



Revised Gas Distribution RIGs Consultation

Consultation
February 2024



About the Utility Regulator

The Utility Regulator is the economic regulator for electricity, gas and water in Northern Ireland. We are the only multi-sectoral economic regulator in the UK covering both energy and water.

We are an independent non-ministerial government department and our main duty is to promote and protect the short- and long-term interests of consumers.

Our role is to make sure that the energy and water utility industries in Northern Ireland are regulated, and developed within ministerial policy, as set out in our statutory duties.

We are governed by a Board of Directors and are accountable to the Northern Ireland Assembly.

We are based at Queens House in Belfast. The Chief Executive and two Executive Directors lead teams in each of the main functional areas in the organisation: CEO Office; Price Controls, Networks and Energy Futures; and Markets and Consumer Protection.



Our mission

To protect the short- and long-term interests of consumers of electricity, gas and water.



Our vision

To ensure value and sustainability in energy and water.



Our values

- Be a best practice regulator: transparent, consistent, proportionate, accountable and targeted.
- Be professional – listening, explaining and acting with integrity.
- Be a collaborative, co-operative and learning team.
- Be motivated and empowered to make a difference.



Abstract

Today we publish for consultation our proposals regarding the revision of the annual reporting requirements for the gas distribution network operators (GDNs). The guidance requires updating to reflect changes made in the GD23 price control final determination alongside a general review of the required reporting elements.

This document sets out proposals for the Regulatory Instructions and Guidance (RIGs) for the annual reporting of gas GDNs costs and outputs. It details the changes from the existing guidance, rationale for change and the expected effect.

Audience

This document will be of interest to the GDNs and other Northern Ireland gas network stakeholders.

Consumer impact

Annual reporting has been a part of the regulatory framework for GDNs for several years. These RIGs provide a framework for the UR to collect consistent information from the GDNs on an annual basis. This information will help monitor the GDN performance and, over time, will provide a database that will inform subsequent gas distribution price controls.



Contents

1.	Introduction	2
	Purpose of this Document	2
	Background	2
	Price Control Changes	2
	Process of RIGs Revisions	3
2.	Proposed Updates	5
	Reporting Template and Guidance	5
	Commentary Requirements	6
	Reporting Period and Timescales	7
	Key Issues	7
3.	Next Steps	8
	Consultation Responses	8

1. Introduction

Purpose of this Document

- 1.1 A key role of the Utility Regulator (UR) is to protect the interests of current and future Northern Ireland (NI) gas consumers. A crucial way to achieve this is by monitoring and reporting against regulated companies' cost and output performance.
- 1.2 The purpose of this paper is to set out proposals for revision of the Regulatory Instructions and Guidance (RIGs) for the annual reporting gas distribution network operators (GDNs) costs and outputs to align with our GD23 price control final determination. This paper details the changes from the existing reporting guidance, rationale for change and the expected effect.
- 1.3 Following consultation, UR will review responses and take a decision regarding the annual reporting requirements. It is anticipated that the new reporting should be effective for the 30th June 2024 RIGs return date.

Background

- 1.4 There are three gas conveyance licence holders for the Northern Ireland distribution networks:
 - a) Phoenix Energy (PE);
 - b) Firmus energy (Distribution) Ltd (FE); and
 - c) Evolve (Evolve).
- 1.5 Each GDN has a specific licenced area as per their license conditions.
- 1.6 Decisions regarding the GDNs revenue and outputs is periodically determined (typically every six years) through the price control process.
- 1.7 The GDNs then report performance against price control allowances and outputs on an annual basis. This is done via a variety of submissions, of which, the RIGs return is one of the most important.
- 1.8 RIGs reporting was established as part of *Condition 1.21 (for Evolve) or 1.26 (for PE and FE): Regulatory Instructions and Guidance in the Licence for The Conveyance of Gas in Northern Ireland* for the GDNs.

Price Control Changes

- 1.9 The latest gas distribution price control determination covers the period 1 January 2023 until 31 December 2028. The final determination (FD) was

published in October 2022¹.

- 1.10 Taking into account the price control final determination, several changes have been made which have been reflected in the RIGs. These are outlined in section 2.
- 1.11 Furthermore, the UR has in addition to the updates required as part of GD23 to the RIGS, undertaken a review of the RIGS, which has remained largely unchanged for several price control cycles.
- 1.12 The main changes made as part of this review is a process of streamlining the reporting template. This involved assessing the need for certain tables and formatting the template into a way that can be more easily populated and analysed with relevant data.
- 1.13 The format of the RIGS was also changed from yearly to the full price control periods, which will allow comparisons between each year to be more easily made.
- 1.14 This new template is designed to better inform future price controls.

Process of RIGs Revisions

- 1.15 Amendments to the RIGs are made via the direction being issued by the UR to the GDNs under *Condition 1.21.4 (for Evolve) or 1.26.4 (for PE and FE) Development and modification of the RIGs*. However, the direction is of no effect unless the process as set out under *Condition 1.21.4/1.26.4* is completed. This process includes the following:
 - a) UR must give notice to the licensee that it proposes to issue new RIGs or (as the case may be) to modify the RIGs:
 - (i) Specifying the date that the provisions of the document to be issued or modified should take effect;
 - (ii) Setting out the text of the RIGs to be issued or modified and the UR reasons for proposing to issue or modify; and
 - (iii) Specifying the time (which will not be less than a period of 28 days from the date of the notice) within which representations in response to such proposals may be made.
 - b) That UR considers any representations in response to the notice that are duly made and not withdrawn.
- 1.16 This paper provides the relevant detail required to fulfil the legal obligations

¹ See GD23 final determination [publication](#)

under *Condition 1.21.4/1.26.4*. This consultation should be considered as the relevant notice required to issue new RIGs.

- 1.17 It is anticipated that the new reporting should be effective for the 31st March 2024 return relating to 2023.
- 1.18 After consideration of consultation responses, UR intends to issue a direction under *Condition 1.21.4/1.26.4*. detailing the specific date and format of the new RIGs that will take effect.

2. Proposed Updates

Reporting Template and Guidance

- 2.1 It is our intention that the annual/cost reporting should tie-in, where reasonably possible, with the GDNs' price controls.
- In particular, business plan templates and submissions for upcoming price controls should build upon the structure for the annual/cost reporting, even if differences between the annual/cost reporting and business plan templates will be necessary, e.g. to accommodate the fact that business plans require forecast data to a much greater extent than as is the case with annual/cost reporting.
 - Also, the annual/cost reporting should provide a good indication of how the GDN is performing in the wider price control context. To do so, ideally, the level of detail reported on in the annual/cost reporting – in particular in the summary tables – should be consistent with the level of detail used in the price control determinations.
- 2.2 For GD23, we sought to align the business plan templates and RIGs with those used for annual/cost reporting, incorporating lessons learnt if and as appropriate.
- 2.3 We have sought to align the structures of our annual/cost reporting template with that of the GD23 final determination, and provided determination data with built in actual versus determination tables, to facilitate improved reconciliation and monitoring.
- 2.4 We have also removed worksheets not required on an annual basis outside the price control determination process, particularly financial data, that will likely be reimplemented for the next price control business plan submission.
- 2.5 The main changes are outlined in the below table:

Update	Details
Yearly Reporting Change	Format of the template changed from capturing data for single reporting years to capturing data for the full duration of the price control period.
Worksheet and Table Review	All tables and worksheets which had been marked as unused have been removed.
Unit of Measure and Price Base Detail	The unit of measure and price base for reported data has been added to the template to provide information and clarity.

Update	Details
Financial Worksheet Reduction	Several financials worksheets that captured data that is not required annually have been removed, with only the reconciliation against the regulatory accounts financial worksheet remaining.
Summary Table Sections Added	Tables providing a more detailed breakdown of opex and capex cost summary in comparison to the final determination have been added.
Maintenance Tables Removed	Maintenance and metering tables that duplicated data inputs have been removed.
Capex Tables Removed	Capex tables that duplicated data inputs have been removed.
Network Asset Worksheets Amended	Unused tables have been removed or data requirements amended to capture data that is of greater relevance.
Outputs and Environment Worksheets Updated	Emergency call and job analysis data amended to reflect GD23 determination metrics.
Standards of Performance Worksheet	This has been removed, as data is provided to UR through other consumer protection reporting.
Final Determination Variation	A number of new tables have been added which show actual versus determination variation.
Structure of Commentary	Part 13: Emerging Issues and Part 14: Additional Reporting added
Appendix 1: Glossary	New Key Terms added, or definitions updated.

Table 2.1: Proposed updates

Commentary Requirements

- 2.6 Alongside the submission of its RIGs data template, each licensee must submit supporting commentary. The commentary should give more details on specific areas to aid our understanding of the results. Any additional information or documentation requested in the RIGs and / or which the GDN deems appropriate to provide.
- 2.7 The submission must be accompanied by a letter and statement signed by a Director on behalf of the licensee confirming that to the best of their knowledge data is accurate, complete and has been provided in accordance with the RIGs.

2.8 We have proposed several updates to the commentary requirements set out in the guidance.

Reporting Period and Timescales

2.9 The relevant reporting year for the provision of information runs from 1 January to 31 December. For example, a reporting year of 2023 means the year ended on 31 December 2023. The template and guidance cover the entirety of the GD23 price control. The UR does not intend on issuing guidance each year unless something is incorrect, or changes are required.

2.10 GDNs must provide its submission, completed in accordance with these RIGs, no later than 30 June immediately following the end of the reporting year; that is, six months after the end of the reporting year. For example, information for the reporting year ended 31 December 2023, must be provided by 30 June 2024. For the avoidance of doubt, this means that the data submitted for GD23 (in respect of the reporting years) would use the RIGs as modified.

2.11 GDNs must provide a submission annually. The UR does not intend to change this.

Key Issues

2.12 UR welcomes all relevant feedback on this annual reporting template updates. Responses may however wish to focus on the following questions:

- a) Do you consider that the template and reporting guidance align with the GD23 Final Determination?
- b) Is there other information regarding cost and performance which the GDNs should be reporting in line with the GD23 Final Determination?
- c) Would any additional reporting be beneficial?

3. Next Steps

Consultation Responses

- 3.1 UR welcomes feedback on all aspects of the consultation. This might include views on the reporting requirements, publication requirements or detail that stakeholders think should be included.
- 3.2 The deadline for responses to this consultation is 5pm on Tuesday 26 March 2024 following a four-week period of consideration. Responses should be sent to:

Ciaran McSherry
Utility Regulator
Queens House
14 Queen Street
Belfast
BT1 6ED
ciaran.mcsherry@uregni.gov.uk and Gas_networks_responses@uregni.gov.uk

- 3.3 UR’s preference would be for responses to be submitted to the above email addresses. We welcome feedback on any aspect of the consultation. Individual respondents may ask for their responses (in whole or in part) not to be published, or that their identity be withheld from public disclosure.
- 3.4 Where either of these is the case, the UR will ask respondents to supply the redacted version of the response that can be published.
- 3.5 As a public body and non-ministerial government department, the UR is required to comply with the Freedom of Information Act (FOIA). The effect of FOIA may be that certain recorded information contained in consultation responses is required to be put into the public domain.
- 3.6 Hence, it is now possible that all responses made to consultations will be discoverable under FOIA, even if respondents ask us to treat responses as confidential. It is therefore important that respondents take account of this and in particular, if asking the UR to treat responses as confidential, respondents should specify why they consider the information in question should be treated as such.
- 3.7 This paper is available in alternative formats such as audio, Braille etc. If an

alternative format is required, please contact us and we will be happy to assist.