

Anne McNulty
Utility Regulator
Queens House
14 Queen Street
Belfast
BT1 6ED

19 January 2024

Dear Anne

**Draft Corporate Strategy 2024-2029
Draft Forward Work Programme (FWP) 2024-2025**

NIE Networks welcomes the publication of the UR's Draft Corporate Strategy 2024-2029 and its Draft Forward Work Programme (FWP) 2024-2025. We look forward to working constructively with the UR on the aspects that are relevant to NIE Networks. Our comments are set out below.

- NIE Networks welcomes the UR's first key strategic objective of supporting the Just Transition to net zero. The energy system will need to undergo a rapid transformation as we transition towards net zero, and networks are at the heart of this change. The Utility Regulator has recognised the need for the investment and the positive outcomes that it will deliver for customers, and we welcome that. We also need to ensure that the organisation has the capability to deliver on this investment. We look forward to continue working collaboratively with the UR to reach agreement on the RP7 price control to support the delivery of climate change targets.

We are supportive of the inclusion of the workstream in the UR's FWP to facilitate the further development of Northern Ireland Renewables Obligation (NIRO) policy and legislation and we will support the UR and DfE in this. We also welcome the UR's project to develop a successor programme for, or the extension of, the Northern Ireland Sustainable Energy Programme (NISEP). Recognising the energy savings targets set out in the Energy Strategy, we will continue to support the UR and DfE on evolving the NISEP programme, ensuring an ongoing commitment to energy efficiency. We also welcome the UR's commitment to progress actions identified in the Offshore Renewable Energy Action Plan and look forward to continued engagement in this area. With increasing developer interest in this area, we believe it is important that these actions are progressed in the timescales as laid out to enable delivery of offshore wind generation.

- NIE Networks is supportive of the UR's second strategic objective of securing our energy supply. As heat and transport electrifies, society's reliance on electricity will increase even more than currently. Accordingly, we will need to ensure the network remains safe, reliable and resilient, and minimise the impact on customers. We welcome inclusion of the project in UR's FWP to assess the need for future energy projects including interconnection that will be of benefit for electricity consumers in Northern Ireland. NIE Networks also recognises the critical importance of the North-South Interconnector project, and we are working closely with SONI, Eirgrid and ESB Networks to ensure that this strategically important project is delivered successfully.
- NIE Networks welcomes the UR's third strategic objective of enabling best in class energy companies. We look forward to continuing the positive engagements with the UR as we work towards agreeing the transformational RP7 price control for the period 2025 to 2031, in order that we are best placed to meet the considerable challenges and ambitions outlined in DfE's Energy Strategy, and continue delivering good customer outcomes. The Utility Regulator acknowledges that our costs are below industry benchmarks, and we will work with them to agree targets that continue to improve efficiency and give value for money to all the people in Northern Ireland.

Much like our RP7 price control, we recognise that SONI's next price control covers the transformational period up to 2030 in the delivery of the Energy Strategy. Again, with electrification a key part of the Energy Strategy it is important that SONI and NIE Networks are appropriately funded to engage across both price controls to develop transmission infrastructure to facilitate this energy transition.

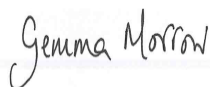
We are supportive of the inclusion of the action to further progress Smart Metering in the draft FWP and would reiterate the importance of developing a definitive NI strategy as soon as possible. Metering is the source of key data for the energy sector and smart meters are likely to be an essential component of the energy transition. We note that a significant body of work is required to scope, spec and cost this project before any roll-out can commence. We also welcome the UR's commitment to the project to progress potential reform of distribution connection charging policy, this should be prioritised within the UR's FWP as this will be a key enabler for net zero targets and economic development, along with flexible connections.

We note UR's projects to commence a review of cost and performance reporting for network companies and to design and implement a new licence compliance framework in their FWP. We look forward to engaging with the UR on these workstreams and are committed to complying with the requirements that come out of these projects.

- We aim to ensure our customers continue to receive an excellent level of service and welcome the UR's fourth strategic objective of providing the highest level of consumer service and protection. We reaffirm our support and commitment to the UR's Consumer Protection Programme (CPP) and to the protection of vulnerable consumers. We will continue to engage actively with the UR as it implements the CPP. NIE Networks is also committed to continuing engagement on the Best Practice Framework project and complying with the requirements that come out of this project.
- The FWP highlights the need for increasing levels of resource inputs over the next few years to support the delivery of the UR's new Corporate Strategy, and the delivery of net zero and other energy and water strategies. NIE Networks fully endorses the need for the UR to ensure it has sufficient resources to meet the growing regulatory workload that is required to proactively drive forward DfE's Energy Strategy and the broader energy transition. This will require significant resourcing and new ways of working on the part of both NIE Networks and UR and it is imperative that both are adequately resourced to deliver this.
- The UR's Draft Corporate Strategy suggests further work on the review of electricity network tariffs will form part of the DfE Energy Strategy Smart Metering work. We suggest this should be incorporated in the UR's FWP as it is an important work stream in the context of the energy transition, and tariff reforms may be needed to ensure that costs associated with the network are fair to all customers. We also note that there is no mention in the FWP of the UR's project to implement best practice Guaranteed Standards of Service (GSS) for electricity. We look forward to continuing engagement with the UR on this important project, in parallel with the assessment of the RP7 price control, where we can address the additional cost implications that enhanced GSS may lead to.

In addition to the points made above, we would also like to acknowledge the very positive engagement we have had working together with the UR in the past 12 months, as we work through NIE Networks' RP7 price control review. We are confident that we and the UR can continue to work constructively to address the challenges outlined in DfE's Energy Strategy for the benefit of everyone in Northern Ireland.

Yours sincerely



GEMMA MORROW
Regulation Manager