

Promoting markets that deliver effective competition, informed choice and fair outcomes

We want our regulation to balance competition with consumer protection; ensuring energy markets deliver maximum value for consumers. By empowering consumers to help them participate in utility markets, we want to make sure these markets work for, and protect, all consumers (particularly vulnerable consumers).

Making sure consumer bills reflect costs

During 2021/2022 unprecedented increases in wholesale gas costs led to price increases for Northern Ireland's electricity and gas consumers.

The last year saw unprecedented increases in international wholesale gas costs. Since these costs make up around half of a typical consumer's bill, these increasing costs had an impact on Northern Ireland's electricity and gas bills.

Reviewing the tariffs of regulated energy suppliers plays a key role in how we protect consumers. Regulated suppliers are required to seek our approval before there are any changes to tariffs. As part of these tariff reviews, we scrutinise the costs and financial position of regulated suppliers. Our role is to make sure that consumer bills reflect the actual and efficient cost of delivering energy to homes and businesses.

The extraordinary nature of wholesale gas price increases, and ongoing volatility, saw us complete eight regulated tariff reviews between April 2021 and March 2022. Two of these reviews were for the regulated electricity supplier, Power NI. Two reviews were completed for the regulated gas supplier in the Greater Belfast market, SSE Airtricity. Four reviews were completed for the regulated gas supplier in the Ten Towns market, Firmus Energy.



Regulated consumer prices: 2021/2022

1st April 2021

£571	£514	£518	£421
Electricity	Gas (Greater Belfast)	Gas (Ten Towns)	Water

31st March 2022

£741	£626	£1,293	£424
Electricity	Gas (Greater Belfast)	Gas (Ten Towns)	Water

During this difficult time for consumers, we took steps to help them. We brought forward reductions in gas network costs to offset increases in bills. Our communication with suppliers pro-actively emphasised their regulatory obligations to protect and support customers in debt.

We also brought together the Department for the Economy (DfE), the Department for Communities, and the Consumer Council for Northern Ireland, to look at ways to ease the energy price impact on consumers. This co-operation paved the way for direct financial support to consumers. The Minister for Communities announced £55 million of support in January 2022, through an Energy Payment Support Scheme for vulnerable people struggling to meet rising energy costs. The scheme provided a one-off payment of £200, and was made to around 280,000 eligible people receiving benefits.

Protecting consumers

As well as having a dedicated Consumer Protection Programme, we also worked with industry on identifying best practice principles and measures to protect consumers. We communicated with consumers around debt and a supplier's exit from the market. We safeguarded trading arrangements between the Single Electricity Market and Great Britain.



Our Consumer Protection Programme (CPP) is our primary means of delivering fair and equitable results for all domestic consumers of electricity, gas and water, including those in vulnerable circumstances.

During 2021, in the context of the Covid-19 pandemic, we reviewed the CPP to make sure the projects were providing the best outcomes for consumers. Following this review, we updated our proposed work plan for CPP years two and three to include a renewed focus on debt and affordability. The refreshed CPP will run until 2023/2024 in order to integrate timings with our next Corporate Strategy

Alongside our CPP, we took steps to put in place a best practice framework to protect consumers. The framework will identify and establish best practice principles and measures for both utility suppliers and Distribution Network Operators (DNOs) in Northern Ireland. In implementing these principles and measures, suppliers and DNOs will identify, support and protect consumers in vulnerable circumstances.

We carried out rigorous engagement with the water, gas and electricity industries. Additionally, we hosted workshops with both industry and consumer representatives with expert speakers on consumer vulnerability, and the Information Commissioners Office to discuss data sharing and data protection.

Following this extensive engagement with stakeholders and consumer protection experts, we published our proposed approach to the best practice framework in January 2021. The framework approach is based around ten core principles whilst also highlighting the measures to be implemented by industry.

During 2021, we wrote to all domestic suppliers, before the winter period, to ensure that they continued to have effective systems in place to help their customers. We highlighted the need for a sympathetic approach with regard to customer debt, and reminded them of the obligation to assess an individual customer's ability to pay. Finally, we requested that signposting and referrals to advice/support organisations are included in any communications. Suppliers were also asked to make contact with relevant advice agencies to ensure a relationship is in place to support consumers.

All domestic electricity and gas suppliers responded to our letter, and confirmed that they are aware of, and acting in line with, the codes of practice. Suppliers also confirmed that there are support arrangements in place for consumers in debt, and suitable arrangements made to engage with a variety of debt advice agencies to help customers. We will continue to work with suppliers, consumer representatives and government.

In order to increase awareness of debt, we carried out an awareness campaign. This involved highlighting the key message that consumers should contact their supplier if they are worried about debt. This message was carried across broadcast and print media and social media channels, supported by a video.



We continue to engage with stakeholders on various aspects of our consumer work. One example is our Consumer Vulnerability Working Group (CVWG). During 2021/2022, we arranged for CVWG members to meet with SONI to discuss “Shaping our Electricity Future”. The group also met with the three gas network operators about the gas distribution (GD23) price control review.

When Bright Energy exited the electricity market, we took steps to protect the around 1,000 Bright Energy customers. We managed Bright Energy’s orderly exit from the market under existing supplier of last resort market arrangements. On 13 February 2022, all Bright Energy customers were transferred as planned to Power NI, ensuring there was no loss of supply. All these customers moved to a regulated tariff under the same terms and conditions as all other regulated customers of Power NI.

Finally, since the UK’s departure from the EU, cross border wholesale market trading between the Single Electricity Market (SEM) and Great Britain has been sub-optimal. This is because the main SEM market (the day ahead) is no longer coupled with the

Great Britain market. Principles for new trading arrangements between Great Britain and the EU Internal Energy Market (which the SEM is part of) set out in a Trading and Cooperation Agreement (TCA) have been agreed. However, the implementation of such arrangements is behind schedule. Along with the Commission for the Regulation of Utilities (CRU), a consultation was launched on possible enhancements to the current trading mechanisms with Great Britain in January 2022. Improvements to the current set of arrangements should add additional liquidity and competition to the SEM. This, in turn, should produce prices that are even more efficient for consumers.



Promoting effective competition

We carried out price control reviews on dominant suppliers and market operators to protect consumers' interests. Our retail and wholesale market monitoring continued. Our enforcement activity saw total donations exceed £1 million.

One of our statutory duties is to protect consumers by promoting effective competition, where appropriate.

At a wholesale market level, the SEM has continued to operate efficiently and deliver significant consumer benefits. The SEM ensures that generators and suppliers continue to play an active role in the market. Prices continue to reflect the underlying market fundamentals, such as wholesale fuel input costs, carbon prices, demand and the amount of available generation and wind capacity.

SEMO is the SEM market operator jointly regulated by CRU and us. In September 2021, we completed a price control review for SEMO, commencing on 1 October 2021. Arising from the review, we introduced the first participant consultative forum to provide input and feedback from a wide range of industry representatives. The SEM Committee, the market decision-making committee, approved a capital expenditure programme of around £25 million and an operating expenditure allowance of around £32 million. It was recognised that we are in a period of transition and that it is difficult to scope some projects in detail. For this reason, a discretionary fund was approved for SEMO to enable it to prioritise key projects. Development of an enhanced reporting regime, to streamline existing reporting and to include more involvement by market participants, is underway.

Key Single Electricity Market metrics 2021/2022



Day Ahead Market made up 85.04% of the traded ex ante-volume (MWh)



The average wind forecast for the same period was 1477 MW



5.5% increase in system demand from 4208 MW to 4441 MW

SEMOpX provides day-ahead and intraday electricity market trading as part of the SEM and is subject to a regulated price control. SEMOpX is the designated Nominated Electricity Market

Operator (NEMO) in Ireland and Northern Ireland since 2015, having been re-designated in 2019 until September 2022. A review to establish revenue recovery arrangements and a re-designation of SEMOpx as NEMO is underway.

In both the electricity and gas retail markets in Northern Ireland, a significant proportion of domestic customers remain with the previous incumbent supplier. For this reason, they remain in dominant positions in the domestic market.

We therefore continue to carry out price control reviews on Power NI (in electricity) and Firmus Energy and SSE Airtricity (in gas, in the Ten Towns and Greater Belfast areas). The Power NI control covers only domestic customers, as competition in the small business market in electricity is sufficient to protect customers. In gas, however, both the Firmus Energy and SSE Airtricity price controls cover both domestic and small business customers.

We commenced the retail gas price controls for both Firmus Energy in the Ten Towns Area and SSE Airtricity in the Greater Belfast Area. We intend to issue consultation papers for both in May and June 2022. The process of consultation and the issuing of a determination (along with licence modifications) will complete by the end of 2022.

Ongoing monitoring of the retail energy market, aimed at protecting the interests of consumers, continued. Our retail energy market monitoring (REMM) allows us to monitor actively developments in the market. It also allows us to keep consumers and stakeholders informed through the publication of transparent and easy-to-understand quarterly and annual reports. It also provides a mechanism to benchmark Northern Ireland's energy market performance using indicators employed by other National Regulatory Authorities (NRAs). We continue to explore new ways to improve how we monitor the retail market. For example, we enhanced our REMM publications (both the quarterly and annual reports) with positive feedback received on the changes.

We continued to advance a workstream, developed following the outbreak of Covid-19 pandemic, to monitor the impacts of the pandemic on suppliers and their customers. Additionally, we implemented a number of important quarterly and annual metrics to monitor compliance with the suppliers' codes of practice.

The importance of keeping our overall approach to retail market regulation up to date, to ensure it remains fit for purpose, is paramount. At the start of the year, we completed an initial review of our retail market regulatory framework, and published a position paper in April 2021. Any further work in this area will follow the completion of the supplier price control reviews.



Finally, we continued to monitor suppliers' compliance with their licence obligations. As a result of these activities there have been further contributions to charities, and the total donations to date are £1,013,291.

At a wholesale market level, against a background of rising fuel and carbon prices, we have continued to monitor market performance, including generator compliance with the Bidding Code of Practice (BCoP) and other market rules.

Systems within the SEM Market Monitoring Unit (MMU) have developed further over the year with new back end infrastructure, and enhanced market monitoring tools being tested and deployed. This has enabled the unit to detect more effectively any instances of market manipulation and abuse.

During the last year, we have undertaken a number of market queries into generator behaviour. We have successfully worked with a number of generator units to ensure that regulated offers in the market are in line with licence requirements.

We have also published a market wide communication on inside information disclosure requirements under the regulation on wholesale energy market integrity and transparency (REMIT). Moreover, we have also outlined our expectations with regard to the quality and timing of urgent market messages.

Finally, we have successfully completed our System Services Future Arrangements (SSFA) High Level Design. This sets out a framework for the competitive procurement of System Services, required for the stable and secure operation of the power system. These services will also be vital if we are to meet the Climate Change Act's 2030 renewables targets. We are working with the Transmission System Operator (TSO) to commence the detail design of the project.

Better understanding the needs of consumers




Our programme of research continued, to help us better understand consumer views and inform our work and the wider policy agenda.

Building on quantitative research (in 2021) into energy consumer views on climate change and the energy transition, we commissioned deliberative research in February / March 2022 to explore consumer views on the energy transition. This research included interviews and workshops. The research explored barriers for consumers in engaging with the energy transition, the different forms of support they may need to overcome these barriers, and any protections that may be required as part of any future regulatory frameworks. A final report and presentation were produced in April 2022, with conclusions and recommendations on consumer preferences on achieving net zero.

We also conducted our second domestic insight tracker research. The research included collecting views around areas such as: energy usage, consumer understanding of the energy market, switching behaviour and vulnerability alongside deeper investigation of issues around debt and digital exclusion.

Key headline findings included: consumers reducing the amount of energy they are using; low awareness and use of support services showing that many eligible consumers are missing out on support, and a degree of digital exclusion meaning that some customers may not be able to engage in the market.

The full report was published in March 2022 and we are using the evidence from the survey to identify, and apply to, current and future projects in the CPP.

Domestic Insight tracker: key findings		
	34%	have reduced the amount of electricity they are using
	28%	have reduced the amount of gas they are using
	10%	1 in 10 do not have internet access
<div style="display: flex; align-items: center;"> <div style="width: 30px; height: 10px; background-color: #008000; margin-right: 5px;"></div> 63% not aware </div> <div style="display: flex; align-items: center; margin-top: 5px;"> <div style="width: 30px; height: 10px; background-color: #008000; margin-right: 5px;"></div> 53% not aware </div>	2021 2019	Awareness of support services for vulnerable customers has decreased over the past two years