

Comments on Draft FWP – provided via Citizenspace

1 Firmus Energy

Have we prioritised the right projects?
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Yes

Have we prioritised the right projects? - Prioritisation comment

<p>firmus energy welcomes the opportunity to respond to the Utility Regulator’s Forward Work Programme consultation. firmus energy is committed to working with the Utility Regulator, Department for the Economy (DfE), the Consumer Council for Northern Ireland and other stakeholders to ensure customers are at the heart of our activities of distributing and supplying gas across Northern Ireland. We recognise working collaboratively is the most effective way to promote the role our gas distribution infrastructure plays in delivering the benefits of gas across Northern Ireland and the role our network is primed to play in achieving our shared ambitions for net zero carbon energy.</p>

<p>We appreciate the visibility that the Forward Work Programme provides and our opportunity to contribute to it. In our response we have directly referenced the programme points we believe are appropriate for firmus energy as a Distribution Network Operator and Gas Supplier.</p>
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<p>Strategic objective 1: Supporting the Just Transition to Net Zero</p>
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<p>Policy/regulatory framework</p>

<p>firmus energy strongly supports the requirement for the Utility Regulator to deliver an assessment of any gaps in the policy/regulatory framework and evidence base needed to deliver net-zero. We consider this project as imperative to ensuring the Utility Regulator’s ability to facilitate appropriate implementation of energy strategy and Climate Action Plans.</p>

<p>The timing for this project has been noted as “Q4”, however the earlier any identified gaps can be addressed, the earlier the Utility Regulator and/or DfE can better support the transition to Net Zero and deliver meaningful change. In particular, there is a specific need for the Utility Regulator to be able to consider non-economic metrics, such as delivering net-zero, when setting future looking price controls for any of the regulated gas, electricity, and water companies.</p>

<p>It is vitally important for the Utility Regulator to have the necessary vires to support the just transition to Net Zero and we believe that the project for 2024/2025 could go further than only publishing an assessment of any gaps. There is a real need to address any gaps in the policy/regulatory framework and whilst ambitious, it would demonstrate a clear intent to deliver change.</p>

<p>Northern Ireland Renewables Obligation (NIRO) and Northern Ireland Sustainable Energy Programme (NISEP)</p>
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<p>Both of these schemes have been successful in promoting sustainable energy. It is important that Northern Ireland continues to incentivise consumers to increase their use of renewable sources of energy and/or incentivise energy efficiency solutions.</p>
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<p>We consider it important for the Utility Regulator to promote transparency regarding compliance with these schemes and firmus energy welcomes any workstreams that identify and address compliance issues, including any learnings from existing schemes.</p>
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Policy framework for biomethane injection

Following the first injection of biomethane into the Northern Ireland gas network in 2023, John French, Chief Executive at the Utility Regulator noted, “The direct injection of biomethane represents a tangible transition from theoretical discussions to a concrete demonstration of the pivotal role gas networks in Northern Ireland are set to play. This development underscores the commitment to offering consumers access to a decarbonised energy source, all while minimising the necessity for substantial costs and upheaval.”

The Utility Regulator will play a pivotal role in facilitating delivery of renewable gas, in line with developing energy policy and emerging interest in biomethane injection.

The Utility Regulator will need to work closely with Government, particularly the Department for the Economy and the Department of Agriculture, Environment and Rural Affairs, to develop a policy framework for biomethane injection. A clear policy framework will support the energy industry as well as providing authoritative guidance for biomethane producers and energy consumers.

The development to date of biomethane injection in Northern Ireland has all been in the absence of this policy framework and whilst noted in the Forward Work Programme Timing as “multi-year”, it is vital that this is seen as a high priority for the 2024/2025 year.

As a gas DNO and supplier, firmus energy is committed to the role our gas network will play in transitioning to a low carbon infrastructure and it is crucial that energy policy and regulation strategy is shaped to facilitate growth in the biomethane market. Focus to date has been on facilitating Biomethane injection into the gas Distribution networks and the scope in the Draft Forward Work Programme appears to remain so. Attention should also now turn to developing policy, infrastructure, and regulatory framework to leverage the benefits of locally produced biomethane for Northern Ireland consumers.

A transition to a net zero energy system has the potential to be a key factor in helping address affordability and security of supply concerns if made suitably available to consumers. We would like to see a structure in place for Northern Ireland consumers to realise the green benefits from locally produced Biomethane. We believe the Utility Regulator has a pivotal role to play in facilitating this.

Approach to a Just Transition to Decarbonisation

firmus energy fully supports the concept of a “Just Transition” to decarbonisation in Northern Ireland.

We would see the first step in this workstream as the Utility Regulator setting out their definition of a “Just Transition”. These words can have very different interpretations for different stakeholders and providing clarity on how the Utility Regulator interprets them will help provide clarity to the Utility Regulator’s approach and the elements it will consider.

A “Just Transition” would generally be considered as ensuring that domestic consumers are protected and keeping the costs passed on to them to a minimum. There are, however, other “Just” elements that may or should form part of the roadmap to decarbonisation:

- Access for all to affordable energy – domestic and commercial consumers

- Stakeholders are consulted on options and how the choices impact them, to ensure decisions are coming from an informed backdrop
- Equal benefit distribution
- Financing options are provided that address and remedy the past fossil fuel economy and support is provided for displaced activities
- Consider impacts for people and environment
- Work closely with other jurisdictions to maximise synergies

Strategic objective 2: Securing our energy and water supply

Review of the approach to future network gas price control regulation

In their Economic Regulation Policy Paper in 2022, the Department for Business, Energy and Industrial Strategy acknowledged that “Our economic regulators have a central role in encouraging the green investment and innovation that will ensure we continue to lead the world in decarbonising our economy and in driving economic growth.”

Having just completed the gas network Price Control determinations (GD23 and GT22), 2024/2025 is timely opportunity to review the lessons learnt from those processes and look to the approach for the next price controls.

We are seeing an acceleration of net-zero policy across the UK and Ireland, and it is important that regulation addresses and supports these policies by including decarbonisation considerations alongside the traditional economic regulation models.

The Utility Regulator, through its price control determinations, has a unique opportunity to stimulate innovation, investment, and growth to help support Northern Ireland’s path to net-zero.

Price Controls can no longer be assessed in isolation and the Utility Regulator must consider the impacts that its determinations have or may have on other sectors. Optimising the role of each sector will facilitate the most effective collaboration between regulated energy companies, industry, and effective delivery of a “Just Transition”.

Strategic objective 3: Enabling best in class energy and water companies

Electricity network (RP7) price control

As the Utility Regulator has outlined, “RP7 is creating the foundation for Northern Ireland’s journey towards net zero and will facilitate a more efficient use of the electricity system. Our decisions within this draft determination will ensure NIE Networks is fully able to support the energy transition in Northern Ireland. Whilst this additional investment will increase the network cost for electricity consumers, we will ensure that the transition is affordable, fair, and inclusive for all.”

firmus energy also regards RP7 as an important price control, particularly relative to the time frame that it encompasses, and the level of investment being proposed. We are fully supportive of the requirement to invest in the electricity infrastructure and ultimately supporting the delivery of net-zero. It is imperative that adequate allowances are provided for the costs and associated financing of this investment and also to facilitate innovation within the electricity network.

As noted above, price controls can no longer be assessed in isolation and the Utility Regulator must consider the impacts that its determinations have or may have on other sectors, for example, increased investment in electricity infrastructure may lead to reduced gas consumption. It is these knock-on impacts that need to be considered as part of the Utility Regulator's objective to deliver a "Just Transition".

Power NI price control

firmus energy provided a response earlier in 2024 to the Utility Regulator's Consultation on the Approach to the Power NI Supply Price Control 2025.

Within our response we highlighted some key areas for consideration including consumer protection, SMART metering, operational cost allowances, approach to establishing a margin and the importance of communication and adherence to agreed timelines.

Review of cost and performance reporting for network companies

The Utility Regulator sets out in the Forward Work Programme that "This review is being initiated to support the ambition of best-in-class energy and water companies, by enhancing performance reporting to that improved comparative benchmarking, while also minimising regulatory burden, and ensures consistency and clarity."

Gas network companies in Northern Ireland already perform to a notably high standard when compared to gas networks in other jurisdictions and also in comparison to electricity and water networks.

A key word for firmus energy in undertaking this review would be 'proportionality'. We welcome the Utility Regulator's objective to minimise regulatory burden and therefore any new performance reporting should have a clearly defined rationale and benefit for its capture.

We fully support this review and anticipate that the reporting for gas network companies can be refined to provide more meaningful information and avoid any unnecessary or redundant reporting.

Licence compliance framework

firmus energy has developed rigorous internal procedures to ensure that we are and remain compliant with the multiple licences that we hold.

Compliance with licences granted by the Utility Regulator is imperative for consumer protection and we fully support this project to develop and deliver a robust, consistent, and proportionate licence compliance framework.

We will continue to work with the Utility Regulator with regards to consumer protection and licence compliance and will offer any support necessary to the development of a new public compliance reporting regime.

Roll-out of electricity Smart Meters

Whilst the decision has been made to separate the solutions for smarter gas and electricity meters in Northern Ireland, we would encourage the Utility Regulator and DfE to consider any synergy savings that could be made surrounding the roll-out of these meters.

The benefits of a combined roll-out approach would not only include potential cost savings but would minimise disruption for Northern Ireland energy consumers.

firmus energy notes that the Forward Work Programme does not make specific reference to the new gas metering solution and its proposed roll-out, and a project of this scale will require significant input from all stakeholders and therefore should be reflected within the Utility Regulator's project plans.

Strategic objective 4: Providing the highest level of consumer service and protection

Review of monitoring of the retail electricity and gas market

Energy retail suppliers in Northern Ireland currently report a large array of metrics to the Utility Regulator on a quarterly and annual basis. This reporting has been in place for many years and firmus energy's internal processes, procedures and systems have been tailored to capture and report on these metrics.

Whilst we welcome the review of these metrics and the enhancement of transparency within their reporting, we would ask the Utility Regulator to carefully consider the introduction of any new metrics or additional information requirements, particularly if their capture requires system development and updates to internal processes and training. Again, we would encourage a proportionate approach to this workstream.

Consumer Protection Programme (CPP) for 2024-2029

firmus energy provided a response earlier in 2024 to the Utility Regulator's Consultation on its Consumer Protection Programme 2024 – 2029.

Within our response we highlighted some key areas for consideration including maintaining the principle of affordability, including a distinct theme around ensuring a 'Just Transition', balancing the workload with the availability of stakeholder resource, reviewing the sectors approach to debt and affordability of energy, and improving support for vulnerable customers.

Best Practice Framework

firmus energy provided a response in 2023 to the Utility Regulator's Best Practice Framework Proposals: Code of Practice for Consumers in Vulnerable Circumstances Consultation.

This consultation set out the principles and measures proposed for the development of the Utility Regulator's Best Practice Framework and firmus energy continues to be fully supportive of developing and implementing these principles and measures.

The ultimate goal of delivering a single customer care register that supports electricity, gas and water will take longer than one year and require significant resources from both Network Operators and Suppliers to implement.

The earlier we can commence the implementation of the measures set out in the framework, the better it will be for all stakeholders. We believe this workstream will warrant considerable engagement with external stakeholders, particularly regarding GDPR considerations.

firmus energy will continue to engage with the Utility Regulator on developing and implementing the Best Practice Framework and do everything we can to support our vulnerable customers.

Non-Domestic and Domestic consumer insight tracker research

Any research derived from consumers outlining their wants and understanding of the energy markets will be invaluable and we look forward to the sharing of these insights from the Utility Regulator's consumer protection team.

Organisational Projects

In-house modelling capability and review of market and consumer data

The development and enhancement of modelling capability and analysis of market and consumer data can only be seen as a positive for all stakeholders.

firmus energy will support these projects and provide any available resources to help deliver these improvements.

Growth and development of staff in the Utility Regulator

It was widely recognised at the launch of the Utility Regulator's Forward Work Programme that the Utility Regulator's organisational transformation programme can only be a positive for not only the internal operations of the Utility Regulator but also its interactions with stakeholders and its ability to deliver on its strategic goals.

With the large influx of new staff, it will be important that they receive adequate training and are provided with an environment conducive to their development and retention.

We welcome the recognition of a programme specifically designed to review the Utility Regulator's approach to learning and development and investing in its staff.

In support of this staff development, firmus energy would, once again, offer any member of the Utility Regulator staff the opportunity to visit our offices, meet our staff and talk through the work we do and our interactions with key stakeholders, in particular our interactions with the Utility Regulator.

Have you any objections to the projects we have identified? - Objections to projects

No

Have you any objections to the projects we have identified? - Comment on objections

All comments included in response to Question 1.

Have you any other comments on our draft FWP? - Other comment

As the Utility Regulator workforce increases and facilitates proactive pursuit of the projects detailed in the Forward Work Programme, care must be taken to ensure stakeholders are given time and opportunity to also ensure resource is trained and available, particularly as new and enhanced market monitoring and cost/performance reporting has been identified as a key outcome for the Corporate Strategy. The Utility Regulator has stipulated prioritisation of resources to ensure targeting critical projects, this prioritisation must consider limitations industry face to ensure resources are prioritised to maximise customer service delivery. To this end, firmus energy acknowledges the Utility Regulator's pledge to further improve regulatory processes and communications with stakeholders. firmus energy would welcome details of the new Utility Regulator organisational structure, roles

and responsibilities as soon as practicable along with more specific and regularly updated timelines for key deliverables in 2024/25. It would be beneficial to all parties if the Business Plan Projects in the Forward Work Programme gave anticipated times frames for interactions with stakeholders to facilitate planning.

The GD23 final determination acknowledges the possible transfer of responsibility for meter reading from supply companies to DNOs and the need for this to be aligned with future metering solutions. firmus energy notes that the Forward Work Programme does not make specific reference to this transfer of meter reading responsibility, and a project of this scale will require significant input from all stakeholders and therefore, if there are any considerations for this commencing in 2024/2025, it should be reflected within the Utility Regulator’s project plans.

While firmus energy is supportive of the projects proposed by the Utility Regulator, we believe further consideration is required in some areas within the Forward Work Programme. There is no specific reference to hydrogen in the strategic objectives. Implementation of the Energy Strategy, to help deliver net zero, has been defined as a key focus area within the Programme and hydrogen is seen as a vital part of the overall Energy Strategy. firmus energy believes this omission should be addressed. The industry is at a critical stage in defining the role hydrogen may play in the future energy transition and it is essential to identify and overcome any existing regulatory barriers to hydrogen development. We understand the Utility Regulator’s participation in hydrogen innovation has been somewhat limited by current vires and to that end we welcome constructive engagement between the Utility Regulator and DfE to ensure the Utility Regulator’s vires is appropriate to deliver Energy Strategy and climate change legislation and to identify effective changes to the existing regulatory framework to support the development of hydrogen technology.

As delivery of the Energy Strategy progresses, firmus energy requests DfE and the Utility Regulator work together to ensure a holistic approach to delivering decarbonised solutions. Care must be taken that one industry is not promoted in favour of others in the transition to net zero, as effective collaboration is the key to an effective and just transition. Solutions that continue to promote connections to, and safeguards the future of, the gas network will leverage existing infrastructure and provide more affordable options for consumers. The continued growth of the gas network will ensure cost stability and a consumer base which can readily benefit from the distribution of locally produced renewable gas. s

The challenges the gas industry has faced over the last few years reinforce the importance of robust core business activities and careful forward planning. firmus energy is committed to continued engagement with the Utility Regulator to ensure we continue to operate and provide outstanding customer service to our c.110k customers across Northern Ireland. We are dedicated to supporting the Northern Ireland Energy Strategy objective of achieving net zero carbon by 2050 and will continue to support the Utility Regulator in progressing this through the Forward Work Programme.

2 SONI

Have we prioritised the right projects?
Yes
Have we prioritised the right projects? - Prioritisation comment
No comment

Have you any objections to the projects we have identified? - Objections to projects

No

Have you any objections to the projects we have identified? - Comment on objections

No comment

Have you any other comments on our draft FWP? - Other comment

SONI welcomes the opportunity to respond to the consultation on the Utility Regulator's draft Forward Work Plan for 2024-2025.

SONI is the electricity transmission system operator for Northern Ireland. We are responding to the Utility Regulator's consultation on its Forward Work Plan in the context of our key roles of planning and operating the electricity transmission system and operating the markets for wholesale electricity, system services and capacity.

These roles mean we plan for the future of the electricity transmission grid and operate it every minute of every day. This includes interconnection to neighbouring grids and running the wholesale electricity market.

We ensure that everyone has power when they need it at the most economic price possible.

SONI has a pivotal role to play in the implementation of Northern Ireland's new energy strategy and obligations under the climate change act to achieving at least 80% of our electricity from renewable sources by 2030, an important step on the journey to net-zero carbon emissions by 2050. We believe this is achievable if industry, government, the regulator, communities, and landowners collaborate to make it happen.

While SONI has a unique role to play in delivering Northern Ireland's low carbon future, we are also responsible for security of supply for consumers. We manage the balance between supply and demand on a second-by-second basis and model medium- and long-term adequacy in order to prepare industry and the market for what will be required to keep the lights on.

SONI agrees with the proposed list of projects in the draft FWP. We have commented specifically on those projects where we expect to have an active role in supporting the UR in delivery of these initiatives.

Strategic objective 1: Supporting the Just Transition to Net Zero

Project 1 – Complete and publish an assessment of any gaps in the policy/regulatory framework and evidence based needed to deliver net-zero.

SONI welcome this project and believe that an urgent refresh of the regulatory system is required to ensure that net zero is delivered effectively and efficiently. SONI is working proactively to assess what is required to achieve the relevant targets in the Climate Change Act and will support the UR in any way.

Project 5- Scope out with DfE the regulatory framework to facilitate offshore wind connections.

SONI is actively engaging in collaboration with the UR and DfE and other stakeholders to ensure that the regulatory framework for connecting offshore wind connections in Northern Ireland is structured to deliver optimum outcomes. Offshore connections are extremely complex and involve a significant amount of planning, regulatory compliance, and infrastructure developments offshore and onshore. Timelines are challenging; therefore we would request that the UR ensure adequate resources are allocated to effectively meet project demands.

Project 6 – Benchmark and publish a report on other jurisdictional and regulatory approaches to a Just Transition to Decarbonisation, to define learning points for UR, SONI welcome and support this project, however we are unclear on what is meant by benchmarking against other jurisdictions due to the differences in the energy sector in Northern Ireland. Whilst we acknowledge similarities between Northern Ireland's energy market and other energy markets, we believe the UR must manage expectations regarding what is achievable and comparable. Although there may be some crossover, we believe it is essential to be mindful of the differences to provide a comprehensive understanding of the transition landscape. SONI considers that this could be further clarified in the final plan.

Project 7 – Develop System Services markets to integrate low carbon sources. SONI is actively working to review our licencing framework and we look forward to working closely with the UR to ensure it is fit for purpose. The implementation of the Future Arrangements of System Services (FASS) is of key importance in ensuring consumers in Northern Ireland benefit from increased competition between providers of system services and ensures consistency with European markets. Developing and implementing these systems is crucial to ensuring net zero is delivered in NI by 2050. The task of implementing FASS is vast and complex, SONI therefore believe it is vital that sufficient resources are allocated within the UR and similarly that SONI is provided with the relevant funding required to implement the SEM Committee decision efficiently.

Project 8 – Develop and implement modifications to the capacity market code. SONI welcome and support the development and implementation of modifications of the capacity market code. SONI is actively working to deliver the activities within its remit, and we will continue to provide support to the SEM Committee to ensure that the capacity market is accessible to all participants.

Strategic objective 2: Securing our energy and water supply.

Project 1 – Work with SONI to develop and publish a new National Resource Adequacy Assessment (NRAA) and develop framework to transition from existing Generation Capacity Statement

SONI welcome the continued engagement with the UR to develop and publish the National Resource Adequacy Assessment (NRAA) and the development of a framework to transition from the existing assessment methodology. SONI recognise the importance of the role of the UR as an independent regulator in this assessment. SONI is progressing with implementation of this new way of working and are currently assessing feedback from stakeholders on the published consultation in December 2023 on the NRAA methodology. These responses will help shape the framework. SONI believe that the Generation Capacity Statement is of significant importance for industry. Our work to introduce NRAA will enhance our planning of the system and strengthen the Grid Security.

Project 3 – Consult on an appropriate mechanism to introduce energy payments for Demand Side Units in Northern Ireland to improve effectiveness.

SONI welcome this consultation and SONI will continue to work as part of SEMO to implement the relevant SEM Committee decisions.

Project 4 – Develop and complete an assessment in conjunction with DfE the need for future energy projects including interconnection.

SONI considers that this is an important area in the context of Net Zero and it needs to look beyond 2030. It is not clear what the scope or timeframes under consideration are from the current drafting. However, SONI assumes that the work we are progressing on TESNI will be beneficial for this work area. SONI considers that this work should consider

the current arrangements and whether a move to a more plan lead approach is beneficial for consumers. We would welcome further clarity in the scope and timeframes under consideration in the final plan.

Strategic objective 3: Enabling best in class energy and water companies.

Project 1 – Complete the electricity network (RP7) price control review. SONI continues to collaborate with NIE Networks across the various aspects of the RP7 price control review.

Project 3 - Complete the SEMO price control review. SONI is engaging with the UR (in conjunction with EirGrid) on the SEMO Price Control. SONI believes that efficient progression of timelines is crucial in ensuring the timely delivery of this Price Control.

Project 4 – Progress the SONI price control 2025-2030 review in line with project schedule. SONI look forward to engaging with the UR on the TSO 2026-2031 Price Control. SONI welcome the timely publication of the consultation on the Approach document. SONI believes that efficient progression of timelines is crucial in ensuring the timely delivery of this Price Control.

Project 5 – Extend the SONI 2023-2024 price control. SONI welcomes the extension provided to SONI for the existing Price Control. We look forward to continuing engagement with the UR to ensure this additional year of the Price Control is successfully implemented.

Project 10 – Assist DfE in planning the roll-out of electricity Smart Meters. SONI is keen to continue its collaboration with DfE on the planned roll out of Smart Meters for electricity. SONI has been involved in supporting the DfE on the development of the CBA for smart meters and we look forward to continuing this support and engagement with DfE and the UR on this critical area. SONI believe it is important to understand the impact that implementing smart meters will have on the demand forecast and the implications for future system planning. SONI would welcome a more detailed timeline for the 3 phased approach that DfE have taken for implementing electricity smart meters. This would help to assist in understanding the scale of the programmes of work and to understand the resources SONI require to input into this project.

Project 11 – Outline the next steps in the review of the electricity connections cost allocation. SONI would request that more refined timelines are provided to ensure stakeholders can plan for potential engagements and deliverables due. SONI look forward to the next steps and ensuring consistency with the SEM harmonisation.

Organisational Projects

Project 3 - Implement a programme to grow and develop the potential of staff to support UR's future.: SONI welcome the introduction of a programme aimed to develop staff to support the URs future at a crucial time in the delivery of net zero in Northern Ireland. However SONI believe it is increasingly important that the UR ensure that communication between internal teams develops alongside the growth of resources. Keeping channels of communication open with both internal and external stakeholders is crucial to maintain and build relationships and ultimately deliver the collective goal of net zero. SONI believe

it is important to prioritise the development of robust communication strategies to sustain momentum and complete all planned projects.