

Wholesale electricity and gas price trends

Significant increases and ongoing volatility in international wholesale fuel prices witnessed across the globe have continued to impact negatively on our electricity and gas markets. Directly impacting consumers across Northern Ireland, these high prices are forecast to continue for some time with further increases a real possibility.

Firmus Energy recently announced an increase of 16.31% to its regulated tariff for the Ten Towns area that will come into effect from 3 May 2022. Responding to the price increase our CEO John French explained “Wholesale energy prices rose rapidly in the second half of 2021, as global supplies did not keep pace with demand and as economies began to recover from Covid-19. Unfortunately, the Russian invasion of Ukraine has made this picture even starker. Although we are not directly reliant on Russian gas, it sets the price we pay.”

Gas fired units continue to provide the largest portion of fossil fuelled electricity generation in our market. This means the price of gas has a significant impact on end market prices. As a result of the ongoing crisis in Ukraine, we continue to see the negative effect on commodity prices in end prices. In March the average price of gas increased by 63%, the average price of coal increased by 90% to February 2022. The trend in these commodity costs is illustrated in graph 1 overleaf.

During March, electricity demand decreased by 3% compared to February but increased by 4% when compared with March 2021.

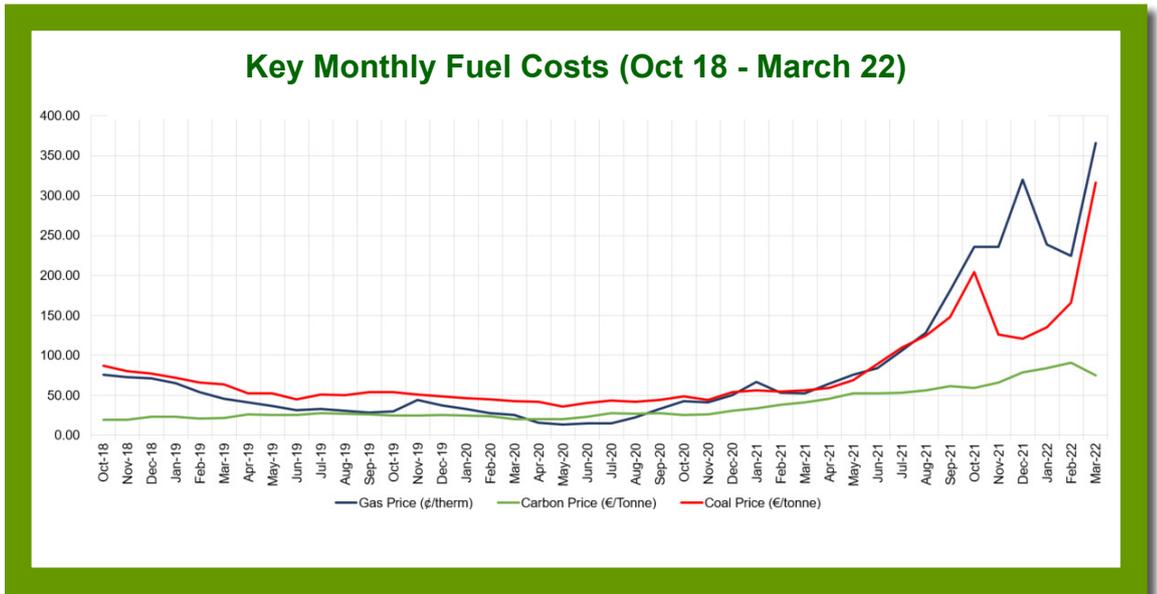
The average price of gas increased by 67% on last month with a 302% increase when compared to the same period last year.

The costs of wholesale electricity increased in March 2022. This increase was mainly driven by the increase in gas prices, which 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.

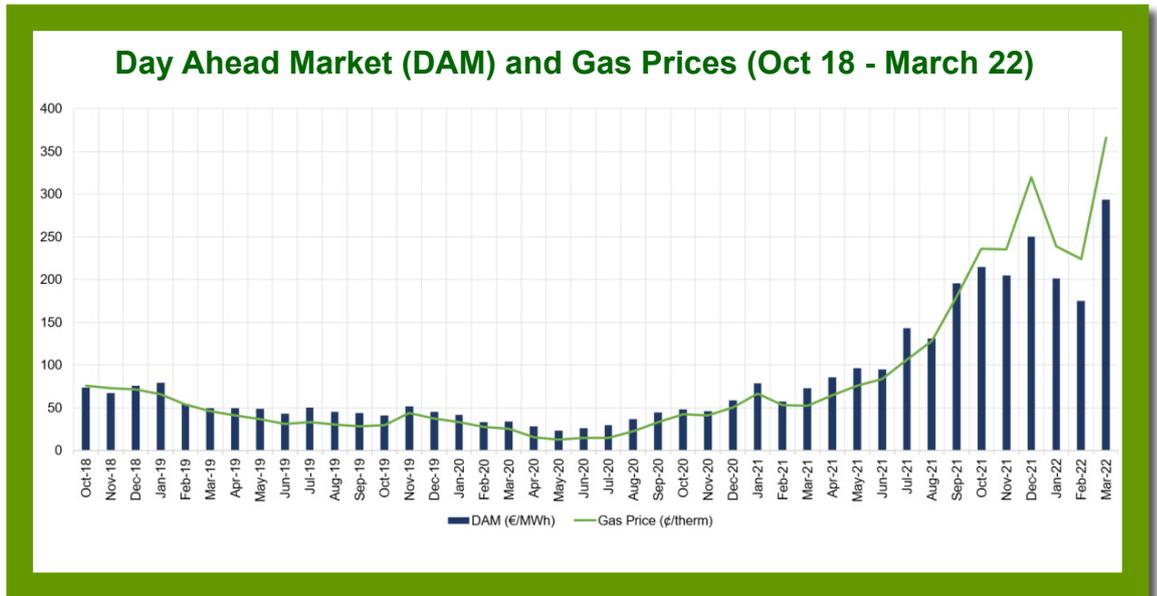
As we continue to expand the use of renewables on our electricity system, we look closely at the level of wind availability and end prices. We continue to see when wind availability is low, prices are higher and we get lower prices when wind availability is high. Wind availability was lower overall in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

We've commenced a tariff review of SSE gas and Power NI's regulated gas tariffs, this will be for their regulated domestic prices and an announcement will be made in the coming weeks.

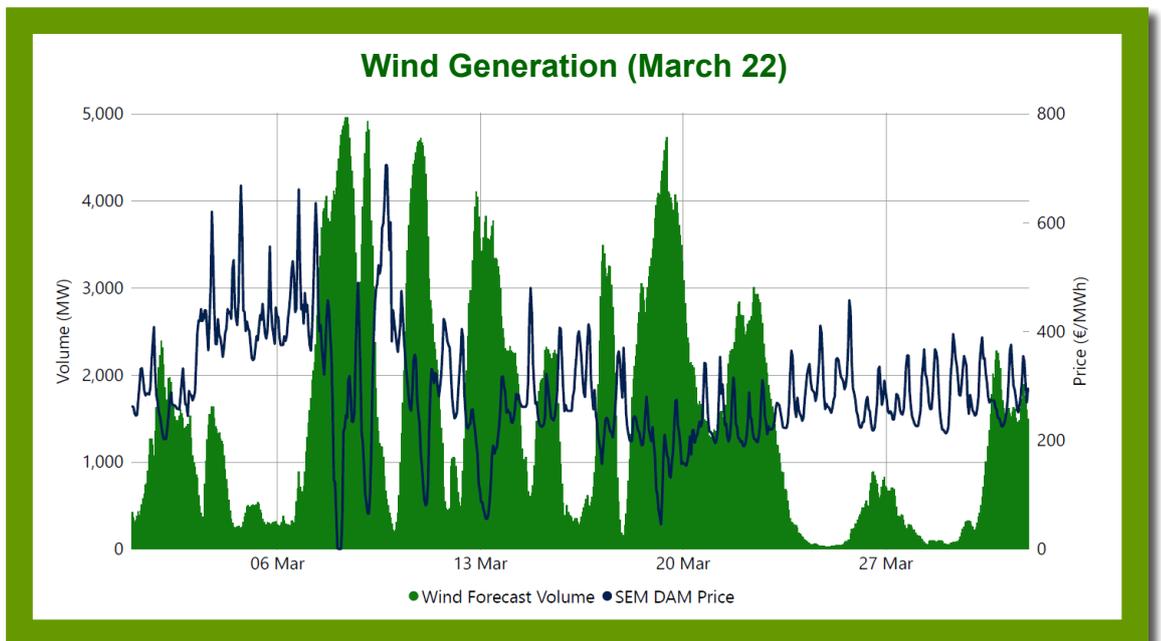
Graph 1



Graph 2



Graph 3



Consumers worried about energy bills, urged to seek help

With energy debt rising and consumers actively taking steps to reduce their electricity and gas usage due to price increases, the Utility Regulator is urging consumers who are in debt or worried about getting into debt, to seek help from their energy supplier.

John French, Utility Regulator Chief Executive explains: “We recently published survey results which showed that even before the recent price increases, consumers were already taking steps to change their behaviour in response to rising bills. 34% of consumers had reduced their electricity use in the past year and 28% had reduced their gas usage.

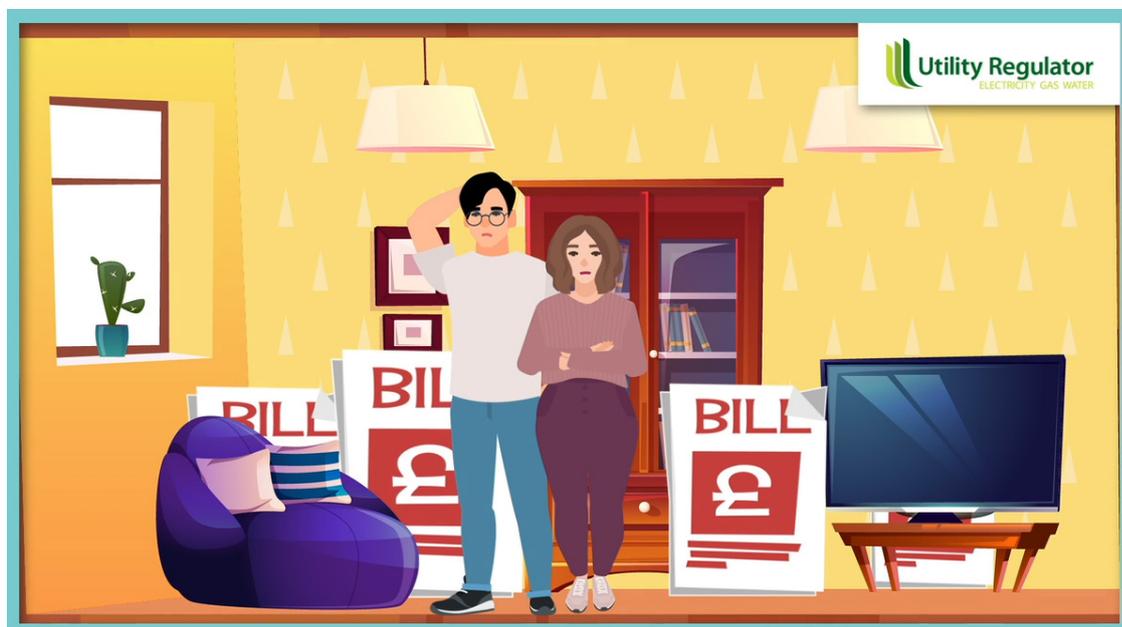
“This rise in energy bills has been a direct result of the record world-wide energy prices that we have seen over the last 18 months. Unfortunately, we don’t have any control over world-wide energy prices, however, our role to protect and empower all energy consumers means we can ensure that help is available. Energy suppliers are required by their licence to ensure they proactively help customers who are having difficulty paying their bills.

“I would encourage any customer that is struggling to pay their energy bill, or is in debt, to contact their supplier for help. As through their regulated licence conditions, energy suppliers should support you by:

- working with you to develop a manageable repayment plan, this is based on your individual ability to pay;
- providing additional protection to consumers who are of pensionable age, disabled or chronically ill; and
- providing energy efficiency advice which may reduce your usage and therefore your overall bill.

“In addition, there are a number of government support schemes and independent advice agencies that can provide you with additional help. You’ll find this information on [NI Direct](#).

Below is a snapshot from our video, you can watch the full content [here](#).



Forward Work Programme published

We published our [Forward Work Programme \(FWP\) 2022-23](#) on 31 March. The FWP is the business plan for the fourth year of our Corporate Strategy 2019-2024.

The FWP sets out the non-routine projects we plan to undertake in the forthcoming year. The projects are presented in the context of our Corporate Strategy objectives.

Commenting on the publication of our FWP, John French, Utility Regulator Chief Executive, said: “The publication of our new programme of projects for 2022-2023 shows our commitment to delivering on our strategic objectives. Delivering these projects will help us promote markets that promote competition, choice and fair outcomes with a focus on keeping costs for consumers as low as they can be. At a time of a wider challenge around meeting net zero targets our projects we support our goal of enabling 21st century networks and a low carbon future. Key to helping us deliver on our projects is collaboration and co-operation with our stakeholders, and we are grateful for their contribution in helping us shaping our programme of projects.”



22 mile swim for Diabetes UK

Richard Hume, who works in our retail team, completed a 22 mile virtual swim across the English Channel, which he did in local leisure centres and raised £472 for Diabetes UK. Gift aid will take the total to £590. Richard stated “I started as an occasional swimmer but will keep going with the pool sessions. Maybe not as much though! I kept it steady at roughly 2 miles a week. The craic was great across all of the leisure centres where I swam. I got to know the lifeguards as I was there so often and they all encouraged me throughout the challenge.”



“A particular highlight was swimming in the Falls Leisure Centre at the same time as an aqua-aerobics session. The music was pumping with dance classics: Cotton Eyed Joe, I’d be married a long time ago and Agadoo doo doo, to the left, to the right. (Don’t kid yourselves, you know these songs). I was asked to join in by the aqua-aerobic ladies. There must have been 40 of them. I was the only other person in the pool. Completely intimidated I politely declined, nervously mumbling something about having to get back to work. Definitely out my depth there.”

If you would like to donate, you can visit Richard’s [JustGiving page](#).

Diversity and inclusion at the Utility Regulator

We are delighted to achieve the Bronze Diversity Mark Accreditation in September 2021. Over the last few months have been building on our diversity commitments, such as working with Women in Business to support and encourage women to focus on developing their leadership skills. We continue to work on our Disability Confident commitment to support and develop a more inclusive workplace for disabled people and those with long-term health conditions.

We have also been engaging as part of UK Regulator's Network Public Sector Equality Duties (PSED) working group to develop a set of diversity and inclusion pledges that shows member regulator's commitment to this work, while also reflecting that each is at a different point and has different powers. Endorsed by our CEO, the pledge aligns with our diversity work and will underpin the work we have committed to undertake.

One of our commitments through Diversity Chartermark was to establish a staff Diversity and Inclusion Group to ensure diversity and inclusion underpins all of our work.

STAFF PROFILE

Karen McConnell Admin Support Officer in Networks

I joined the UR in October 2007. Prior to that, my first job out of university was as a mortgage underwriter with the Halifax. I then opened up DFS (sofas) as office manager and finally, I was the network administrator in a recruitment agency. As part of my degree, I got to study in Denver, Colorado for a year –so if you're ever bored, I have a few stories that might entertain you!

I'm quite an active person and always up for a new challenge (apart from open water swimming – that will never happen). Whether it be a marathons, obstacle races, mud races, lawn bowls, dragon boat racing, golf – you name it, I've probably tried it and if I haven't, you need to email me the details! I did the Mourne Wall hike last year along with London marathon – so definitely keep myself busy! I'm the captain of a social netball team and play squash (poorly) once or twice a week. My next adventure is Everest Base Camp in April 2023.



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Consultations/news update

Throughout the last month we published the following consultations. Please click on the link for further details:

- [SONI Evaluative Performance Framework Independent Expert Panel appointed](#)
- [Review of regulated gas tariffs in Greater Belfast commenced](#)
- [Consultation on proposed electricity generation licence for Kells BES Limited](#)
- [Utility Regulator comments on Firmus Energy's regulated gas tariff increase](#)
- [Notice of proposal to modify Flogas Enterprise Solutions Limited electricity and gas supply licence](#)
- [Consultation on seasonal multiplier factors for gas transmission charges](#)
- [Grant of electricity generation licence - Gronan Wind Farm Limited](#)