

Protecting Consumers on the way to Net Zero

Corporate Strategy

2024-2029



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

ACCOUNTABLE:

We take ownership of our actions

TRANSPARENT:

Ensuring trust through openness and honesty

COLLABORATIVE:

Connecting and working with others for a shared purpose

DILIGENT:

Working with care and rigour

RESPECTFUL:

Treating everyone with dignity and fairness

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Protecting Consumers on the way to Net Zero is the ambitious vision at the heart of our Corporate Strategy 2024-2029.



Our future direction rests on striking the right balance between delivering a low carbon future and making sure that consumers benefit, and are protected, during the journey to net zero.

In developing our strategy we reached out widely to listen to the views of our stakeholders. Our strategy has been enriched by this engagement and is shaped by the contributions of representatives from external organisations, as well as our staff. We have listened to all the points made to us and our strategy is also influenced by the broader strategic context. We are in a time of profound challenge for the energy and water sectors as they each address the impact of climate change and the other uncertainties that are with us now.

In developing our plans for the next five years, we are determined that we and the enterprises we regulate will meet these challenges head on. As an organisation we are clear that now is not the time for a piecemeal approach to how we influence and regulate the energy and water sectors towards achieving the set goals.

You all told us that decarbonisation was the most important strategic issue. Our strategy makes clear our commitment to supporting the delivery of net zero targets, and we identify this as a key strategic objective.

We recognise that, in meeting net zero targets and moving to a low carbon future, we need a Just Transition. This transition must be fair to all and ensure the protection of both current and future consumers.

Our vision is that Northern Ireland's energy and water consumers deserve the best from the companies and enterprises that serve them. For us this means that all the regulated energy and water companies that serve consumers, and the associated markets, should compare favourably with the best enterprises anywhere. Our mantra is ever better and this is reflected in our level of service, and our compliance with requirements, standards and codes of practice. It is also reflected in the efficiency of our service delivery.

And yes, we need to ensure, particularly at a time of significant change, that homes and businesses continue to enjoy a secure energy and water supply.

We recognise also that as Northern Ireland's utility regulator, we have a vital role to play in ensuring the delivery of important strategic agendas. You have all told us as much. Our strategy sets out our role as a bold enabler, requiring us to be a more pro-active and positive force that collaborates, partners and regulates to make sure that strategic aspirations are met.

The Board and senior management team will now work together to deliver our new strategy. We recognise that we are at an important strategic juncture, and this provides an opportunity for us to make a difference to consumers and to Northern Ireland as a whole. We have worked collaboratively with our stakeholders to develop this strategy and look forward to continuing to work with them to meet the challenges ahead.



Dr Bill Emery
Chairman

A handwritten signature in black ink that reads "Bill Emery".



John French
Chief Executive

A handwritten signature in black ink that reads "J. French".

Protecting Consumers on the way to Net Zero

OUR OBJECTIVES

Supporting the Just Transition to Net Zero

Securing our energy supply, and water and wastewater services

Enabling best in class energy and water companies

Providing the highest level of consumer service and protection



DESIRED OUTCOMES

- Support the Northern Ireland departments to meet their statutory targets within the Climate Change Act 2022 and related Government Strategic Frameworks (Energy, Fuel Poverty)
- Achievement of the 80% renewables by 2030 statutory target.
- Supporting the delivery of Northern Ireland's Climate Change Act Sectoral Plans and Carbon Budgets.
- Just Transition principles are inbuilt within our analysis and decision-making.
- Work with Ireland's Commission for the Regulation of Utilities, through the Single Electricity Market, to help deliver all-island net zero goals.

- The energy infrastructure and the market facilitates reliable energy supplies to homes and businesses.
- Greater physical market interconnection with Great Britain and Ireland.
- Efficient and resilient operation of electricity, gas, and water companies in Northern Ireland.

- Northern Ireland energy and water companies compare to the best.
- Enabling long-term, value for money investment that benefits consumers and drives innovation.
- Energy and water companies are fully compliant with their licence obligations.

- Measurable improvement in customer service experience for consumers.
- New regulatory frameworks are in place to protect consumers in the adoption and use of new technologies.
- Increased data capabilities so that we can produce more evidence-based research to enable positive policy outcomes for current and future consumers.
- Increased reporting on consumer metrics which highlight the performance of energy and water companies.

STRATEGIC ENABLERS

Being a best practice regulator

Focus on ensuring current and future consumers get the best deal for their regulated energy and water services

Being data-led and providing evidence-based solutions

Being a positive, collaborative, can-do regulator

01 Introduction



Protecting Consumers on the way to Net Zero, this is our Corporate Strategy 2024-2029.

ABOUT US

We are an independent non-ministerial government department, with statutory responsibility for Northern Ireland's electricity, gas, water, and sewerage industries. We are governed by a publicly appointed Board.

Our work is based on our statutory duties which include:



ELECTRICITY

To protect the interests of electricity consumers in regards to price and quality of service, by promoting effective competition where appropriate.



GAS

To promote the development and maintenance of an efficient, economic, and coordinated gas industry.



WATER

To protect the interests of water and sewerage consumers by promoting an efficient industry which delivers high quality services.

02 Developing our strategy

The process of developing our strategy started in 2022, when we began a strategic discussion about our future direction.

From the outset, we recognised that involving our external and internal stakeholders was critical to the successful development of our new strategy. At the heart of this deliberative approach to strategy development and formulation was a four-phase process which we followed.

LISTENING AND OUTREACH

Speaking to stakeholders about the strategic environment and future priorities.

SHAPING

Reflecting on the feedback to help shape our strategy proposals.

CONSULTATION

Testing our proposed strategy through formal consultation.

DECISION MAKING

Reflecting on stakeholders' feedback to finalise our strategy.

The benefit of our deliberative approach was that we were able to draw on an extensive range of contributions during the listening and outreach stage to help us shape our strategy. This also meant that whenever we put our proposals into a draft strategy document and consulted on this, we were able to demonstrate our understanding and appreciation of the strategic energy and water environment and of the issues affecting these sectors.

In reviewing the responses to the draft strategy, we noted the strong endorsement for our overall strategy, and used consultee feedback to enhance our final document. We will ensure that we provide direct feedback to all those who responded to our consultation.



03 Achievements during Corporate Strategy 2019-2024



Overall investment in networks since 2009 = £6 billion.



Pro-active regulatory action to support consumers during Covid19 and the Cost of Living Crisis.



£2 billion of investment in water and sewerage network.



£30.4 million provided under the NI Sustainable Energy Programme since 2019.



Our enforcement action running total of charitable donations exceeded the £1 million mark.



£163 million of electricity network investment to support growth in low carbon technology.



The proportion of generation from renewable sources reached 51%.



We supported DfE to develop and implement the Northern Ireland Energy Strategy.



We completed our organisational transformation programme.



We secured IiP Silver accreditation and a UK-wide collaboration award.



319,000 customers connected to natural gas network, passing the 300,000 target.



A new agreement to provide access to gas markets in Great Britain was finalised.



SEM Capacity Market secured over 3,600 MWd of new generation capacity.



£1.2 billion in energy bills support in conjunction with the UK Government.



04 Background to our new Corporate Strategy



In developing our new strategy, we sought to understand the likely key issues, developments, and trends, in energy and water over the next five years. As well as a series of public events, and one-to-one meetings, we carried out an online survey with our key stakeholders to shape our thinking. From this engagement, six issues emerged as key strategic drivers for our Corporate Strategy 2024-2029.

Delivering on decarbonisation



In June 2019, the UK Government passed legislation to reduce the UK's net emissions of greenhouse gases by 100% (relative to 1990 levels) by 2050. Last year, the Northern Ireland Assembly passed the Climate Change Act (Northern Ireland) 2022, which set out local statutory targets for reducing emissions.

To achieve these targets, a very significant increase in renewables, and low carbon electricity, will be needed. Delivering enhanced energy efficiency will also be important.

The energy system will have to adapt, to be able to accommodate low carbon technologies, whilst continuing to meet the needs of consumers through a reliable and efficient supply.

At our listening and outreach events, stakeholders identified the importance of decarbonisation. We recognise that we have a critical role to play in helping Northern Ireland meet the net zero targets, given our statutory role in regulating electricity, gas, and water networks, the wholesale electricity market and energy suppliers.



Addressing affordability concerns for consumers



In the lead up to, and following, Russia's invasion of Ukraine, Northern Ireland households and business (like those in the rest of the UK and the rest of Europe) have experienced significant increases in energy costs. These increases led to rising food and other costs, with UK inflation rates at the highest level for 40 years.

The cost-of-living pressures faced by consumers saw the UK Government directly intervene to mitigate the impact of higher energy bills. Funding to support consumers was provided through energy support schemes for households and businesses, which was delivered through energy suppliers.

In November 2022, we worked in partnership with the Consumer Council for Northern Ireland and energy suppliers to introduce the Consumer Energy Charter, which provided nine additional commitments from energy suppliers to support vulnerable consumers throughout the winter period. We continued this initiative during 2023/2024.

While international wholesale price movements are outside our control, stakeholders were clear that we needed to use our regulatory powers to ensure that energy markets were working in the best interests of all consumers, to protect them from undue costs.



We operate within a statutory remit to support the Northern Ireland Government's energy and water strategies.

In December 2021, the Northern Ireland Executive published its Energy Strategy for Northern Ireland, called "The Path to Net Zero". The Strategy sets out a pathway for energy to 2030, and sets out a vision of net zero carbon and affordable energy by 2050. As part of this process, annual action plans are published to drive the implementation of the strategy.

Following the publication of the Strategy, the Climate Change Act (Northern Ireland) 2022 has also been implemented, and this sets a target of at least 100% reduction in net zero greenhouse gas emissions by 2050. The Act also sets carbon budgets (the maximum total amount of emissions permitted for a budgetary period) and other sectoral targets (including at least 80% of electricity consumption from renewable sources by 2030). Northern Ireland departments are also required to produce and publish various sectoral plans setting out how specific sectors will contribute to meeting the 2030, 2040 and 2050 emissions reduction targets.

In water, the Department for Infrastructure is working within its long-term strategy, "Sustainable Water - A Long-Term Water Strategy for Northern Ireland (2015-2040)", to help achieve a vision of a sustainable water sector in Northern Ireland.

Stakeholders at our listening and outreach events were clear that they expected the Utility Regulator to fully support these strategies, and the delivery of the Climate Change Act.

Working within energy and water strategic policy frameworks



Ensuring security of supply



The need for a secure and reliable supply remains a key statutory and strategic priority for us.

It is one of the key principles of the Northern Ireland Executive's Energy Strategy, which has a focus on making Northern Ireland more self-sufficient in generating, and supplying its own energy, and reducing our reliance on others.

Decarbonisation presents a further challenge, as we will seek to facilitate the right mix of technologies to meet business and household demand, as older forms of generation are replaced by new technologies. The need to attract investment in new types of energy generation will also be important. Running hand-in-hand with this, is the need to modernise energy networks to ensure that they can accommodate new technologies, while meeting customer demand.

In electricity, the capacity arrangements in the Single Electricity Market (SEM) provide a basis for managing long-term security of supply risks. In gas, continuing to ensure there is a reliable supply will be essential, and in water, the Long-Term Water Strategy's high-level aim is to provide sustainable, reliable water and sewerage services that meet customers' needs.

At our listening and outreach events, it was clear that security of supply remains a key issue that stakeholders want us to focus on within this upcoming corporate planning period.



Given the amount of change that is underway to meet the net zero targets, we recognise that, as a regulator, we need to adapt and become more agile. The challenge will be to stay ahead of consumer expectations, and more generally anticipate the changes that are required. In practice, this will mean that we need to be more pragmatic and focused, on achieving the best possible outcomes for Northern Ireland. We need to support the development of world-class efficient electricity, gas and water companies, that are focused on providing the best levels of service to households and businesses.

Our stakeholders told us that they want us to adopt a more confident, pro-active, and influential role. We want to optimise this opportunity to make a real and positive difference, whilst enabling the delivery of statutory and strategic targets.

Protecting consumers and providing a long-term direction for the energy and water sectors, is an important responsibility for us. We aim to be fully transparent and accountable for our work, and we aim to constantly improve our own performance to maximise the benefits to energy and water consumers.

Being a pro-active regulator



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Our strategic direction



Our strategic direction for 2024-2029 builds on the progress made during the previous strategy and an assessment of the current strategic environment. We have also listened to the views of stakeholders through discussions and dialogue, and the findings of a stakeholder survey.

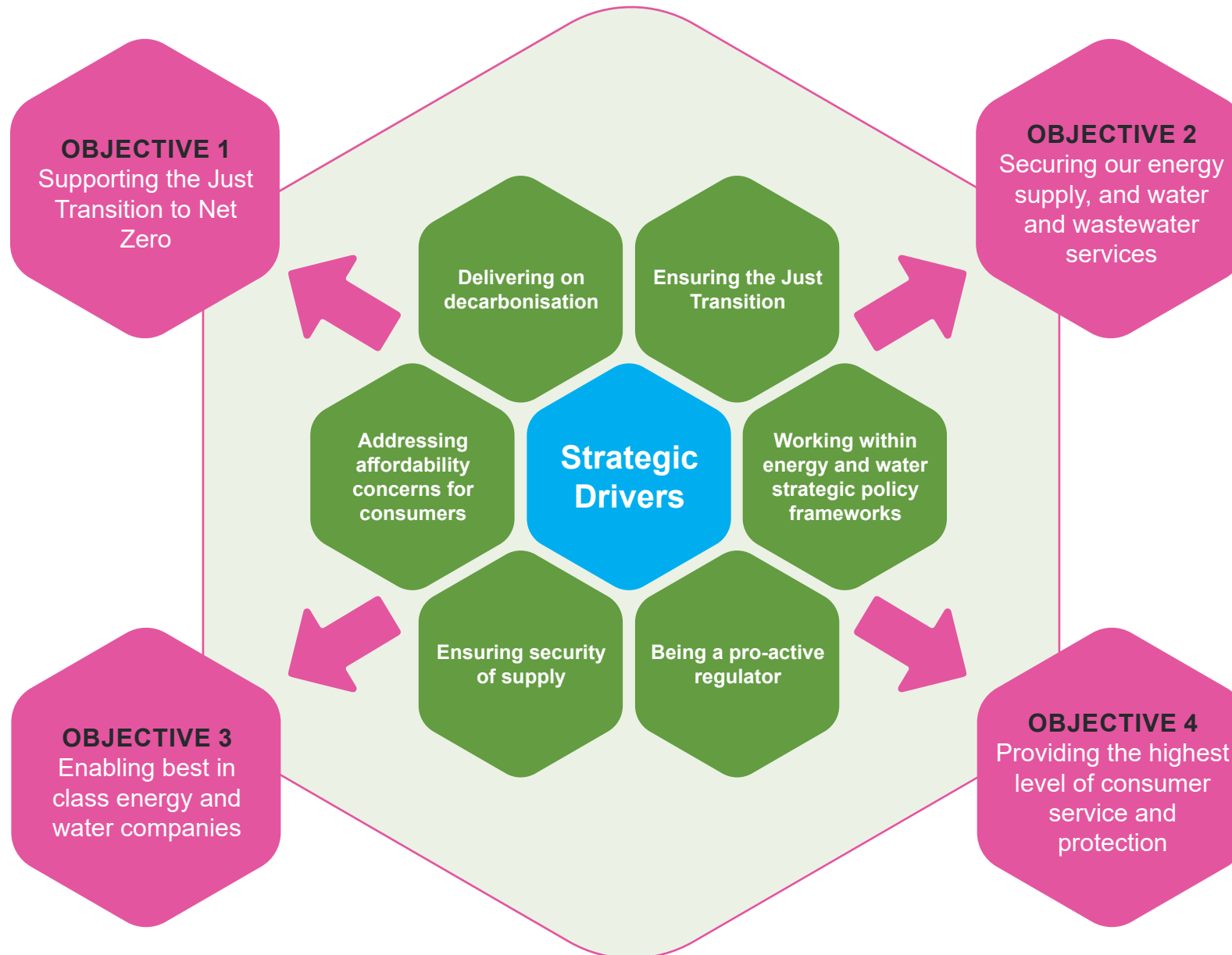
In setting the strategic direction, we recognise that our new strategy is being developed at a time of fundamental change affecting the energy and water sectors, along with the need to address the impact of climate change. We understand that we have a responsibility, and a role to play, in pro-actively contributing to, and influencing, actions to address the impact of climate change.

This means that we will:

- always put the needs of current and future consumers first
- facilitate secure energy and water supplies for Northern Ireland
- create a stable and efficient investment environment for regulated energy and water companies
- make sure that we, and Northern Ireland's energy and water companies, operate to the highest levels of service
- ensure that our regulation supports the achievement of the government's net zero targets whilst keeping downward pressure on costs.

Based on the consultation and our strategic drivers, we have identified four corporate objectives.

Our Strategic Drivers and corporate objectives



Objective 1. Supporting the Just Transition to Net Zero

We will do this by

- Helping energy infrastructure and markets to deliver more renewable energy, to optimise carbon savings and ensure security of supply.
- Ensuring that the investment to get to net zero is affordable for consumers
- Making Just Transition principles core to our decision-making.
- Ensuring our price controls support the delivery of the Government's statutory climate change targets.
- Ensuring companies are supporting consumers through the net zero transition.
- Working with the Northern Ireland Government departments to:
 1. ensure we have the necessary statutory powers to support the statutory targets within the Climate Change Act 2022; and
 2. support delivery of their energy and water strategies.

Desired outcomes

- Updated statutory powers, which will enable us to fully support the Northern Ireland departments to meet their statutory targets within the Climate Change Act 2022 and related Government Strategic Frameworks (Energy, Fuel Poverty).
- Achievement of the 80% renewables by 2030 statutory target.
- Supporting the delivery of Northern Ireland's Climate Change Act Sectoral Plans and Carbon Budgets.
- Just Transition principles are inbuilt within our analysis and decision-making.
- Work with Ireland's Commission for the Regulation of Utilities, through the Single Electricity Market, to help deliver all-island net zero goals.



Objective 2. Securing our energy supply, and water and wastewater services

We will do this by

- Ensuring Northern Ireland can efficiently meet household and business energy demand.
- Improving the coordination between electricity and gas networks to reflect changing and integrated use of energy and energy infrastructure in Northern Ireland.
- Ensuring our price controls deliver improved energy, and water and wastewater network resilience.

Desired outcomes

- The energy infrastructure and the market facilitates reliable energy supplies to homes and businesses.
- Greater physical market interconnection with Great Britain and Ireland.
- Efficient and resilient operation of electricity, gas, and water companies in Northern Ireland.



Objective 3. Enabling best in class energy and water companies

We will do this by

- Ensuring our energy and water companies compare to the best.
- Improving competition in the energy markets through targeted regulatory frameworks.
- Strengthening the culture of compliance across licensed companies through greater accountability and transparency, and by taking enforcement action if necessary.
- Ensuring our compliance and enforcement anticipates changing consumer needs during the energy transition.

Desired outcomes

- Northern Ireland energy and water companies compare to the best.
- Enabling long-term, value for money investment that benefits consumers and drives innovation.
- Energy and water companies are fully compliant with their licence obligations.



Objective 4. Providing the highest level of consumer service and protection

We will do this by

- Promoting best practice customer service focus by energy and water companies through our regulatory oversight.
- Building a strong data focused research and evidence base that informs our policy outcomes.
- Increasing our reporting of consumer protection performance metrics.
- Developing a regulatory regime for new low carbon technologies (e.g. heat networks) that fully protect consumers in Northern Ireland.

Desired outcomes

- Measurable improvement in customer service experience for consumers.
- New regulatory frameworks are in place to protect consumers in the adoption and use of new technologies.
- Increased data capabilities so that we can produce more evidence-based research to enable positive policy outcomes for current and future consumers.
- Increased reporting on consumer metrics which highlight the performance of energy and water companies.



06

Measuring our success



We will measure success against our Corporate Strategy Objectives using our Performance Framework. This framework translates the four high level corporate objectives into lower-level, operational objectives that are more specific and capable of measurement and link these to outcome indicators. The Performance Framework includes a range of indicators and data that span across inputs and efficiency; activity and outputs; service quality and other outcomes. The Framework distinguishes between progress against desired outcomes identified in the strategy, and measures of our performance in influencing those outcomes. Progress against the performance framework will be reported publicly in our Annual Report.

We will also track the success of our strategy and progress in achieving our objectives through measuring and monitoring the delivery of our Forward Work. This includes non-routine projects arranged by Corporate Strategy objectives. These FWP projects are the basis of annual directorate plans, and progress against the FWP projects are reported to the Board quarterly and publicly on an annual basis (in the Annual Report).

In developing our strategy we have considered the National Audit Office (NAO) advice on performance measures for regulators. The guidance acknowledges that performance measurement by regulators is particularly complex, because their intended outcomes (for example protection of consumers and improved service quality) are generally delivered by the organisations that they regulate. There are also many external factors outside regulators' control, and outcomes often do not become evident for several or even many years. Regulatory performance depends on the effectiveness of influence that they exert over regulated providers, as well as the outcomes that those providers deliver.

07 Delivering our Corporate Strategy

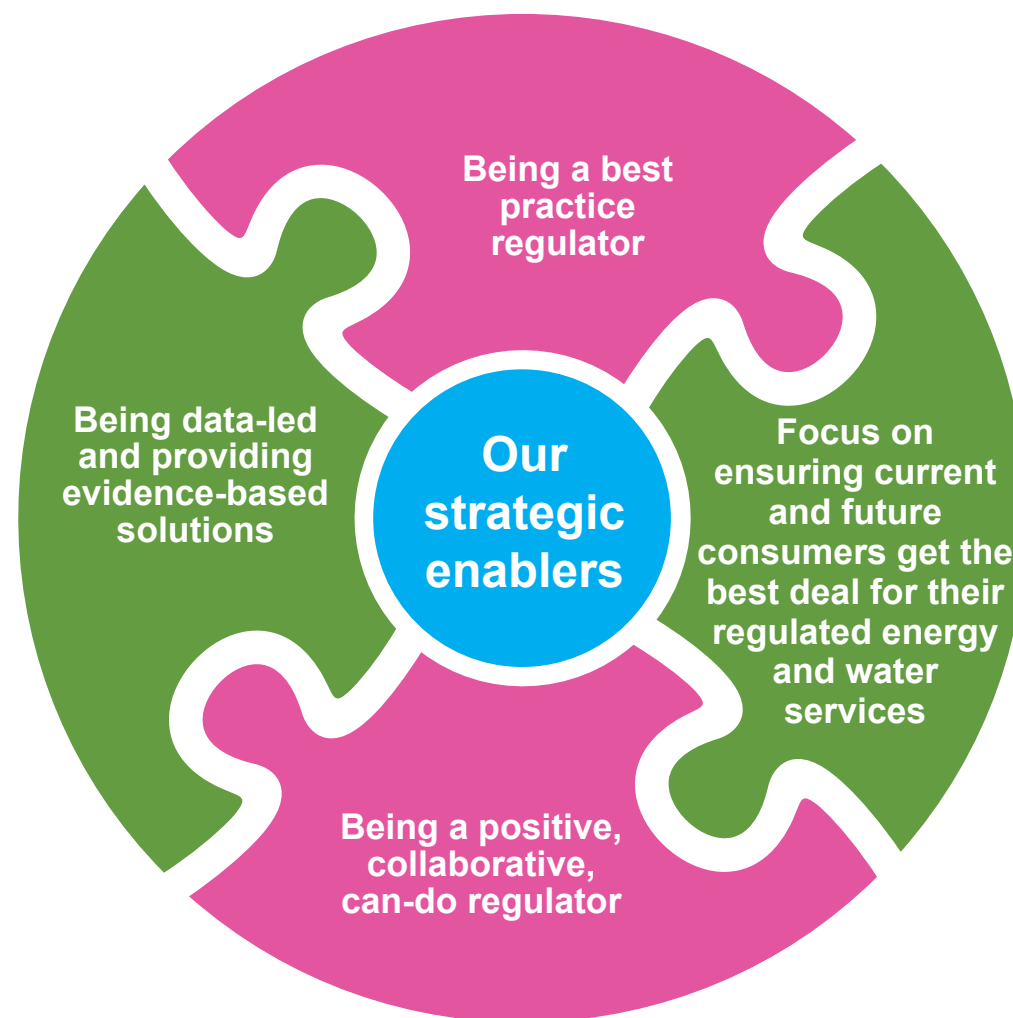
In delivering a new strategy, we recognise that we need to align the ambition of the strategy with how we work as an organisation.

Our new strategy will facilitate projects, and workstreams, that will help us achieve our strategic objectives. Key to this will be our annual business plan, called our Forward Work Programme (FWP), which sets out our priority projects, which will support the achievement of our strategy objectives.

We have already taken important steps to achieve this, through completing our organisational transformation programme, which is called “Shaping UR for the Future”. The implementation of this programme will allow us to meet the challenges of the future and increase our ability to meet the demands of the energy and water sectors of tomorrow.

Our engagement with stakeholders on the draft strategy also confirms the importance of adopting a new agile regulatory philosophy, that enables us to meet strategic challenges. These strategic enablers are key ways of working that will allow us, as an organisation, to achieve our strategic objectives and outcomes.

Complementary to these strategic enablers, in delivering on our new strategy, are our organisational values. While our previous values have served us well as guiding principles, providing us with purpose and direction, we recognised that we needed to review these. The conclusion of the review has seen us add new values that align with our strategic agenda, to this corporate strategy.



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