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Our ref: PD20080 226

The SEM Committee care of: Martina Maguire  
NIAUR  
Queens House  
14 Queen Street  
Belfast  
BT1 6ER

Dear Martina,

### **The proposed acquisition of SONI Limited by Eirgrid plc**

The Consumer Council for Northern Ireland (Consumer Council) is a Non-Departmental Public Body, set up by statute in 1985 to promote and safeguard the interests of all consumers in Northern Ireland.

The Consumer Council welcomes the opportunity to respond to the consultation on the proposed acquisition of SONI Limited by Eirgrid plc, given our role as the statutory representative for energy consumers in Northern Ireland.

We would like to thank Eirgrid and SONI for taking the time to meet with the Consumer Council to discuss the proposed acquisition.

Eirgrid is a company owned and controlled by the Government of the Republic of Ireland. In its role as 'System Operator', SONI are a part of the chain that supplies electricity to Northern Ireland. The proposed acquisition means that the Government of the Republic of Ireland will in practice control an organisation that is key in providing one of the most essential services that supports the Northern Ireland economy and society in general. Decisions made by Eirgrid could in the long term impact on the effectiveness and cost of the electricity supply to both domestic and business consumers in Northern Ireland. For the Consumer Council the overriding issue arising from the

proposal is to ensure that consumers in Northern Ireland are treated on a fair and equitable basis with their counterparts in the Republic of Ireland.

We note that the consultation is only about the licence charges. However, we feel it is important to include in our comments the related issue of 'Corporate and Constitutional Measures'.

The Consumer Council has the following comments to make:

We welcome the proposal to oblige Eirgrid to extend its corporate responsibility to include Northern Ireland consumers, and to require two independent directors of appropriate standing with extensive Northern Ireland backgrounds, to sit on the Eirgrid board. However, we are unclear what the term 'independent' means in this context and seek clarification on this point?

Rather than being a licence condition, the proposal in the current consultation is for Eirgrid to commit to 'Corporate and Constitutional measures' and there is no provision for enforcement to ensure the measures are realised. Therefore, we seek clarification on what steps the Regulatory Authorities will take if the obligations are not fulfilled within a specified timescale. We believe that one year would be a reasonable timeframe.

We fully support the issue raised at point 9 that the SEM Committee will continue to monitor the arrangements for SONI and Eirgrid and the licence conditions pertaining to them. We believe that this is an essential requirement to provide confidence to Northern Ireland consumers that the arrangements are working in their interests. Furthermore, we would expect to see that the results of the monitoring are made public and are accessible.

Notwithstanding the explanations provided at point 26, the Consumer Council is concerned that a licence condition that precluded vertical integration is being amended to facilitate the progress of the proposed acquisition. The paper lists reasons why the licence condition should be amended. However, we believe that the consultation should address directly the reasons why the original licence condition which prevented vertical integration, was deemed necessary in the first place. This would provide reassurance that the change being proposed is in the interests of all consumers.

We agree with the comment at point 26d that there would seem to be opportunities for economies of scale, and synergies and efficiencies between SONI and Eirgrid.

On point 19 we seek clarification on what 'encouraged through other means' is suggesting.

On point 32 we support the proposal to amend the licence to include a condition protecting the interests of consumers of electricity in both Northern Ireland and Ireland, and the addition in the Eirgrid licence to have regard for the interests of Northern Ireland consumers.

We look forward to receiving clarification on the issues raised in this response.

Yours Sincerely,

**Richard Williams**  
**Senior Consumer Affairs Officer**