

[Press release: CMA publishes NI electricity transmission decision](#)

The price control decision relates to the licence that electricity grid operator SONI Limited (SONI) has to operate the grid, which transfers electricity from generators to local supply networks in Northern Ireland (NI) and onwards to businesses and consumers.

This appeal focuses on changes to the licence's price control formula, which affects the income SONI can receive for its activities over the 5-year period from October 2015 to September 2020.

The Competition and Markets Authority (CMA) granted permission to SONI to appeal on 3 overall grounds, in turn divided into 'sub grounds' and specific 'errors', against the UR's decision to modify its licence.

The CMA has upheld the appeal in part. It found, in particular, that some of the UR's decisions have made it difficult for SONI to obtain the finance it requires to continue with its crucial role ensuring the reliable supply of electricity in NI. The CMA also found errors in other areas, such as pension provision for SONI's employees, and dismissed some other aspects of the appeal.

The CMA is now requiring the UR to amend SONI's licence to address the areas where the appeal was successful. In the other areas, the UR's decisions remain in place.

The summary of the final determination is available on the [case page](#), where other information relating to this appeal can be found. The final determination will also be published shortly.

Notes for editors

1. SONI is the electricity Transmission Systems Operator (TSO) for NI, operating the grid which transfers electricity from generators to local supply networks.
2. The UR is responsible for regulating the electricity industry in NI and for licensing electricity suppliers, generators and transmission and distribution companies.
3. The UR published its [Price Control Decision](#) on 14 March 2017. The Price Control Decision was intended to give effect to the arrangements determined by the UR in respect of the 2015–2020 price control for the SONI TSO business (the Price Control), as set out in the [UR's Final Determination](#), published on 24 February 2016.
4. An energy licence holder may appeal to the CMA against a decision by the UR to amend the conditions of its licence. The CMA must decide whether the appellant has demonstrated that the UR's decision was wrong on one or more of the grounds set out in its notice of appeal.
5. The CMA's group of panel members determining the appeal (the Group) has

been: [Martin Cave](#) (Chair), [Katherine Holmes](#) and [Jon Stern](#).

6. The Group received and considered submissions from the Consumer Council for Northern Ireland in addition to those from SONI and the UR.
7. The appeal has been conducted according to the CMA's published [rules](#) and [guidance](#) for energy licence modification appeals.
8. There were 3 grounds of appeal:
 - Ground 1 (financeability methodology) concerned the ability of SONI to obtain finance for its regulated activities, and to obtain a return consistent with the risks faced by SONI under the price control. We found that SONI was not allowed sufficient return in the price control to compensate it for the risks it faced.
 - Ground 2 (revenue uncertainty) concerned the approach to uncertainty. We upheld the appeal to the extent that the mechanism through which SONI would recover its costs of Pre-Construction Network Projects was insufficiently specified and codified. We also found that the mechanism for dealing with uncertain costs as presently specified resulted in significant uncertainties for SONI so that it was difficult for SONI to obtain the finance that it needed to carry out its functions. We dismissed the appeal on the 5 other errors alleged under this ground.
 - Ground 3 (inadequate allowances) concerned the amount of money allowed to SONI for certain activities. We found that the price control failed to provide sufficient allowance to cover pension costs, or to cover certain information systems capital expenditure. We dismissed the appeal on 2 other alleged errors.