



# Annual Report

# 2020/2021



## 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.
- Be professional.
- Be a collaborative, co-operative and learning team.
- Be motivated and empowered to make a difference.

## Annual Report 2020/2021

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Combined report of the Northern Ireland Authority for Utility Regulation (the Utility Regulator).

The Utility Regulator has decided to produce a combined energy and water and sewerage report in accordance with Article 5(5) of the Water and Sewerage Services (NI) Order 2006.

Laid before the Northern Ireland Assembly in accordance with Article 5(1) of the Water and Sewerage Services (NI) Order 2006 and Article 6(1) of the Energy (NI) Order 2003 by the Department for the Economy.

Under Article 6A of the Energy (NI) Order 2003 (as amended) the Utility Regulator is obliged to prepare an annual report in relation to the activities it has carried out in the preceding 12 months in its capacity as a designated regulatory authority for Northern Ireland. This report shall include a general survey taken and steps achieved by the Utility Regulator in the performance of its functions under Article 37 of the Electricity Directive 2009/72/EC and Article 41 of the Gas Directive 2009/73/EC.



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# 1. Chairman's foreword



The impact of the external context on our work over the past year has been exceptional. In last year's annual report, I made reference to the growing impact of the Covid-19 pandemic. Little did we realise then that the pandemic would continue to cast a long shadow over homes and businesses and in our work as a regulator.

It is a tribute to the resilience of our staff that we have continued to operate and deliver on our work to protect the short and long-term interests of consumers. I am pleased that further progress has been made towards meeting our Corporate Strategy 2019-2024 objectives.

The strategic environment is dominated by decarbonisation as a focus for addressing climate change. Our Strategy places consumers at the centre and it is vital that consumers are engaged in efforts to promote decarbonisation. By enabling 21st century networks and a low carbon future we have a contribution to make to decarbonisation while ensuring that consumers see the benefits.

Putting consumers at the centre was also a key message in the Department for the Economy's (DfE's) Energy Strategy options paper that was published at the end of March 2021. We welcome the publication of the options paper and will continue to support and contribute to the development of the Department's energy strategy.

Key to protecting consumers is the need for a continued focus on costs and prices. Our wholesale and retail energy markets continue to provide a competitive environment that can place downward pressure on prices. While there was another year of volatility in energy prices, with increases and decreases across the year, there is the certainty for consumers that our scrutiny makes sure that regulated tariffs always reflect costs.

At a time of wider strategic developments our approval of efficient network investment reflects our role as a key enabler. In early May 2021, we completed our NI Water price control (PC21) review at the end of the business planning year. NI Water's planned investment over PC21 will contribute to the ongoing maintenance and development of a modern water and sewerage network fit for the 21st century. As well as completing a price control review for the System Operator of Northern Ireland (SONI), we also published a governance review consultation at the start of April 2021.

We also facilitated investment in renewables and during 2020/2021 the proportion of generation from renewables further exceeded the Northern Ireland Executive's original target. Additionally, we welcomed the Infrastructure Minister's announcement in September to approve the planning for the second north-south electricity interconnector. Our track record of successfully enabling the development of the natural gas network saw the number of connections exceed 285,000.

Importantly, we could not do our job effectively without our stakeholders who work with us and help us deliver on our commitments. We are particularly grateful for the continued support of DfE (for energy matters) and the Department for Infrastructure (DfI – for water matters).

While the Covid-19 curtailed engagement opportunities, our Board continued to meet stakeholders.

Brexit has required us to continue to work closely with other government departments and industry to protect consumers following the UK's departure from the EU. We also continued to actively provide support to the Northern Ireland Assembly.

Finally, it is important for me to recognise the commitment and invaluable contributions from my board colleagues. As a Board, we said goodbye to Jenny Pyper during the year and welcomed John French as chief executive. John has seamlessly assumed the chief executive role and hit the ground running. He is supported by a staff team who have performed impressively during a challenging year.

A handwritten signature in black ink that reads "Bill Emery". The signature is written in a cursive, slightly slanted style.

Bill Emery  
Chairman

## 2. Chief Executive's report



Energy 17.75% and SSE Airtricity 9.8%). Water charges for local businesses also rose slightly (0.82%) in March 2021. While these increases are of course disappointing for consumers, we will

I am delighted to write this report, my first as Chief Executive. The impact of Covid-19 has had a significant impact on the lives of households, businesses and society in Northern Ireland.

For the Utility Regulator, this has meant a change in how we work. Our staff have flexibly adapted to working remotely, but have continued to focus on delivering our statutory and business objectives. Throughout this period, we have worked closely with government, industry, consumer bodies and other stakeholders to minimise the effect Covid-19 has on consumers and we have increased our market monitoring arrangements to develop "early warning systems" to ensure we are aware of any signs of consumer or energy supplier distress.

On 1st January 2021, the Brexit transition period of the UK leaving the EU ended. We have worked with partners to ensure Northern Ireland consumers continue to be protected within the Single Electricity Market (SEM), and we continue to engage on post-Brexit arrangements.

As an organisation, we have continued to try to explain the electricity, gas and water sectors we have here in Northern Ireland. We have engaged with the Northern Ireland Assembly and have been actively providing our support through advice and briefings for MLAs and other stakeholders.

The overarching purpose of our Corporate Strategy 2019-2024 is to protect and empower energy and water consumers here in Northern Ireland. To this end, our work is focused on achieving the best outcomes for consumers by promoting effective competition, supporting informed consumer choice and regulating in a manner that promotes fair outcomes for all consumers; both business and domestic.

During the year, to further understand consumer preferences we commissioned research to assess consumer needs as we move to a net-zero carbon future by 2050. This will be the biggest change to the energy sector in Northern Ireland, and it is important to ensure that in undertaking this transition, energy prices remain affordable, and we maintain and strengthen energy security.

Our work to protect vulnerable consumers through our Consumer Protection Programme continued during the year. We imposed a 13-month limit on backbilling for electricity and gas consumers, and undertook enforcement activity, which resulted in a further £250,000 being donated to local charities.

The price that consumers pay for electricity, gas and water services are always at the forefront of our minds. This has been especially acute during the Covid-19 pandemic. 2020 saw a 4.8% decrease in regulated electricity prices in July, and regulated gas prices fell in October (Firmus Energy 12.48%). Unfortunately, in 2021 we have seen a considerable strengthening of wholesale gas and electricity prices, which resulted in gas increases in March 2021 (Firmus

continue to exercise our regulatory oversight, to ensure that consumers only pay regulated tariffs that reflect the actual costs energy and water companies incur.

Whilst focusing on consumer prices, it is also important that we actively encourage prudent investment in our electricity, gas and water infrastructure. It is essential that Northern Ireland has the energy and water networks to support economic growth, and our move to a zero-carbon future. Our job as the Utility Regulator is to provide expert scrutiny of the business plans of regulated electricity, gas and water companies.

During 2020/2021, we have progressed a series of price control reviews. Just after the 2020/2021 year-end, we finalised our price control determination for NI Water, known as PC21. In December 2020, we also published our price control determination for System Operator for Northern Ireland (SONI), and we are in the process of finalising our review of the governance arrangements for SONI.

Throughout the year we have worked closely with the Department for the Economy as it has developed its new energy strategy. Its proposed options for the energy transition were published for public consultation in March 2021. In addition, the Northern Ireland Audit Office (NIAO) also conducted an investigation into the Northern Ireland Renewables Obligation (NIRO) and we provided evidence and contributed information to the investigation.

Throughout the year, and despite the Covid-19 lockdown, we have continued to develop as an organisation. An extensive range of activities was undertaken as part of our UR People Programme. This work was recognised in January 2021, when we were awarded the Silver accreditation under Investors in People award scheme. Our commitment to a developing a diverse workplace has seen us being designated as a 'Disability Confident' organisation, and we have become a signatory to the Diversity Mark. In March 2021, we also undertook a staff engagement survey through the independent Best Companies accreditation programme, in which we were placed within their "One to Watch" category, which symbolises 'good' levels of workplace engagement.

Finally, I want to take this opportunity to thank to my predecessor, Jenny Pyper, for all her work, and thank the Board and staff for their warm welcome. This has been a very challenging year, but since joining the organisation in November 2020, I have been impressed by the dedication, commitment, and professionalism of the Utility Regulator team. I believe the ability of the organisation to adapt, and still manage to deliver, in what has been a very difficult year, is a very worthy accomplishment.

John French  
Chief Executive

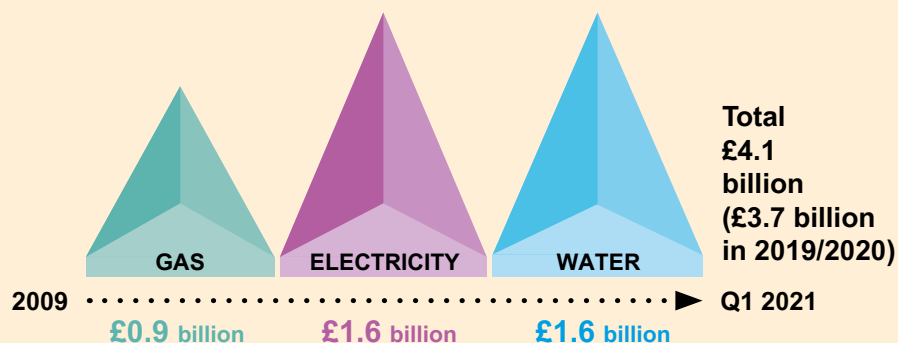


# 3. 2020/2021 in summary

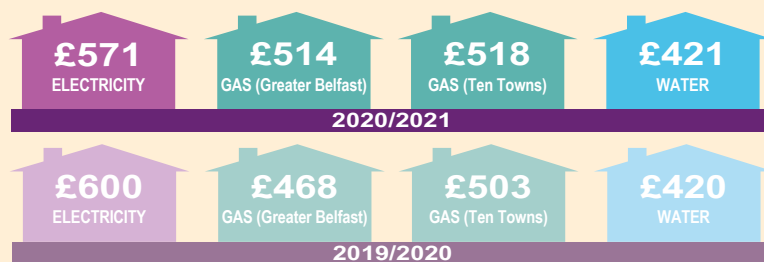
## PROTECTING CONSUMERS DURING THE COVID-19 PANDEMIC

- We worked with electricity system operators to oversee the technical changes necessary to safeguard available electricity generation during the winter period
- Short-term measures were introduced to practically assist shielding and vulnerable consumers with obtaining gas pre-payment meter top-up cards
- To assist business consumers we facilitated the deferment of water charges
  - We worked with government and industry to develop consistent information and communications for vulnerable consumers
  - We enhanced our market monitoring to detect early signals of any supplier distress regarding debt levels during the pandemic

## INVESTMENT IN UTILITIES

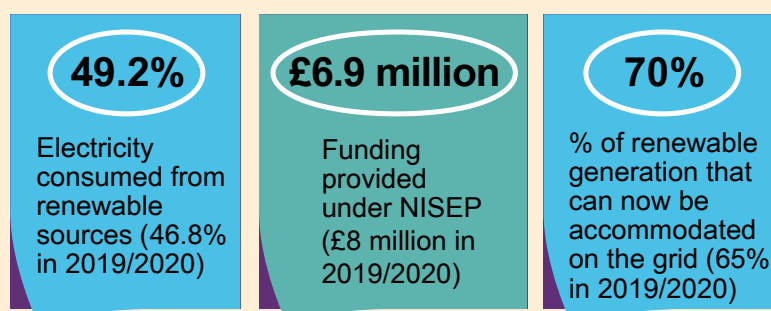


## PRICES AND CHARGES



Electricity and Gas prices based on average annual household bill.  
Water figure is based on an average annual notional water bill

## PROMOTING SUSTAINABLE DEVELOPMENT





PROTECTING CONSUMERS IN THE SHORT- AND LONG-TERM

- ✓ We implemented our decision to limit the amount energy consumers could be backbilled in October 2020
- ✓ We introduced a new tracker survey of business energy customers to help understand their needs
- ✓ Further enforcement action led to £250,000 being donated to local charities, bringing our running total from enforcement action to nearly £1 million to date
- ✓ We completed research on guaranteed standards of service for electricity consumers which will inform the setting of new standards from 2021/2022
- ✓ Our consumer protection programme has been reviewed to allow us to better focus the delivery of this programme for vulnerable consumers

CONSUMER ACTIVITY

Electricity switches in 2020: **91,650** – a decrease of **24,794** from 2019.

Gas domestic connections in 2020: **272,302** – an increase of **14,214** from 2019.

EFFECTIVE AND EFFICIENT REGULATOR

<b>92%</b> in 2020/2021 <small>97% in 2019/2020</small>	of invoices paid within 10 days	<b>14</b> reports/notices published
<b>2.04%</b> for 2020/2021 <small>2.43% for 2019/2020</small>	absence rate	<b>22</b> decisions published
<b>91%</b> in 2020/2021 <small>81% in 2019/2020</small>	Forward Work Programme projects achieved or partially achieved	<b>17</b> consultations launched

MAKING OUR ORGANISATION A GREAT PLACE TO WORK

**INVESTORS IN PEOPLE**  
We invest in people Silver

**disability confident**  
COMMITTED

**Diversity Mark**

**5**  
ONE TO WATCH  
GOOD  
TO WORK FOR  
2021

# 4. Electricity

## Key highlights



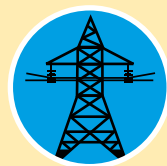
We worked with the electricity industry to make sure that the SEM continued to operate securely and effectively during the Covid-19 pandemic.



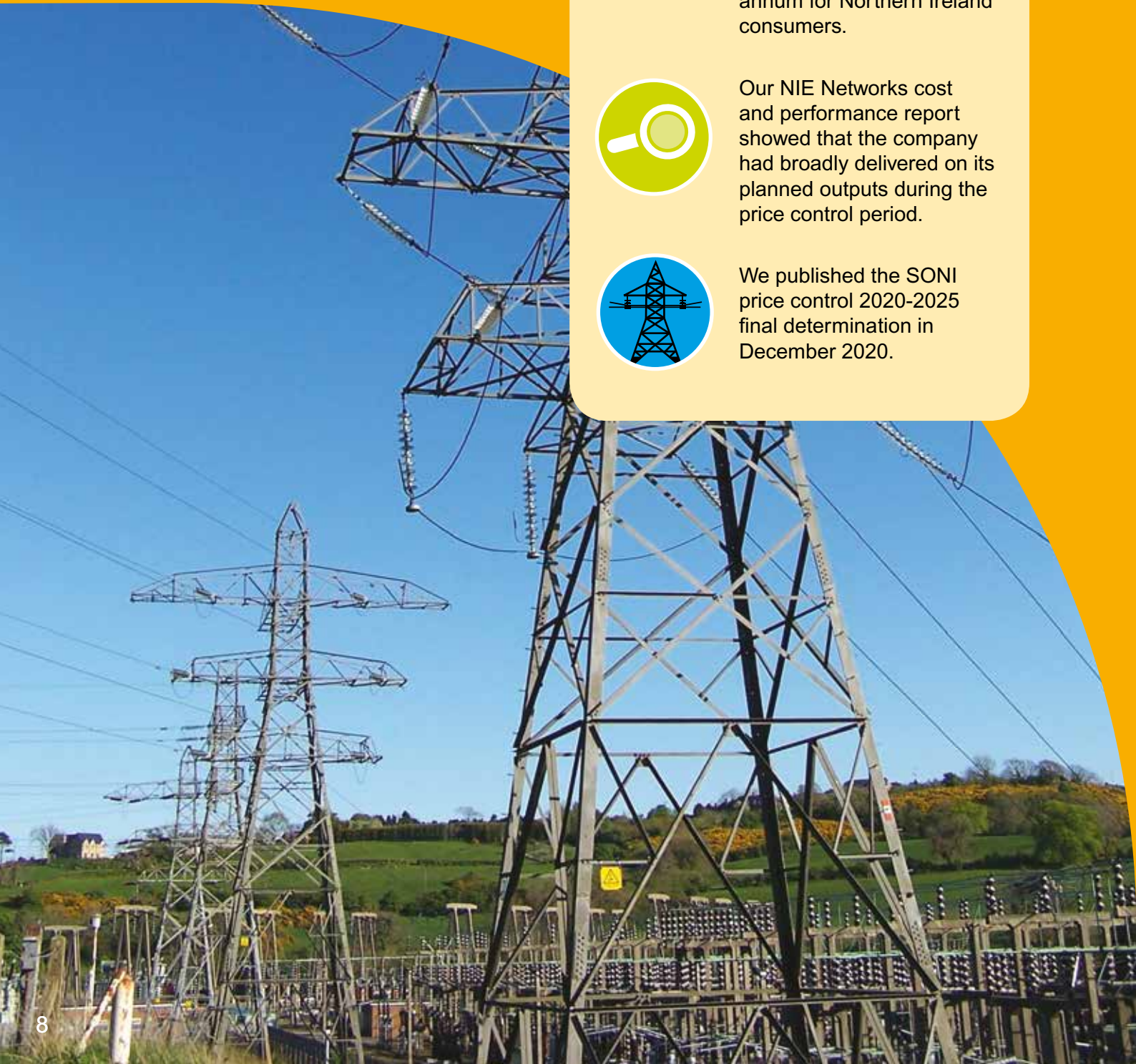
SEM capacity auctions secured sufficient generation capacity until September 2025 and delivered £50 million of savings per annum for Northern Ireland consumers.



Our NIE Networks cost and performance report showed that the company had broadly delivered on its planned outputs during the price control period.



We published the SONI price control 2020-2025 final determination in December 2020.







# 4. Electricity

## Promoting market development and competition

In a year when there were significant external developments, such as Covid-19, and the end of the EU Exit transition period, the SEM has continued to operate efficiently and deliver significant consumer benefits.

An enhanced SEM was introduced in 2018. It has continued to ensure that generators and suppliers continue to play an active role in the market. Prices continue to reflect the underlying market fundamentals, such as wholesale fuel input costs, carbon prices, demand and the amount of available generation and wind capacity. The innovative DS3 programme has further helped facilitate even higher levels of renewables on the system at any one time (currently 75% on a trial basis). We have continued to see the benefits of the new capacity auctions, which have secured generation capacity up until September 2025.

Capacity auctions for the years 2023/2024 and 2024/2025 respectively were successfully completed in April 2020 and January 2021. The outcomes of these auctions ensure that there will be savings of around £50 million per annum for electricity consumers in Northern Ireland with a total of £200 million per annum savings across the island of Ireland. As part

of this process, the capacity auctions were adapted to take account of new environmental requirements resulting from the Clean Energy Package was secured. New gas-fired generation at the Kilroot power station site, which will replace the current coal powered generating units.

In addition to the summary provided in this report, further detail on developments within the SEM are set out in the SEM Committee's (SEMC) [Annual Report](#).

## Protecting electricity consumers in a challenging external environment

Two key external challenges impacted on our work to protect electricity consumers during 2020/2021, the Covid-19 pandemic and EU Exit.

During the Covid-19 pandemic, our first priority has been to ensure security of electricity supply for electricity consumers in Northern Ireland.

We have worked with the electricity industry to make sure there are effective arrangements in place and that the market as a whole continued to operate securely and effectively. Working with the SEM market operator (SEMO), the Transmission System Operators (TSOs) and electricity industry we assessed short- and long-term risks from the pandemic for the market and customers.





A key challenge that faced the electricity industry was how to manage the consequence of delays to generation station maintenance, arising from travel restrictions and constraints on the supply of parts and materials. We worked with the TSOs to oversee technical changes, relating to 'must not run' constraints, which safeguarded available generation capacity during the winter period. Moreover, an urgent modification to the SEM market rules was implemented to introduce additional protection for electricity suppliers operating in the market. Finally, we ensured that critical market processes, such as the Capacity Auctions, were progressed in line with the planned timetable, as set out by the SEMC.

Additionally, the SEM Market Monitoring Unit (MMU) continued to oversee the operation of the market during this challenging time. This included carrying out a weekly review of trading patterns in the SEM Day-Ahead, Intraday and Balancing Markets and reporting results on demand patterns to the regulatory authorities (the Utility Regulator and the Commission for the Regulation of Utilities (CRU)).

In terms of EU Exit, we led an extensive body of work to ensure preparedness for the end of the transition period, when the UK would leave the EU, in close consultation with industry, government and stakeholders in Northern Ireland and the UK. New arrangements were introduced for trade between the SEM and the market in Great Britain (GB), through the Moyle and East-West (EWIC) interconnectors. Several steps were taken to improve the efficiency of trading, including putting in place arrangements that allow greater access for GB participants to the SEM. New, more flexible order types to the Intraday Markets between the SEM and GB were also introduced. Following the introduction of these new arrangements, we continue to monitor the efficiency and behaviour within the market.

More recently, in line with the requirements of the Trade and Cooperation Agreement between the EU and UK governments, we are engaging in the process of establishing new more efficient trading between across GB-SEM interconnectors (described as Loose Volume Coupling).

## SEM Market Monitoring

Along with the CRU, we have developed systems and capabilities to react to the demands of the relatively new market. The MMU, which we operate, has developed and utilised systems to allow us to effectively monitor market behaviour.

The primary role of the MMU is to monitor the trading activity in the wholesale energy market. This includes detecting and preventing trading based on inside information, market manipulation and market abuse. The MMU also acts to enhance transparency in the market by publishing quarterly reports in a format that can be readily understood by non-industry experts.



Key SEM facts emerging from our market monitoring are outlined below:

- the average day-ahead price for the period was £40.89/MWh, up from £39.07 in the previous year;
- 91% of volumes traded in the SEM were traded through the day ahead market (89% in 2019/2020). This confirms that the vast majority of supplier volumes continue to be purchased in the day ahead market;
- the average forecast wind at the day ahead stage was 1500MW. This is a similar level to the previous year. Wind is a key driver behind market prices in the SEM. High levels of wind reduce prices in the market as these units tend to bid in zero prices and are price takers; and
- demand for electricity in the SEM was down 1%.



Overall, while these market figures are similar to those seen in the previous year, there was significant market impacts arising from the Covid-19 pandemic. During the early stages of the pandemic, market prices decreased significantly as demand and wholesale fuel costs dropped in response to the global crisis and local lockdown restrictions. Towards the end of the year, prices and demand recovered however. We constantly assess the market outcomes to ensure they reflect the fundamentals that should drive price.

## Addressing security of supply and promoting sustainability

During the year, we have continued to work with DfE and SONI to assess and manage any security of supply issues.

Most critical to addressing this risk is the construction of a second north-south electricity interconnector. In March 2021, we approved an additional £2.8 million for NIE Networks and £4.5 million for SONI. This will ensure that work continues so that the appropriate permissions are in place to build this infrastructure for the benefit of Northern Ireland consumers.

In September 2020, we welcomed the planning approval by the Infrastructure Minister, Nichola Mallon, for the North-South interconnector. The north-south electricity interconnector project remains crucial to managing growing demand across the electricity transmission system and promoting greater competition within the SEM. It will also help to enhance security of supply across the island of Ireland.

We continued to assess and approve further investment on the development of the transmission and distribution networks through the D5 mechanism<sup>1</sup> which is part of the RP6 Price Control. Just over £45 million was approved in addition to the North-South Interconnector approval costs. In the last year, we have approved construction allowances for enhanced protection of the Castlereagh - Knock 110kV cable, refurbishment of the Coolkeeragh – Magherafelt 275kV double circuit overhead line and the installation of transmission shunt reactors at Tamnamore and



Tandragee. Additionally, our determination of pre-construction allowances for an upgrade of the Omagh – Dromore 110kV overhead line was substantially completed. Finally, an assessment of NIE’s Low Carbon Technology mid-term review submission commenced in March 2021.

Further investment on the development of the transmission networks through the Transmission Network Pre-Construction Projects (TNPPs) and uncertain revenue<sup>2</sup> applications were also assessed and approved. We also approved pre-construction allowances for 110kV switchgear replacements, transformers and Capacitor Voltage Transformer (CVT) upgrades as well as additional Dt allowances to enable SONI to progress these projects.

We continued to review and carry out the necessary technical scrutiny to approve European Network Code submissions, in line with EU directives, on System Operation

<sup>1</sup> The D5 mechanism provides for allowances to be set for investments uncertain at the time of the price control review.

<sup>2</sup> This refers to certain categories of price control excluded costs, which are considered on an individual basis by the Utility Regulator (UR). These costs are referred to within the price control determination as ‘Dt’ costs.



Guidelines and Emergency Restoration. The European network codes are intended to provide a set of harmonised rules for the operation of the gas and electricity sector. These codes are designed to provide a sustainable, secure and competitive electricity market across Europe.

There has been a various approvals and requests for amendments this year to ensure compliance with the network codes. Additionally, there have been a number of approvals and requests for amendments to ensure compliance. All our approvals are published on our website.

The Renewables Grid Liaison Group (RGLG), which we host, continued to provide a forum for addressing renewables issues. During this year, four RGLG meetings took place discussing updates on renewables, connections, constraints and contestability.

In relation to security of supply, we held a cross network utility event in September on learning from working with Covid-19 as well as participated in a joint industry/statutory agency workshop in October 2020 regarding a black start event.

Our Contestability Working Group was re-established in 2020, to further explore contestability in the electricity connections market. We have had three meetings of the group and in February 2021 we launched a consultation on contestability in electricity connections in Northern Ireland. This review is



part of our commitment to keep under review areas of contestability in connections to ensure that there is effective competition. We will be continuing to engage with the group to further develop contestability within the electricity connections market in 2021/2022.

Throughout the year, we have engaged with NIE Networks on greater access to the distribution network in Northern Ireland, and with SONI on their Transmission Development Plans for Northern Ireland.

## Promoting efficiency and monitoring the investment plans of regulated companies

We published the SONI price control 2020-2025 final determination in December 2020. In addition, we plan to publish the related licence modification decisions in Summer 2021.

As SONI delivers outcomes across the electricity system, we want the company to adopt an open, flexible and collaborative approach to new ideas and technologies that have the potential to address climate change. Importantly, all investment to address the challenges of climate change must also deliver value for money for consumers in Northern Ireland. At the heart of our approach is a desire to build on our existing price control framework to support SONI in delivering these outcomes. We also plan to have a performance panel in place by Autumn 2021, for our SONI Evaluative Performance Framework<sup>3</sup>, to support the trial year.

The Cost and Performance report<sup>4</sup>, for NIE Networks' RP5 price control that covered the period 1 April 2012 – 30 September 2017, was published in July 2020. This showed that NIE Networks broadly delivered the determined outputs for RP5, which equates to around £1 billion of expenditure. Specific outputs were set in RP5 for a number of areas of network investment such as the replacement of transformers or the refurbishment of overhead lines. Overall, NIE Networks exceeded the

<sup>3</sup> This is a new framework developed for the 2020/2025 price control, which is intended to encourage SONI to improve service quality, to take better account of customer and stakeholder views, and ensure accountability for SONI's performance.

<sup>4</sup> RP5 Cost and Performance report.





aggregate total of determined investment outputs in RP5.

## Engagement with consumers

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The Consumer Engagement Advisory Panel (CEAP) continued meet on a quarterly basis. The CEAP monitors NIE Networks' consumer engagement and provides input to their RP6 consumer programme – while informing their proposed RP7 work. We chair this panel with the other members being from NIE Networks, the Consumer Council for Northern Ireland (CCNI) and DfE. Additionally, a new consumer survey has been rolled out by NIE Networks which provides an insight from a representative sample of consumers so that progress can be tracked over time.

NIE Networks are building on this consumer research and are committed to continued consumer engagement, with a range of consumers, as a central building block for the RP7 business plan development process.

## Protecting consumer interests in electricity networks

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The structure of the electricity transmission sector in Northern Ireland has undergone significant change since SONI was acquired by Eirgrid in 2009. This was the basis for a review of SONI's governance arrangements. Having completed a call for evidence on SONI governance arrangements, we launched a consultation at the start of April 2021, on appropriate governance arrangements for SONI in the future. Within this consultation we identified four governance options to mitigate the risks that were identified within September 2019's call for evidence. The changes proposed are based upon best practice, including the UK Corporate Governance Code and initiatives employed elsewhere by regulators to remedy similar concerns. They will also ensure the collaboration between the TSOs which is fundamental to the SEM.

Throughout the year, we have continued to review and approve Network Code submissions in line with EU directives. There have been a number of approvals, and requests for amendments, to ensure compliance. All our approvals are published on our website.



We have started to consider electricity tariff reform within network tariffs, and this will lead to a call for evidence in Quarter 2, 2021/2022. This will provide a starting point to ensure the structure of tariffs remains appropriate for customers in light of the energy transition.

In March 2021, we launched a consultation on licence modifications for NIE Networks to facilitate the introduction of IT enhancements required under the new DfE energy strategy. A decision on this will be published later in 2021.

Additionally, in July 2020, we reviewed and approved the annual NIE Networks tariffs charged to consumers and ensured they were in line with the RP6 price control determination.

## Efficient and effective regulatory action

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We have a quasi-judicial role with regard to the determination of industry complaints and disputes. During this year, we completed two of these determinations, and have seven other matters ongoing as at the end of March 2021.

# 5. Gas

## Key highlights



We worked with industry to introduce short-term measures to practically assist shielding and vulnerable consumers during the Covid-19 pandemic.



Over 285,000 customers are now connected to the natural gas network across Northern Ireland (up from 275,000 in 2019/2020).



We further progressed work on price control reviews that will determine further investment in the gas network from 2022.



We have been engaging with stakeholders on the injection of biomethane into the gas network.





# 5. Gas

## Protecting gas consumers' interests

The Covid-19 pandemic has required us to take further steps to protect gas consumers. In July 2020, as a response to the pandemic, we set up and managed a joint industry and statutory agency working group for gas consumers, especially those using prepayment meters. This Gas Metering Solutions Group (GMSG) helped us to co-ordinate joint approaches to protect consumers. As a priority, we worked with industry to introduce short-term measures to practically assist shielding and vulnerable consumers with obtaining gas pre-payment meters top-cards. In parallel to this, a new dedicated gas industry support website ([www.naturalgasni.com](http://www.naturalgasni.com)) was established to help provide information to consumers. We are now working with the GMSG to look how we will introduce new metering stock into Northern Ireland that will allow remote access to top-ups using online functionality.

We also carried out the annual consultation on the seasonal multiplier factors and potential discounts. Seasonal multiplier factors apply to non-annual entry capacity products, by applying a multiplier that either increases or decreases the relevant proportion of the annual tariff. The factors reflect the seasonality of gas flows during the year, and are set to incentivise suppliers to make more use of the network in the summer and shift demand away from the winter peak.



We also reviewed the annual tariffs that network gas companies applied ensuring they were in-line with the price control determinations.

In terms of EU Exit, we have worked closely with industry, government and stakeholders in Northern Ireland and the UK to ensure preparedness for the end of the transition period.

## The strategic development of the natural gas industry in Northern Ireland

We have a track record of supporting the development of the natural gas network in Northern Ireland. Gas connections now exceed 285,000 (275,000 in 2019/2020).

Work continued on the Gas to the West project. We issued a determination on provisional capital expenditure and a direction on the postalised distribution pipelines. Major industries in the west of Northern Ireland have already connected to the gas network. Work continues on the construction of the local distribution networks which will provide domestic and business customers with the opportunity to connect over time. We are currently assessing proposals to reinforce the gas network to Bushmills Distillery to accommodate the planned expansion at the site and will engage with Gas Distribution Networks (GDN) on other potential developments as needed.

While the development of the natural gas industry has been a success, it is also important to look towards a net-zero carbon future. Alongside a range of stakeholders, we have been working with DfE to inform development of policy options for a new energy strategy for Northern Ireland, and have supported the department on the development strategy options. Over the next period, we will support DfE through our expert contribution, as well as considering any implications that might arise from this work for the regulatory framework and act upon them as appropriate.

At a practical level, we are already engaged with stakeholders on the regulatory challenges for gas in the context of a net-zero carbon



future. We have developed, in co-operation with the gas network operators and Gas Market Operator for Northern Ireland (GMO NI)<sup>5</sup>, a base case (with key working assumptions) for the facilitation of biomethane injection into the gas network. Industry updates on this project will continue to be provided in 2021/2022. Following on from this, we expect the relevant changes to the regulatory framework will be developed, consulted on and implemented.

## Addressing security of supply and promoting sustainability

We continue to work on behalf of consumers to ensure effective arrangements are in place to safeguard gas security of supply.

The gas transportation agreement (TA) is an agreement between GNI (UK) Limited and Premier Transmission Limited (PTL). It underpins direct access by Northern Ireland suppliers to the gas markets in GB. It also enables PTL to use infrastructure owned by GNI (UK) in Scotland, to make available capacity as a seamless service from Moffat to Northern Ireland. The TA is currently set to end in September 2021, and work is being progressed to extend the current arrangements.

The South-North Pipeline forms part of the infrastructure that brings gas into, and conveys it within, Northern Ireland. The South-North Pipeline is partially located in the Republic of Ireland. In the context of a new offtake from the pipeline in the Dundalk region, we have been working with CRU and the relevant system operators to ensure the interests of Northern Ireland consumers are protected and to put in place the relevant regulatory arrangements.

We intend that new connections should be made to the distribution network unless there is an exceptional reason for connection to the transmission network. The network operators have licence conditions which require our approval of certain connection requests. In August 2020, we approved a connection request from Belfast Gas Transmission Limited to facilitate a new gas fired power station at Kilroot, on the basis that the technical requirements could not be facilitated by a connection to the distribution network.



We have been continuing to engage with the transmission system operators on a review of the operation of the above ground installation at Carrickfergus. This facility at Carrickfergus links the transmission networks operated by Mutual Energy Limited (the Scottish to Northern Ireland Pipeline and the Belfast Gas Transmission Pipeline) to those operated by GNI (UK) (the North-West Pipeline and the South-North Pipeline). We have changed the mode of operation and improved gas pressures across the network. We are now working on a permanent solution to this issue.

Our work continues with the transmission system operators, GDNs and gas shippers to consider any further improvements to the technical methods used to forecast and allocate usage, particularly around the Annual Quantity determination process. In carrying forward this work we have worked closely with the industry, including our ongoing engagement through the Shipper Forum<sup>6</sup>.

We also continued to review requests for approvals which network companies are



<sup>5</sup> GMO NI operates the single transmission network code for gas, as a contractual joint venture between the transmission system operators.

<sup>6</sup> This is a forum facilitated by the GMO NI to discuss matters of relevance to shippers on the Northern Ireland gas transmission system.





permitted to make under their licenses, as well as monitoring the licence compliance of network companies.

### Promoting efficiency and monitoring the investment plans of regulated companies

The next price controls for gas network companies are due in 2022 for the Transmission companies and 2023 for the Distribution companies. Following engagement with the network operators and a public consultation, we published our approach to the gas transmission price control in December 2020 called GT22. After consideration of the business plan submissions from the network operators, which are due in early July 2021, we intend to publish our draft determination before the end of 2021.

A discussion paper for the GDN’s GD23 price control, (which will run from 1 January 2023

– 31 December 2028) was published in June 2020. After considering the responses, a final approach paper<sup>7</sup> was published in November 2020, outlining the key issues and how they would be dealt with in GD23. The business plan submission, detailing the necessary requirements from the GDNs, was discussed with the industry and was finalised in January 2021. The GDN’s business plan submissions are due on the 30 June 2021.

### Engaging with gas consumers

We want all of our regulated utilities to take steps to engage with their customers and consumers. A consumer engagement partnership approach is already in place for the NI Water and NIE Networks price controls. The GDNs have also started to consider how a similar partnership approach might be facilitated for the gas network price control reviews.

As part of the preparations for the upcoming GD23 price control we facilitated a Consumer Engagement Working Group (CEWG). A series of CEWG meetings allowed all the GDNs and other group members (DfE and CCNI) to gain an appreciation of current consumer engagement within the gas distribution industry in Northern Ireland.



<sup>7</sup> GD23 Final Approach.

# 6. Water

## Key highlights



To assist consumers during the Covid-19 pandemic, non-domestic water charges were deferred.



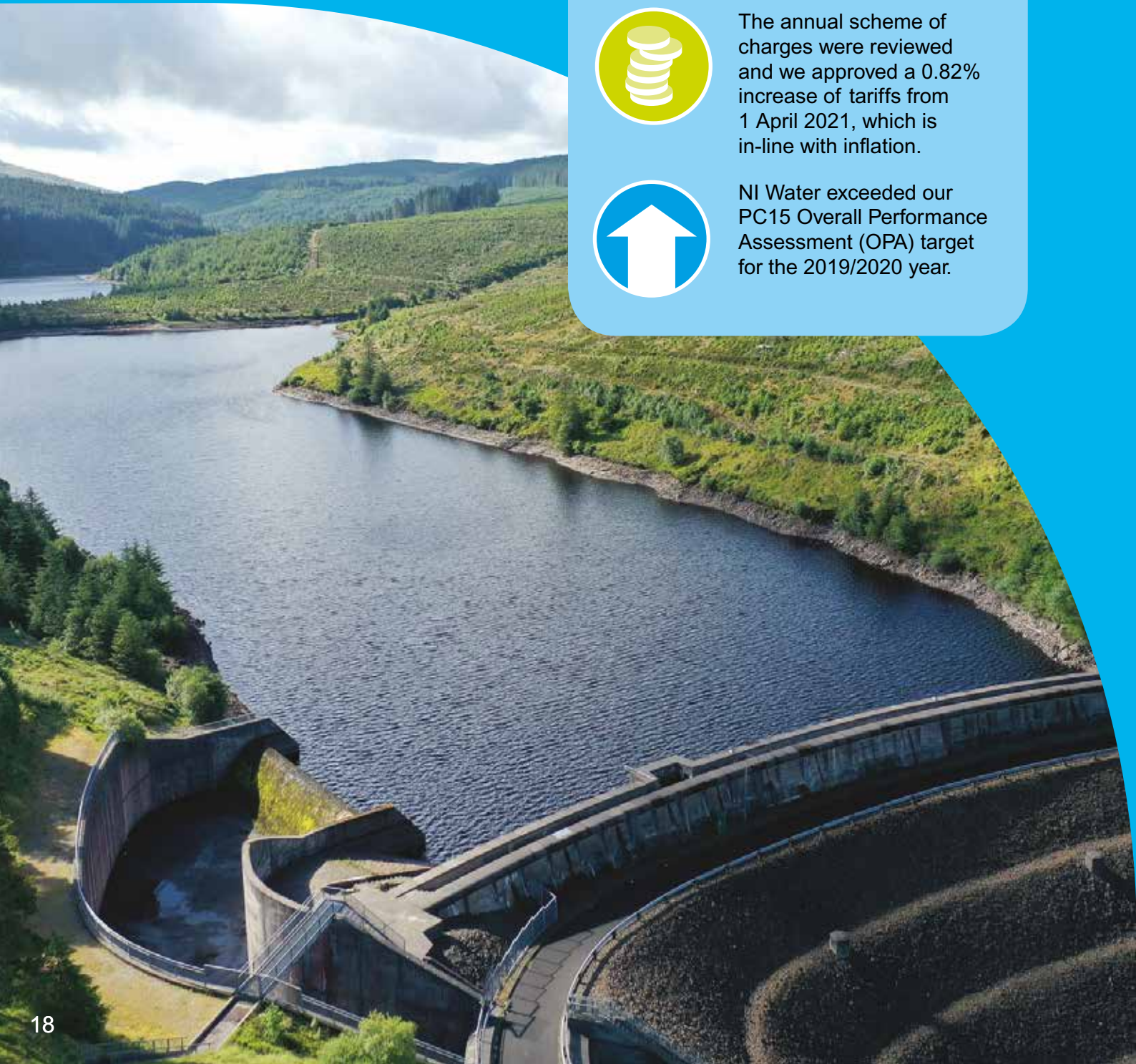
We published our draft PC21 price control determination in September 2020 and our final determination in May 2021.



The annual scheme of charges were reviewed and we approved a 0.82% increase of tariffs from 1 April 2021, which is in-line with inflation.



NI Water exceeded our PC15 Overall Performance Assessment (OPA) target for the 2019/2020 year.







# 6. Water

## Protecting consumer interests

Increases in non-domestic charges were due to come into effect on 1 April 2020, however, due to Covid-19 they were deferred until 1 October 2020. As per the normal timetable, NI Water's annual scheme of charges were reviewed again for 1 April 2021, however as PC21 had not been completed at this point, it was agreed all tariffs should be increased by 0.82% (in-line with inflation - based on the November RPI).

As domestic customers are not charged to householders directly, changes in notional domestic tariffs have remained in-line with the original approval, meaning that the average annual notional domestic water bill is now £421 (combined water and sewerage).

## Promoting efficiency and monitoring the investment plans of regulated companies

We assessed NI Water's performance in the fifth year of the PC15 price control. The resulting cost and performance report for 2019/2020 will be published in May 2021.

The company continued to deliver an improved overall level of service. However the company again underperformed against its operational expenditure target.



Key findings were:

- NI Water's operating expenditure was £224.4 million in 2019/2020. This is £19 million above our regulatory allowance of £205.3 million (in current prices).
- The company invested around £172 million of capital expenditure (capex) in 2019/2020, contributing to a total investment of £793 million in the first five years of the PC15 price control period.
- NI Water met, or exceeded, planned delivery in 37 of the 45 outputs set in the PC15 final determination. This includes 12 out of 15 consumer service measures, and all bar one of the water and sewerage quality outputs.
- NI Water met and exceeded our PC15 Overall Performance Assessment (OPA) target in 2019/2020. This is a composite performance score used to assess NI Water's overall delivery of service to customers.

## Delivering the PC21 price control

The Final Determination for NI Water's PC21 price control process was published in May 2021. PC21 will set price limits for NI Water for the six-year period from April 2021 to March 2027.

We assessed and challenged the company's PC21 Business Plan submission and published our draft determination<sup>8</sup> for consultation on 30 September 2020. The key outputs set out in the draft determination included:

- **Increased investment in water and wastewater services.** An increase in capital investment to £2.1 billion, which is an increase of 74% from the previous price control (PC15). This will begin to address the lack of capacity in wastewater systems and address development constraints in 49 areas by the end of PC21.

<sup>8</sup> PC21 Draft Determination.

- **Lower costs of financing investment.** A reduction in the cost of financing investment will save consumers £135 million.
- **Greater stability in tariffs.** Typical bills for unmeasured non-domestic consumers will fall in real terms by the end of the six-year period.
- **Improved efficiency.** By the end of PC21 NI Water will operate at an equivalent level of efficiency to the upper quartile of similar companies in England and Wales today. These improvements in operational efficiency will save consumers £62 million during the price control period.
- **Improved service.** Existing performance measures for pressure, interruptions to supply and flooding pollution incidents will improve. New consumer service measures and targets will drive incremental and continuous improvement, with an increased focus on vulnerable consumers.
- **Introduction of a new consumer protection programme.** Our determination recognises that NI Water needs to provide vulnerable domestic consumers with additional support, bespoke regulatory and company interventions.

After the draft determination consultation period closed on 16 December 2020, we continued to develop our final determination taking into account the responses received and further information provided by NI Water through ongoing engagement. Our final determination for the PC21 price control period was published on 13 May 2021.

## Engaging with consumers

Throughout the development of our approach to PC21 and NI Water's preparation and subsequent submission of their PC21 Business Plan, the Consumer Engagement Oversight Group (CEOG) has provided the consumer perspective. NI Water engaged Ipsos-MORI as their delivery partner for PC21 and a number of important research reports have influenced the PC21 business plan, including specific feedback from vulnerable consumers and customers who have recently connected to the network i.e. developers.

We chair the Customer Measures/Customer Satisfaction working group (CM/SAT), which has guided the development of new consumer

focused, actionable data and metrics to help improve customer service. With NI Water's submission of their PC21 business plan it is clear the company has turned new consumer metrics into company targets. Such actionable data is now embedded within NI Water, ensuring that the consumer perspective is being directly reflected in the company's performance targets. Newly developed measures from the CM/SAT group informed our PC21 draft determination. The new measures introduced were: "Unwanted Contacts" numbers; "First Point of Contact Resolution" metric and a "Net Promoter Score" metric.

## Addressing security of supply and promoting sustainability

We have engaged with NI Water and DfI on the development of guidance for the company's next water resource and supply resilience plan. This plan will help improve security of supply to consumers in the longer-term by identifying the investment required to meet water demand projections until at least 2052-2053. It will provide options for improving the overall resilience of the water supply network. Clarity will also be provided to consumers in Northern Ireland on the level of service that they might expect to receive in the longer-term and confirm the investment priorities for the next price control period (PC27). The guidance which has been produced will be used to inform and direct the approach to planning process which is expected to conclude in 2023.

We have continued to actively engage with DfI on the 'Long-Term Water Strategy' and the 'Living with Water Programme'<sup>9</sup>. These initiatives are intended to help to secure the delivery of improved levels of water and sewerage services in the medium and long-term at a reasonable cost. The work being undertaken for Living with Water is helping to help identify the strategic capital infrastructure investment required to facilitate growth and improve environmental compliance in the Belfast area. It will also ensure a realistic profile for delivery of the investment over forthcoming price control periods.

In terms of EU Exit we engaged with government, industry and other stakeholders to ensure preparedness for the end of the transition period, when the UK would leave the EU.

<sup>9</sup> [Living with Water Programme](#).



# 7. Retail

## Key highlights



We actively took additional steps to protect and support consumers during the Covid-19 pandemic.



A series of regulated tariff decreases were subsequently followed by some increases.



We completed a review of the energy supply market.



Following a formal compliance investigation by us, a company agreed an alternative resolution which included payment of £250,000 to local charities.

# 7. Retail

## Protecting consumers during the Covid-19 pandemic

Against the backdrop of the Covid-19 pandemic, we focused on making sure that consumers were receiving the right support and services from their gas, electricity and water companies.

We worked closely with DfE and with wider Government bodies to develop consistent information and messages for consumers in debt across a number of essential services. We helped establish a monthly Covid-19 Retail Market Forum with DfE to allow some insight on which to base policy decisions and industry briefings. Forum members include network operators, suppliers and CCNI. From the inception of this forum, we put in place market and consumer monitoring metrics to allow some insight on the impact of Covid-19 on which to base policy decisions (due to the commercial sensitivity of these metrics they are confidential). These metrics include data from suppliers on customers in debt, value of debt and customer payment behaviour. We are also collecting information from network operators designed to detect early signals of any supplier distress.

Practical steps were taken to protect the most vulnerable. For example, we identified an issue around access by consumers to topping up gas prepayment meters. Working with industry and others, we addressed the short-term access problem and worked to boost and clarify gas industry communications with Northern Ireland consumers.



## Making sure the bills consumers pay reflect costs

Reviewing the tariffs of regulated energy suppliers plays a key role in how we protect consumers. It is also of key importance to households and many small businesses across Northern Ireland. Through our regulation, we ensure that consumer bills reflect the actual cost of delivering energy to their homes and businesses.

In May 2020, we reviewed the regulated tariffs of Power NI (the regulated electricity supplier). This resulted in a tariff decrease of 4.8%, effective from 1 July 2020. The main reason for the decrease was due to falling wholesale energy. Domestic electricity prices in Northern Ireland at that point (£571 per year) continued to be lower than in GB (£704 per year) and the Republic of Ireland (£798 per year).

Two regulated gas tariff reviews were completed for SSE Airtricity in the Greater Belfast area. While no change was required for October 2020, due to increasing wholesale prices later in the financial year, we approved in March 2021 a 9.8% increase (effective from 1 April 2021) which means the average household gas bill is now £514.

In the Ten Towns gas distribution area, we reviewed Firmus Energy's tariffs and approved a decrease of 12.5% effective from 1 October 2020. However, with increasing wholesale gas costs we agreed a 17.75% increase in March 2021 (effective from 1 April 2021). This means the average domestic gas bill in this network area is now £518.

In Northern Ireland the average standard tariff for domestic gas consumers (£516 per year) continues to be lower than comparable tariffs in Republic of Ireland (£685 per year) and GB (£536 per year).

## Promoting effective competition

One of our statutory duties is to protect consumers by promoting effective competition, where it is deemed appropriate. In both electricity and gas, a significant portion of domestic customers remain with the previous incumbent supplier. However, as the electricity market matures, Power NI's market share is gradually changing. Power NI's share in the



electricity domestic market at the end of 2020 was 55%, which compares with 56% for the previous year.

In the Greater Belfast domestic gas sector, the market share of the two suppliers, SSE Airtricity and Firmus Energy, has remained relatively unchanged. SSE Airtricity's share in the domestic credit market is 83% and 75% for prepayment (83% and 74% respectively in 2019/2020), whereas Firmus Energy's share is 17% for domestic credit and 25% for prepayment (18% and 26% respectively in 2019/2020). In the Ten Towns area, Firmus Energy remains the only domestic supplier.

In May 2020, licence changes to increase transparency in the small business energy supply market went live. These changes are aimed at promoting competition and making it easier for small business customers to engage in the market.

## Backbilling in the retail energy market

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A backbill occurs when a customer has not been correctly charged for the energy they have consumed, resulting in them receiving an additional or updated bill for the additional energy.

Backbills have the potential to cause significant financial hardship, as well as subjecting the recipients to varying degrees of inconvenience and stress. Where customers are not at fault, it is our view that they should be afforded some protection from long-term backbills.

Therefore, following consultation, we implemented a 13-month limit on energy backbills which came into effect on 1 October 2020. This applies to both electricity and gas domestic consumers and microbusinesses, across all payment types.

## Review of the Northern Ireland energy retail market

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Monitoring the evolution and performance of the electricity and natural gas retail sectors in Northern Ireland is a key element of our strategic and statutory goals. In March 2021, we published a paper that examines the existing state of domestic energy retail markets in Northern Ireland and associated



key consumer aspects. The analysis outlines the context to the regulatory approach to retail market regulation and also provides relevant information on the developments of competition in the electricity and gas retail markets.

The paper is intended to be background to, and a precursor of, ongoing and further work to ensure our general regulatory approach to retail market regulation remains valid and up-to-date. It is also intended to ensure that our approach to regulating end prices for the majority of consumers remains valid.

## Helping consumers make clear choices

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There is a mandatory Domestic Supplier Marketing Code which has been in place for a number of years.

This Code currently bans the use of annual bill comparisons when suppliers or their agents are marketing to potential customers. This was aimed at avoiding issues experienced in GB with mis-selling, where suppliers/sales agents were using annual bill comparisons that exaggerated the potential savings a customer could make. As a result, some customers were switching and being locked into poor value deals as a result.

The market has matured since the development of this Code. This has added complexity to tariffs such as the emergence of separate standing charges and bonus payments. We have therefore consulted on the option to allow the use of annual comparisons. We are carefully considering all stakeholder responses to this consultation before deciding on the most appropriate course of action.





## Our Consumer Protection Programme

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The Consumer Protection Programme (CPP) is our integrated three-year programme which is focussed on protecting and empowering domestic energy and water consumers, and particularly those who are most vulnerable. The CPP is currently under review and we will publish a revised CPP during 2021/2022.

We progressed research on the electricity Guaranteed Standards of Service (GSS) and Overall Standards of Performance (OSP) project to help prepare for setting new standards during 2021/2022.

The Consumer Vulnerability Working Group (CVWG) is an independently chaired group of consumer representative bodies who provide challenge and guidance on the development and practical implementation of our consumer protection policy. The group continues to support us by providing unique insights and challenges on delivering fair outcomes to consumers in Northern Ireland.

We have continued to maintain our relationships across the GB regulated sector, including engagement with the UK Regulators' Network's (UKRN) vulnerability group and the Collaboration Network.

## Using consumer views to help us with our regulation

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We are committed to using consumer views to help us do our job. During 2020/2021 we carried out a non-domestic consumer insight tracker survey, to provide baseline data to help inform regulatory policy in relation to business consumers and wider policy debates.

The survey had three main aims:

- (1) measuring consumer engagement, experience and attitudes;
- (2) identifying issues that impact on this consumer group; and
- (3) the extent to which they understanding the energy transition.

We will publish the research results in Summer 2021 and work with stakeholders to improve business consumers' engagement with energy market.

The survey will be repeated bi-annually to identify any issues which impact on business consumers and to allow comparisons over time.

## Safeguarding gas consumers' supply

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In the event of a gas supplier leaving the market unexpectedly, we have supplier of last resort (SoLR) processes in place which are to be followed by all industry participants. Compliance with these arrangements is binding for all industry participants through conditions within their supply and conveyance licences.

Working with the network operators and SoLR suppliers, we have developed a plan for testing the gas SoLR arrangements. Our first test of these arrangements will take place in May 2021 and on an annual basis thereafter.

## Protecting the interests of consumers in the retail energy market

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Our ongoing monitoring of the retail energy market is aimed at protecting the interests of consumers. We continue to explore new ways to improve how we monitor the retail market and what we publish. Our ongoing review of our retail energy market monitoring (REMM) database ensures that we are maximising this resource as a means of collecting, storing and processing accurate and efficient data. Any changes adopted will serve to enhance our reporting capabilities and confirm the reliability and transparency of the data we use to inform policy and take associated actions designed to protect consumers.





We actively monitor developments in the retail energy market via our REMM framework, which allows us to monitor changes and trends in the market. It also allows us to keep consumers and stakeholders informed through the publication of transparent and easy-to-understand quarterly and annual reports. It also provides a mechanism to benchmark Northern Ireland's energy market performance using indicators employed by other National Regulatory Authorities (NRAs).

On an annual basis, we carry out supplier audits that allows us to corroborate the REMM data and ensure that suppliers have adequate processes in place to comply with the relevant codes of practice. The 2019/2020 audits looked at complaint handling, and the 2020/2021 audits reviewed supplier's compliance with their code of practice on services for prepayment customers and accuracy and completeness of supplier's REMM submission on tariffs. A report on the audit results will be published later in 2021.

## Retail market investigations and enforcement

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In October 2020, we closed a formal compliance investigation, leading to the company involved agreeing to pay a total of £250,000 to local charities. The company also agreed to carry out a series of comprehensive and independent compliance audits. This will ensure ongoing licence compliance and the company has offered assurances and commitments related to these compliance arrangements which we will closely monitor.

Moreover, this will help to reinforce the steps already taken by the company to address the issue under investigation.

We continue to monitor progress against commitments made by all companies in their alternative resolutions following formal investigations during 2019 and 2020, which are designed to facilitate ongoing regulatory compliance and continuous improvement in the areas under investigation.

We are advancing other investigatory work and will report on progress in-line with our enforcement procedure. Our website now has a dedicated compliance and enforcement area which provides further information on the outcomes we have achieved on behalf of consumers. This has also increased the transparency of our compliance and enforcement activities.

## Ensuring that suppliers comply with their obligations

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Regulated companies have an obligation to operate in-line with their licences and we expect all suppliers to be able to actively demonstrate compliance. To support this, we use the annual REMM submissions and the associated statement of licence compliance, to request suppliers to self-report any compliance issues and display how compliance will be achieved. This has prevented, in many cases, the need for us to take additional formal and resource-intensive enforcement action.

## The energy transition

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Following the publication of DfE's Energy Strategy call for evidence in December 2019, we have been involved in five thematic groups alongside DfE, industry, consumer bodies and other interested stakeholders. These five groups have worked on policy areas under the themes of power, heat, transport, energy efficiency and consumers. In particular, within the Consumer Working Group we have provided information to DfE across a range of consumer related policy areas, to assist in the development of consumer policies within the energy strategy. In addition to providing input to the thematic groups, we have worked to advise DfE in the development of the options consultation that was published on 31 March 2021.

# 8. Promoting sustainability

## Key highlights



The proportion of electricity consumption from renewable sources rose to 49.2% by 31 December 2019 (46.8% in 2019/2020).



Over £6.9 million of funding was provided to energy efficiency schemes under the Northern Ireland Sustainable Energy Programme (NISEP) (£8 million in 2019/2020).





# 8. Promoting sustainability

## Promoting sustainable energy for consumers

We have a duty to promote efficiency in the use of electricity and gas and sustainable long-term energy supplies with due regard to the environment and vulnerable consumers. The Northern Ireland Sustainable Energy Programme (NISEP) delivers energy efficiency measures with 80% of the funding aimed at vulnerable / low-income consumers.

Over £6.9 million of NISEP funding was spent in 2019/2020 (the most recent year of reported data). The schemes delivered just over 368GWh of energy saved and £30 million of gross consumer benefit (net present value, over the lifetime of the measures).



### Key NISEP metrics (2019/2020):

- Over £6.9 million was spent on NISEP schemes overall (in 2018/2019 it was £8 million);
- Total lifetime energy savings were a substantial 368.632 GWh (in 2018/2019 it was 482.814);
- 46,015 tonnes of lifetime carbon savings (in 2018/2019 it was 64,708);
- Over £30 million in lifetime gross consumer benefit savings (in 2018/2019 it was £44 million); and
- Over achievement on energy saving targets, earned £28,000 (in 2018/2019 it was 14,000).

As well as protecting consumers, particularly those who are vulnerable, energy efficiency and affordability are key concerns. Northern Ireland is expected to contribute energy savings each year to the UK-wide energy efficiency target.

NISEP is the only energy efficiency scheme in



Northern Ireland which contributes to the UK's European energy efficiency target. NISEP is currently under review and to date we have issued a discussion paper, call for evidence, held focus groups throughout Northern Ireland and carried out a series of structured interviews to gather stakeholder views. Our Board has agreed to continue NISEP until March 2025. This will enable any final decision regarding NISEP or any successor scheme to be consistent with the requirements of the next energy strategy for Northern Ireland.

## Supporting renewable development

We are committed to playing our role in increasing the proportion of electricity generated from renewable sources.

The percentage of electricity consumption from renewable sources rose from 43.6% to 49.2% for the period ending 31 December 2020.

We are responsible for the administration of the NI Renewables Obligation (NIRO). The NIRO is a statutory requirement on electricity suppliers to source an increasing amount of their electricity from renewable sources. Suppliers can meet their obligation by either presenting renewable obligation certificates (ROCs) or



paying into a buyout fund (or a combination of both). ROCs are issued directly to renewable generators.

Following the closure of the NIRO in March 2017, there were a number of grace periods allowed to gain accreditation. However, the grace periods have now finished, and the NIRO scheme is now closed to new entrants. 6.1 million ROCs were issued to generators in Northern Ireland during 2019/2020. 65% of which went to onshore wind generating stations.

The total obligation on Northern Irish suppliers for the year 2019/2020 amounted to 1,461,163 ROCS, which means that the majority of ROCS created here are sold in GB. There are 23,731 NIRO-accredited generating stations with 2,143 MW of capacity.

During this year, we engaged with the NIAO in respect of their wider investigation into 'generating electricity from renewable energy'. The NIAO report contained recommendations for DfE that relate to the NIRO. We are committed to working with DfE to address the NIAO recommendations as appropriate.

## Providing fuel mix information to consumers

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We are required to ensure that all electricity suppliers provide reliable information on customer bills and promotional materials regarding the contribution of each energy source to their overall fuel mix and the associated environmental impacts in the preceding year. Along with colleagues in CRU and SEMO we worked to ensure suppliers provide fuel mix information to their customers. A report on this work is published around August each year.



# 9. Efficient and effective regulator

## Key highlights



Our business continuity arrangements ensured that all of our staff could work remotely during the Covid-19 pandemic public health restrictions.



Despite the changed working arrangements, surveys of our staff showed support for the remote working arrangements by providing increased flexibility and enabling staff to increase their productivity.



Our significant progress to support and develop our staff through the UR People Programme, saw us gain the Investors in People Silver accreditation.

# 9. Efficient and effective regulator

## Making the best use of our resources

### Our finances

As a non-ministerial government department, our funds are voted by the Northern Ireland Assembly. A summary of our financial performance is included at Appendix 1.

Table 1 is an overview of the key financial figures. Our statutory accounts can be obtained from the Stationery Office or from our website. Most of our costs are collected from annual fees paid by electricity, gas and water licensees.

**Table 1: Overview of financial position**

Expenditure	Actual (£000s)
Operating costs (gross)	9,826
Income	9,561
Operating costs (net)	265

We are committed to the prompt payment of bills for goods and services received. During 2020/2021, 93% of undisputed invoices were paid within 10 days (97% in 2019/2020).

### Developing our staff

Our staff group comes from a range of backgrounds and are mostly directly recruited. We do however also have a small group of secondees from the wider Northern Ireland Civil Service (NICS). During 2020/2021, our absence rate was 2.04% or 4.5 days per employee, based on employee numbers at 31 March 2021 (this compares to an absence rate of 2.43% or 5.3 days in 2019/2020). This is below the NICS rate in 2019/2020 (the latest figures available) which was 5.9% or 12.9 days lost per staff year.



Without our staff's continuing commitment we could not do our job effectively, therefore we take proactive steps to support their development. Following an Investors in People reaccreditation process, we were awarded the silver accreditation in February 2021. This represents a significant advance from the previous accreditation and reflected improved scores across all areas covered in the review. The accreditation report also provides a number of suggested areas for further development and a new action plan is being drawn up under the auspices of our UR People programme. As before, the delivery of this action plan is overseen by an internal cross-directorate group.

As part of the previous UR People plan, we maintained a programme of continuous, facilitated development for staff at all grades. However, with the scale of the Covid-19 pandemic forcing us to move all of our operations onto a remote footing with staff working at home, we also recognised the need to support staff in the rapidly changing professional and personal contexts created.





Our internal communications programme was stepped up with a series of video blogs led by the CEO, weekly news updates circulated by email, text messages and two staff surveys. Using video conferencing facilities, we have also been able to introduce live, weekly CEO briefings for all staff. We placed considerable emphasis on the need for managers to keep in close touch with their teams. This was alongside a programme of resources to support staff mental wellbeing and support services provided on our behalf by NICS colleagues.

We worked closely with colleagues in IT Assist (the NICS in house IT provider) to progressively equip all staff with the facilities needed to work fully from home. This included the phased introduction of laptops for all staff, phone and video conferencing facilities and also support to equip the new homeworking environment as fully as possible.

## Performing effectively as a regulator

### Corporate Strategy

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At the end of the third year of our Corporate Strategy 2019-24, we have made good progress against our corporate objectives.

A report on progress to achieve our corporate strategy objectives is included in Appendix 1.

### Forward Work Programme 2020/2021

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Our Forward Work Programme (FWP) sets out the key projects that we intend to undertake each year. These projects are aligned with our Corporate Strategy objectives.

Overall, we achieved or partially achieved 91% of our FWP projects for 2020/2021 (81% in 2019/2020). This was accomplished in a challenging external environment with increasing pressures on our resources, particularly in respect of the Covid-19 pandemic.

Appendix 1 includes an overview of progress against the FWP projects for 2020/2021.

## Regulatory action

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Our enforcement procedure provides information on what to expect when we initiate an investigation or take enforcement action. The financial penalties policy covers both whether to impose a financial penalty and also a process for determining the amount of the penalty. We also have a quasi-judicial role with regard to the determination of industry complaints and disputes. During this year, we have determined on two disputes.

We also hold competition powers concurrently with the Competition and Markets Authority (CMA). We have published competition guidelines which provide a framework for handling competition related matters and we continue to work closely with the CMA on all competition related matters.

## Enhancing how we work

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The delivery of our Corporate Strategy not only depends on what we do, but also relies on how we do things. As noted above, we developed an action plan for the delivery of our UR People work. A key part of this is the active involvement of a core group of staff from across the organisation working under the UR People umbrella. We continue to place importance on training and development for our staff and identify, co-ordinate and deliver priority training.

We have considered our resilience to deal with another emergency event of the scale of the Covid-19 pandemic and are reviewing business continuity plans to take account of the changes that we have already made (for example, in the provision of IT equipment as described above). These plans will continue to be revised for this, and other, events to ensure that the office and our staff are best placed to respond flexibly and quickly to changing circumstances.

Throughout the year, whilst staff have been working at home, Queens House has been maintained. A risk assessment and management plan was developed to guide our thinking in terms of changes needed to make it Covid-19 secure. This was to provide for those exceptional circumstances in which staff need

to attend the office and in anticipation of some form of return to office working when that is possible. Our Health and Safety Committee, which comprises management and trade union representatives, has been overseeing these matters.

Our external communications is also another key enabler of implementing our Corporate Strategy.

Through our stakeholder engagement programme we have continued to expand the opportunities for us to reach out to more organisations than ever. We supported the appointment of our new chief executive by planning and undertaking a programme of engagement. The continuing strategic agendas around the energy transition, net-zero greenhouse gas emissions and future water investment saw us take part in a series of conferences and workshops to ensure our regulatory perspective was reflected. We also continued our partnership with the Energy Institute aimed at promoting dialogue on the energy transition and we jointly organised a well-attended webinar in January 2021.

Our ongoing engagement with the Northern Ireland Assembly saw us provide briefings to elected politicians and Assembly Committees.

We also took the opportunity to review our overall communications strategy during the year. This led to us developing a new strategy aimed at increasing our consumer-facing engagements and utilising more digital communications. One aspect of our new approach is an increased social media presence and we have increased both the range of communications through this channel (through using LinkedIn) and the volume of activity.

A key part of our new strategy will focus on improving accessibility. We continue to take steps to enhance the format and style of our corporate publications. Additionally, we have been progressing work to move both our website and intranet to new content management system (CMS) platforms. As well as providing flexibility, the new CMS for our website will enhance accessibility in line with government guidance.





During the year the SEMC published its strategic objectives. This set our direction and vision for the wholesale electricity market and outlined our mission, vision and values – the tools we will use to help us achieve these objectives. We also published our FWP which details some of the most significant projects that we will undertake over the year. This was accompanied by a review of market performance over the previous year as detailed in our SEMC annual report.

We continue to participate in the UKRN and a range of working groups, which provides a valuable opportunity to both share and learn from best regulatory practice.

Additionally, we play an active role in the UK Competition Network (UKCN) which aims to promote competition and to prevent anti-competitive behaviour. We also meet with the CMA quarterly to discuss competition-related issues and contribute to their annual concurrency report.

## Corporate governance

### Governance and audit

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The Department of Finance (DoF) appoints the Chair and members of our Board. We are accountable to the Northern Ireland Assembly and produce this Annual Report which DfE lays before the Northern Ireland Assembly on our behalf. Our decisions are subject to external review by, for example, the CMA and the courts.

Our internal audit is outsourced to Ernst and Young. Areas reviewed during the past year included the Market Monitoring function of the SEM, corporate governance, tax compliance, business continuity and procurement, monitoring of licence and the NISEP. We are committed to the implementation of recommendations arising from these reports and the Report to Those Charged with Governance issued by the NIAO as matters of priority and have again achieved a 'satisfactory' overall assurance rating for 2020/2021.

### Board and board sub-committees

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Our Board met formally nine times during 2020/2021. As a consequence of the public

health restrictions, these meetings have been held over video conference. Despite the challenge of not meeting in person, the Board meetings conducted remotely have ensured the efficient transaction of Board business.

Although the public health restrictions constrained the extent of Board engagement with external organisations, the Board still managed to meet – over video conference – with several stakeholders. Board members also took part in board sub-groups and attended conferences and seminars.

There were four meetings of our Audit and Risk Committee during the year. Its membership comprised Jim Oatridge (independent chair), Alex Wiseman and Claire Williams. The Board Chair also attends meetings periodically. The Chief Executive, as Accounting Officer, and Director of Corporate Affairs also attend, as do other members of the senior management team by invitation. The NIAO and Head of Internal Audit have standing invitations to attend meetings. The Chair also meets internal and external auditors without the senior management team present, typically twice a year.

Our Remuneration Committee met twice. Its membership comprises Teresa Perchard (Chair), Jon Carlton and David de Casseres. The Board Chair also attends periodically. The Chief Executive, as Accounting Officer, and Director of Corporate Affairs also attend as do other members of the senior management team by invitation.

During the past year our Board Advisory Forum met three times. Membership comprises non-executive directors and senior staff. It allows the office to benefit from the advice and guidance of non-executive directors as well as challenge and provides scrutiny on key policy issues.

The SEMC meets monthly to take decisions in respect of the exercise of relevant functions of CRU or UR, in relation to a SEM matter on behalf of each regulator. Northern Ireland's current SEM Committee members, appointed by DfE and the Irish Government's Department for Climate, Environment and Communications (DECC) are John French, Bill Emery and Jon Carlton.



During the early stages of the Covid-19 pandemic our senior leadership team (SLT) met every day to oversee internal and external activities related to the pandemic. While the volume of these meetings has decreased, our SLT continues to meet weekly. In addition, there were regular SLT workshops throughout the year on a series of strategic organisational issues.

## Information technology and governance

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Our information management committee oversees the governance arrangements and compliance with the General Data Protection Regulation (GDPR). The Board is our Data Controller and our Head of Legal has been appointed as Data Protection Officer for these purposes. The Board will receive a compliance report in May 2021.

In as far as has been possible given the change in working arrangements necessitated by Covid-19, further work has been possible on the implementation of a unified file plan across the office.

All of our desktop, telephony and IT infrastructure services are provided by IT Assist, the NICS managed service provider of IT services. This provides a secure, fully managed IT support service. IT Assist manages the resilience of the infrastructure to deal with cyber-attacks and is constantly revising and updating security measures with that in mind. Major incidents are reported to our business relationship manager and through the Enterprise Shared Service Operations Management Board on which we have a seat.

## Freedom of Information

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During 2020/2021, we received eight requests under the Freedom of Information Act and Environmental Information Regulations. Responses to all but one of the requests were issued within the statutory period. The short delay to this response was due to a delay during the third party consultation process.



# Appendix 1 – Performance report



# (i) Financial report for the year ended 31 March 2021

## Central government financing

£265k was borne by central government in respect of expenditure on areas not covered by current licences such as management of the climate change levy exemption scheme, the electricity (guarantees of origin of electricity produced from renewable energy sources) scheme and the Renewables Obligation Order (NI) 2005 scheme and notional costs.

## Licences

A breakdown of licence fee income is set out in Table 2 below.

Table 2: Licence fees by utility	Total licence fees (£000s)
Electricity	4,795
Gas	2,105
Water	1,012

We also collect fees on behalf of CCNI. This is for work done under the Energy (NI) Order 2003 and Water and Sewerage Services (NI) Order 2006. The total fees collected were £930,807, of which £322,609 was attributed to electricity, £243,371 to gas and £364,827 to water.

## Accounts

The statement of comprehensive net expenditure shows that salary costs increased from the previous year (£5,986,000 in 2019/2020 against £6,430,000 for 2020/2021). This reflected an increase in employers' pension contributions, additional staff to resource key work streams and annual pay increments. Given the Covid-19 pandemic, the amount accrued for unused annual leave at the end of the year has increased.

The percentage of staff costs to total costs in 2020/2021 of 65% represents a small increase from that in 2019/2020 of 64%.

Our gross expenditure in pursuit of our objectives as detailed in the statement of operating costs by operating segments (see Table 3) was as follows:

Table 3: Expenditure by segment	2019/2020 (£000s)	2019/2020 (£000s)
Segment 1 (electricity)	6,563	6,404
Segment 2 (gas)	2,209	2,019
Segment 3 (water)	1,054	939

More detailed financial information on costs can be found in our accounts.





## (ii) Report on progress against Corporate Strategy key success measures

Strategic objective 1: Promoting markets that deliver effective competition, informed choice and fair outcomes		
Key success measures	Status	Year 2 progress
<ul style="list-style-type: none"> <li>• % of customers who trust and are satisfied with their energy supplier.</li> <li>• % of customers who are satisfied with consumer protection arrangements in Northern Ireland.</li> <li>• % of customers who are satisfied with the switching process.</li> </ul>	On track	<p>The domestic consumer insight tracker was published and included baseline metrics on success measures identified. We plan the second tracker in 2021/2022.</p> <p>The first non-domestic tracker is now complete and will be released in June 2021.</p>
<ul style="list-style-type: none"> <li>• Enhanced market analysis and monitoring in place facilitating consumer protection, assurance of compliance and enabling enforcement as necessary.</li> </ul>	On track	<p>Enhanced retail market monitoring, reporting and publication (information) work is ongoing and will continue to ensure consumer protection.</p> <p>Consumer complaints data published in December 2020 Annual Transparency Report for first time.</p>
<ul style="list-style-type: none"> <li>• Increased efficient deployment of interconnector flows evidenced by harmonisation across the interconnectors between GB and the Single Electricity Market.</li> </ul>	On track	<p>More efficient deployment of interconnector flows has been achieved since SEM went live in October 2018.</p>
<ul style="list-style-type: none"> <li>• Efficient wholesale energy prices that benchmark favourably with comparator markets.</li> </ul>	On track	<p>Wholesale prices reflecting underlying fundamentals of fuel, demand, wind and generation availability as well as tracking GB market prices since SEM went live in October 2018.</p>
<ul style="list-style-type: none"> <li>• Consumer Protection Programme priority projects are delivered.</li> </ul>	Delayed - programme rescoping underway	<p>All priority projects were underway and initially on track. Covid 19 has impacted on CPP work priorities leading to a re-scoping of CPP; the revised programme will be released during 2021/2022.</p>

Objective 2: Enabling 21st century networks		
Key success measures	Status	Year 2 progress
<ul style="list-style-type: none"> <li>• All network utilities deliver asset management strategies and long-term network development plans.</li> </ul>	On track	<p>Work being progressed in these areas as part of network price reviews.</p>
<ul style="list-style-type: none"> <li>• Innovation plans are delivered as part of price control reviews.</li> </ul>	On track	<p>Work being progressed in this area as part of network price review including allowances for Electric Vehicle costs within NI Water's PC21 and Low Carbon Technology investment as part of NIE Network's RP6 price controls.</p>
<ul style="list-style-type: none"> <li>• Price control reviews improve services and save money for consumers.</li> </ul>	On track	<p>SONI price control review published. NI Water price control review published in May 2021.</p>
<ul style="list-style-type: none"> <li>• A review of electricity network tariffs is completed.</li> </ul>	On track	<p>The timing of this work has been extended to align with the new DfE energy strategy. Call for evidence to be published in Summer 2021.</p>
<ul style="list-style-type: none"> <li>• Over 300,000 gas customers connected to the natural gas network.</li> </ul>	On track	<p>285,000 customers connected to natural gas network.</p>

## (ii) Report on progress against Corporate Strategy key success measures *(Continued)*

Objective 2: Enabling 21st century networks		
Key success measures	Status	Year 2 progress
<ul style="list-style-type: none"> <li>Best practice guaranteed standards of service are introduced for energy companies.</li> </ul>	Delayed	Consumer survey work is ongoing. Programme in place for delivery.
<ul style="list-style-type: none"> <li>Cost and performance reports are published for all network utilities.</li> </ul>	On track	Programme of work in place to deliver gas Distribution Network Operator (DNO) and Transmission System Operator (TSO), SONI TSO and Northern Ireland Electricity Networks cost reporting. Consideration being given to plan for timetable of cost and performance reports for each company. Delayed due to Covid-19.

Objective 3: Enabling security of supply and a low carbon future		
Key success measures	Status	Year 2 progress
<ul style="list-style-type: none"> <li>Facilitate investment in low-carbon technologies.</li> </ul>	On track	<p>Ongoing review of ancillary services.</p> <p>Engagement and workshops have taken place on potential for biogas injection. Programme of work to allow biogas injection in the future.</p> <p>Extensive engagement with DfE on its energy strategy review as well as on the strategic review of energy efficiency.</p> <p>Reviews of Northern Ireland Renewable Obligation (NIRO) and Northern Ireland Sustainable Energy Programme (NISEP) being progressed.</p>
<ul style="list-style-type: none"> <li>Facilitate the delivery of the second north-south interconnector.</li> </ul>	Delayed	Planning permission had been granted in Northern Ireland. We continue to engage with SONI and NIEN on costs with recent approvals given to progress the project.
<ul style="list-style-type: none"> <li>A new transportation agreement to ensure access to GB gas supply after 2021.</li> </ul>	Delayed	Companies providing update on their engagement and a timetable has been provided for expert judgement.
<ul style="list-style-type: none"> <li>Along with DfE, Clean Energy Package requirements are met by 2024.</li> </ul>	On track	Work has been completed in identifying those elements essential for the ongoing operation of the wholesale electricity market and to update our statutory duties. We also supported DfE in preparing changes necessary for the first round of implementation measures.
<ul style="list-style-type: none"> <li>Sufficient generation is secured to meet demand through the SEM Capacity Remuneration Mechanism.</li> </ul>	On track	First six capacity auctions have secured sufficient generation capacity at reduced cost compared to previous arrangements.



## (iii) FWP 2020/2021 – performance report

### Strategic objective 1: Promoting markets that deliver effective competition, informed choice and fair outcomes

Ref	Project description	Scope and anticipated outcome/s	Lead team	Status (achieved, partially achieved or revised)	Explanation if partially achieved or revised
1	Deliver Consumer Protection Programme (CPP) projects in line with CPP priorities	The delivery of the prioritised consumer protection projects will provide safeguards for customers, particularly vulnerable customers.	Retail	Partially achieved/ Revised	The need to address Covid 19 priorities impacted on the progress of this project and CPP priorities themselves. A revised CPP will be released shortly.
2	Assessment of the current supply price control frameworks	Ensure that supply price control regimes are fit for purpose and that the interests of consumers are protected.	Retail	Achieved – Position Paper released March 2020.	
3	Complete research on needs of consumers and consumer protection in relation to the energy transition	Research and policy development on needs for consumer empowerment and protection in relation to the energy transition.	Retail	Achieved	Unexpected research development work delayed this project but it was delivered in April 2021.
4	Commence the review of SEM balancing market arrangements	Ensures that the balancing market is as effective as possible and compliant with new legislative requirements.	Wholesale	Achieved	
5	Review SEM post go-live operational effectiveness	Will assess options for enhancing the operational effectiveness of the SEM.	Wholesale	Partially achieved	Some delays to the work but the review will be complete in April 2021.
6	Review of gas transmission exit capacity arrangements	Will advance a series of workstreams to enhance market policy arrangements and assess and review other aspects of the market design.	Networks	Revised	Other priorities have impacted on the ability to do this project and consideration will be given to progressing this project next year.

### Strategic objective 2: Enabling 21st century networks

Ref	Project description	Scope and anticipated outcome/s	Lead team	Status (achieved, partially achieved or revised)	Explanation if partially achieved or revised
1	Complete SONI 2020-25 price control review	Will make sure that the company produces quality outputs at lowest cost to consumers and has sufficient revenues to run its business.	Networks	Partially achieved	While the final determination was published there has been a delay to licence modifications.
2	Complete PC21 water price control	Our price control determination will ensure that the company produces quality outputs at lowest cost to consumers and has sufficient revenues to run its business.	Retail	Achieved	Resourcing constraints delayed this but the final determination was published on 13 May.



Strategic objective 2: Enabling 21st century networks (Continued)					
Ref	Project description	Scope and anticipated outcome/s	Lead team	Status (achieved, partially achieved or revised)	Explanation if partially achieved or revised
3	Progress the GT22 price control review	Ensures that the gas transmission network companies produce quality outputs at lowest cost to consumers and have sufficient revenues to run their businesses.	Networks	Partially achieved	Approach document published new plan to deliver project in light of resource constraints has been developed.
4	Progress the GD23 price control review	Ensures that the gas distribution network companies produce quality outputs at lowest cost to consumers and have sufficient revenues to run its business.	Networks	Partially achieved	While approach document published there has been a slight delay on the project.
5	Progress the review of electricity network tariffs	Ensures the structure of tariffs remain appropriate for network industries and customers in light of the energy transition.	Networks	Partially achieved	There has been a slight delay on the project.
6	Complete SONI Governance review	Ensures that SONI operates effectively in the interests of NI consumers.	Networks	Partially achieved	There have been delays to the project.

Strategic objective 3: Ensuring security of supply and a low carbon future					
Ref	Project description	Scope and anticipated outcome/s	Lead team	Status (achieved, partially achieved or revised)	Explanation if partially achieved or revised
1	Progress the implementation of the Clean Energy Package with DfE as well as co-ordinating the regulatory response	Ensures NI is compliant with the aspects of the CEP which will have been transposed in advance of exit day.	All	Partially achieved	Work has been completed with the DfE on implementation of provisions relating to wholesale electricity matters. Work is ongoing on remaining issues.
2	Contribute to the development of the new DfE energy strategy	Assist DfE in developing a revised long-term framework for energy in NI.	All	Achieved	
3	Work with DfE on the NI Renewables Obligation (NIRO) and the future of renewables in NI project	Implementation of any recommendations from the review of NIRO; provide an objective post project assessment of the NIRO; and informs DfE work on setting any new renewables target for NI and any new renewables support mechanism is good value for money for consumers.	Corporate Affairs	Achieved	



Strategic objective 3: Ensuring security of supply and a low carbon future (Continued)					
Ref	Project description	Scope and anticipated outcome/s	Lead team	Status (achieved, partially achieved or revised)	Explanation if partially achieved or revised
4	Work with DfE on the future of energy efficiency in NI project	Inform the development of the energy efficiency section of the next Energy Strategy and ensure that a new energy efficiency target and related energy efficiency programme delivers for consumers.	Corporate Affairs	Achieved	
5	Progress arrangements with Transmission System Operators (TSOs) and Distribution Network Operators (DNOs) to help meet future energy transition needs	Supports the delivery of future renewable energy targets by securing electricity network stability at high levels of renewable generation through further consideration of system service needs.	Networks	Partially achieved	Review of NIEN DNO/ DSO proposals ongoing. Plan to be developed with wholesale for the oversight and review of Flextech.
6	Complete arrangements to continue to provide access to GB gas markets after 2021	Ensures the continued efficient operation of the gas transmission system.	Networks	Partially achieved	Timetable for third party expert review in place. Expert determination due in Spring.
7	Review incentive arrangements around generation capacity in the SEM	Ensures the appropriate volume of capacity is secured through the capacity market considering constraints and other factors while optimising security of supply with cost to consumers.	Wholesale	Achieved	
8	Implement new SEM market requirements	Promotes a more efficient, sustainable market that supports security of supply.	Wholesale	Achieved	

Corporate Projects and Objectives					
Ref	Project description	Scope and anticipated outcome/s	Lead team	Status (achieved, partially achieved or revised)	Explanation if partially achieved or revised
1	Complete the review of regulatory arrangements for supply licence revocation (in the first instance) and our enforcement procedure and financial penalties policy	Ensures that there are efficient and effective arrangements in place for supply licence revocation, the application of the enforcement procedure and financial penalties.	Corporate Affairs	Revised	Whilst initial scoping work was undertaken the decision was made to suspend this workstream due to pressing Brexit and Covid matters.
2	Complete the legislative and licensing arrangements for EU exit	Will confirm that all necessary regulatory steps are taken to protect consumers following the UK's departure from the EU.	Corporate Affairs	Partially achieved	It was not possible to commence this workstream until we were aware of the exact arrangements in relation to EU exit.
3	Complete the UR People Action Plan	Will provide an opportunity to motivate, involve and engage staff in their development and the organisational performance by targeting actions on areas of the lIP assessment which remain assessed as "developed".	Corporate Affairs	Achieved	



# Appendix 2 – Glossary and list of abbreviations



# Appendix 2 – Glossary and list of abbreviations

## Glossary of terms

### **Black start event**

A drill carried out by the system operator to test the ability of the system to restore from a shutdown.

### **Capacity Remuneration Mechanism (CRM)**

The system by which revenue is earned by generators in the SEM via a competitive auction for the provision of available capacity.

### **Capital expenditure**

Also referred to as capex. Funds used by a company to acquire or upgrade physical assets such as property, industrial buildings or equipment.

### **Contestability**

Contestability is used to describe the introduction of competition to elements of new electricity connections work, with consumers having a choice of provider to undertake this work.

### **Cost and performance report**

An annual report that outlines our independent assessment of how a regulated company has performed against efficiency targets and key performance indicators outlined in their price control.

### **D5**

A term within the NIE Networks licence to allow approval of transmission investment not covered within the price control allowance.

### **Dt**

A term which refers to certain categories of price control excluded costs, which are

considered on an individual basis by us. These costs are referred to within the price control determination as 'Dt' costs.

### **DS3**

An initiative to deliver a secure, sustainable electricity system. This initiative involves us, the CRU and the transmission system operators in NI and RoI and aims to: make sure there is a constant electricity supply; and help meet renewable targets relating to electricity. The three main work areas relate to system performance, system policies and system tools.

### **NIRO**

The NI Renewable Obligation is a statutory requirement on electricity suppliers to source an increasing amount of their electricity from renewable sources.

### **NISEP**

The NI Sustainable Energy Programme (NISEP), which was previously known as the Energy Efficiency Levy (EEL) provides funding for energy efficiency and renewable energy schemes.

### **Operating expenditure**

Also referred to as opex. Ongoing cost for running a product, business or system.

### **Quarterly Transparency Reports (QTR)**

Quarterly reports that provide a range of information about the retail electricity and gas markets in NI.

### **Renewables Obligation Certificates (ROCs)**

Green certificates issued by us to operators of accredited renewable generating stations for the eligible renewable electricity they generate. Operators can then trade the ROCs with other parties, with suppliers ultimately using the ROCs to demonstrate that they have met their obligation.

## Abbreviations

<b>CCNI</b>	– Consumer Council for Northern Ireland	<b>GNI</b>	– Gas Networks Ireland
<b>CEAP</b>	– Consumer Engagement Advisory Panel	<b>GSS</b>	– Guaranteed standards of service
<b>CEO</b>	– Chief Executive Officer	<b>IT</b>	– Information Technology
<b>CEOG</b>	– Consumer Engagement Oversight Group	<b>MMU</b>	– Market Monitoring Unit
<b>CEP</b>	– Clean Energy Package	<b>MWh</b>	– Megawatt hour
<b>CMA</b>	– Competition and Markets Authority	<b>NIAO</b>	– Northern Ireland Audit Office
<b>CM/SAT</b>	– Customer Measures/Customer Satisfaction Working Group	<b>NI</b>	– Northern Ireland
<b>CPP</b>	– Consumer Protection Programme	<b>NICS</b>	– Northern Ireland Civil Service
<b>CRM</b>	– Capacity Remuneration Mechanism	<b>NIEN</b>	– Northern Ireland Electricity Networks
<b>CRU</b>	– Commission for the Regulation of Utilities (formerly the Commission for Energy Regulation)	<b>NIRO</b>	– Northern Ireland Renewable Obligation
<b>CVWG</b>	– Consumer Vulnerability Working Group	<b>NISEP</b>	– Northern Ireland Sustainable Energy Programme
<b>DECC</b>	– Department for Environment, Climate and Communications	<b>NRA</b>	– National Regulatory Authority
<b>DfE</b>	– Department for the Economy	<b>Ofgem</b>	– Office of Gas and Electricity Markets (regulator of electricity and gas in GB)
<b>Dfi</b>	– Department for Infrastructure	<b>OPA</b>	– Overall Performance Assessment
<b>DNO</b>	– Distribution Network Operator	<b>PC15</b>	– Price control for NI Water for 2015/2021
<b>DoF</b>	– Department of Finance	<b>PC21</b>	– Price control for NI Water for 2021 onwards
<b>EU</b>	– European Union	<b>PTL</b>	– Premier Transmission Ltd
<b>EWIC</b>	– East-West Interconnector	<b>REMM</b>	– Retail Energy Market Monitoring
<b>FWP</b>	– Forward Work Programme	<b>RGLG</b>	– Renewables Grid Liaison Group
<b>GB</b>	– Great Britain	<b>OSP</b>	– Overall Standards of Performance
<b>GD 17</b>	– Gas distribution network operators’ price control from 2017/2022	<b>ROCs</b>	– Renewable Obligation Certificates
<b>GD 23</b>	– Gas distribution network operators’ price control from 2023/2029	<b>SEM</b>	– Single Electricity Market
<b>GDPR</b>	– General Data Protection Regulations	<b>SEMO</b>	– Single Electricity Market Operator
<b>GMO (NI)</b>	– Gas Market Operator Northern Ireland	<b>SoLR</b>	– Supplier of Last Resort
<b>GMSG</b>	– Gas Metering Solutions Group	<b>SONI</b>	– System Operator of Northern Ireland
		<b>TNPPs</b>	– Transmission Network Pre Construction Projects
		<b>TSOs</b>	– Transmission System Operators
		<b>UK</b>	– United Kingdom
		<b>UKCN</b>	– UK Competition Network
		<b>UKRN</b>	– UK Regulators’ Network









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