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 <u>case page</u>, 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 <u>Price Control Decision</u> 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 <u>UR's Final Determination</u>, 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 <u>rules</u> and <u>guidance</u> 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.

Press release: £2 million flood scheme for Much Wenlock

The scheme has seen the construction of 2 ponds which catch and store water that could otherwise flood properties, businesses and roads in the town. One pond is on the Sytche Brook to the north west of the town and the other is on the Shylte Brook to the south west.

The ponds, which will usually be empty, will fill during times of heavy rain. The collected water will then be released in a controlled manner so that flood risk downstream is reduced. The ponds, which are now fully operational, will drain down sufficiently quickly so that repeat rainfall events can be stored in a similar manner.

The scheme also includes the restoration of Westwood Quarry on Stretton Road.

The flood scheme was supported by the Environment Agency and funded through Flood Defence Grant in Aid by the Severn and Wye Regional Flood and Coastal Committee, local developer contributions and Shropshire Council. Work was carried out by the contractor Griffiths.

Dave Edwards, Senior Adviser at the Environment Agency, said:

The Much Wenlock flood alleviation scheme is a fantastic example of what can be achieved through partnership working. Much Wenlock has a long history of flooding so it's great to see the finished project protecting properties, businesses and roads in the town. We'll continue to work closely with both the council and the community in the future.

Steve Davenport, Shropshire Council's Cabinet member for highways and transport, said:

I'm delighted that work on this important scheme has now been completed, and that dozens of homes and businesses in Much Wenlock are now at far less risk from flooding than they have been in the past.

Between 2015 to 2021, Government is investing £2.5 billion in flood and coastal erosion risk management projects which will reduce the risk of flooding from rivers, the sea, groundwater and surface water for at least 300,000 homes.

News story: Correspondence from the Insolvency Service

For information about the insolvency process contact the Insolvency Enquiry Line during office hours (9am to 5pm Monday to Friday). We can give you general information about: insolvency, what official receivers do and where you can go to get the information or advice you need.

We can't give you: legal or financial advice, information on specific insolvency cases, information or advice on matters directly relating to other government departments.

<u>Press release: HS2 appoints Neil</u> <u>Hayward as new HR director</u>

Neil will be a member of the High Speed Two (HS2) Ltd executive team and report directly to Chief Executive, Mark Thurston.

Neil has over 20 years experience working in large and complex organisations, at the most senior levels, delivering organisational improvements. He has held a number of senior human resources (HR) positions in both the private and public sector, including BT, the Ministry of Justice and Serco Group. Most recently as Group People Director at the Post Office Neil was part of the team that restored the company to profit, under public ownership, after some years of significant losses.

HS2 chief executive, Mark Thurston, said:

I welcome Neil Hayward to HS2 Ltd and am delighted that he is to lead our HR team.

HS2's success will come from its people, and Neil's experience in defining and implementing change at FTSE 100 and 250 companies, and in central government will be extremely valuable as we transition from a development company to one delivering Britain's new national high speed rail network.

Neil said:

HS2 is a transformational infrastructure project that can change the economic geography of the country. That's a really important mission and it's hugely exciting to be joining the company now as it moves towards the major construction stages.

I am really looking forward to being part of the team that will deliver Europe's biggest infrastructure project which is of national significance for the UK.

Neil takes up his new position with HS2 Ltd on 13 November.

News story: Joint Nature Conservation Committee Members reappointed

The Government has reappointed Professor Ian Bateman and Professor Colin Galbraith as Independent Members of the Joint Nature Conservation Committee (JNCC) for second terms. The reappointments will take effect from 1 November 2017 for four years.

All appointments to the JNCC are made on merit and political activity plays no part in the selection process. The appointment complies with the Governance Code on Public Appointments. There is a requirement for appointees' political activity (if significant) to be declared. Professor Bateman and Professor Galbraith have not declared any significant political activity during the past five years.

The JNCC was established in the Natural Environment and Rural Communities Act (2006) as a non-departmental public body. The JNCC advises the UK Government and Devolved Administrations of Northern Ireland, Scotland and Wales on UK-wide and international nature conservation.

Remuneration is £9,836 per annum based on a time commitment of $2\frac{1}{2}$ days per month.

Professor Ian Bateman OBE

Professor Ian Bateman is a Professor of Environmental Economics and Director of the Land, Environment, Economics and Policy (LEEP) Institute at the University of Exeter. He is a member of the Natural Capital Committee, Member of the Environment Agency Long-Term Investment Scenarios Development Group (LTIS-DG), Member of the Scientific Advisory Board of the French National Institute for Agricultural Research (INRA), Member of British Standard Institute (BSI) Committee for establishing ISO standards for Evaluating Natural Capital and Determining environmental costs and benefits and Monetary valuation of environmental aspects and impacts, Member of the South West Water Legislative, Resilience and Environmental Investment Board, Chief Editor of the journal Environmental and Resource Economics and former member of the Defra Science Advisory Council. He is also Adjunct Professor of Agricultural and Resource Economics, University of Western Australia, Perth and Adjunct Professor in the Department of Economics in both the University of Waikato Management School, New Zealand and at Lincoln University, New Zealand. He was Head of Economics for the UK National Ecosystem Assessment from 2009-2011.

Professor Colin Galbraith

Professor Colin Galbraith is Director of his environmental consultancy, dealing with a range of environmental issues in Scotland and at the global level. Colin was until early 2010 the Director of Policy and Advice in Scottish Natural Heritage. In this capacity he was the principal adviser on

policy, scientific and technical matters for the organisation for over twelve years. Colin has been involved with the United Nations for a number of years and has made contributions through the Convention on Migratory Species and to the Millennium Ecosystem Assessment in particular. This work area involves Colin in high profile nature conservation issues including the conservation of the African Elephant, developing new international agreements to assist the conservation of Albatross, and in reviewing the impact of climate change on the ecology of threatened species. Colin has been the Chairman and the Vice Chairman of the Scientific Council of the Convention on Migratory Species (CMS) and is presently the Appointed Councillor on Climate Change issues for the Convention. He has been an Honorary Professor in Conservation Science at the University of Stirling since 2002.