

Forward work programme 2016/2017

**Our business plan for the third
year of our Corporate Strategy
2014-2019**



About us

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.

This document sets out our annual plan for the 2016/2017 financial year. It contains a general description of the non-routine work we will carry out from 1 April 2016 to 31 March 2017.

This plan is likely to be of most interest to the regulated utilities, consumer associations, other regulators, politicians and researchers.

This plan sets out a range of projects expected to benefit consumers directly in both the short term and the long term.

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Foreword

As we enter the third year of the implementation of our Corporate Strategy 2014-2019 it is clear that we are making significant progress towards achieving our strategic objectives.

Promoting effective and efficient monopolies provides an opportunity to promote high standards of performance and deliver value for consumers. Our price regulation of dominant electricity and gas suppliers led to us undertaking tariff reviews during 2015/2016. These reviews led to reductions which saw Northern Ireland domestic consumers enjoying amongst the lowest electricity and gas bills in the UK or Ireland. During 2015/2016 we have also been advancing work on two major price control reviews, which will complete during 2016/2017, and our focus will be on promoting efficient investment in utility assets. Work on developing the natural gas network continues apace and the construction of the Gas to the West pipeline has now commenced.

Introducing the **wholesale electricity market, the I-SEM**, throughout the island of Ireland is a key priority and during 2015/2016 there was major progress across all workstreams. Delivering effective competition and choice is at the heart of our review of the retail energy market in Northern Ireland and we will complete this review during 2016/2017.

Protecting consumers' long-term interests means that we take our regulation of vital utility services seriously. Along with the Department of Enterprise, Trade and Investment and the System Operator for Northern Ireland, we have taken significant steps to secure the electricity supply for local consumers. There was a major step forward with the launch of our Consumer Protection Strategy, in February 2016, which will further protect the interests of vulnerable consumers.

Our Corporate Strategy's focus on our long-term objectives is a constant reference point for our work. We expect 2016-2017 to be a pivotal year for completing several of our projects that make the biggest contribution to our corporate strategy objectives. As ever we cannot achieve our strategic objectives alone. We work with government, regulators, industry, the third sector (for example, voluntary and community organisations) and others to help us.

At a time when we are being challenged to make difficult choices about how we use our resources, I am grateful to the people who work for us and the support we receive from our board. We know that being a successful regulatory authority is not just about what we do but also about how we do it. The team have been determined in their commitment and made considerable progress during the last year and I am confident that we can continue to meet the challenges that we face in the coming year.

Jenny Pyper
Chief Executive

1. About this document

Under the Energy (Northern Ireland) Order 2003 and the Water and Sewerage Service (Northern Ireland) Order 2006 we must publish a forward work programme, referred to as a business plan, each year. The plan should contain a general description of our projects, other than routine activities, which we have planned for the year.

On 22 December 2015 we published a draft of this plan for consultation. It set out the projects we proposed to undertake during 2016/17.

During this consultation, we asked for feedback on whether we had identified the right projects or had not included certain projects. It also encouraged people to give us general comments on how the draft was designed and written.

The consultation closed on 23 February 2016 and we received nine responses. We have published these responses on our website at www.uregni.gov.uk/publications/. On 21 January we also held a briefing. This was attended by about 16 people from a range of organisations. They had the opportunity to question our senior management team on the draft programme.

Overall, many of the comments we received related to broader issues rather than being specifically about this business plan. There were no specific proposals to remove any of the projects set out in the draft plan and there were several suggestions around giving greater emphasis, or including projects on, certain projects.

There was also some support for new projects and several of the workstreams identified in the list of possible projects (as listed in Annex 1). We have taken account of these comments in including a project on connections and adding a project in Annex 1 around gas metering.

Many of those who responded referred to the challenge of using our resources to best effect. We have carefully considered these comments and our final plan contains only those projects where there is no scope for us to delay the work.

Many of those who responded to our consultation emphasised the importance of key projects identified by us. These projects are included in this final plan. A small number of comments asked for clarification on the scope of certain projects as well as the timing of these and we have tried to provide those clarifications in this plan.

We will be providing specific responses direct to those who gave us feedback.

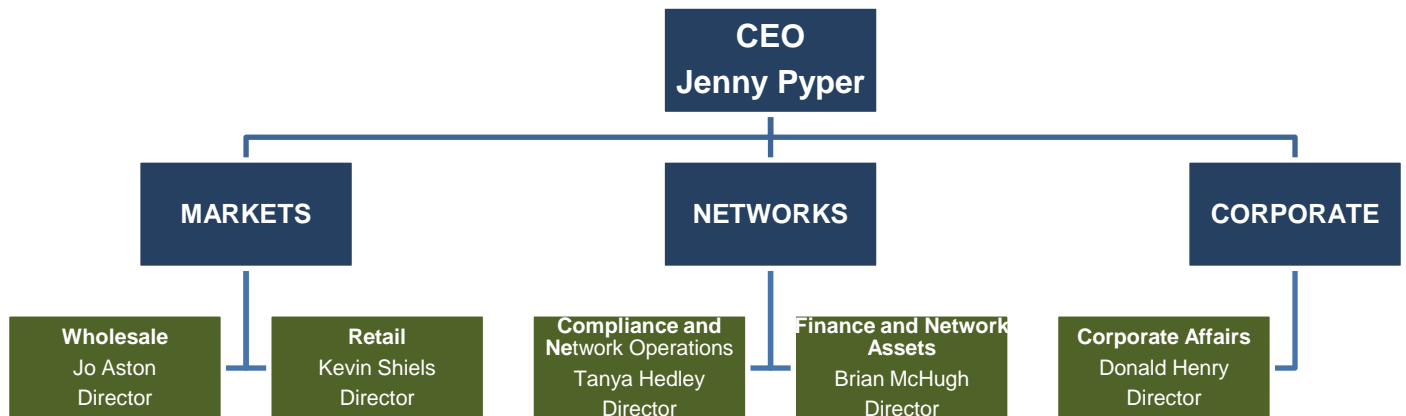
Key terms used in the plan are highlighted in **purple** and explained in a glossary on page 25.

2. About us

Who we are

We are the independent non-ministerial government department responsible for regulating Northern Ireland's electricity, gas, water and sewerage industries. We are governed by a board whose members are appointed by the Minister for Finance and Personnel. We are ultimately accountable to the NI Assembly and our work contributes to the overall Programme for Government (PfG) in Northern Ireland.

During 2014 a new organisational structure was put in place (see below) to help us deliver our corporate strategy, emphasise our priorities and work better with stakeholders (the wide range of people and organisations we work with). It is more closely in line with our three strategic objectives.



What we do

Our work is based on the duties we have by law (our statutory duties), which include the following.

Energy – electricity and gas	Water and sewerage
<ul style="list-style-type: none">• Protecting the interests of electricity consumers in relation to price and quality of service, by promoting effective competition where appropriate.• Promoting the development and maintenance of an efficient, economic and co-ordinated gas industry.	<ul style="list-style-type: none">• Protecting the interests of consumers by promoting an efficient industry delivering high-quality services.

We have wide-ranging statutory duties relating to regulation and competition. We share our duties relating to competition with the UK Competition and Markets Authority.

Our work includes the following.

- **Granting licences that allow gas, electricity and water companies to operate in Northern Ireland.**
- **Making sure licensed companies meet relevant laws and licence obligations.**
- **Setting the minimum standards of service which regulated companies must provide to consumers in Northern Ireland.**
- **Making sure that consumers only pay what is necessary for the services they receive now and into the future.**
- **Challenging companies to make sure they operate efficiently and provide good value for consumers as well as shareholders.**
- **Working to provide more choice and encourage effective competition in the gas and electricity markets.**
- **Making sure that regulated companies can fund their activities and are open to new technologies and ways of working effectively.**
- **Acting as an adjudicator on individual complaints, disputes and appeals.**

Who we work with

We work with a wide range of stakeholders across several areas to help us protect the interests of consumers.

In carrying out our duties relating to gas and electricity, we work within a framework set by the Department of Enterprise, Trade and Investment (DETI). Our statutory duties are the same as DETI's. In carrying out our duties relating to water and sewerage, we work within a framework set by the Department for Regional Development (DRD).

The SEM Committee (SEMC) regulates the **all-island single electricity market** (SEM) which was established in 2007. We work with the Commission for Energy Regulation (CER), the energy regulator for the Republic of Ireland, on the SEMC. The SEMC's role is to protect the interests of electricity consumers on the island of Ireland by promoting effective competition. As the decision making authority on all SEM matters, the SEMC is in effect two SEMCs – each a mirror of the other. This means that there is a SEMC in Northern Ireland as a subcommittee of the Utility Regulator and a SEMC in the Republic of Ireland as a subcommittee of the CER.

We also work closely with the Consumer Council for Northern Ireland (CCNI), the organisation set up by the Government to represent consumers and other groups across Northern Ireland.

Our work sits within a broader European Union (EU) and United Kingdom (UK) setting and we work closely with other regulators. These include the energy and water regulators for Great Britain (Ofgem, Ofwat and the Water Industry Commission for Scotland) and the EU's energy regulatory body (the Agency for the Co-operation of Energy Regulators). We also link with the Council for European Energy Regulators (CEER).

We work with the Competition and Markets Authority (CMA) and with other regulators across the UK, through the United Kingdom Competition Network. This provides a co-ordinated approach to identifying and responding to competition issues and promoting best practice.

Finally, we are also active members of the United Kingdom Regulators Network (UKRN), which includes representatives from economic regulators across the UK. The network seeks to ensure the effective co-operation between sectors and has produced a range of publications. This includes a guide for investors and the UKRN has started work on a series of projects on issues such as involving consumers and making it easier for them to switch suppliers.

3. The context for this business plan

In this section we briefly identify the situation at the time of developing this business plan.

Key external developments during 2015-2016

During 2015-2016 falling global wholesale fuel costs continued to have an impact on consumer prices.

Consumer energy prices remain an ongoing concern. The concerns relate particularly to the energy costs for large users. The Minister for Enterprise, Trade and Investment established an independent advisory panel (EMAG) to provide views on how to deal with issues facing the manufacturing sector including high energy costs for manufacturing companies. We will work with DETI and other key stakeholders to progress any relevant workstreams in that regard.

The energy market in Great Britain was referred to the Competition and Markets Authority (CMA), by Ofgem, for a full investigation in June 2014. Since then, the CMA has published its provisional decision in March 2016, with a final report expected in June 2016. Given our ongoing review of the retail energy market in Northern Ireland we will keep apprised of the findings that emerge from the CMA inquiry.

At the EU level, the integration of gas and electricity markets to help promote competition remains top of the EU agenda. To meet the requirement to comply with the **EU target model** we are aiming to deliver the new wholesale electricity market, the I-SEM, on the island of Ireland by the end of 2017. The implementation of the EU's **IME3** directives is the context for our work on the certification of **transmission system operators**.

The decision of the UK government to end subsidies for onshore wind, as part of **Electricity Market Reform (EMR)**, has had an impact on support mechanisms for the renewables industry in Northern Ireland. The Minister for Enterprise, Trade and Investment has consulted on the future of the support mechanisms for renewables generators. This has had a significant impact in the volume and timing of connection applications from renewables generators.

The question of electricity security of supply for Northern Ireland continues to be a major energy issue. A critical element in ensuring security of Northern Ireland's electricity supply beyond 2021 is the delivery of the second north-south electricity interconnector which is currently the subject of a public planning inquiry. More broadly there are also strategic considerations around the development and adoption of new technologies by the energy industry. This includes smart solutions to new developments in the energy industry in relation to grid operation and storage. We are also actively engaging with Ofgem, CEER and CER to advance gas storage projects in Northern Ireland.

DETI also commenced a review of the Strategic Energy Framework. This review will set the future direction of energy policy for the new Department for the Economy (DfE) and an overarching economic context for long term energy priorities, within which the Utility Regulator will also operate. It is expected that the outcome of this review will be known during 2016. DRD is also developing a long-term sustainable water programme, called Living with Water.

Finally, the constraints in public sector expenditure have continuing relevance to our regulatory responsibilities.

Our Corporate Strategy

We published our Corporate Strategy 2014-2019 in May 2014. It contains three objectives which form the basis for developing our annual plans. The projects in the annual plans are arranged under these objectives. During 2016/2017 there are also several key challenges. These are displayed below in relation to our vision, values and strategic objectives.

Our vision, corporate strategy objectives and key challenges for 2016/2017

Our vision: Value and Sustainability in energy and water	Objective 1: Encouraging efficient and effective monopolies	Objective 2: Promoting efficient and competitive markets	Objective 3: Protecting the long-term interests of business and domestic consumers
	Key challenges: <ul style="list-style-type: none"> • Placing downward pressure on energy costs • Extending the natural gas network • Increasing the efficiency of monopolies and promoting better asset management 	Key challenges: <ul style="list-style-type: none"> • Delivering the I-SEM on time • Getting the right balance between competition and regulation of markets • Putting a strong retail energy market monitoring system in place 	Key challenges: <ul style="list-style-type: none"> • Delivering a co-ordinated approach to protecting consumers • Addressing security of supply risks

4. Our business plan projects and resources

In this business plan we have set out the most significant activities that will help us to meet our strategic objectives. Our business plan projects are set out in section 5.

Our 'flagship' business plan projects

The business plan projects reflect our assessment of the priority work that needs to be done during 2016/2017. The majority of these projects take more than one year to complete. Several of those that are more significant (and, in some cases, started during 2015/2016) are listed below.

1. Progress the electricity network price control for the period 2017-2024 (RP6)
2. Complete the gas network price controls for the period 2017-2023 for PNL, firmus and SGN (GD17) and progress the GNI price control
3. Completing price controls for three incumbent electricity and gas supply companies (SSE Airtricity, Power NI and firmus energy)
4. Progress the I-SEM project to ensure delivery and compliance with the EU target model
5. Progress work on the Secure, Sustainable Electricity System (**DS3**) project
6. Review the effectiveness of retail energy market competition (phase 2)
7. Implement the Consumer Protection Strategy (CPS)
8. Work with DETI and SONI to implement measures to address electricity security of supply
9. Securing gas transportation arrangements for NI post-2021

These 'flagship' projects are significant because they meet legal or regulatory requirements, have a substantial effect on our strategic objectives or need more resources to deliver.

In terms of overall people resources committed to these flagship projects we estimate that this will involve around two-thirds of our staff complement working on these projects during 2016/2017.

Our routine regulatory activities

This business plan provides a list of the main non-routine projects that we intend to undertake, but these are only one part of our overall activities. We also perform a wide range of routine activities which we refer to as 'business as usual' projects and some of these activities are set out below.

In terms of monopolies, an ongoing part of our work is reviewing the regulated electricity and gas tariffs and water charges which affect consumers' bills. We also make sure any EU obligations regarding electricity, gas or water networks (infrastructure) are met. Our work to develop this infrastructure includes approving changes to **network codes** and extensions to

the gas network. Our monitoring and **cost reporting** activities relating to regulated companies are also significant commitments. During 2015/2016 we introduced cost reporting rules, called Regulatory Instructions and Guidance (RIGs), for the electricity network company, NIE Networks (NIEN). We also continue to monitor the performance of NI Water and report on this through an annual cost and performance report. As part of our network price controls, we also encourage regulated utilities to take steps to enhance their approach to asset management so that they compare favourably with their peers. We also engage with stakeholders to consider technological advances for future energy networks, including smart solutions that add economic value for consumers.

An important part of our day-to-day work concerning energy markets relates to the wholesale electricity market. This includes the ongoing programme of work for the **all-island single electricity market (SEM)**. This work relates to: monitoring the market and analysing trends and patterns, the rules and procedures for the market (the **Trading and Settlement Code**), reviewing **generating unit agreements (GUAs)**, the **capacity payment mechanism** and generator licences. There is more information on this work on the website at www.allislandproject.org/. We also regulate the transmission system operator for NI (SONI) the Single Electricity Market Operator (SEMO) and support the SEM Committee.

We are also taking forward the extensive preparations needed for the new **integrated single electricity market (I-SEM)**. These preparations, which involve a series of stages and actions jointly delivered with the Commission for Energy Regulation, relate to:

- energy-trading arrangements (arrangements for how energy is bought and sold);
- capacity remuneration mechanisms (mechanisms for paying the generators of electricity for their ability to provide electricity to suppliers);
- market power (taking steps to reduce control by individual companies);
- forward markets and liquidity (making sure energy can be bought effectively in the future); and
- governance (looking at how the market is run) and licensing (management of the licences which those in the market hold).

More generally, across our Markets Group we monitor the way the **wholesale electricity market** and the **retail electricity market** work.

Our ongoing work to protect consumers (domestic customers) includes issuing, and monitoring compliance with, licences that allow gas, electricity and water companies to operate in Northern Ireland. In recent years we have also put in place substantial new **codes**

of practice relating to consumer protection. We also consider and make decisions on regulatory appeals, complaints and disputes. We also manage and oversee the Northern Ireland Renewables Obligation (NIRO), playing a role in supporting the introduction of other renewable subsidies.

Our regulation of NI Water ensures that the company continues its efficiency journey and builds on the improvements that have been made. The ongoing squeeze on public expenditure allocations to NI Water will have an impact on services and outputs going forward.

As we work within policy frameworks established by DETI (for energy) and DRD (for water), we help these departments by providing regulatory support and carrying out analysis. We also support, where necessary, the Assembly's Regional Development and Enterprise, Trade and Investment committees and frequently provide evidence to meetings of these committees.

As a non-ministerial government department we also are focused on communicating with and involving industry, voluntary organisations and the public. This includes regular meetings and hosting forums (for example, the Renewables Grid Liaison Group and Gas Market Opening Group). We try to promote the use of clear and upfront communications and are planning to introduce a new consumer-friendly website. We also comply with a range of finance, HR, accountability and communications-related reporting requirements. Finally, we regularly respond to correspondence and requests for information from people and organisations (including those relating to Freedom of Information).

Delivering our business plan – resources

Because of the scope and scale of our business-as-usual work and the major projects set out in this business plan (as listed in section 5), we often have to make choices about how to use our resources. This includes prioritizing our resources to make sure we progress the critical projects (for example, the integrated single electricity market) which will facilitate delivery of our strategic objectives and ensure compliance with statutory requirements.

Annex 1 identifies a number of other significant projects (prioritised by directorate) which are also important and we would like to do, but which are not currently part of our FWP. We would only be able to progress the Annex 1 projects in 2016/2017 if resources become available in-year. Annex 2 includes a profile of proposed FWP projects in relation to the key performance indicators (KPIs) identified in our corporate strategy.

Supporting our staff is essential if we are to successfully carry out the projects and meet the objectives set out in our Corporate Strategy and this business plan. We are implementing a new human resources strategy to support the development of our staff, promote the benefits of working for us and recruiting and keeping competent staff. We must make sure we have the skills, experience, processes and culture needed to deliver this challenging business plan.

As a non-ministerial government department we keep to relevant policies, processes and controls. To support our aim to follow best practice, we will be taking steps to further improve our regulatory processes and our communications with stakeholders. Reviewing our own performance, learning lessons and maximising transparency will be key aspects of our continuous improvement journey.

Our focus is on making sure that we apply our resources efficiently and this business plan will be challenging to fund and deliver. Flagship projects are priority projects for us. We also plan to resource the delivery of the other projects included in this business plan. If new priorities emerge during the year we will re-prioritise resources and planned FWP deliverables accordingly. In these situations we will, as far as possible, let relevant stakeholders know.

This draft business plan needs to allow for the exceptional costs associated with putting in place the new integrated single electricity market (a market that is valued at around £2.7 billion) and making sure relevant EU directives and regulations are met. Despite significant extra pressures on our resources, we still intend to keep our 2016/2017 budget around £8.3 million and we have achieved that by continuing to constrain spending on other programmes not related to the integrated single electricity market.

This business plan is based on the equivalent of around 76 permanent full-time staff and a number of temporary staff currently organised across three organisational groupings – Networks, Markets and Corporate Affairs. In recent years we have focused on developing our staff and that has enabled us to reduce the need to use external support. The recent organisational restructuring programme will make us even more effective.

2016/2017 budget

	Networks	Markets	Corporate Affairs	Total
Staff costs	£1,850,000	£1,745,000	£1,663,000	£5,258,000
Programme costs	£410,000	£1,550,000	£370,000	£2,330,000
Other costs	£241,932	£244,427	£278,389	£764,748
Total	£2,501,932	£3,539,427	£2,311,389	£8,352,748

Note: the budget could still change as costs relating to the **integrated single electricity market** are yet to be finalised.

Except for the costs associated with some environmental responsibilities we receive all our funding through licence fees. Corporate and shared costs (such as finance, HR,

accommodation and IT) are included in 'other costs' and are attributed to the gas, electricity and water licence holders for the purpose of working out the licence fees they must pay.

5. List of business plan projects

Strategic objective 1: Promoting efficient and effective monopolies

Flagship projects are coloured blue in the table below.

Ref	Project description	Anticipated outcome/s	Link to Corporate Strategy KPIs	Lead team	Timing
1	Progress the electricity network price control for the period 2017-2024 (RP6) to Draft Determination	Will ensure that the company produces quality outputs at lowest cost to consumers and has sufficient revenues to run its business and invest to enhance the network.	KPIs 1,2,3,4	Networks	Full Year ¹
2	Complete the gas network price controls for the period 2017-2023 for PNGL, firmus and SGN (GD17) and progress price control for GNI	Will ensure that the companies produce quality outputs at lowest cost to consumers and have sufficient revenues to run its business and invest to enhance the network.	KPIs 1,2,3,4	Networks	Full Year
3	Complete price controls for three incumbent electricity and gas supply companies (SSE Airtricity, Power NI and firmus energy)	Will ensure that the companies have sufficient revenues to run their businesses at lowest cost to consumers.	KPI 4	Retail Markets	Full Year

¹ Full year indicates that work on the project will span the whole year.

Ref	Project description	Anticipated outcome/s	Link to Corporate Strategy KPIs	Lead team	Timing
4	Setting capital allowances and facilitating supplier entry for the Gas to the West project	Will promote the benefits of natural gas to an increased number of consumers.	KPIs 4 and 5 and CS Objective 2 KPI 2	Networks/ Retail Markets	Full Year (for Retail element)
5	Finalising regulatory arrangements to enable the East Down gas project to advance	Will promote access to, and the benefits of, natural gas to an increased number of consumers.	KPIs 4 and 5	Networks	October 2016
6	Contribute to DRD's strategic development of water services in NI	Should promote a longer-term approach to strategic issues associated with the security of water supplies and drainage infrastructure while protecting consumers	KPIs 1,2,3,4 CS Objective 3 KPI 4	Networks	Full year
7	Developing consumer protection measures for, and monitoring the effective implementation of, the PC15 price control	Will ensure progress of mid-term review and that PC15 delivers outputs that benefit consumers	KPIs 1,2,3,4 CS Objective 3 KPI 4	Networks	Full year
8	Complete a price control for the Single Electricity Market Operator (SEMO)	Will ensure that the company has sufficient revenues to run its business at lowest cost to consumers.	KPI 4	Wholesale markets	October 2016
9	Review electricity and gas connections policy	Will ensure the effective operation of connections policy (including electricity connections through clusters).	KPIs 1 and 3	Networks	Full year

Strategic objective 2: Promote efficient and competitive markets

Flagship projects are coloured blue in the table below.

Ref	Project description	Anticipated outcome/s	Link to Corporate Strategy KPIs	Lead team	Timing
1	Progress the I-SEM project to ensure delivery and compliance with the EU target model	Should place downward pressure on prices, support security of supply, facilitate increased integration of renewables, support competition and increase investment.	KPI 1 and KPI 3	Wholesale Markets	Full year
2	Progress work on the Secure, Sustainable Electricity System (DS3) project	Will maximise the use of renewable generation on the island of Ireland and put downward pressure on prices.	KPI 3 and CS Objective 3, KPI 2	Wholesale Markets	Full year
3	Review the effectiveness of competition (phase 2)	Will define how we regulate the retail market going forward. Will enhance consumer protection and provide clarity for industry on the future direction of retail market regulation.	KPI 2	Retail Markets	December 2016
4	Progress the implementation of the Capacity Remuneration Mechanism for I-SEM	Will ensure efficient use of generation capacity; promote competition among generators and support security of supply.	KPI 1 and CS Objective 3, KPIs 1 and 2	Wholesale Markets	Full year
5	Implement a comprehensive retail energy market framework (REMM)	Will promote transparency, enable us to monitor the retail energy market more effectively, help address any emerging risks and inform our regulatory policy and price controls work.	KPI 3	Retail Markets	Full year

Ref	Project description	Anticipated outcome/s	Link to Corporate Strategy KPIs	Lead team	Timing
6	Developing a market monitoring framework for the I-SEM (post implementation)	Will promote transparency, enable us to monitor the wholesale electricity market more effectively, help address any emerging risks and inform our regulatory policy and price controls work.	KPI 2	Wholesale Markets/Retail Markets	Full Year
7	Delivering contestability of connections to electricity networks.	Should offer choice in connecting to electricity networks , promoting a drop in prices and reducing connection times.	KPI 3 and CS Objective 1, KPI 2	Networks	Full year
8	Ensure compliance for gas on the EU's IME3 directives (new network codes and delivering a single Transmission System Operator)	Will promote competition and ensure the reliable operation of the gas transmission system.	KPI 3	Networks	Full year

Strategic objective 3: Protecting the long-term interests of business and domestic consumers

Flagship projects are coloured blue in the table below.

Ref	Project description	Anticipated outcome/s	Corporate Strategy KPIs	Lead team	Timing
1	Implement the five-year Consumer Protection Strategy (CPS): year 1 project priorities	Will enhance protection for consumers by implementing the CPS five-year strategy: 2016/2017 will see “year 1” projects implemented (i.e. billing information code of practice for energy suppliers, code of practice on energy theft; review of network Critical Care Registers; work with partners on DETI’s Energy Wise scheme; work with partners to improve customer confidence when utility company staff visit their home).	KPI 3	Retail Markets/Networks/ Corporate Affairs	Full Year (Five-year strategy)
2	Work with DETI and SONI to implement measures to address electricity security of supply	Will support the delivery of the north-south electricity interconnector and more broadly make a critical contribution to ensuring electricity security of supply for NI.	KPI 2	Wholesale Markets/ Networks	Full year
3	Securing gas transportation arrangements for NI post 2021	Will provide certainty for transport arrangements to gas to NI post 2021 leading to reduced costs for consumers.	KPI 2	Networks	Full year
4	Working with DETI in relation to scoping the extent to which energy licences could be simplified	Will lead to a more standardised form of licence, facilitate compliance with EU directives and reduce regulatory burden.	All of CS Objective 3	Corporate Affairs	Full year

Ref	Project description	Anticipated outcome/s	Corporate Strategy KPIs	Lead team	Timing
5	Deliver a new consumer-facing website	Will promote access to information and improve the ease of use for all stakeholders.	Will support all CS KPIs	Corporate Affairs	June 2016
6	Promote corporate social responsibility initiatives by working with Business in the Community	Should provide opportunities for us to make an impact on the community and for staff to develop skills which might not otherwise be available	Will support all CS KPIs	Corporate Affairs	Full year

Annex 1: Other projects (not in our draft business plan) which we will start in 2016/2017 if resources become available

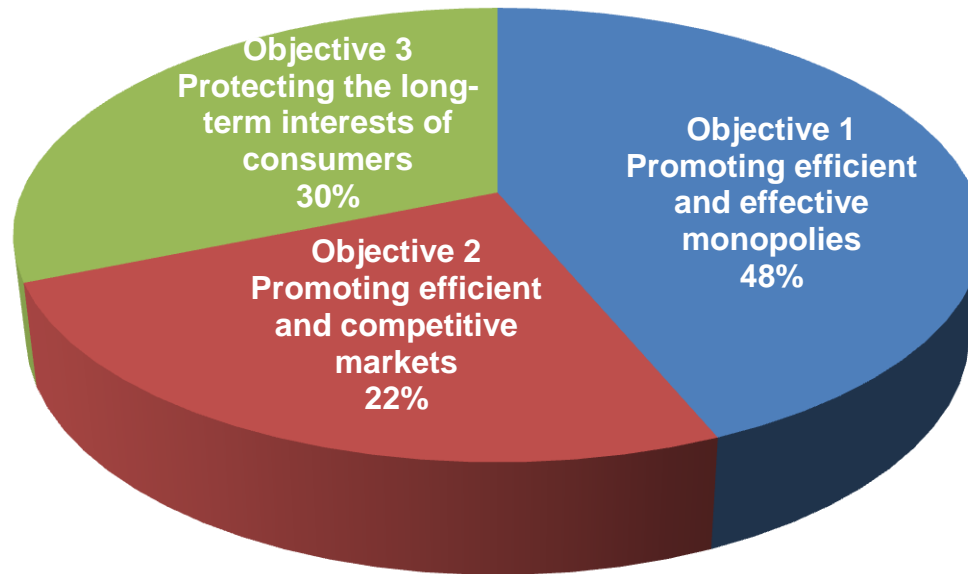
	Project	Anticipated outcome	Corporate Strategy objective	Lead team
1	Consumer education project (with CCNI) on switching, prices.	Should improve customer knowledge, confidence and ability to make good choices	2	Retail (year 1 CPS project)
2	Work with CCNI on switching/tariff comparison project	Should facilitate CCNI work to assist in helping customers to make good switching choices	2	Retail (year 1 CPS project)
3	Micro-business regulatory framework: review and fix	Will improve customer protection: Review requirements and GB best practice; fill current regulatory gaps in NI	3	Retail
4	Energy broker/TPI: review of regulation requirements	Should improve customer protection: Review requirements and GB best practice; fill current regulatory gaps in NI	3	Retail
5	Supplier Deemed Contract Schemes: review and fix	Will ensure adequate protection for customers on deemed contract schemes.	3	Retail
6	Other CPS projects: e.g. Review supplier Special Care Registers; Electricity GSS and OSS; Energy Efficiency Code; Review and “fix” customer backbilling rules; Review Consumer Checklist	Will provided enhanced consumer protection.	3	All
7	Mutual Energy Limited Shadow Price Controls	Should ensure a review of efficient cost levels.	1	Networks
8	Review of Regulatory Accounting Requirements	Will take into account updated international accounting standards	All	Networks
9	Further review of network companies information requirements	Should ensure scope and scale of information requirements are sufficient and proportionate.	All	Networks
10	Develop new monitoring and measurement approaches to asset management excellence for the regulated companies	Will improve transparency of regulated monopolies performance.	1	Networks
11	Develop new benchmarking methodologies for NI Water	Will improve ability to compare NI Water to drive efficiency assessments.	1	Networks
12	Micro Generation engagement and delivery of connections review with CCNI and Trading Standards	Should lead to an improved understanding of roles and consumer protection in the delivery of micro generation connections.	2	Networks

13	Financial Penalties policy review	Should ensure that policy will be consistent with Enforcement Action Procedure and incentivize compliance	All	Corporate Affairs
14	Charging for disputes guidance	Will clarify existing legislative provisions regarding charging	All	Corporate Affairs
15	Development of competition procedure and guidance	Will ensure approach is consistent with best practice and understood by market participants and key stakeholders	2	Corporate Affairs
16	Working with DETI to review standards of performance Regulations	Will ensure NI consumers will have the same protections that exist in GB	All	Corporate Affairs
17	Monitor European consultations in relation to proposals for possible amendments to the internal market legislation, Renewables Directive, Energy Efficiency Directive and infrastructure Regulation.	Should allow timely identification of emerging issues and appropriate implementation of directive requirements	All	Corporate Affairs
18	Review of governance arrangements relating to gas metering	More efficient operation in relation to metering activities and promote greater transparency of roles.	1	Networks
19	Consider metering strategy in Northern Ireland for gas and electricity in the context of smart meter developments	Will develop policy to meet the needs and provide choice for future consumers.	1	Networks

Annex 2: Corporate Strategy 2014-2019 Key Performance indicators and profile across proposed FWP 2016-2017 projects

Objective	Key performance indicators
1: Promoting effective and efficient monopolies	<ol style="list-style-type: none"> 1. Network utilities will be able to demonstrate their excellence in asset management, which is measured against other utility companies. 2. Network utility costs and performance measure favourably against the top quarter of appropriate comparable companies. 3. Our regulatory tools have helped make sure that regulated utilities drive further effective innovation, such as smart grids and meters. 4. Regulated companies deliver the outputs required by our price control decisions, on time and within budget. 5. Network gas extensions have been delivered, leading to over 250,000 connections by 2019.
2: Promoting competitive and efficient markets	<ol style="list-style-type: none"> 1. The I-SEM is delivered on time and is consistent with the EU target model. 2. The Retail Energy Market Monitoring (REMM) system is in place and reported on each year, increasing customer protection. 3. The effectiveness of competition in our energy markets has been assessed and we have put in place the associated regulatory and policy frameworks.
3: Protecting the long-term interests of business and domestic consumers	<ol style="list-style-type: none"> 1. More energy will be generated from renewable sources between 2014 and 2019 in line with the NI Executive's targets. 2. The immediate risk to security of supply has been addressed by 2016, and longer-term concerns are dealt with by working with DETI and SONI. 3. We have delivered the Consumer Protection Strategy and have put in place revised energy supplier codes of practice. 4. There is clarity for consumers and stakeholders and evidence of a high level of satisfaction with customer-protection measures.

Profile of CS Objectives and KPIs across FWP projects



Glossary

Capacity payment mechanism	A method of paying electricity generators for providing electricity to suppliers.
Codes of practice	Documents that provide information on the standards of a range of services.
Contestability of connections	This relates to opening up the rules for providing connections to, and building all elements of, electricity infrastructure in Northern Ireland.
Cost reporting	A process of collecting information from regulated companies to allow us to assess, monitor and measure costs.
DS3 initiative	<p>An initiative to deliver a secure, sustainable electricity system. This initiative involves us, the Commission for Energy Regulation and the transmission system operators in Northern Ireland and the Republic of Ireland and aims to:</p> <ul style="list-style-type: none"> • make sure there is a constant electricity supply; and • help meet renewable targets relating to electricity. <p>The three main work areas relate to system performance, system policies and system tools.</p>
Electricity Market Reform	A government initiative which aims to deliver greener energy and a more reliable electricity supply while reducing costs for consumers in the long term.
EU target model	Requirements for designing and operating energy markets that will promote competition, apply pressure to reduce prices and make sure there is a more reliable electricity supply.
Generating unit agreements (GUAs)	These agreements, also referred to as power purchase agreements, are long-term contracts between two parties, one who generates electricity and another who buys it.
IME3	A package of EU directives. The package includes two directives and three regulations aimed at reducing restrictions on gas and electricity markets across Europe. It focuses on developing internal markets but also adds new customer protection and information requirements.
Integrated single electricity market (ISEM)	The name of the new wholesale electricity market throughout the island of Ireland. This should be in place in 2017.

Network codes	Contractual arrangements between the network system operator and network users to make sure the network runs efficiently.
Price control	Price controls are one of the main tools we use to protect consumers. This involves the regulator studying the business plans of utility companies and calculating the revenue they need to finance their activities while providing incentives to invest in the business.
Retail energy market	The activities of electricity and gas suppliers and their interactions with consumers.
Single electricity market (SEM)	The SEM was set up in November 2007. It is the single wholesale market for electricity which operates in both the Republic of Ireland and Northern Ireland. It aims to improve the reliability of supplies and the range of suppliers, encourage market efficiencies and economies and promote greater competition.
Trading and Settlement Code	This sets out the detailed rules and procedures for selling and buying wholesale electricity in Northern Ireland and the Republic of Ireland.
Transmission system operator (TSO)	The organisation that makes sure the energy networks run efficiently.
Wholesale market	The wholesale market is where generators sell their electricity to suppliers.