be concluded that SONI were undercompensated during SRP20.

7.1.2.17 SONI propose that Unpredictable Capex and Opex (as outlined in Chapters 5.1, 5.2 and Appendix T) be removed from the Asymmetric Risk Premium calculation, and the

3% allowance is only applied to forecasted network planning, TNPP and Zt spend related to All-Island Programmes (which we have not recommended are covered by the Unpredictable Capex allowance owing to their separate approval process through the SEM Committee).

7.1.2.18 This proposal is based on the assumption that, when SONI seeks to draw down from the Unpredictable Capex or Opex allowances through an Uncertainty Mechanism submission, the Utility Regulator will make an assessment of the proposed costs in line with its DIWE guidance at the ex-ante stage (rather than after the money has been spent). As such the asymmetric risk will be removed by the introduction of an Unpredictable Capex and Opex allowance.

7.1.2.19 The proposed methodology would equate to an asymmetric risk allowance of £735k per annum for SRP27.

7.1.2.20 Should the Utility Regulator decide to not move forward with the "Unpredictable Capex and Opex" model and instead maintain the existing pure ex-ante approach, the forecasted annual Asymmetric Risk Premium allowance would be c. £2.5m.

7.1.2.21 SONI will engage with the Utility Regulator further on how this approach may be incorporated into the SONI TSO licence.

## **Inflation indexation**

7.1.2.22 The SRP20 price control uses CPIH as a measure for inflation indexation. We propose to continue this approach.

## 7.1.3 Revenue collection agent activities

### Working Capital Facilities

7.1.3.1 SEMO, a contractual joint venture between SONI and EirGrid, acts as the revenue collection agent for Imperfections charges in the SEM. Imperfections charges cover the cost of non-energy actions taken by the TSO to manage physical network constraints in the balancing market.

7.1.3.2 SEMO collects Imperfections charges from suppliers and makes payments out under the balancing market arrangements to generators.

7.1.3.3 Imperfections charges are set on a year-ahead basis based on forecasts of fuel costs, generator outages and other factors outside of SONI's control. The charges are determined by the SEM Committee, rather than the TSOs. As these can and do change significantly between year ahead and real-time, this can often cause a mismatch between revenue coming in from suppliers and payments going out to generators. If there is an under-recovery of Imperfections charges, then borrowing must make up the difference, otherwise a short-notice mid-year tariff uplift may be required, or SEMO must cease payments out to generators as set out in the Trading and Settlement Code.

7.1.3.4 As SEMO is not a legal entity in its own right, SONI and EirGrid each provide working capital facilities on its behalf. Based on established defined proportions, EirGrid's facility contributes 75% of the total facilities and SONI's contributes 25%. Any drawdowns from the facilities must also be made proportionally and be fully aligned.

7.1.3.5 Given the significant increase in the volume and volatility of Imperfections costs that has been observed since the go-live of the ISEM market in 2018, SONI and EirGrid have been asked by the Regulatory Authorities to consider whether the size of the working capital facilities that are currently in place is sufficient for the market.

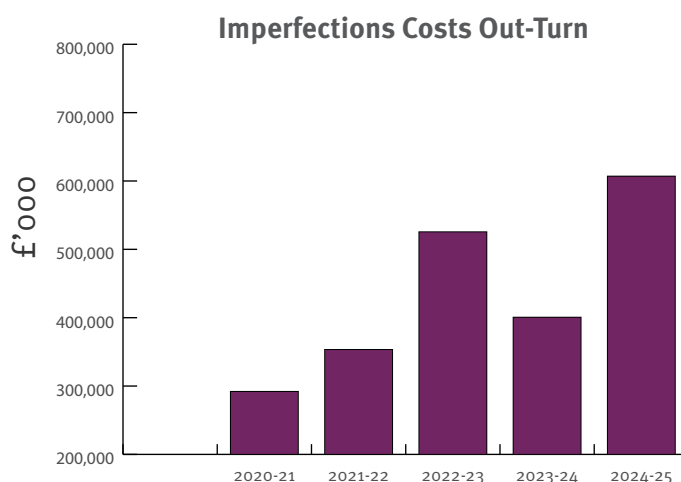


Figure 40: Imperfections Costs Out-turn

7.1.3.6 The implication of this request is that, due to the increasing volume and volatility of costs, a larger facility may be required to ensure that there remains sufficient liquidity within the market. SONI and EirGrid will continue to engage with the regulatory authorities regarding this issue.

7.1.3.7 SONI also has a working capital facility to cover potential under-recovery of DS3 system services revenue via the System Support Services tariff, which again is set on a year-ahead forecast and real-time changes outside of SONI's control, such as wind levels, can cause over- or under-recovery.

7.1.3.8 With the introduction of the Future Arrangements for System Services (FASS) to replace DS3, SONI's expectation is that forecasting required revenue for system services will become more challenging.



7.1.3.9 The key variable factor in DS3 is the levels of wind generation and their impact on system non-synchronous penetration (SNSP). With the introduction of FASS, payments out to system service providers are also likely to become dependent on wholesale electricity market prices (and in turn fuel commodity prices) and system conditions on a real-time basis. This will inherently increase the volatility and unpredictability of system services costs.

7.1.3.10 FASS will be paid for through a new FASS charge, which again will be set based on a forecast at the year-ahead stage. This will mean that the size of facility required to ensure that the FASS market does not suffer from liquidity issues will increase substantially compared to the current DS3 arrangements.

7.1.3.11 Finally, transmission network planning projects (TNPPs) are also covered by working capital facilities. SONI incurs the costs of these projects and accrues these until the project is handed over to NIE Networks to begin construction, at which point NIE

Networks makes a payment to SONI to “buy-out” the project.

7.1.3.12 This creates a timing gap between money being paid out and money coming in from NIE Networks. For most TNPP projects, this gap is multiple years and must be covered by borrowing using working capital facilities.

7.1.3.13 The scale of TNPPs will increase substantially over the coming years (see Appendix R), therefore the level of borrowing required to cover these TNPPs will increase substantially too.

7.1.3.14 To undertake a financeability assessment, SONI has used the following projections of the working capital drawn down over the SRP27 period. This assumes that the SSS/FASS facility is sized at 77% of the total collection revenue each year, and that the imperfections facility is sized at 45% of the total collection revenue each year, and that both of these facilities are drawn down to that size.

| Borrowing type                                                      | Unit          | 2027/28        | 2028/29        | 2029/30        | 2030/31        | 2031/32        |
|---------------------------------------------------------------------|---------------|----------------|----------------|----------------|----------------|----------------|
| <b>TNPP related borrowing</b>                                       | £'000s - real | 13,100         | 19,588         | 30,251         | 42,210         | 59,342         |
| <b>Amounts payable to NIE for Transmission Use of System (TUoS)</b> | £'000s - real | 0              | 0              | 0              | 0              | 0              |
| <b>System Support Services (SSS) costs/ FASS Charge</b>             | £'000s - real | 79,169         | 81,546         | 86,197         | 88,103         | 90,203         |
| <b>Imperfection Charge (DBC) revenues</b>                           | £'000s - real | 90,077         | 97,213         | 111,001        | 121,770        | 131,357        |
| <b>Total borrowing</b>                                              |               | <b>182,347</b> | <b>198,347</b> | <b>227,449</b> | <b>253,083</b> | <b>280,902</b> |

Table 11: Working capital draw down projections

7.1.3.16 SONI must assess the impact of being fully drawn on working capital facilities to ensure that we are financeable under this scenario. While full draw down has never been reached on the existing facilities, over 75% of maximum draw-down has been reached on the market working capital facility covering imperfections on two occasions since the introduction of the ISEM arrangements in 2018.

7.1.3.17 One of these occasions was in 2025, and this prompted SONI to increase the size of the working capital facility from £33.75m to £45.75m. The regulatory authorities have since written to both SONI and EirGrid asking the TSOs to consider whether the size of the facilities is adequate in addition to this increase in 2025.

7.1.3.18 As SONI controls neither the Imperfections or FASS Charges (which are decisions by the SEM Committee), or the cost of payments out, which are market-driven, SONI has no ability to directly affect the draw down on working capital facilities. As such, we must assume that they are fully drawn down for the purposes of the financeability assessment of our TSO activities.

### **Cost of the margin for revenue collection activities**

7.1.3.19 SONI currently receives a Revenue Collection Agent (RCA) margin. This means that SONI receives an allowance of 0.5% of any money it<sup>2</sup> collects for:

- Transmission Use of System (TUoS) charges
- Imperfections charges
- System Support Services charges

7.1.3.20 This margin was introduced following the

CMA decision in 2017. In the CMA decision, it was determined that a commercial business operating in a competitive environment would require a profit margin to participate in that market. It would not operate in a market on a purely cost pass-through basis. The profit is the incentive to take on financial and reputational risks by providing the function or service.

7.1.3.21 A price control is meant to mimic the impact of competition on a regulated entity as far as possible. Therefore, for a regulated company to provide a function or a service, it needs to generate a fair profit.

7.1.3.22 To ensure that SONI received a fair profit for providing revenue collection agent functions, the concept of the RCA margin was introduced by the CMA.

7.1.3.23 SONI has procured Frontier Economics to undertake an analysis of the current RCA margin rate and recommend any changes to it as necessary, given the 0.5% rate was set nearly ten years ago. This analysis is included in Appendix X Financial Metrics.

7.1.3.24 Frontier Economics' analysis replicates the original CMA methodology as far as possible, which in turn was based on a methodology used by the Commission for Energy Regulation (CER)'s approach to setting a collection agent margin for EirGrid in Ireland.

7.1.3.25 This methodology, in simple terms, estimates the size of borrowing facilities (or equity) required by SONI to manage a revenue stream effectively in 19 out of every 20 years<sup>3</sup>, and calculates this as a proportion of the total expected annual flow of money. It multiplies this ratio by SONI's WACC to establish an appropriate margin for each flow of money. To calculate a

<sup>2</sup> Or SEMO on behalf of SONI

<sup>3</sup> i.e. it assumes a risk appetite from the Regulatory Authorities of a mid-year tariff uplift or non-payment of financial flows equal to one in twenty years. In practice, we expect that the regulatory authorities' risk appetite is lower than this, although to date they have not made this risk appetite explicit. Should the risk appetite be lower than this, we would expect the RCA margin to increase accordingly.

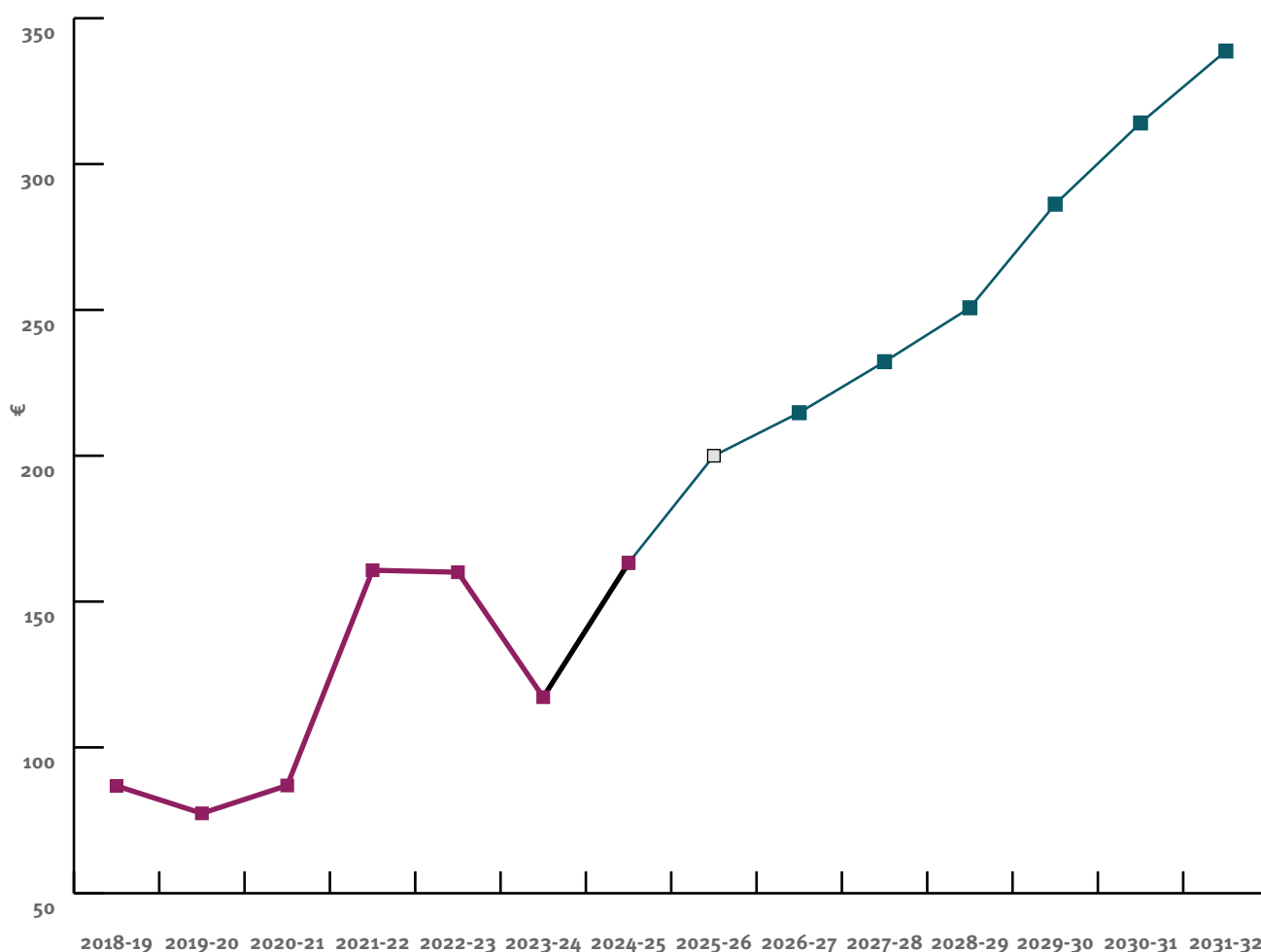
7.1.3.27 SONI has provided Frontier Economics with a forecast of future Imperfections charges. This was based on a mixture of historic costs and trends in line with the “do nothing” case from the Power of SONI report developed by Frontier Economics.

7.1.3.28 SONI also provided Frontier Economics with a forecast of Future Arrangements for System Services (FASS) charges. These are intended to replace the DS3 element of the System Support Services charge by the start of the SRP27 period. The forecast FASS charges are consistent with the FASS costs assumed in EirGrid’s PR6 price control.

7.1.3.29 Frontier Economics has developed their own forecast of TUoS charges based on NIE Networks’ RP7 price control final determination.

7.1.3.30 Based on this assessment, Frontier Economics are recommending that the RCA margin is increased from 0.5% to 1.9%. This increase is driven by the increase in the WACC which is outlined in section 1.2, as well as the increase in the volumes and volatility of the three revenue streams that SONI acts as a collection agent for. SONI proposes that this recommendation from Frontier Economics is accepted for SRP27.

**Northern Ireland Imperfections cost (€m)**



**Actual**

**Actual & Frontier  
Economics forecast trend**

Figure 41: Northern Ireland Imperfections Costs



## 7.1.4 Financeability

### Actual financial metrics

- 7.1.4.1 One of the Utility Regulator's key duties is to ensure that licensees (such as SONI) can finance their activities. The Utility Regulator's legal duties are discussed in detail in Appendix K. In other words, the Utility Regulator must ensure that licensees can access sufficient money to ensure that they remain a viable business.
- 7.1.4.2 SONI's funding is largely through debt financing. This means that its lenders are a key stakeholder and source of SONI's financial liquidity. SONI's lenders tend to be banks. As an asset-light company, longer-term bond markets are not suitable for SONI's needs as bonds tend to be issued for 10-15+ year periods (far beyond the depreciation period of most of SONI's assets).
- 7.1.4.3 Just as if an individual was going to a bank for a mortgage or loan, those lending to SONI run checks to ensure that SONI will be able to pay back the money borrowed, and the lenders can place constraints on the borrowing that they provide to SONI (in the form of legal covenants). As a regulated company, SONI is generally seen as a lower risk borrower by banks, but even with regulatory support and underpinning, banks have limits on the amount of facilities they can provide to SONI based on their internal credit processes. Regulatory and political risk are also factored into their decision-making.
- 7.1.4.4 SONI's bank facilities are provided subject to a number of financial covenants. From preliminary discussions with our lenders, we have developed an expectation of the lenders maximum lending capacity to SONI. These financial parameters are commercially sensitive and confidential, however SONI has shared them with the Utility Regulator.
- 7.1.4.5 It is important that, at all times, SONI complies with the lending covenants placed on it. SONI reports on the covenants every six months. A breach of covenants could lead to facilities being cancelled and a demand to repay any sums outstanding at that time. In a worst-case scenario, it could result in SONI becoming insolvent.
- 7.1.4.6 The Utility Regulator and the SEM Committee, in line with their statutory duties to ensure that SONI is financeable, therefore, must take these constraints into account when making decisions. This includes decisions on the draft and final determinations for SRP27. It also includes decisions on market design and the level of working capital (i.e. facilities) that SONI is required to have in place.
- 7.1.4.7 These decisions cannot be made in isolation, and SONI must be able to meet its facility covenants and satisfy the banks requirements when its borrowing needs are considered in totality.
- 7.1.4.8 There are two key measures that lenders will consider when deciding whether to provide facilities to SONI and the margin at which they will provide those facilities. These are SONI's asset base and its profitability.
- 7.1.4.9 A larger (and longer-term) asset base increases the revenue received through the RAB and lessens the risk of borrower default. This reduced risk for the lender makes the banks more likely to provide facilities and reduces the risk premium added to the cost of this facility.

7.1.4.10 Higher profitability acts as a similar incentive for lenders, as it means that risk of default on repayments is lower. However, unlike businesses with a long-term and large asset base, SONI's profitability may be volatile, and therefore there is higher risk involved in a highly profitable asset-light business than there would be for a similarly profitable asset-owning business.

7.1.4.11 SONI's requirement for a high level of working capital facilities is particularly challenging from a financeability perspective. SONI's other main borrowing is generally to fund capital investment (and therefore backed by an asset albeit mostly IT assets with a five-year useful life) or is used to fund network planning pre-construction projects, which are also treated as an asset on SONI's balance sheet.

7.1.4.12 In contrast, working capital facilities are in place to avoid exposing the market to price volatility, and does not generate an asset when they are required to be drawn on.

7.1.4.13 To support SONI's financeability in providing working capital facilities, the Competition and Markets Authority (CMA) decision on the 2015-20 SONI Price Control<sup>1</sup> introduced the concept of a revenue collection agent (RCA) margin. This provides SONI with a profit margin on its revenue collection agent roles. It is important to emphasise that the RCA margin does not create an asset; however, it does support SONI's profitability.

7.1.4.14 Fundamentally, for the Utility Regulator (and SEM Committee) to ensure that SONI is able to access the level of borrowing it wishes to see SONI hold (particularly in terms of working capital), the two levers it has to incentivise lenders to provide this are to

increase SONI's asset base and/or its profit.

## Notional financial metrics

7.1.4.15 As well as meeting lender's requirements, to ensure financeability SONI must be a sufficiently profitable entity. As a commercial organisation, SONI cannot operate on a cost pass-through basis. SONI must also deliver a return on investment. This was a key part of the CMA's decision, which established that a key principle is that SONI must generate a return akin to what a company operating in a competitive market would require to participate in that market.

7.1.4.16 In other words, if a price control is a proxy for competition, then the price control must reflect all aspects of a notional competitive market. An unregulated company operating in a perfectly competitive market would not operate on a solely "at cost" basis. It would require profit as an incentive to participate in the market or provide certain services. Unprofitable (even if not explicitly loss-making) services and functions would cease in an environment with competition.

7.1.4.17 Unlike with actual financial metrics, where external conditions and requirements are imposed on SONI, notional financial metrics are more subjective and open to debate and discussion between the Utility Regulator and SONI.

7.1.4.18 The SEMO price control 2024-29 used the idea of "EBIT (earnings before interest and tax) margin" as a metric for profitability. SONI and SEMO are very similar entities as they are both asset-light, and what assets they do hold tend to be short-term IT assets. As such, we propose to use the same metric as a measure of financeability in the SONI SRP27 price control.

7.1.4.19 The EBIT margin is the percentage of total “controllable”<sup>2</sup> revenue that the EBIT measure of profit represents. In other words, profit divided by revenue.

7.1.4.20 Analysis developed for the SEMO Price Control 2024-29 suggests that an appropriate EBIT margin for SEMO should be in the range of 8-12%, and SONI proposes to use this as a financeability metric for SRP27.

### Forecast against metrics

|             | 2027-28 | 2028-29 | 2029-30 | 2030-31 | 2031-32 | Average |
|-------------|---------|---------|---------|---------|---------|---------|
| EBIT margin | 7.0%    | 7.8%    | 8.6%    | 8.9%    | 9.9%    | 8.5%    |

Table 12: EBIT Margin Forecasts

7.1.4.21 Under the base scenario, SONI only meets the threshold of 8-12% for the EBIT margin in the final three years of the price control and falls short in the first two years.

7.1.4.22 SONI’s analysis, presented to the Utility Regulator, shows that obtaining and maintaining working capital facilities to the level that we envisage the SEM Committee would wish is extremely challenging and provides little to no headroom for any further borrowing, such as to cover TSO costs if there was an under-recovery of revenue in a year and a K-factor recovery was needed in a subsequent year.

7.1.4.23 SONI’s analysis further shows that additional capital spending helps SONI’s overall financeability and its ability to provide market and FASS working capital. This is because additional capital expenditure increases the size of the regulated asset base (RAB) more than it increases the overall borrowing levels, thereby increasing the size of the assets that SONI has to borrow against.

7.1.4.24 Full allowance of the Business Plan request, including through Unpredictable Opex and Capex, would support SONI’s ability to provide market and FASS working capital to some extent. However, even in this scenario, SONI would still face significant challenges. Ultimately, SONI’s ability to provide working capital is outside of its direct control and will depend on lenders’ willingness to offer facilities.

7.1.4.25 A key factor in the considerations of financeability is that the market working capital facility is currently excluded from one of the facility covenants. If this was to change, or the FASS working capital facility was not similarly excluded, SONI would be unable to obtain the required working capital facilities under any realistic scenario.

### Potential solutions to financeability issues

7.1.4.26 The SONI Ltd. Board Directors have statutory responsibilities under the Companies Act 2006, specifically under Section 172 “Duty to promote the success of the company” and are concerned that failing to address the challenges above within the SRP27 process will expose the Company to risks outside its tolerable appetite: “SONI has no tolerance for risks which could result in a material impact on our financial performance”.

7.1.4.27 The key issue driving financeability issues for SONI is the need to provide working capital facilities to meet market volatility, and in future for FASS.

7.1.4.28 This is not an issue with SRP27 in itself; rather, it is a market design issue. The idea of TSOs holding working capital facilities derives from the SEM Committee’s implementation of European internal energy market design. However, SONI is an outlier among European

<sup>2</sup> In this context, “controllable” is defined as including the RCA margin revenue, but excluding the actual flow through of money that the margin is based on.



TSOs in that it does not own any network assets and therefore has a small asset base in comparison to the level of borrowing being asked of it.

7.1.4.29 Only NESO in Great Britain is in a similar situation. Unlike SONI, NESO are state-owned and their working capital facility is provided by the UK government, rather than a commercial bank<sup>3</sup>. Additionally, NESO's working capital facility – which covers both dispatch balancing costs and system service costs – has a total size of £300m<sup>4</sup>. In comparison to its asset base (and the size of the GB market), this is smaller than the total working capital facility that SONI may be requested to obtain and maintain.

7.1.4.30 The market design and the structure of SONI as an asset light TSO are not expected to change. Therefore, the Utility Regulator must ensure that SRP27 is financeable in the context of this wider working capital facility issue.

7.1.4.31 One solution to this would be to increase the size of the RCA margin that SONI collections, thereby increasing SONI's profitability and supporting financeability through that approach. However, SONI does not feel that this resolves the issue itself, only masks the symptoms, and would not be in the interests of Northern Ireland's consumers more generally.

7.1.4.32 It is important to remember that having a working capital facility does not actually decrease costs for consumers, it merely reduces volatility in costs. Working capital facilities increase the financial burden on consumers as the costs of these facilities are ultimately recovered from consumers.

7.1.4.33 Additionally, even if an increase in the

RCA margin was to resolve the financeability issues for SRP27, it is not certain that this would suffice for future price control periods. There is a large amount of one-off (atypical) spending on IT separation forecast during the SRP27 period (and immediately before). This has the effect of inflating the SONI asset base during the early part of SRP27. These assets are primarily IT-related and will therefore depreciate by the start of the next price control period. This means that an RCA margin uplift (beyond the recommended 1.9%) which is sufficient for SRP27 may require a further uplift in SRP27.

7.1.4.34 Therefore, granting SONI additional allowances for holding working capital facilities needs to be carefully considered in the context of the interests of the Northern Ireland consumer.

7.1.4.35 A longer-term and more robust solution would be to review the scale and need for working capital facilities and whether SONI is the right vehicle to provide them.

7.1.4.36 SONI undertakes a collection agent role for the capacity market. While this is inherently more predictable than either imperfections costs or FASS costs, no forecast is ever perfect and under-recoveries compared to required payments out are always a possibility. However, SONI does not hold a working capital facility to cover this scenario as the capacity market has a "socialisation fund" approach, whereby market participants pay into a pot of money up front which can act as working capital. Rather than working capital needing to be provided by a bank, it is instead provided to the collection agent by market participants themselves.

<sup>3</sup>NESO Regulatory Finance

<sup>4</sup>Ofgem Decision Letter

7.1.4.37 The introduction of a similar socialisation fund could therefore reduce or remove the need for working capital for the market or FASS.

7.1.4.38 While a socialisation fund would have initial establishment costs and up-front recovery of money from consumers, in the longer term it would avoid costs associated with working capital facilities, and as such

may work out cheaper for consumers.

7.1.4.39 SONI will therefore work with the Utility Regulator and the SEM Committee to explore the regulatory levers available as well as the potential alternative options discussed above.





A photograph of a man and a young child holding hands, standing in a grassy field at sunset. The man is on the left, wearing a light blue shirt, and the child is on the right, wearing a white t-shirt and blue jeans. They are both looking towards the right. In the background, a wind turbine is visible against the orange and yellow sky. The image is partially covered by a teal overlay on the right side.

# Chapter 7.2

## Impact on consumers



## 7.2.1 Executive summary

7.2.1.1 SONI, like other TSOs managing high renewable energy systems, requires significant investment in its staff and its IT systems to give its people the tools to manage an increasingly complex electricity system. SONI also has additional one-off costs related to implementation of Licence Condition 42.

7.2.1.2 Historically, SONI's core costs have represented less than 2% of the total annual domestic consumer bill.

7.2.1.3 The investment required during SRP27 will increase this to around 4.6% of the annual average bill.

7.2.1.4 However, for this investment there will be an associated reduction in other charges that make up the end consumer bill, which SONI can influence.

7.2.1.5 By the end of SRP27, additional investment in SONI will have enabled SONI to offset the additional cost of its core functionality by reducing imperfections costs by an equivalent amount (compared to a baseline "do nothing" forecast of imperfections). The savings resulting from the investments made in SRP27 will continue into the SRP32 period and beyond.

7.2.1.6 Analysis conducted by Frontier Economics and LCP Delta suggests that SONI can deliver reductions of £115 and £210 per household between 2032 and 2037 (the assumed next price control period).

7.2.1.7 This means that an additional pound invested in SONI during SRP27 above current expenditure could deliver a net benefit of up to £1.50 during the next price control, and

between £4 and £7 by 2050.

7.2.1.8 This benefit is not limited to domestic consumers. Investment in SONI during SRP27 will also deliver future cost savings for non-domestic consumers, which in turn will have wider economic benefits.

## 7.2.2 Cost summary of proposed allowances

7.2.2.1 Based on the cost forecasts outlined in this Business Plan, SONI's total expenditure during the SRP27 period is forecast to outturn between £110m and £130m per year. This is a step change from SRP20.

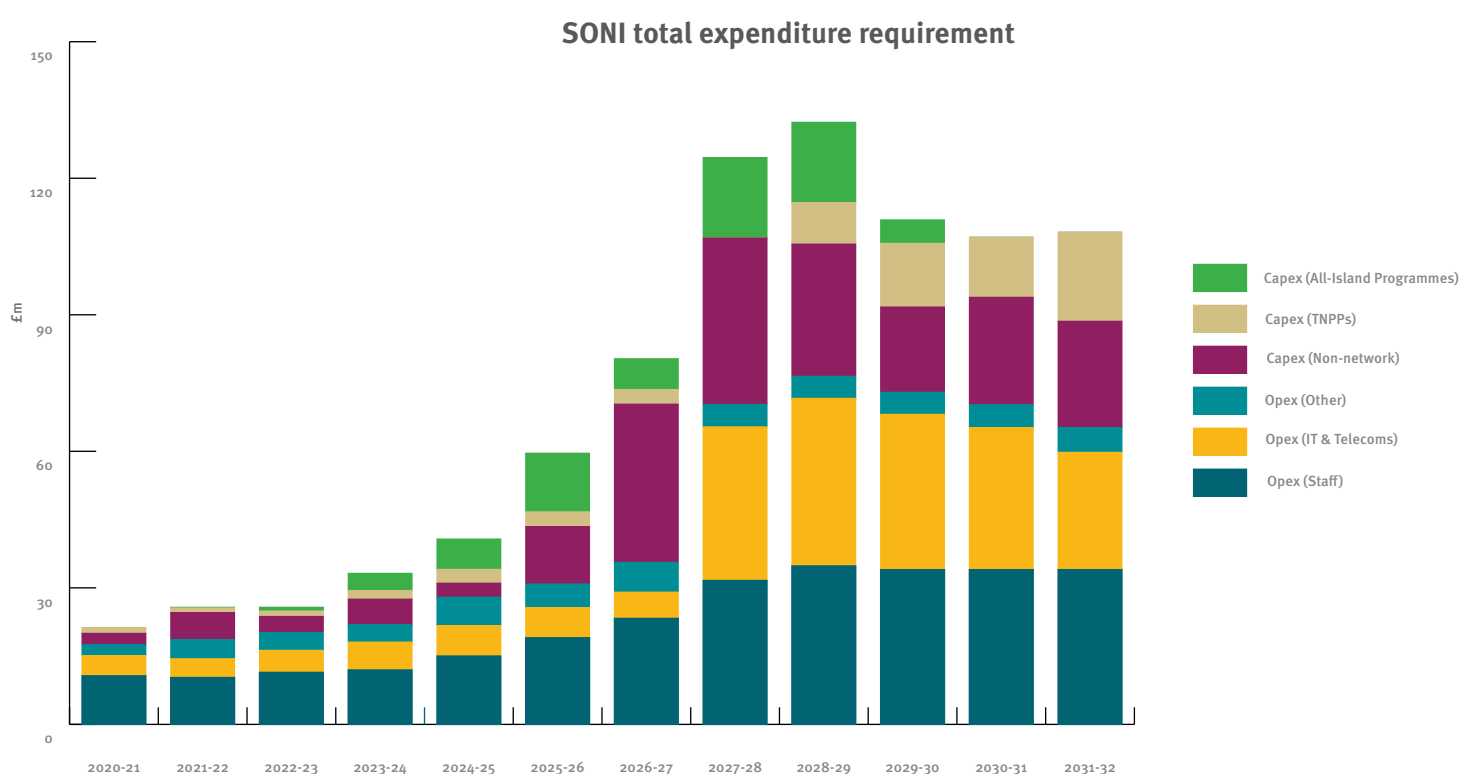


Figure 42 SONI total expenditure requirement

7.2.2.2 SONI's total revenue requirement through tariffs on suppliers required to cover its internal costs over the SRP27 period is forecast to be around £122m per year.

|                             | 2027-28 | 2028-29 | 2029-30 | 2030-31 | 2031-32 |
|-----------------------------|---------|---------|---------|---------|---------|
| <b>SONI core costs (£m)</b> | 111.7   | 128.2   | 126.6   | 124.2   | 117.0   |

Table 13: SONI Core Costs projections

7.2.2.3 By way of comparison, SONI's core costs are around £47m for the 2025-26 tariff year (or £39m if the influence of the K-factor is removed).

7.2.2.4 These figures account for recovery of capital expenditure over multiple years as per the price control framework. They also exclude the direct costs of TNPPs which are recovered from NIE Networks, although these costs are ultimately

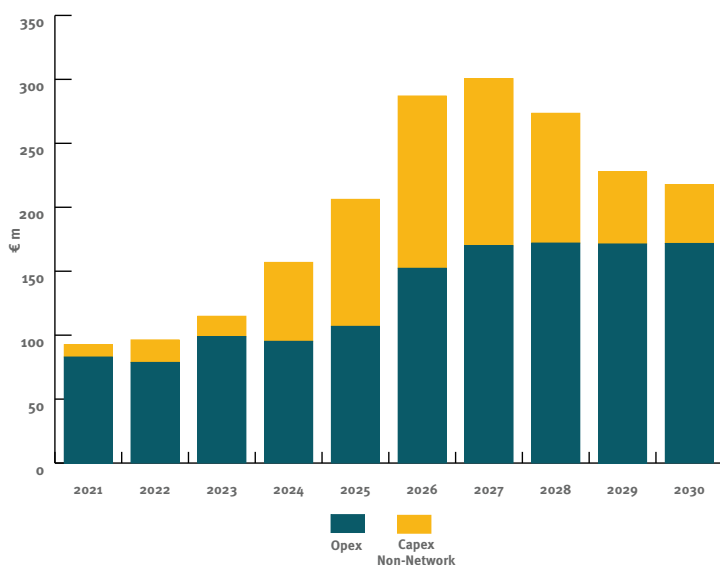
recovered from suppliers through Transmission Use of System (TUoS) charges by NIE Networks.

7.2.2.5 This step-change in costs of the SONI business is required for SONI to deliver on its regulatory obligations and its 2025-31 Strategy.

7.2.2.6 When comparing SONI's cost trends against comparator organisations such as EirGrid in Ireland or NESO in Great Britain, it can be seen that SONI's cost trajectory is on a similar path to both other comparator TSOs'.

7.2.2.7 The drivers for these cost increases across the different TSOs is also consistent: additional staff and investment in IT systems to manage an increasingly complex and renewable-driven electricity system requires the TSO to increase its capability and capacity.

**EirGrid total expenditure requirement**



**NESO total expenditure requirement**

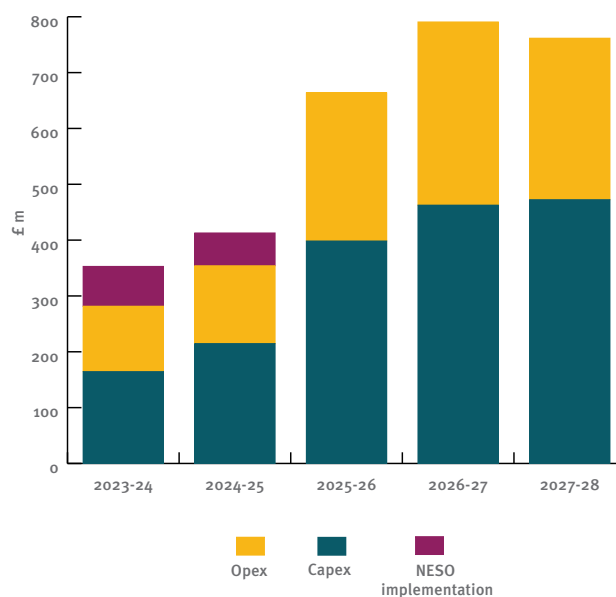


Figure 43: SONI total expenditure requirement

Figure 44: NESO total expenditure requirement



## 7.2.3 How consumer bills work

7.2.3.1 SONI recovers almost all of its core costs through tariffs charged on suppliers, which are then passed through to consumers. Specifically, the System Support Services (SSS) charge covers the bulk of SONI's revenue requirement.

7.2.3.2 A small amount is charged to generators in Northern Ireland through the generator transmission use of system (GTUoS) charges; however this is minimal and generators would seek to recover this via the prices they bid into the market, which suppliers will pay and recover through consumer bills.

7.2.3.3 The end user bill is made up of multiple tariffs and charges. The only regulated electricity supplier tariff is for PowerNI, and this regulated tariff shows the build-up of the pence per kilowatt charge for consumers across different types of charges and tariffs. This build up is summarised in Figure 45. While other suppliers do not publish the build-up of their charges, we assume that they are broadly similar in composition as tariffs and charges apply to all suppliers.

|                       |                          |                                                                                                                   |
|-----------------------|--------------------------|-------------------------------------------------------------------------------------------------------------------|
| Wholesale costs       | Wholesale energy prices  | Price paid by the supplier to buy the wholesale energy                                                            |
|                       | Capacity charge          | Charge levied to cover the cost of the SEM Capacity Remuneration Mechanism                                        |
|                       | Imperfections charge     | Charge levied to cover the cost of SONI and EirGrid's control room actions via the SEM balancing market           |
|                       | Other wholesale charges  | Costs such as SEMO operating costs, currency costs and other error volumes – typically these are relatively small |
| Policy costs          | NI Renewable Obligations | Suppliers are required to purchase renewable obligation certificates                                              |
| Use of system charges | STUoS                    | NIE Networks' costs associated with owning, building and maintaining the NI transmission network                  |
|                       | DUoS                     | NIE Networks' costs associated with owning, building and maintaining the NI distribution network                  |
| Levies                | System Support Services  | Charge levied to cover SONI's core costs and ancillary service (DS3) payments                                     |
|                       | Other levies             | Costs to cover schemes such as NISEP and Moyle Interconnector costs                                               |
| Supplier margin       | Supplier margin          | Direct costs associated with the supplier (including profit)                                                      |

Figure 45: End user bill build up \*Note green indicates high level of SONI influence, yellow indicates some SONI influence, purple indicates limited or no SONI influence

7.2.3.4 Of these costs, only an element of the System Support Service charge is completely within the control of SONI.

7.2.3.5 The SSS charge covers the costs of SONI's operations, which SONI does control, as well as the costs of payments under the DS3 system services arrangements, which

SONI does not directly control, and which is dependent on system conditions and factors such as the level of wind generation.

7.2.3.6 It is anticipated that, going into SRP27, these variable system service procurement costs will be removed from the SSS charge and included in a new all-island FASS Charge.

7.2.3.7 SONI does have a small element of control over the Imperfections Charge, in that its control room actions influence it. However, the size of imperfections is also driven by factors outside of SONI's control, such as fuel costs for generators, and generator availability. SONI's control room actions are also in line with Condition 22A of the TSO licence, which requires scheduling and dispatch to be in line with merit order. Therefore, SONI has little to no actual ability to control imperfections costs via its control room actions in the short-term.

7.2.3.8 While SONI manages the Capacity Remuneration Mechanism, it has limited control over what potential new generators participate in this market, and the capacity requirement is determined by the regulatory authorities. Therefore, it does not control any of the levers which determine the clearing price of capacity auctions and the resulting Capacity Charge.

7.2.3.9 SONI has no direct control over wholesale energy prices which are driven by global commodity prices. SONI can influence the price in the long-term through providing connections to lower cost renewable energy, however this may increase costs elsewhere as explained below.

7.2.3.10 SONI has some influence over supplier transmission use of system (STUoS) charges in that these cover NIE Networks costs of owning the transmission network, and SONI's role as system planner will influence the scale of this network. However, these costs also include ongoing maintenance and repairs costs, which SONI has no control over.

7.2.3.11 SONI has no influence on policy costs, supplier margin, distribution use of system

(DUoS) charges or other levies.

7.2.3.12 It is important to note that there are trade-offs between different elements of the consumer bill and the interactions between the different elements are complex. For example, in a constrained network such as Northern Ireland's, connecting additional renewable generation may decrease the wholesale energy costs, however it would likely increase imperfections costs as this renewable energy would not be able to be utilised due to constraints. SONI could instruct NIE Networks to build network to alleviate some of these constraints, and this may reduce imperfections, but in turn it would increase STUoS costs.

7.2.3.13 As such, optimising the overall consumer bill is a complex task and supposedly simple solutions can often have unintended consequences. SONI's enhanced role as a trusted adviser in line with our Strategy (Chapter 4.1) will help policymakers navigate this complexity.



7.2.3.14 Historically, SONI's direct costs make up a very small proportion of the end user bill. For example, analysis by Frontier Economics highlights that in 2024, SONI's direct costs represented around 2% of the total consumer bill.

7.2.3.15 This pattern has remained consistent over the SRP20 period. Frontier Economics analysis looks back to 2022 and shows that SONI's direct costs have remained consistent at between 1.1% and 1.6% of the total consumer bill. This equates to a cost of between £13 and £16 per year per customer on the average bill (assuming an annual demand of 3,200kWh).

7.2.3.16 By far the largest driver of consumer costs are wholesale electricity prices and the costs of the distribution network (covered by DUOs).

7.2.3.17 There are no regulated tariffs for non-domestic consumers, and the profile of these consumers is much more diverse. As such, it is not possible to present a breakdown of an average non-consumer bill.

7.2.3.18 However, SONI is mindful of its impact on non-domestic consumers as energy costs for these customers can have a significant impact on their profitability and viability and therefore impact on wider economic growth and employment in Northern Ireland.

7.2.3.19 As SONI's direct costs are levied via the SSS charge, which is a flat pence per kilowatt charge, we are able to assess the impact of SONI's direct costs on non-domestic consumers of different sizes based on non-domestic consumer profiles published by the Utility Regulator<sup>1</sup>.

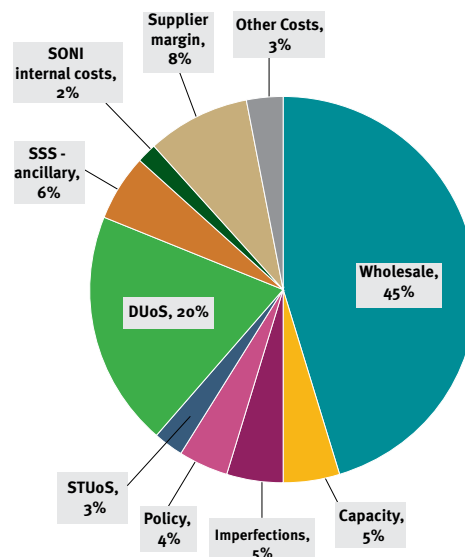


Figure 46: End user bill build

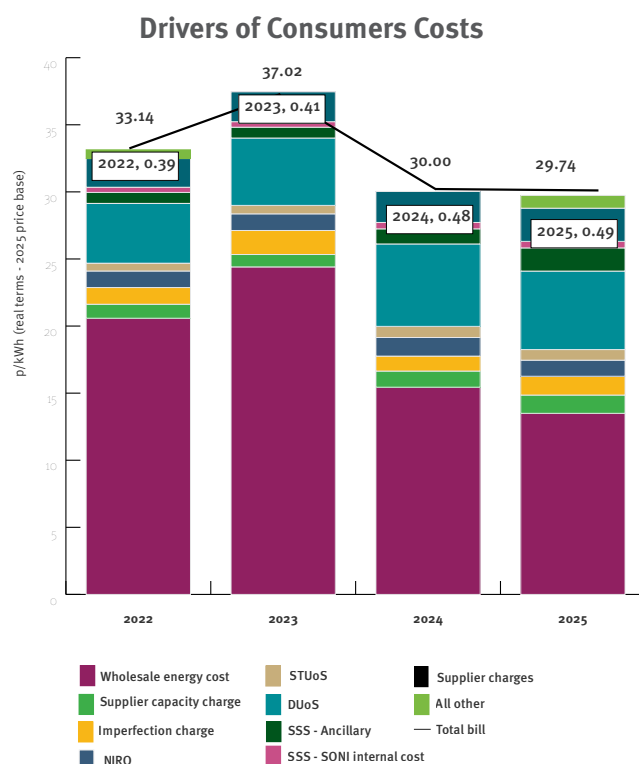


Figure 47: Drivers of consumer costs

|                        | Assumed consumption (MWh) | SONI core cost - 2025 (£) |
|------------------------|---------------------------|---------------------------|
| I&C < 20 MWh           | 6                         | 28.10                     |
| I&C 20 – 49 MWh        | 30                        | 147.59                    |
| I&C 50 – 499 MWh       | 133                       | 646.13                    |
| I&C 500 – 1,999 MWh    | 976                       | 4,740.53                  |
| I&C 2,000 – 19,999 MWh | 5,217                     | 25,338.52                 |
| I&C ≥ 20,000 MWh       | 38,991                    | 189,356.51                |

Table 14: SONI's direct costs on non-domestic consumers of different sizes

<sup>1</sup> For example: <https://www.uregni.gov.uk/files/uregni/documents/2025-09/Q1%202025%20QREMM%20report.pdf>



## 7.2.4 Impact of SRP27 on the average consumer bill

7.2.4.1 SONI's costs are forecast to increase as SONI invests in its staff and IT systems to ensure that it is able to meet the challenges of an increasingly complex and renewable-driven electricity system.

7.2.4.2 SONI's cost on the average domestic electricity bill is forecast to increase from around £15 per year to around £43 per year in SRP27, with a peak at around £46 in 2029. This will represent an average of around 4.7% of the total bill.

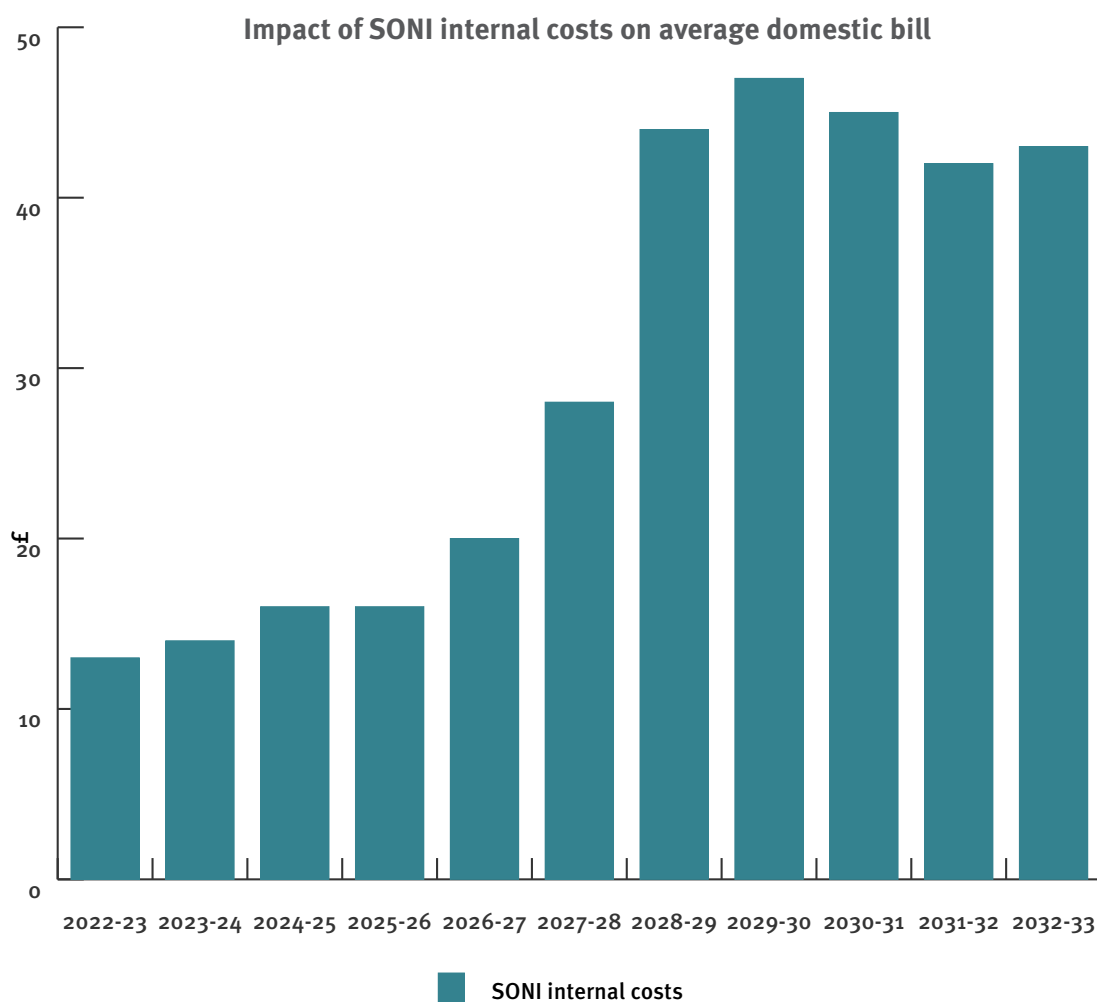


Figure 48: Impact of SONI internal costs on average domestic bill

## 7.2.5 Benefits of SONI's SRP27 for consumers

7.2.5.1 Looking at SONI's direct costs only shows part of the picture. As outlined, the build-up of the consumer bill is a complex and interrelated picture.

7.2.5.2 While SONI does not have complete control over costs such as Imperfections Charges or STUoS costs, our actions can influence them.

7.2.5.3 Investment in SONI's staff resources and IT tools available to our control room can enable SONI to deliver programmes such as the Operational Policy Roadmap which can deliver cost savings for consumers. Other activities such as network planning via TNPPs can also deliver overall savings for consumers.

7.2.5.4 To quantify some of these potential benefits, SONI asked Frontier Economics (working with LCP Delta) to undertake detailed techno-economic modelling to assess the impact that delivery of the Operational Policy Roadmap could have on end consumer bills.

7.2.5.5 This analysis was presented in a report titled the "Power of SONI"<sup>2</sup> (Appendix AA) which SONI published in November 2025.

7.2.5.6 This report highlighted that by lifting the current 75% system non-synchronous penetration limit for renewable generation and imports, and easing the minimum thermal unit constraints on the system in line with the Operational Policy Roadmap could lead to savings of between £48 and £60 on the average domestic bill by 2032<sup>3</sup>, and between £106 and £136 by 2050.

7.2.5.7 It is important to be clear that these benefits are solely related to delivery of the Operational Policy Roadmap and do not represent the totality of benefits that SONI can bring in terms of reducing the consumer bill.

7.2.5.8 Over the SRP27 period, as with many investments, SONI will need to 'invest in order to save'. The benefits delivered by the Operational Policy Roadmap can only be realised after the investments during SRP27 and we therefore expect to see savings towards the end of SRP27.

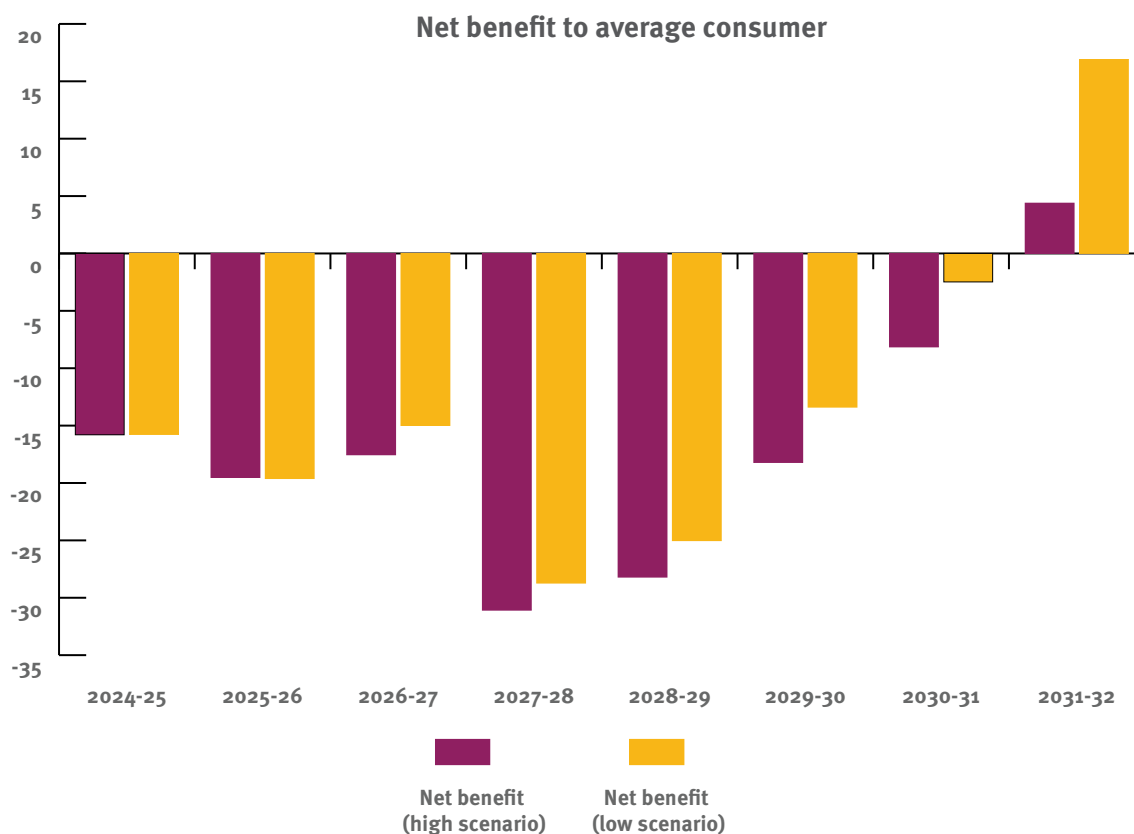


Figure 49: Net benefit to average consumer

<sup>2</sup> The Power of SONI

<sup>3</sup> These benefits are presented as a range as they will be dependent on external factors such as commodity prices.

7.2.5.9 It should be noted that the investments in the Operational Policy Roadmap need to be factored into a wider IT investment portfolio including separation of systems. For practical reasons, there are limited options to bring forward the investments in the operational roadmap. SONI will continue to prioritise where possible during SRP27 to ensure those projects with the biggest impact in terms of benefits are progressed quickly.

7.2.5.10 Assuming that SONI's internal costs stay at a similar level to SRP27 in future price controls, we see that there is a significant net benefit to consumers from the mid-2030s onwards based on Frontier Economics/LCP Delta's analysis.

7.2.5.11 The actual total net benefit of SONI will be higher than this, as this only considers the

benefits of the Operational Policy Roadmap.

7.2.5.12 Therefore, investment in SONI in SRP27 will deliver significant benefits to domestic consumers between the end of the price control period and 2050. An additional pound invested in SONI during SRP27 above current expenditure could deliver a net benefit of up to £1.50 during the next price control, and between £4 and £7 by 2050.

7.2.5.13 As the benefits of the Operational Policy Roadmap will mainly be delivered through a reduction in the Imperfections Charge, which like the System Support Services charge is levied on a flat pence per kWh basis, we are also able to establish the net benefit that SONI can bring to non-domestic consumers.

#### Net benefits of SONI's actions

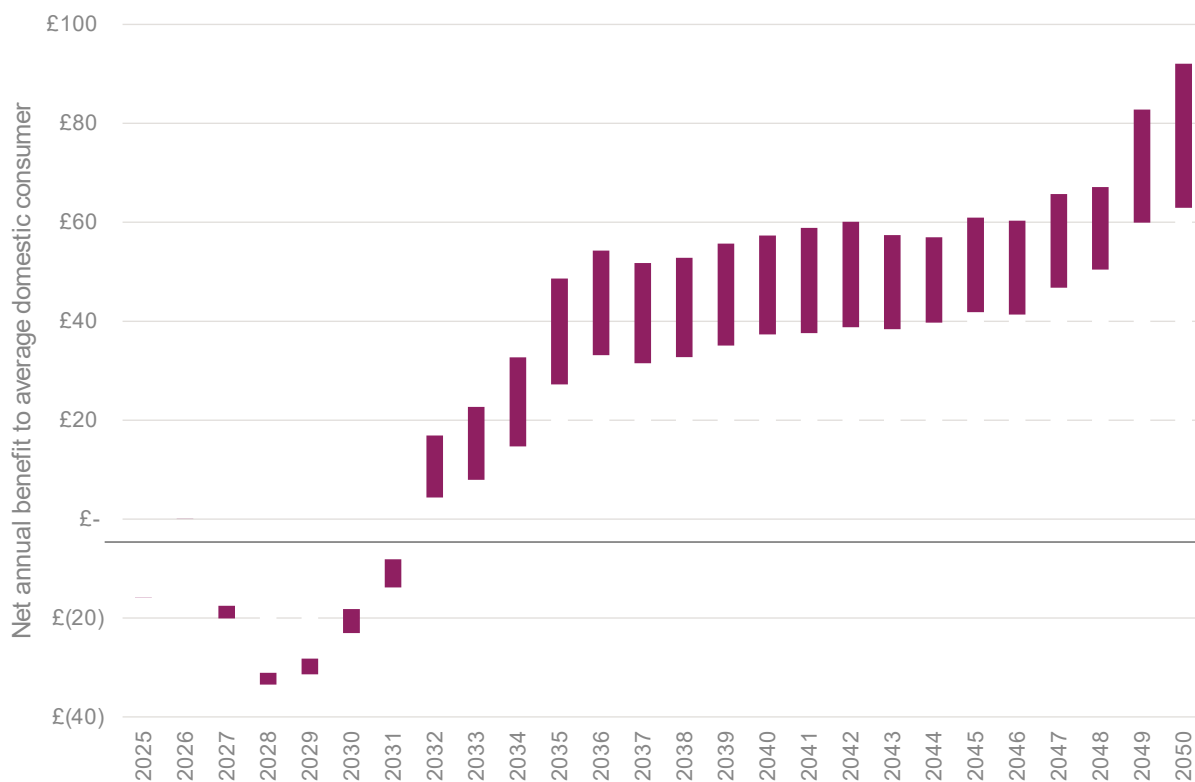


Figure 50: Net benefit of SONI's actions



|                        | Assumed consumption (MWh) | SONI core cost - SRP27 average (£) | 2032 net benefit (£) | 2050 net benefit (£) |
|------------------------|---------------------------|------------------------------------|----------------------|----------------------|
| I&C < 20 MWh           | 6                         | 76                                 | 19                   | 138                  |
| I&C 20 – 49 MWh        | 30                        | 398                                | 100                  | 727                  |
| I&C 50 – 499 MWh       | 133                       | 1,745                              | 436                  | 3,182                |
| I&C 500 – 1,999 MWh    | 976                       | 12,799                             | 3,202                | 23,344               |
| I&C 2,000 – 19,999 MWh | 5,217                     | 68,412                             | 17,115               | 124,744              |
| I&C ≥ 20,000 MWh       | 38,991                    | 511,249                            | 127,901              | 932,442              |

Table 15: Net benefits SONI can bring to non-domestic consumers

7.2.5.14 Investment in SONI during SRP27 could therefore deliver significant savings to non-domestic consumers between the end of the SRP27 period and 2050, and this in turn could drive benefits to the wider economy as well as deliver the net zero ambitions.

7.2.5.15 Combining the Power of SONI report benefits for a domestic consumer with our forecast costs based on the SRP27 Business Plan allows us to estimate the return on investment that SONI can deliver to consumers.

7.2.5.16 The total additional cost per average household resulting from this Business Plan over the SRP27 period is estimated to be around £138. The total benefits for consumers over the following Price Control period are estimated to be between £200 and £300.

7.2.5.17 This means that an additional pound invested in SONI during SRP27 above current expenditure could deliver a net benefit of up to £1.50 during the next price control, and between £4 and £7 by 2050.

7.2.5.18 It is important to emphasise that this benefit comes from a single initiative (delivery of our Operational Policy Roadmap). In practice, SONI's other activities will also deliver benefits to consumers. For example, the Mid-Antrim Upgrade network planning project is forecast to deliver benefits of £15.8m per year when complete.

7.2.5.19 Investment in SONI through the SRP27 Business Plan, therefore, will enable SONI to continue to deliver real value to consumers, as well as maintain security of supply and support delivery of the NI Executive's climate and renewable energy targets.

7.2.5.20 The Utility Regulator's support for the SRP27 Business Plan will enable SONI to meet Northern Ireland's energy needs today and in the future.

# 8

## Business Plan Assessment





# Chapter 8.1

## Business Plan Assessment





## 8.1.1 Introduction

8.1.1.1 In line with the Utility Regulator's SRP27 Business Plan Information Requirements Business Plan Assessment, SONI is required to complete a self-assessment against the criteria set out below as part of the overall SRP27 Business Plan submission:

## 8.1.2 Scope

8.1.2.1 The assessment is structured around a number of questions identified by the Utility Regulator grouped under 3 key themes and areas which are set out below:

**1.Theme 1: Service contribution to good outcomes**

- **Area 1:** Delivering value for money for consumers

**2.Theme 2 - Services and costs**

- **Area 2:** Delivering services and outcomes
- **Area 3:** Aligning risk and return

**3.Theme 3 - Trust in delivery**

- **Area 4:** Engaging customers, consumers and other stakeholders.
- **Area 5:** Ensuring resilience.
- **Area 6:** Accounting for past deliver

## 8.1.3 Structure

8.1.3.1 SONI has performed the SRP27 Business Plan self-assessment in line with the Utility Regulator's requirements as follows.

- **Appendix AB-1 TSO Self-Assessment of SRP27 Business Plan Submission** provides an assessment for each individual question across the respective themes and areas supported by reference to specific elements of the SRP Business Plan submission; and
- **Appendix AB-2: TSO Assessment of Business Plan Submission - Detailed Evidence Mapping** provides more granular references to the SRP Business Plan submission to support the assessment conclusions across each theme and area.

## 8.1.4 Summary

### 8.1.4.1 SONI recognizes the value in the SRP27

Business Plan self-assessment and embedded the process within the SRP27 Assurance Plan whereby the assessment was performed by the Company's Second Line of Defence Governance Risk & Compliance Function.

### 8.1.4.2 This has enabled an independent and

rigorous internal challenge of the SRP27

Business Plan submission in the context of the Utility Regulator's defined themes and areas and specifically to ensure that SONI provides

a robust submission aligned with the interests of customers, consumers, other stakeholders and the wider energy system.

### 8.1.4.3 SONI's overall assessment of the SRP27

Business Plan submission is **Good** across the three themes with exceptional responses provided in the areas of "*Engaging customers, consumers and other stakeholders*" and "*Ensuring resilience*".

| Theme                                          | Area                                                         | Question                                                                                                                                                           | Assessment  |
|------------------------------------------------|--------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| Theme 1: Service contribution to good outcomes | Area 1: Delivering value for money for consumers             | How well has the company demonstrated that its proposed services and tariffs requested for SRP27 provide value for money?                                          | Good        |
|                                                | Area 2: Delivering services and outcomes                     | To what extent has the company set out and clearly described, in an accessible way, the full range of services that it proposes to provide?                        | Good        |
| Theme 2: Services and costs                    | Area 3: Aligning risk and return                             | To what extent has the company explained and justified its proposed rate of return?                                                                                | Good        |
|                                                |                                                              | What confidence has the company given about its financial resilience under its business plan proposals?                                                            | Good        |
| Theme 3: Trust in delivery                     | Area 4: Engaging customers, consumers and other stakeholders | What is the quality of the company's engagement?                                                                                                                   | Exceptional |
|                                                |                                                              | How well has the company demonstrated that findings from its engagement have been incorporated into its business plan proposals?                                   | Good        |
|                                                |                                                              | How well has the company demonstrated that its engagement will be incorporated into ongoing activities?                                                            | Exceptional |
|                                                | Area 5: Ensuring resilience                                  | How well has the company demonstrated an understanding of the range of risks that could impact on its delivery, service quality, performance, viability and costs? | Exceptional |
|                                                | Area 6: Accounting for past delivery                         | How well has the company given evidence for, and explained, its performance over the SPR20 period?                                                                 | Good        |

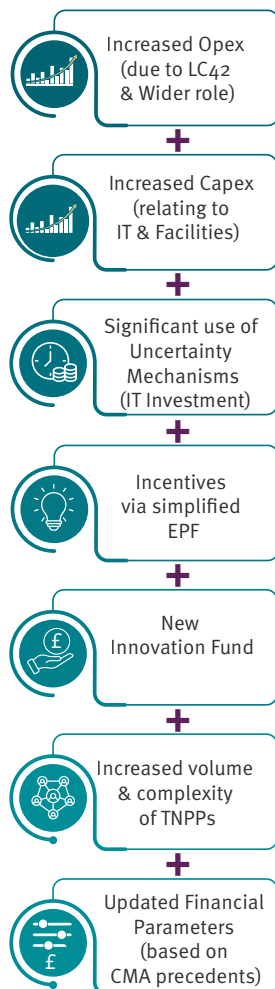
# SRP27 Process on a page

## SRP27 Key Factors

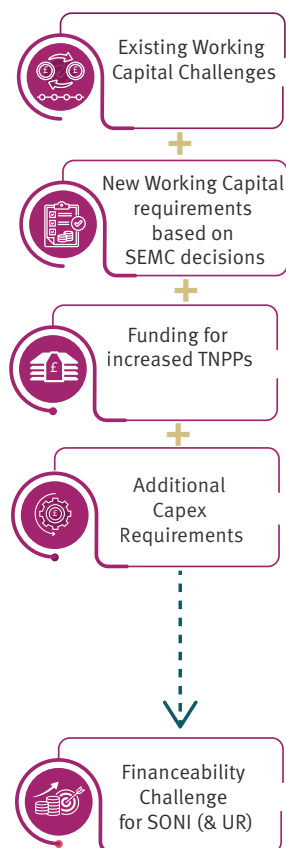


We have set out below the key areas of engagement we expect to have with the UR throughout the SRP27 price control process. This includes the key factors, the scale of investment needed, innovation and performance. We have positioned our business plan to ensure that by the end of SRP27 we have delivered on the SONI strategy and achieved the vision for SONI as set out by the Utility Regulator.

### 'Building Blocks' for SRP27



### Financeability for SRP27



## By 2032, SONI will have:

- Delivered on the goals and ambitions set out in the SONI Strategy
- Developed extensive local expertise to support a whole system approach and enhanced collaboration
- Moved to a Plan led approach ensuring alignment with key stakeholders
- Supported delivery of decarbonisation targets and energy policy as a Trusted advisor
- Reduced cost to consumers via our actions and advice

## and achieved the UR Vision for SONI

“Our vision for SONI is that it is a strong and effective TSO that works on behalf of and advocates the interests of NI consumers, in particular with regard to the important changes necessary on the journey to a low-carbon system.

In the all-island arrangements, it should work co-operatively and as an equal partner with EirGrid TSO. The UR wish to make possible the realisation of appropriate synergies and efficiencies that may arise from SONI's position as part of the overall EirGrid Group, but only to the extent compatible with the overriding vision for SONI TSO.”





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