

Wholesale electricity and gas price trends

Our electricity and gas markets continue to feel the impact of the unprecedented rises in international wholesale fuel prices witnessed across the globe. Reflected in the end prices seen by energy consumers, unfortunately these high prices see no sign of significant easement in the near future with further increases likely.

Further to the price increases we have seen over the past few months, SSE Airtricity Gas Supply recently announced a 39% increase to its regulated tariff for domestic and small business gas customers. The increase will take effect from 1 April 2022. NI consumer tariffs in gas and electricity remain below the new GB price cap which comes into effect on 1 April 2022.

During February we did see the average price of gas decrease by approximately 6% on last month but it was a 323% increase on the same period last year. This small decrease was set against the historic highs that had been seen in December 2021 when gas was being traded at a record £4.71 per therm. This compares to a historic normal of around 39 - 50 pence per therm with prices still over four times greater than normal. Gas fired units continue to provide the largest portion of fossil fuelled generation in the market. This means the price of gas has a significant impact on end market prices. In addition to increases in gas prices, we have also seen the price of coal and carbon increase by 8% during February. The trend in these commodity costs is illustrated in graph 1 below. We have seen further significant increases in international wholesale fuel prices during March as a result of the ongoing crisis in Ukraine. We will reflect on these impacts in our newsletter next month.

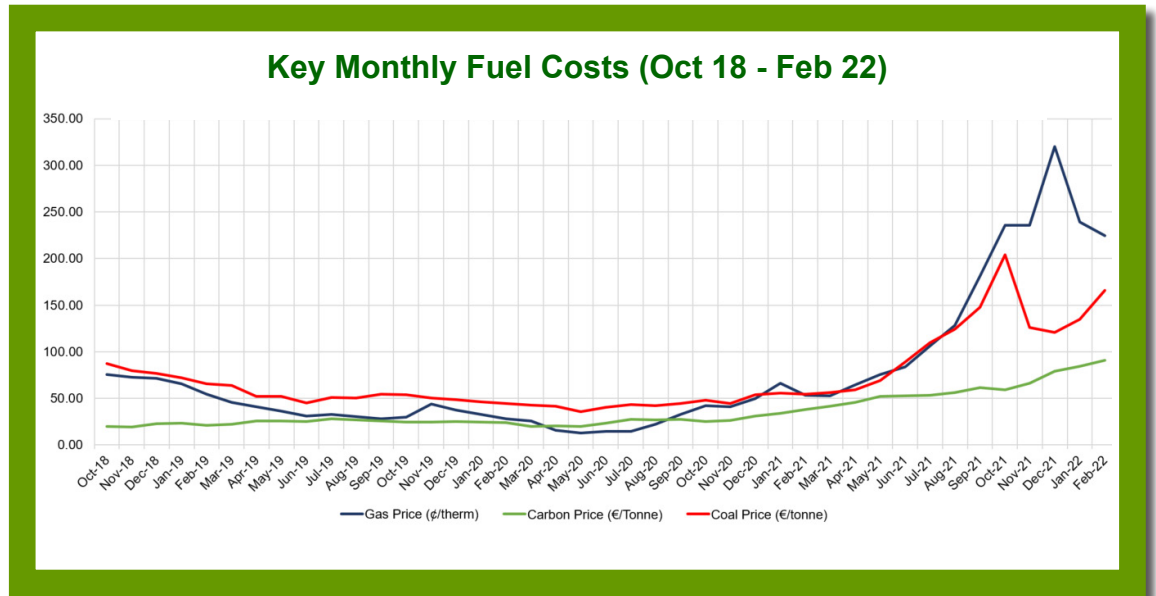
The costs of wholesale electricity decreased by 13% in February 2022 when compared to January 2022 with an average monthly price of €175.11/MWh. (A megawatt hour (MWh) is equal to 1,000 Kilowatt hours (Kwh). It is equal to 1,000 kilowatts of electricity used continuously for one hour. The average annual consumption of a domestic property is 3,200kWh per annum.) This decrease was mainly driven by the reduction in gas price and although welcome, prices remain significantly higher than the prices seen in previous years. The day-ahead market is the main market in which electricity is sold by generators and purchased by suppliers. Electricity consumers will see the price outcomes from this market in their bills. Graph 2 below shows the prices formed in this market relating to the gas price. A direct correlation between increased gas prices and increased market prices can be seen.

As we continue to expand the use of renewables on our electricity system, we look closely at the level of wind availability and end prices. We continue to see when wind availability is low, prices are higher and we get lower prices when wind availability is high. Wind availability was higher overall across February 2022 when compared to January 2022 with a 65% increase. Graph 3 shows the link between the level of wind availability on the system and end prices.

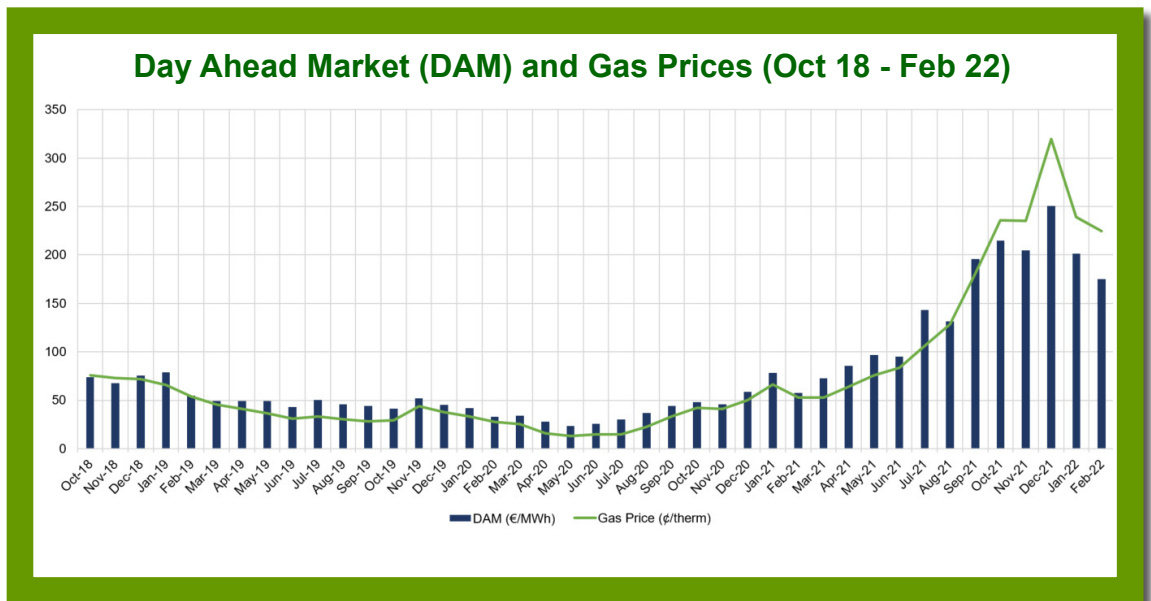
If you are worried about paying your bills, please contact your supplier and

access the support available. There are a number of government schemes in place to help consumers. Advice agencies can provide more information on the best source of help for your circumstances with free and independent advice. These include Advice NI, Money and Pensions Service and Christians Against Poverty. Energy efficiency advice is also provided on page four of this newsletter.

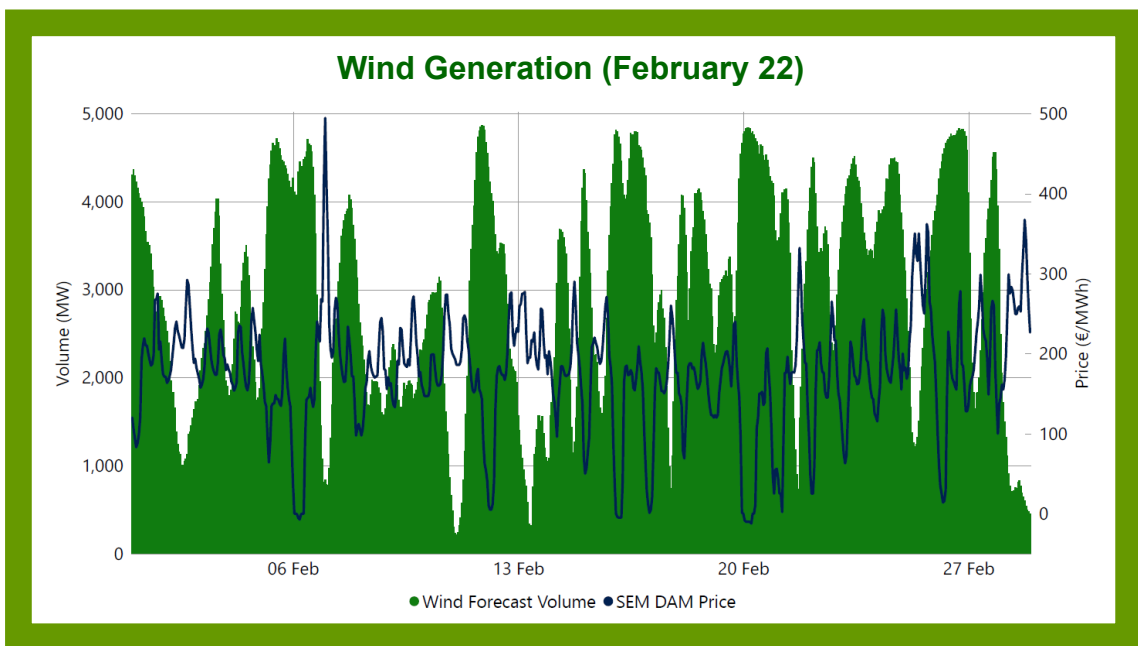
Graph 1



Graph 2



Graph 3



RP7 Price Control

We published our draft approach document for the RP7 price control on the 2 March 2022.

Our RP7 price control aims to enable NIE Networks to deliver the quality outputs that customers need and to set a framework for economic regulation of the sector through a period of transition at the lowest cost.

In this Approach document we set out our initial views on the high-level approach to our seventh price control for NIE Networks, referred to as RP7. This is based on best practice regulation of natural monopolies and covers the general price control process, consumer focus, delivering the energy strategy, network resilience and financial issues. We also identified some key issues we will deal with outside the price control process.

This an open consultation and we invite stakeholders to provide a written response no later than 4 May 2022.

Further details can be found in the approach [document](#).



GD23 Consultation

We published our [consultation](#) on GD23, the draft price control determination for Northern Ireland's gas distribution network operators - firmus energy (Distribution) Limited, Phoenix Natural Gas Limited and SGN Natural Gas Limited, which covers a six year period from January 2023 to December 2028.

The draft determination sets out our proposals for the amount the gas

distribution network operators have to run their businesses and invest in the gas network. Key aspects for the companies are on operating and capital expenditure allowances, connections, proposed rate of return and forecast volumes.

This is an open consultation and we invite stakeholders to express their views on any particular aspect of proposals. Further information on responding can be found within our [consultation section](#).

The consultation opened on 9 March 2022 and will close at 12 noon on 26 May 2022.

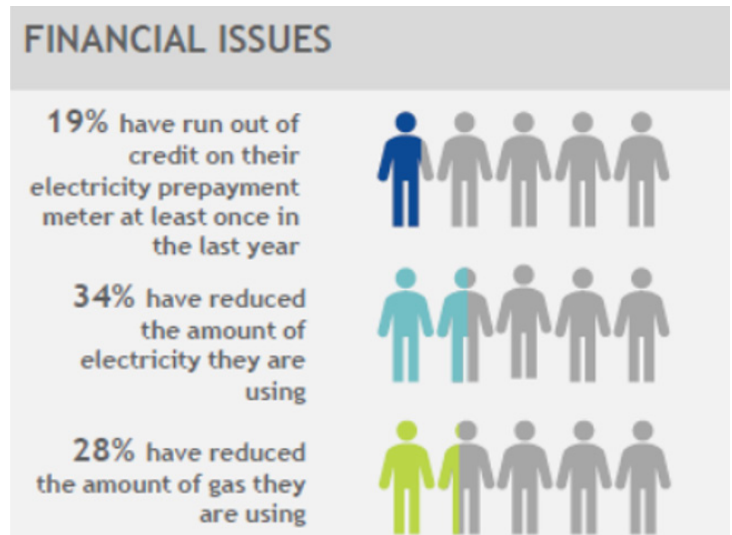
Launch of the Domestic Consumer Insight Tracker report

We [published the results](#) of our second Domestic Consumer Insight Tracker survey. We intend to repeat this research annually to gain ongoing insight into consumer experiences of the energy sector. This research is vitally important to the Utility Regulator and allows us to measure and track the experiences of domestic consumers in the energy market over time. We also use the results to directly inform our regulatory policies and consumer protection work.

The current survey was carried out between October and November 2021 with a representative sample of over 1500 domestic consumers in Northern Ireland.

Some key headline findings are:

- Monthly spend on electricity has increased since the 2019 survey with the majority of households spending between £60-£99 per month.
- 34% of electricity consumers and 28% of gas consumers reported they have reduced their usage in the previous year.
- 4% of electricity and 3% of gas consumers say they have gone without other essentials to pay for their energy at least once in the previous year.
- Awareness of support services for vulnerable consumers has decreased since the 2019 survey.



Please find the [full report here](#) for more information.

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STAFF PROFILE

Sinead Dynan

Consumer Protection Manager in Retail

As manager in Retail Markets and Consumer Issues, my team and I develop and implement policy and strategy for consumer protection matters in Utility Regulator.

I have a BA in Business Administration and French and an MSc in Political Psychology which focuses on socio-political issues and behaviour change. I have worked in the area of consumer protection for over 15 years across the Utility Regulator and the Consumer Council where most recently I held the role of Director of Regulated Industries leading on delivery of policy around energy, transport, water and postal services. I have also worked in consulting for over 10 years in both locally and internationally primarily managing research projects for companies such as Georgia Power, Atlanta Gas and Light and Southern Company.

Currently in my role as consumer protection manager I work with key UR stakeholders to develop and deliver effective partnership approaches to consumer protection policy and delivery, including key flagship projects such as the Best Practice Framework and the Consumer Protection Programme.

Outside of work I volunteer for Coeliac UK, helping to support local people with coeliac disease.



Job opportunities

As an economic regulator, our role is to enable, incentivise and hold electricity, gas, and water companies to account for providing the best levels of service to consumers in Northern Ireland.

We're recruiting for [Head of Function: Retail Market Regulation](#) and [Student Placement 2022-2023](#).

Details about more [job opportunities](#) within the Utility Regulator are on our website.

Consultations/News Update

During March we published the following consultations.

Please click on the link for further details:

- [SONI Evaluative Performance Framework \(EPF\): SONI Forward Plan Call for Evidence](#)
- [Further information published from the biomethane industry update event](#)
- [Consultation launched on the next gas distribution price control \(GD23\)](#)
- [Launch of the Domestic Consumer Insight Tracker report](#)
- [Utility Regulator comments on SSE Airtricity Gas Supply's regulated tariff increase](#)
- [Further extension to the deadline for responses to the SONI governance licence modifications consultation](#)
- [Consultation published on approach to RP7, NIE Network's next price control](#)