



Utility Regulator
ELECTRICITY GAS WATER



Annual Report **2022/2023**



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Combined report of the Northern Ireland Authority for Utility Regulation (the Utility Regulator).

The Utility Regulator has decided to produce a combined energy and water and sewerage report in accordance with Article 5(5) of the Water and Sewerage Services (NI) Order 2006.

Laid before the Northern Ireland Assembly in accordance with Article 5(1) of the Water and Sewerage Services (NI) Order 2006 and Article 6(1) of the Energy (NI) Order 2003 by the Department for the Economy.

Under Article 6A of the Energy (NI) Order 2003 (as amended) the Utility Regulator is obliged to prepare an annual report in relation to the activities it has carried out in the preceding 12 months in its capacity as a designated regulatory authority for Northern Ireland. This report shall include a general survey taken and steps achieved by the Utility Regulator in the performance of its functions under Article 37 of the Electricity Directive 2009/72/EC and Article 41 of the Gas Directive 2009/73/EC.

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Chairman's foreword

In a year when the Covid-19 pandemic, thankfully, abated, our primary focus has been on energy prices. During a year when volatile international wholesale energy prices led to unprecedented increases in electricity and gas bills, we scrutinised tariffs and worked with others to protect Northern Ireland consumers.

The bigger picture is a long-term approach to protecting all consumers from energy price volatility. Delivering a low carbon future at lowest cost is key to this. We are working with the Department for the Economy (DfE) to deliver on the Northern Ireland Energy Strategy and its decarbonisation focus. Northern Ireland's Climate Change Action plan sets challenging targets for carbon reduction, and we will play our part in working with others to achieve this. As a regulator we have a track record of supporting investment in low carbon technology.

We regulate network utilities in the electricity, gas and water sectors and have a critical role in enabling necessary investment in energy and water assets that impact on the lives of local consumers. Our gas network price control (GD23) concluded with a clear agenda to support the gas network over the next five years. Progress was also made on the electricity network price control review which will make critical decisions on future investment in the context of decarbonisation.

Further progress has been made towards meeting our Corporate Strategy 2019-2024 objectives, and I am pleased that we have commenced the development of a new strategy. Our new strategy will be an important declaration of our intent at a critical strategic juncture in both energy and water.

Our regulation relies on close working with our stakeholders. We are therefore grateful

for the continued support of our stakeholders, particularly DfE (for energy matters) and the Department for Infrastructure (DfI – for water matters).



Along with the Commission for the Regulation of Utilities (CRU), we jointly regulate the all-island electricity wholesale market, through the Single Electricity Market (SEM) Committee. This joint regulation ensures that the SEM operates efficiently and delivers consumer benefits.

Finally, I would like to thank my board colleagues for their commitment and significant contributions during the last year. As an organisation that is changing to meet the challenges of the future, we are indebted to the staff team for their ongoing dedication and commitment.

Bill Emery
Chairman



Chief Executive's report

Our statutory role is to protect the short-term and long-term interests of energy and water consumers. This has been tested over the last eighteen months like never before, due to historic increases in international wholesale energy prices.

We have used every tool in our regulatory toolbox to support and help local energy consumers. Our joint work with the Consumer Council and government departments has continued as we look to identify further support measures. This joint work led to the innovative Energy Charter, launched in November 2022, which set out a series of practical commitments by energy suppliers to provide further protections to consumers.

Additionally, we directly supported consumers through our work, on behalf of consumers, working with the UK Government and local energy suppliers to deliver energy support scheme monies to households and businesses. Our team provided ongoing advice and assistance that enabled the payment of £464 million of financial support to consumers from November 2022 onwards. We also experienced the highest level of contact from consumers ever, with a 350% increase in enquiries. This ongoing work has made us more acutely attuned to both domestic and business consumers' needs, and we have worked with suppliers to improve their customer service.

We also worked with DfE to implement the Energy Strategy action plan for the first year. Along with the Consumer Council we jointly launched a call for evidence on protecting consumers during the energy transition to net zero. Moreover, we engaged with other parts of Government to move forward work associated with the Climate Change Action Plan. We also explored how we might update our statutory duties to equip us to meet the challenges of the decarbonisation agenda.

Despite these exceptional demands we also delivered on our core business. The Single Electricity Market continues to facilitate a series of capacity auctions and renewable generation,

placing downward pressure on wholesale market prices, which in turn translates to lower bills for consumers.

We applied our expert scrutiny on behalf of consumers on GD23, our gas distribution price control. In March 2023 we launched a consultation on the mid-term review of the NI Water PC21 price control. Our review of SONI's governance arrangements concluded during 2022-2023 and will lead to a more independent SONI, which is more attuned to Northern Ireland's needs.

We continued to work actively with stakeholders to ensure our energy and water future is greener, more resilient, and protected from future price shocks. During 2022, the proportion of generation from renewables reached 51% (up from 41.3%).

Being conscious of the wider strategic agenda, and the future demands on the organisation, we embarked on a process to grow and re-shape the organisation. This will be valuable as we develop a new corporate strategy from 2024.

Finally, I would like to thank the Board and staff for their support during a demanding year. With so many exceptional pressures on the team over the year, the level of commitment and resilience shown is a credit to everyone who works at the Utility Regulator. Through this teamwork, we have been able to achieve so much.



John French
Chief Executive



2022/2023 in summary



Average electricity bills rose from £741 to £847.

Average notional water bill rose from £424 to £455.



Average gas bills in Greater Belfast rose from £870 to £1,594.
Average gas bills in the Ten Towns area rose from £1,293 to £1,327.



£185 million of new investment in the natural gas network.

Overall investment in networks since 2009 = £6 billion.



£66.5 million of electricity network investment to support growth in low carbon technology.

Single Electricity Market auctions secured capacity at lowest cost.



£7.5 million provided under the NI Sustainable Energy Programme.

The proportion of generation from renewable sources rose to 51%.



We supported DfE to implement the Northern Ireland Energy Strategy.

Wholesale energy market investigations recovered over €2.5 million during 2022/2023.



Delivered £464 million of energy scheme support with the UK Government.

Working with stakeholders, the Energy Charter protected consumers over the winter.



96% of Forward Work Programme projects were achieved or partially achieved.

We commenced our organisational transformation programme.







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



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





Protecting consumers

During 2022/2023 unprecedented increases in wholesale gas costs continued to drive a series of price increases for Northern Ireland's electricity and gas consumers.

Regulated energy suppliers are required to seek our approval before there are any changes to tariffs. We scrutinise the costs and financial position of regulated suppliers, to make sure consumer bills reflect suppliers' costs, before any changes can be approved. During 2022/2023 we carried out nine tariff reviews, the most ever in one year.

Regulated consumer prices 2022/2023			
1st April 2022			
£741 Electricity	£870 Gas (Greater Belfast)	£1293 Gas (Ten Towns)	£424 Water
31st March 2023			
£847 Electricity	£1594 Gas (Greater Belfast)	£1327 Gas (Ten Towns)	£455 Water

While most of the tariff reviews led to an increase in bills, the impact of falling wholesale energy prices and Government energy bill support schemes led to some tariff reductions towards the end of 2022/2023. Overall, across all the utility companies we regulate, bills were higher at the end of the year than at the beginning.

During this difficult time for consumers, we took a series of steps to help them. The biggest intervention to help consumers was in Autumn 2022, with the UK Government's energy support schemes, which helped household and business consumers during a period of exceptional energy bills increases.

Helping consumers with their energy bills - the energy support schemes

What were the energy support schemes?

These were the UK Government schemes to support consumers with their energy bills, five different schemes were introduced during 2022/2023.

What was the Utility Regulator's role?

We assisted the Department for Energy Security and Net Zero (DESNZ, formerly the Department for Business and Industrial Strategy (BEIS)) to develop these schemes by providing advice and information on the Northern Ireland energy market, which was crucial to ensuring the support was delivered to energy consumers.

How much support was made available to consumers?

Almost 775,000 payments were made at a total value of over £464 million to Northern Ireland consumers.

What was the overall impact on bills?

The energy support schemes, led to a reduction to all gas and electricity tariffs. For households, this reduced the annual bill for average electricity and gas customers by a total of £1,046 and £1,072 respectively over the November 2022 to March 2023 period.

Easing the impact of energy prices on consumers

We also continued to lead a group comprising the departments for Communities and for the Economy, and the Consumer Council, to look at ways to lessen the impact of energy prices on consumers.

Our leadership of this group paved the way for additional work, which led to the launch of an innovative Energy Charter in November 2022. This was a voluntary arrangement providing additional protection to vulnerable consumers during the winter of 2022/2023.



Taking practical steps to help consumers - the Energy Charter

1

The Energy Charter is a voluntary arrangement to protect consumers, initially in the period to the end of March 2023.

2

The Energy Charter was signed by six energy suppliers.

Consumer Energy Charter

OVERARCHING PRINCIPLES

- The commitments within the Energy Charter have been made on a voluntary basis.
- All signatories will use best endeavours to implement the commitments as soon as they can and adhere to them to 31 March 2023.

Financial commitment

01 Electricity and gas suppliers will commit to making a financial contribution to a hardship fund to support customers struggling to pay their bills.

Pre-payment meter customer commitment

02 From 1 December 2022, electricity and gas suppliers will support those in debt by reducing the debt repayment amount from a maximum of 40% down to 20%. In addition, they will also undertake a bespoke assessment of the customer's ability to pay.

03 Electricity and gas suppliers will ensure that customers on their customer care registers are not moved on to a pre-payment meter, unless the customer requests it.

04 Electricity and gas suppliers will not compel customers in debt to move onto a pre-payment meter over the Christmas period (16 December 2022 to 20 January 2023), unless specifically requested by the customer.

Debt

05 For all credit customers, electricity and gas suppliers will continue to assess customers' ability to pay, and if this identifies any issues, they will look to reducing repayment rates and/or extending debt repayment timeframes.

06 Electricity and gas suppliers will review and commit that debt collections processes, including those carried out by their agents, will be strictly conducted in line with the Utility Regulator's Code of Practice for Payment of Bills.

07 Electricity and gas suppliers will make contact with those on their customer care registers and inform them of the best available tariffs.

Communications

08 Electricity and gas suppliers, government and consumer bodies will together, provide up-to-date, accurate information to consumers through the Consumer Council's website, and their own individual social media channels.

09 Suppliers will have staff appropriately trained to deal with the needs of vulnerable consumers and make this option clear to on their websites and other customer communications.

Logos of participating suppliers: budgetenergy, click energy, electric Ireland, firmus energy, power ni, sse Airtricity.

3

The Energy Charter set out nine commitments.

4

The commitments protect consumers through financial support, assistance for pre-payment meter customers, help for those in debt, and enhanced customer communications.

Improving services to utility customers

During 2022 it became clear that some energy customers were experiencing service problems.

Our investigations revealed the scale of unprecedented customer enquiries and evidence of falling performance at some supplier contact centres.

We have been working pro-actively with these suppliers to address the issues, with promising results.



Following numerous complaints and queries from gas customers, we engaged with both gas suppliers on the minimum consumption charge. This charge had almost trebled in 2022, as it was based on unit charges driven upwards by the surge in wholesale gas prices.

Both the regulated suppliers agreed that this was not sustainable, and the minimum consumption charge was removed to ensure that customers using little or no gas are not being charged unfairly.

More broadly, our Guaranteed Standards of Service (GSS) set out prescribed service levels which individual consumers can expect from electricity companies. This includes compensatory payment requirements when a company has failed to adhere to the standards. We are working on this area and will be launching a public consultation during 2023.

Working with energy suppliers to improve services to customers

During 2022/2023 it became clear that there were some problems with some supplier contact centres:

120%

Average increase in calls to suppliers' contact centres between January 2022 and 2023

150%

Increase in average waiting time for consumers to speak to supplier contact centre staff.

We worked with suppliers to take steps to address the problems faced by consumers with some positive progress:

66%

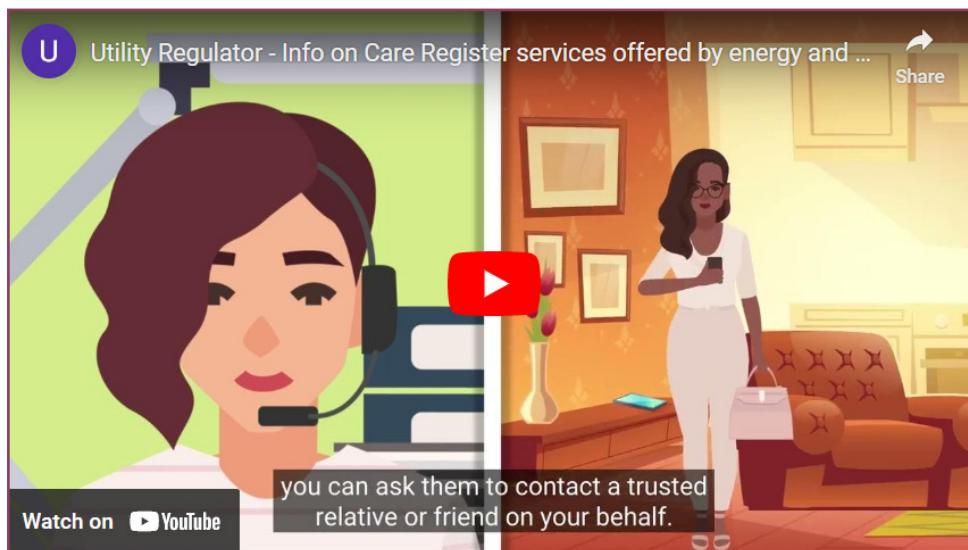
Increase in supplier contact staff taking consumer calls at end of Q1 2023 following our intervention.

Practical help for vulnerable consumers

Quick Check 101 is an initiative to help protect residents against bogus callers. In 2022 we facilitated its expansion to include all domestic utility companies. Under the scheme, residents can phone 101, the police non-emergency number, to check the identity of callers to their home who claim to represent an electricity or gas supplier, energy network company or NI Water. To promote the scheme, we created and published an information video and also shared with utility companies for their use.



We also created and published an information video on customer care registers to promote the free support services that ensures extra help is available to people in vulnerable situations.





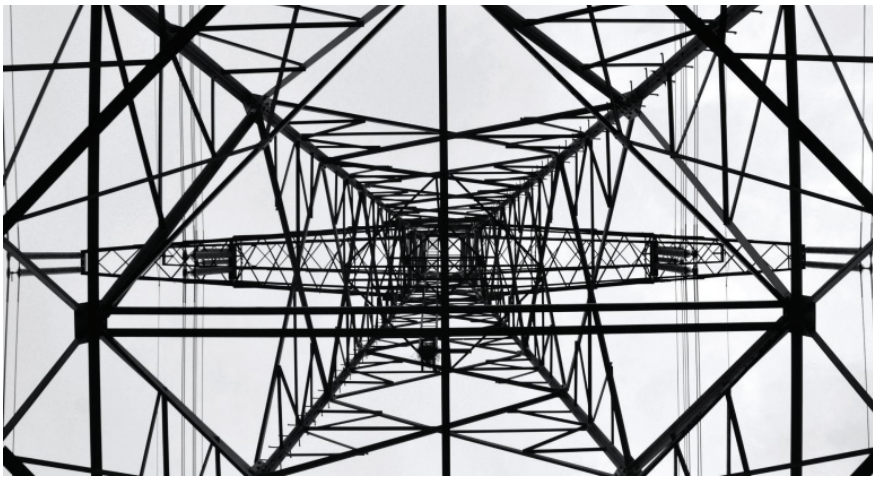
Promoting effective competition

We completed price control reviews on suppliers to protect the interests of consumers. Our monitoring of the Single Electricity Market (SEM) and the retail energy market continued. Three SEM investigations cases resulted in a substantial recovery to the market of over €2.5m.

Our statutory duties are to protect consumers by promoting effective competition, where it is deemed appropriate.

Promoting competition in the wholesale electricity markets - The Single Electricity Market

At a wholesale market level, the cross-border 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 fundamentals, such as wholesale fuel input costs, carbon prices, demand and the amount of available generation and wind capacity.



Our monitoring of the SEM and retail markets continued. SEM Investigations led to a recovery of over €2.3 million.

Within the wholesale market, we have continued to monitor market performance, including generator compliance with the Bidding Code of Practice (BCoP) and other market codes and rules, against the continued above average price of wholesale gas, carbon and coal fuels.



SEM Market snapshot

€8.8 billion

The SEM day-ahead market is worth.

86%

Of all trading volumes is in the day-ahead market.

20%

Increase in day-ahead market prices because of rising international gas prices.

76%

Of electricity flows across interconnectors were from the higher market price to lower market price.



Retail Energy Market snapshot

7

Active suppliers in the domestic market.

14

Active suppliers in the non-domestic market.

39,000

Domestic electricity switches completed during Q4 2022.

3,300

Domestic gas switches completed during Q4 2022.

56%

Total market share of highest electricity supplier.

63%

Total market share of highest gas supplier.

The SEM Market Monitoring Unit (MMU) has continued to grow and further develop enhanced monitoring tools and systems. This has enabled the unit to detect, more effectively, any instances of non-compliance with licence or attempted market manipulation and/or abuse.



We are continuing to develop our systems further and have recently signed a Memorandum of Understanding (MoU) with European energy regulator (ACER) to facilitate the exchange of market information, enabling the MMU to have full access to European Databases to enhance our capabilities further.

Work has also been ongoing on several market development processes during 2022/2023. This has included: a competitive procurement framework on reserve services; a consultation paper on SEM-GB cross-border trading arrangements, and a consultation on compensation arrangements related to transfer capacity reductions across interconnectors.

Retail energy market

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

We completed two new gas supply price controls for Firmus Energy Supply in the Ten Towns and SSE Airtricity in Greater Belfast. These controls became effective from 1 January 2023 and 1 April 2023 respectively and both have a duration of four years. Both controls ensure that the suppliers have enough revenue to finance their activities and that tariffs are set to recover the actual costs of supplying gas to customers.

Ongoing monitoring of the retail energy market, aimed at protecting the interests of consumers, continued. Our retail energy market monitoring (REMM) allows us to actively monitor developments in the retail energy market and we continue to publish these reports on a quarterly and annual basis.



Understanding the needs of consumers

In protecting consumers, and how they engage with energy markets, we recognise that understanding their preferences is key. We have been building our data and insights capacity to help us measure and track the experiences of consumers in the energy market over time.

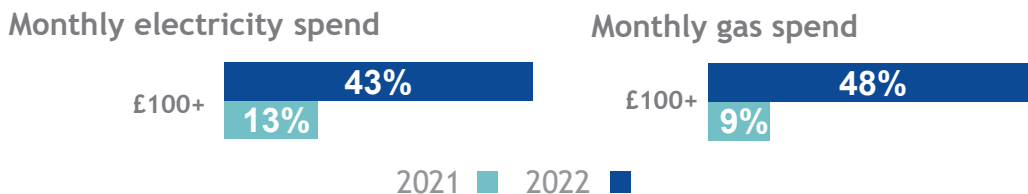
We completed the third Domestic Insight Tracker and the second Non-Domestic Insight Tracker. Given the difficulties facing consumers this year with the cost-of-living crisis, this research has become even more important as we use the results to directly inform our regulatory policies and consumer protection work



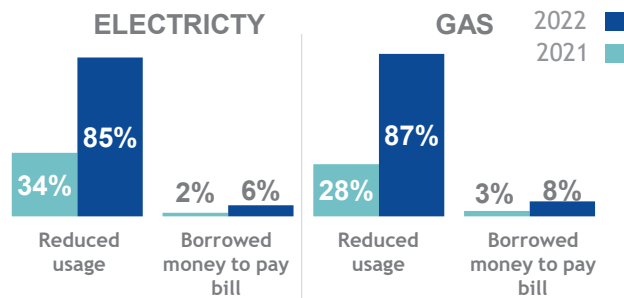
Key consumer insights

Key findings from the domestic consumer tracker survey

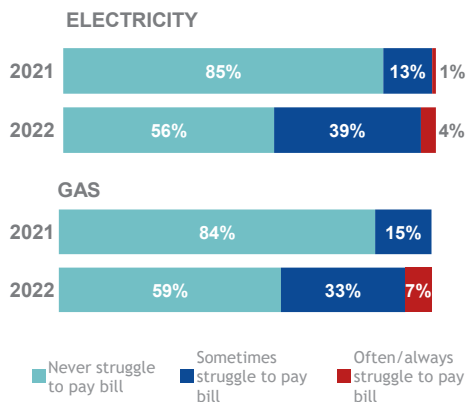
There are more electricity and gas consumers paying over £100 on their monthly bills.



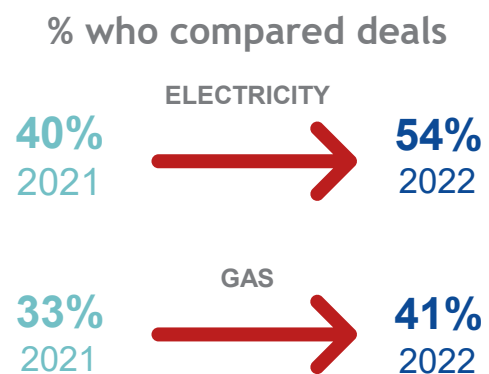
Consumers say that they are significantly reducing their electricity and gas usage.



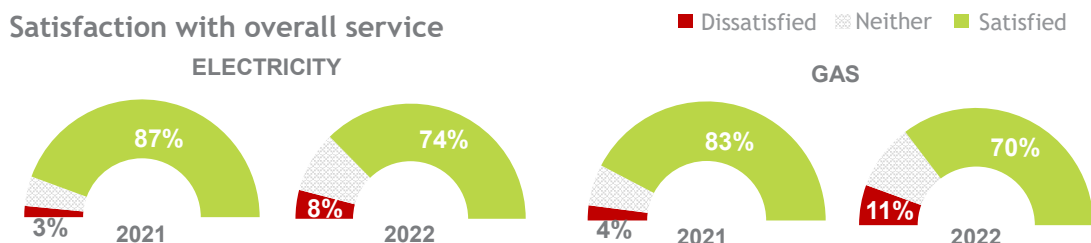
More consumers are struggling to pay their bills.



More consumers are shopping around for the better deal.

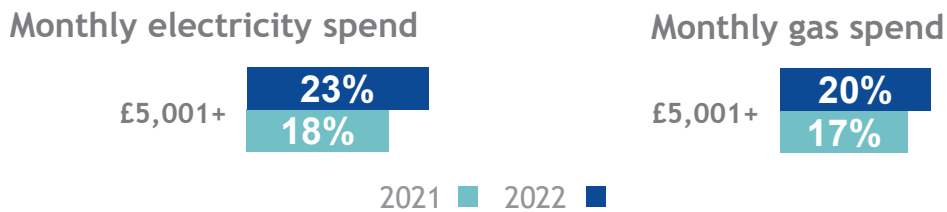


Levels of satisfaction with suppliers have fallen.

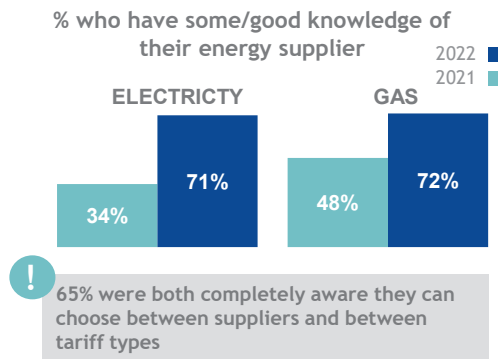


Key findings from the non-domestic consumer tracker survey

More electricity and gas consumers are spending over £5,000 on their electricity and gas bills

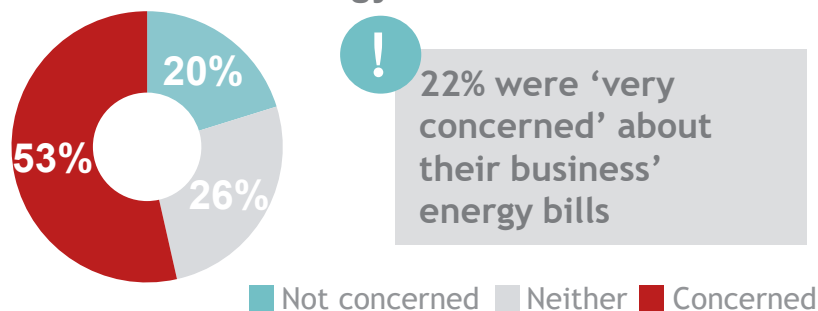


All the consumers are more active in contacting their energy supplier.

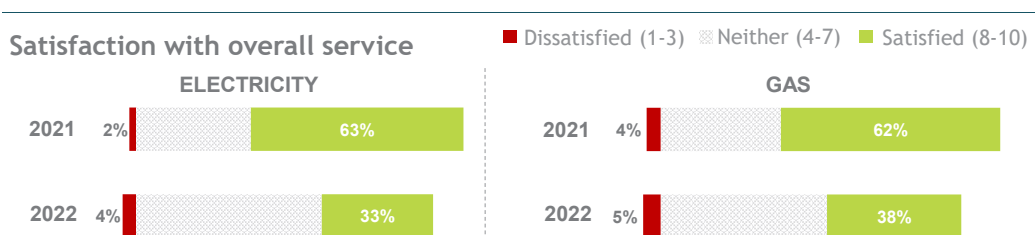


More non-domestic consumers are concerned about paying their bills.

Concern about energy bills



Levels of satisfaction with suppliers have fallen.







Enabling 21st century networks



We want our utility network companies to compare with the best. Ensuring that network company costs are efficient, their assets are resilient, with a focus on innovation, are the hallmarks of high-performing network companies.





Investing in networks



GD23 Price Control: in numbers

£3 billion

In revenues.

£185 million

of new investment

319,000

Natural gas customers.

250,000

Potential additional customers to be connected to natural gas.

2 out of 3

households in Northern Ireland now have access to the natural gas network.

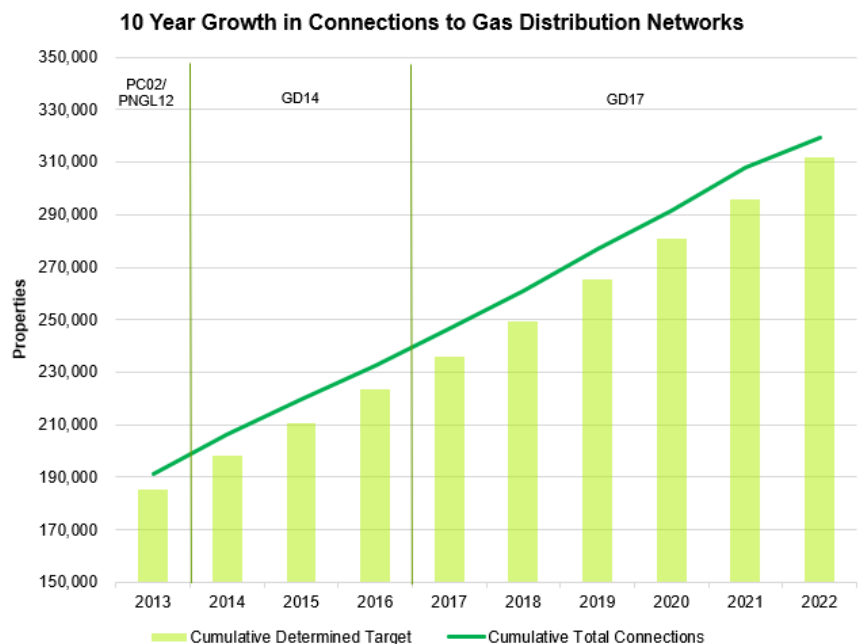
We completed price control reviews for the gas network operators (GD23) and gas transmission operators (GT22).

The GD23 price control review covers Northern Ireland's gas distribution network (GDN) operators - Firmus Energy, Phoenix Natural Gas Limited (PNGL) and Scotia Gas Networks Natural Gas (SGN). Following a public consultation on our price control proposals, we published our price control decisions in October 2022.



Map of NI Gas Network taken from *Pathway to Net Zero Northern Ireland* document published by gasnetworks.ie

A key measure of success of our regulation of the natural gas network, has been the growth in customer connections. Over the last ten years, our price control reviews (and the resulting investment) have been critical to the growth in connections.



Our GT22 price control for the high-pressure gas network in Northern Ireland, covers the five gas transmission pipelines operated by four conveyance licence holders, known as Transmission System Operators (TSOs).

In May 2022, we published our GT22 price control decisions for the five-year period from 1 October 2022 to 30 September 2027. While maintenance and replacement costs are forecast to increase as the pipelines age, savings in other areas mean that the overall forecast is relatively stable. We concluded that transmission charges should at least remain stable (excluding any inflationary effects) because of the GT22 price control.

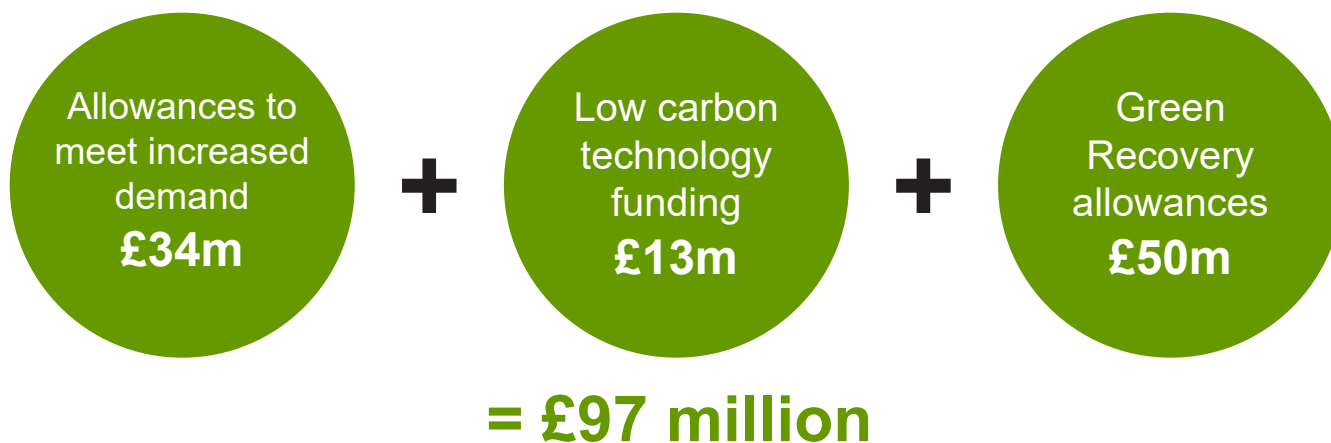


Our electricity network price control review (RP7) is strategically significant, and our decisions will have a considerable impact on Northern Ireland’s decarbonisation journey.

In July 2022, we set out our final approach to the RP7 price control review. Subsequently, we decided – following a consultation - on a one-year extension to the current (RP6) price control.

The RP7 price control will now cover the period 1 April 2025 to 31 March 2031, and will enable NIE Networks (NIEN) to deliver quality outputs that customers need and set a medium-to longer-term direction for investment in the electricity network in a period of transition, at the lowest cost to consumers.

Additional transmission investment was also approved as part of the current RP6 price control.



Additional transmission investment during RP6 price control period.

In October 2022 we published our decisions, following consultation, on SONI's Transmission Development Plan for Northern Ireland (TDPNI) 2021-2030. The plan presented projects and the investment that is expected to be needed for the operation of the electricity transmission network in the short- and medium-term.

The TDPNI also sets out the network investment required to meet renewables targets, including other critical asset replacement projects undertaken by NIE networks. Other work streams, such as NIE Networks, flexibility trials and SONI system services, are being undertaken to analyse and assist network congestion in those areas where there are high levels of constraints. This will have the potential, if successful, to avoid higher network infrastructure costs in the future and to ensure a safe, secure, economic and reliable electricity network for all Northern Ireland consumers.

Protecting consumers through network regulation

We took steps to improve our monitoring of NI Water's price control expenditure. Our new evaluative framework for SONI was published. SONI's governance review concluded with new arrangements to improve the transparency and accountability of the company through better governance and management.

In April 2022 we issued updated annual information return reporting requirements to NI Water, to allow us to monitor delivery of the £2 billion capital investment programme more effectively.

We also commenced work on a mid-term review of the NI Water (PC21) price control. This will allow us to review the company's investment proposals and performance and, if necessary, make amendments for the remainder of the price control period.



Strategically, we continued to support the delivery and monitor NI Water's element of the DfI's Living with Water programme as part of PC21. This programme aims to deliver an integrated long-term approach to drainage and wastewater management in greater Belfast.

Following our price control review of the electricity system operator, SONI, we introduced an Evaluative Performance Framework (EPF) to assess SONI's performance. The underlying objective of the EPF is to encourage SONI to take an open, flexible and collaborative approach to dealing with stakeholders. It also aims to incentivise innovation, increase transparency and accountability in SONI's operations, specifically its planning and performance reporting.

An important feature of the EPF is the independent panel, that was established to provide objective judgement of SONI against parameters that have been defined within the published Guidance. The panel structure consists of five industry experts who are qualified to scrutinise SONI's work.



We concluded our review of SONI TSO's governance arrangements in August 2022 with our decision to implement modifications to SONI's TSO licence. This followed an extensive process which involved a call for evidence, a consultation on four options for changes to SONI TSO governance, and a consultation on licence modifications to implement our preferred option.

The modifications to the conditions of SONI's TSO licence are designed to mitigate a lack of accountability and transparency in SONI, and the risks for Northern Ireland consumers which flow from this. The modifications will improve the transparency and accountability of the company through better governance and management, and ultimately ensure the interests of NI consumers are protected while SONI remains a subsidiary of EirGrid plc.



Promoting engagement on future electricity network regulation

Our network regulation never stands still. We moved forward our review of the digitalisation of our networks.

Data and digitalisation are critical in ensuring a fair and effective energy transition to benefit consumers. As utility and energy systems become more complicated, access to robust data and digitalised services becomes even more important. The industry is facing major challenges on the journey to net zero. Drivers of change include ambitious climate change targets, security of supply concerns, the fast pace of technological change and energy decentralisation.

Our plan to deliver licence modifications this year, requiring SONI and NIE Networks to deliver a joint digitalisation strategy for Northern Ireland, will mark an important next step on the journey.



The work builds on our proposals in the SONI price control (2020-2025) and the approach to the NIE Networks RP7 price control, where we began to set out regulatory expectations. It also builds on a successful stakeholder workshop we held in September 2023. This provided a forum for us to listen to a diverse range of stakeholder views and priorities and get early feedback on our approach. We look forward to engaging further with stakeholders on the joint digitalisation strategy licence condition work as part of a consultation to be published before Summer 2023.





Enabling security of supply and a low carbon future



Working with government and industry, we want to make sure that consumers enjoy a secure energy and water supply. We want to facilitate investment that supports the journey to a low carbon future.



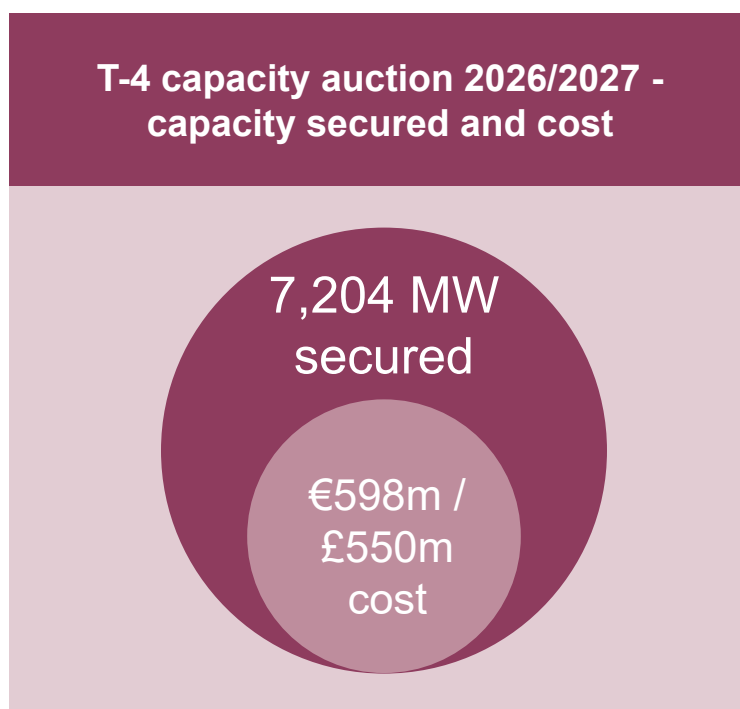


Addressing security of supply

The Single Electricity Market continues to ensure that there is sufficient electricity supply to power Northern Ireland's homes and businesses.

The Single Electricity Market (SEM) has a critical role in safeguarding the electricity generation needs for Northern Ireland. The SEM's Capacity Remuneration Mechanism (CRM) is designed to ensure that the demand for electricity is always met, ensuring security of supply, as well as making sure that consumers do not pay for more capacity than is needed.

One capacity auction took place over the preceding twelve months. However, at the time of writing, several auction processes remain in progress, in line with the capacity auction timetable.



As part of our work on ensuring security of supply, we are facilitating demand side management. Key to this is Demand Side Units (DSUs), which are sites which can be instructed by TSOs to reduce demand at times of system stress. In November 2022, the SEM Committee decided that DSUs should always receive energy payments in the balancing market (in line with State Aid requirements). This decision will be phased in and reviewed.

Ensuring Northern Ireland's security of supply is vital. We engage with key stakeholders including DfE, the Department for Environment and Rural Affairs, the NI Environment Agency, SONI and local generators to make sure there is enough electricity generated to meet demand.

In September 2022 we approved the all-island Generation Capacity Statement which is published by the TSOs. This analyses demand and generation adequacy forecasts for the next ten-year period to 2031.



Making sure that generators are available to operate when required is critical to security of supply. We required Northern Ireland thermal generators to provide monthly fuel stock data to the TSO, from October 2022 onwards, to ensure transparency and aid system planning.

Our role as an enabler also saw us set up a new Fuel Security Working Group with DfE and SONI in January 2023 to discuss actions which may be required. We also established a new committee to monitor progress in the construction of new awarded capacity. This will improve oversight of new developments which have secured capacity contracts in the SEM, to support wider decision-making about security of supply.

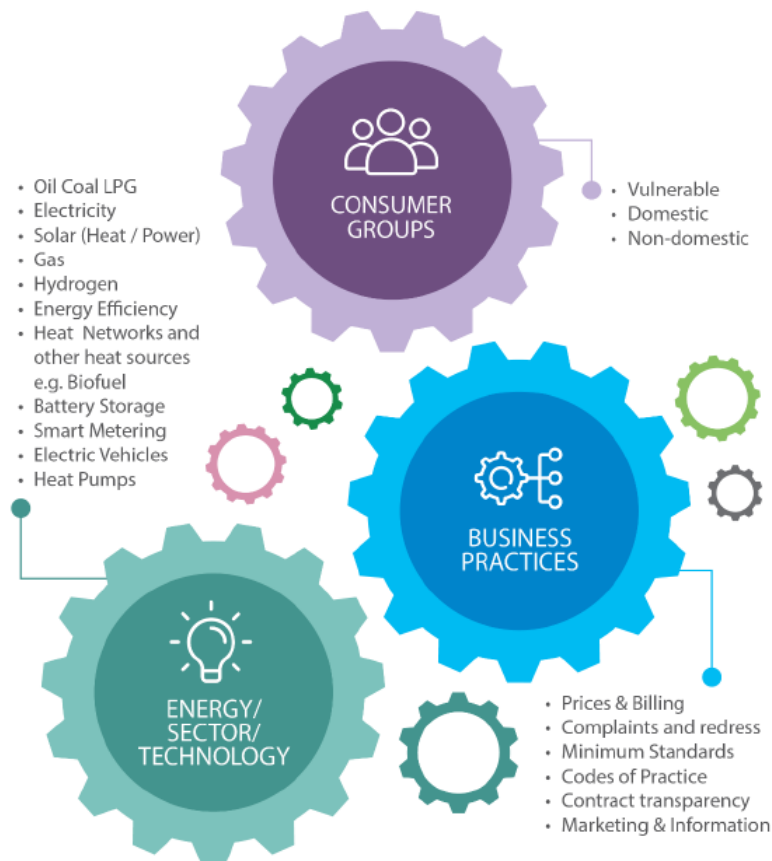
We continue to work with the TSOs and the Market Operator to facilitate and use battery storage to provide energy to the grid and have developed a licensing framework for synchronous condensers. This technology helps to stabilise the network and store energy, which can be helpful if other power plant fails as it can temporarily make up for the lost energy from the failed generator.

Working with government to promote the journey to a low carbon future

We are working with DfE on the implementation of the Northern Ireland Energy Strategy action plan and Northern Ireland's Climate Change action plan.

Our work on energy is within a policy framework set by DfE. We have been supporting DfE in the implementation of the energy strategy for Northern Ireland. The challenging targets for carbon reduction set out in Northern Ireland's Climate Change action plan are also a focus for our work with DfE.

As part of the implementation of DfE's Energy Strategy we jointly produced, with the Consumer Council, a call for evidence in December 2022. This focused on how to protect energy consumers during the energy transition. We asked for consumers' views on three focus areas: energy type or technology used; business practices that impact consumer outcomes, and different types of consumers that will need protection. The call for evidence also set out the different dimensions for consideration within a future consumer protection framework.



General protection principles ALL consumers may require regardless of what energy service they are using and how they are obtaining it.

The three focus areas of the call for evidence on protecting consumers during the energy transition

Additionally, we worked with DfE on developing an energy 'One Stop Shop', providing evidence and examples of best practice to inform the production of the One Stop Shop Implementation Plan.

Our commitment to ensuring that the needs of consumers in the energy transition also saw us commission more research. We sought the views of consumers and also spoke to expert stakeholders to help develop an in-depth insight into the different barriers consumers encounter to participating in the transition to net zero.

This research provided evidence-based insight and recommendations for policy-makers in Northern Ireland and will inform the ongoing work of DfE's Energy Strategy.



5 Key findings on consumer research and the energy transition

#1

Energy consumers are interested in energy efficiency, particularly in the context of cost savings.

#2

Low carbon or renewable energy technologies for most remains unrealistic and too costly.

#3

Consumers lack financial support and information on different options available to transition to how they use energy.

#4

Trust in new technologies is also a key challenge.

#5

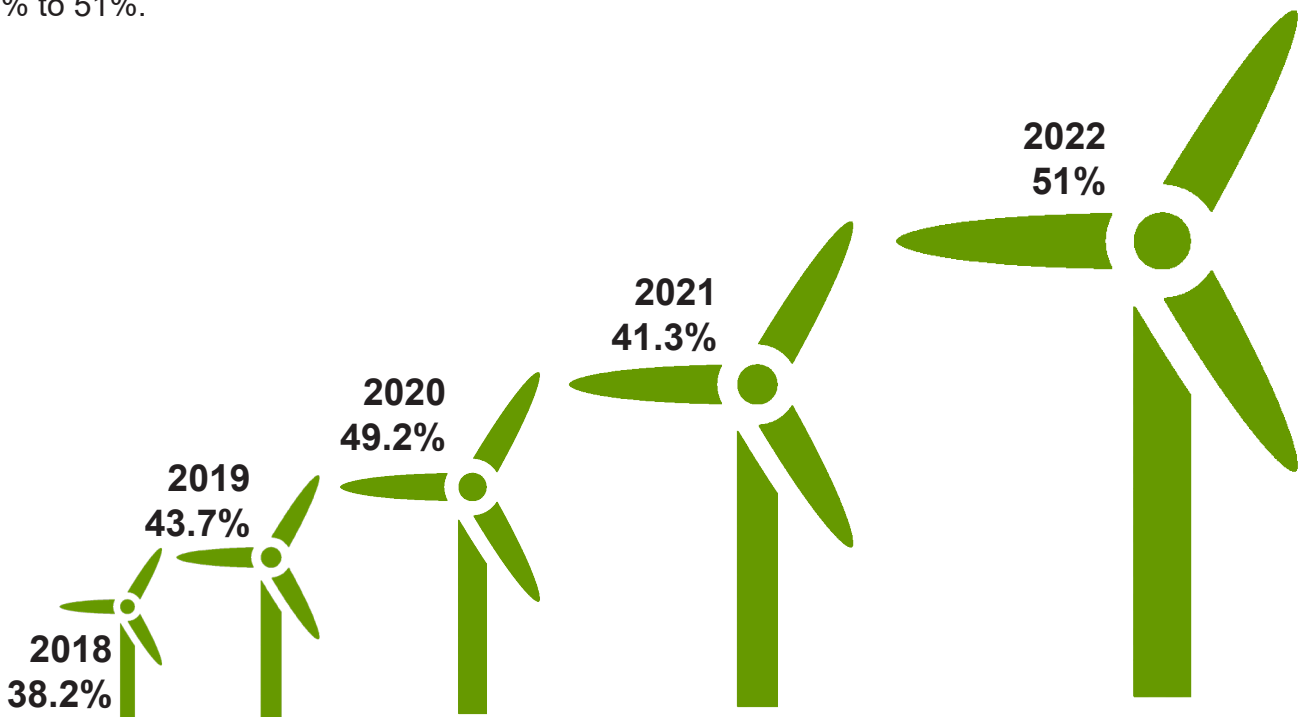
Consumers find it difficult to see what a low carbon future may look like and how it will be relevant for them.



Practically meeting the net zero challenge

As a regulator we have supported activity to help meet carbon reduction targets

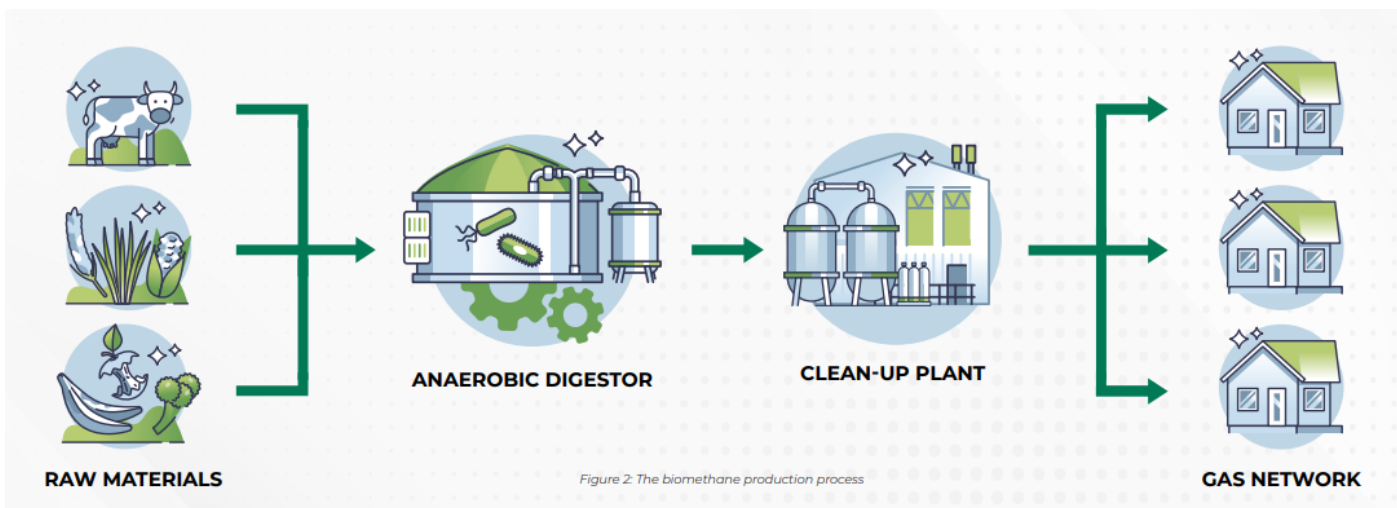
In energy a long standing target has been the proportion of power generated from renewable sources. Having exceeded a previous target of 40%, the last year saw a significant new milestone target of 51%. Since 2018, the proportion of power generated from renewables has grown from 38.2% to 51%.



Growth in proportion of power generated from renewables in each calendar year, 2018-2022

Part of the transition to the net zero has been assessing the potential of new low carbon technologies. Our initial focus has been on facilitating biomethane injection into the Northern Ireland gas network. It is envisaged that this will over time reduce the reliance on fossil gas and overall net emissions.

We have been working with the gas network operators to put in place the necessary regulatory framework changes. As a result of these changes, it is anticipated that injection of biomethane into the Northern Ireland gas network will begin during the 2023/2024 year.



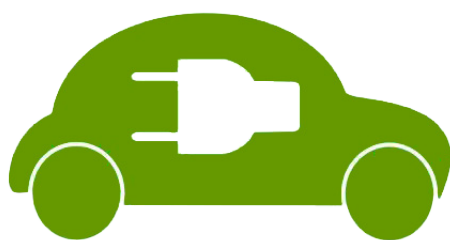
The biomethane production process from 'A Guide to Biomethane Connections to the Northern Ireland Gas', Gas Networks Ireland and Mutual Energy (2023)

We continue to engage with DfE as appropriate on the action plan for delivery of the Energy Strategy. This will include assessing the treatment of network costs as part of DfE's work on a call for evidence on the options for supporting biomethane production in Northern Ireland.

In addition, we are participating in the Inter-Departmental Biomethane Group. The group seeks to progress the delivery of sustainable biomethane production in Northern Ireland; and will involve development of policy guidance.

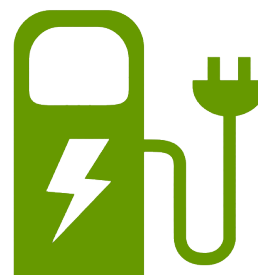
In 2022 we contributed to an Electric Vehicle (EV) Infrastructure Taskforce which was set up by DfI to bring together representatives from government, consumers, energy providers, industry, and EV drivers. The focus of this task force is to consider our EV infrastructure requirements to deliver a fit for purpose, modern EV charging network.

The Action Plan for EV, Infrastructure was published on 25 November 2022. The Plan noted several actions to take forward and to look at increased provision of charging infrastructure and operators, the cost of charging and how to pay for charging have been highlighted as fundamental issues which need to be addressed now for people wanting to make the transition from petrol and diesel to electric vehicles.



13,024

Plug in vehicles in Northern Ireland



389

Chargers in Northern Ireland

Electric Vehicle numbers and chargers in Northern Ireland. Taken from [EVANI website](#), 29 June 2023





Best practice regulation



Being a best practice regulator is important to us. As a well-run, efficient, high-performing regulator, we aim to be responsive to the needs of stakeholders, enabling successful utilities, protecting consumers.





Performing effectively as a regulator

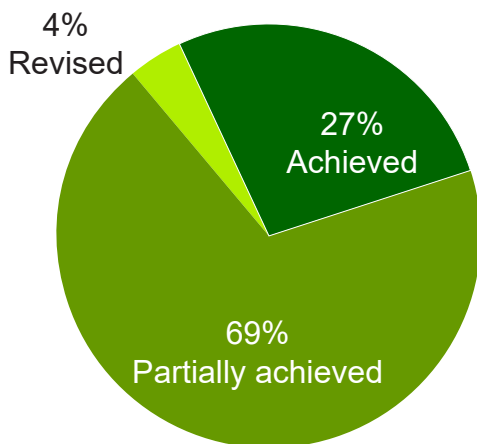
Further progress was made on meeting our corporate strategy objectives and there was a high level of achievement against our annual Forward Work Programme.

At the end of the fourth year of our Corporate Strategy 2019-2024, we continue to make good progress against our corporate objectives. We have commenced the process to develop a new corporate strategy from 2024.

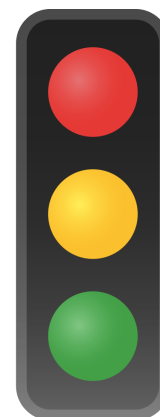
Our Forward Work Programme (FWP) 2022/2023 sets out the key projects that we intend to undertake each year. These projects are aligned with our Corporate Strategy objectives.

Overall, we achieved or partially achieved 96% of our FWP projects for 2022/2023. This was accomplished in a challenging external environment with increasing pressures on our resources.

Forward Work Programme projects 2022/2023



Corporate Strategy Key Performance Indicators status at 31 March 2023



5 Off-track

15 On-track

3 Completed

A more detailed report on performance against our Corporate Strategy objectives and FWP is included in the Performance report (Appendix 1).

Effectively managing our financial and people resources

We continued to prudently manage our financial resources. Our Shaping UR for the Future organisational transformation programme will see us grow our staffing numbers and realign our structure to meet future strategic challenges. Our staff absence rate was 2.09%, well below the NICS average.

As a non-ministerial government department, our funds are voted by the Northern Ireland Assembly. Table 1 is an overview of the key financial figures. A summary of our financial performance is included at Appendix 1. Most of our costs are collected from annual fees paid by electricity, gas and water licensees.

Table 1: Overview of financial position

Expenditure	Actual (£'000)
Operating costs (gross)	10,811
Income	10,319
Operating costs (net)	492

We are committed to the prompt payment of bills for goods and services received. During 2022/2023, 87.7% of undisputed invoices were paid within 10 days (91.3% in 2021/2022).

During 2022, we began to implement Shaping UR for the Future. This is a transformation programme that will increase our staff numbers and change our structure to meet future strategic challenges in energy and water.

During 2022/2023, our absence rate was 2.09% or 4.6 days per employee, based on employee numbers at 31 March 2022 (this compares to an absence rate of 4.03% in 2021/2022) which is below the NICS rate in 2021/2022 (the latest figures available) which was 5.6% or 12.2 days lost per staff year.





Being an employer of choice

Our UR People Programme is an integrated programme to support and develop our staff. We implemented a hybrid working approach for our staff. Our commitment to diversity and inclusion saw us set up a staff group that made significant progress during 2022/2023.

We want to be an organisation that attracts and retains the best people. Without the continuing commitment of our staff, we could not do our job effectively and we take proactive steps to support their development.

At the heart of the support, we provide for our people, is the UR People Programme (URP). URP is an integrated approach, bringing together HR and communications staff with representatives from other parts of the organisation, to deliver a joined-up programme to support and develop our staff.

One aspect of this has been our commitment to corporate and social responsibility. As well as fundraising, our staff have volunteered for our nominated charity, the Welcome Organisation.



Our URP programme continued to make progress on areas, such as engaging staff on the effective implementation of hybrid working and on diversity and inclusion. On the latter, we set up a diversity and inclusion group to provide impetus to our work in this area .

Having developed a new future model of working, based on a hybrid approach where staff will spend their time working from Queens House and remotely, we implemented this from October 2022.

As a Best Companies “One to Watch” organisation we delivered on our Learning and Development Plan 2021-2024, incorporating a wide selection of training and development including, well-being, diversity, health and safety and job-specific and technical training. This has been underpinned by a skills analysis which populated an organisation-wide matrix to inform development needs of staff going forward.

Reaching out, explaining, engaging

We reached out more widely than ever, to raise awareness of, and explain, the value of our work. This required us to use all communications channels to explain energy price changes.

We know the value of effective external communications through building relationships, joint working and collaboration.

We have reached out further than ever before to stakeholders to explain fully our role and be the most trusted voice on the issues. During the last year we have further, enhanced our data and insight capability.

With a stream of energy price increases our external communications have been more important than ever. We increased our communications in the public domain to explain energy price increases – through an increased level of public relations activity.

As ever, we spoke and delivered presentations to a range of stakeholder organisations and conferences and facilitated events and workshops on specific areas of our work, such as our non-domestic consumer tracker research.



As a regulator, we continued to participate in the UK Regulators' Network (UKRN) and several working groups, which provide a valuable opportunity to both share and learn from best regulatory practice. Additionally, we play an active role in the UK Competition Network (UKCN) which aims to promote competition and to prevent anti-competitive behaviour. We also meet with the Competition and Markets Authority (CMA) quarterly and contribute to their annual concurrency report.



Increased external engagement

350%

Increase in contact from members of the public between 2022 and 2023.

Increasing social media engagement



LinkedIn

+51%



Twitter

+30%



Facebook

+30%



Ensuring our organisation is well-run – corporate governance

Good governance is important to us. We continued to support the effective running of Board and Board sub-committees and the SEM Committee. Our IT infrastructure and business continuity arrangements continue to support the effective delivery of our work remotely.

Governance and audit

The Department of Finance (DoF) appoints the Chair and members of our Board. We are accountable to the Northern Ireland Assembly and produce this Annual Report, which DfE lays before the Northern Ireland Assembly on our behalf. Our decisions are subject to external review by, for example, the CMA and the courts.

We achieved a “satisfactory” assurance level and are committed to implementing recommendations from these audit reports and also to the Report to Those Charged with Governance issued by the NIAO as a priority. The latter provided an unqualified audit opinion for 2022/2023. All our desktop, telephony and IT infrastructure services are provided by IT Assist, the NICS managed service provider of IT services.

More information about our Board and Committees can be found in our Annual Accounts. More information about the SEM Committee can be found [here](#).

Regulatory action

Our enforcement procedure provides information on what to expect when we initiate an investigation or take enforcement action. The financial penalties policy covers both whether to impose a financial penalty and regarding a process for determining the amount of the penalty. We also have a quasi-judicial role to the determination of industry complaints and disputes. During this year, we determined on one dispute.

We also hold competition powers concurrently with the CMA. We have published competition guidelines which provide a framework for handling competition related matters and we continue to work closely with the CMA on all competition-related matters.

No references have been made to the CMA and we have not received any formal direction from DfE during 2022/2023.

Information technology and governance

Our Information Management Committee oversees governance arrangements and compliance with the General Data Protection Regulation (GDPR). Compliance with GDPR requirements forms part of our three-times a year performance scorecard reviews between our CEO and individual directors. The Board is our Data Controller and our Head of Legal has been appointed as Data Protection Officer for these purposes. The Board will receive a compliance report in September 2023.

Freedom of Information

During 2022/2023, we responded to 18 requests under the Freedom of Information Act and Environmental Information Regulations, with 14 responded to within the statutory period.





Sustainability report

The Northern Ireland Renewables Obligation Support Scheme, supported 3.5 TWh of renewable generation in the period 1 April 2021-31 March 2022 (the most recent year of reported data). Over £7.5 million of funding was provided to energy efficiency schemes under the Northern Ireland Sustainable Energy Programme.

Investment in low carbon technology



£7.5 million
spent on NISEP
schemes overall



550GWh
total lifetime
energy savings



40,288 tonnes
of lifetime
carbon savings



Over £18.9m
in lifetime gross
consumer benefit
savings

Promoting sustainable energy for consumers

The Northern Ireland Sustainable Energy Programme (NISEP) delivers energy efficiency measures with 80% of the funding aimed at vulnerable / low-income consumers.

As well as protecting consumers, particularly those who are vulnerable, energy efficiency and affordability are key concerns. Northern Ireland is expected to contribute energy savings each year to the UK-wide energy efficiency target.

NISEP is the only energy efficiency scheme in Northern Ireland which contributes to the UK's energy efficiency target. Our Board has agreed to continue NISEP until March 2025, This will enable any final decision regarding NISEP or any successor scheme to be consistent with the requirements of the next energy strategy for Northern Ireland.

Supporting renewable development

We are committed to playing our role in increasing the proportion of electricity generated from renewable sources.






We are responsible for the administration of the Northern Ireland Renewables Obligation (NIRO). The NIRO is a statutory requirement on electricity suppliers to source an increasing amount of their electricity from renewable sources. Suppliers can meet their obligation by either presenting renewable obligation certificates (ROCs) or paying into a buyout fund (or a combination of both). ROCs are issued directly to renewable generators.

The NIRO scheme is now closed to new entrants. 5.8 million ROCs were issued to generators in Northern Ireland during 2021/2022.

The total obligation on suppliers in Northern Ireland for the year 2021/2022 amounted to 1,468,659 ROCs, which means that the majority of ROCs issued to Northern Ireland generators are sold to suppliers in GB. There are 23,762 NIRO-accredited generating stations with 2,150 MW of capacity.

Providing fuel mix information to consumers

We are required to ensure that all electricity suppliers provide reliable information on customer bills and promotional materials regarding the contribution of each energy source to their overall fuel mix and the associated environmental impacts in the preceding year. Along with colleagues in CRU and SEMO, we worked to ensure suppliers provide fuel mix information to their customers. We publish this report in August/September each year.

Fuel Mix Disclosure in 2021				
Coal 	Gas 	Oil 	Renewable 	Other⁵ 
6.8%	33.6%	2.7%	55.9%	1.0%
Fuel Mix Disclosure in 2020 (for comparison)				
3.0%	35.8%	0.4%	57.9%	1.3%

Fuel mix disclosure in Northern Ireland, published in October 2021 by the [Utility Regulator](#)





Appendix 1: Performance Report



Central Government Financing

£492k was borne by central government in respect of expenditure on areas not covered by current licences such as management of the climate change levy exemption scheme, the electricity (guarantees of origin of electricity produced from renewable energy sources) scheme and notional and depreciation costs.

Licences

A breakdown of licence fee income is set out below.

Licence fees by utility	Total licence fee (£000s)
Electricity	5,682
Gas	2,679
Water	364

We also collect fees on behalf of the Consumer Council (CCNI). This is for work done under the Energy (NI) Order 2003 and Water and Sewerage Services (NI) Order 2006. The total fees collected were £1,033,932, of which £383,962 was in respect of its electricity functions, £289,656 in respect of its gas functions and £360,314 in respect of its water functions.

Accounts

The Statement of Comprehensive Net Expenditure shows that salary costs increased from the previous year (£6,593,000 for 2021/2022 against £7,275,000 for 2022/2023). This reflected additional staff to resource key work-streams and annual pay increments accrued at the end of the year.

The percentage of staff costs to total costs in 2022/2023 of 67% represents an increase from that in 2021/2022 of 63%.

Our gross expenditure in pursuit of our objectives as detailed in the statement of operating costs by operating segments is as follows;

Expenditure by segment	2022-2023 (£000s)*	2021-2022 (£000s)*
Segment 1: Electricity	7,447	7,043
Segment 2: Gas	2,801	3,000
Segment 3: Water	379	458

*Excludes notional costs.

More detailed financial information on costs can be found in our accounts.



FWP 2022-2023 Performance Report

Strategic objective 1: Promoting markets that deliver effective competition, informed choice and fair outcomes

Ref	Project description	Scope and anticipated outcome/s	Status (achieved, partially achieved or revised)	Explanation if partially achieved or revised	Lead team
1	Deliver our Consumer Protection Programme (CPP) to schedule	Delivering our revised Consumer Protection Programme projects will provide safeguards for customers, particularly vulnerable customers, and suppliers.	Partially achieved	Work spans three-year time-frame. Work ongoing.	Retail and Networks
2	Complete both non-domestic and domestic consumer insight tracker research	Completing and publishing this research will help inform our interventions to support both domestic and non domestic consumers in the retail energy market.	Achieved		Retail
3	Complete project on domestic consumer experience of debt (both Credit and pre-payment meter).	Completing and publishing this research project will help inform our interventions to support domestic consumers, particularly in the context of the Covid 19 pandemic and price volatility.	Partially Achieved	The specification for the research has been updated in light of the Cost of Living crisis. Research will begin in July 2023 for six months and reported on early 2024.	Retail
4	Review the Retail Energy Market Monitoring (REMM) framework	Will help ensure consumer protection by holding suppliers to account and monitoring their activities to meet licence obligations.	Revised	This has been delayed pending organisational re-structuring.	All

Ref	Project description	Scope and anticipated outcome/s	Status (achieved, partially achieved or revised)	Explanation if partially achieved or revised	Lead team
5	Complete energy supply price control reviews	Complete the three Supply Price control projects in electricity and gas sectors. Ensures that the price-regulated suppliers produce quality outputs at lowest cost to consumers and have sufficient revenues to run their business efficiently.	Achieved		Retail
6	Develop more competitive future arrangements for system services.	Consult on options and develop approach to ensure that there are competitive procurement arrangements in place after 2023.	Partially Achieved	Ongoing discussion with TSOs/Regulatory Authority teams to develop enhanced governance arrangements and detailed project plan for the delivery of some form of competitive procurement within the next two years.	Markets
7	Assess and develop measures to enhance SEM-GB Trading Arrangements	Work with stakeholders following EU Exit to finalise measures that improve the efficiency of trading between the SEM and GB and protect the interests of NI energy consumers.	Partially Achieved	The SEM Committee consulted upon and published the decision in relation to the SEM-GB trading arrangements in February 2023. The Regulatory Authorities are liaising with the Interconnector owners to implement the SEMC decision. Further engagement with the industry on this topic should take place in Q3 2023.	Markets

Ref	Project description	Scope and anticipated outcome/s	Status (achieved, partially achieved or revised)	Explanation if partially achieved or revised	Lead team
8	Review of gas transmission exit capacity arrangements	Consider how the gas arrangements and the SEM work effectively together and identify if any changes are required to continue to protect the interests of customers.	Partially Achieved	Multi-year project. Consultation published in 2022/2023. Work will complete in 2023/2024	Networks

Strategic objective 2: Enabling 21st century networks

Ref	Project description	Scope and anticipated outcome/s	Status (achieved, partially achieved or revised)	Explanation if partially achieved or revised	Lead team
1	Put in place a customer focused framework to deliver a digitalisation strategy for the electricity network.	Will facilitate delivery of net zero by putting in place a Digitalisation Strategy for Northern Ireland that delivers access to information on Network operation from NIE Networks and SONI.	Partially achieved	Framework to be put in place in 2023/2024.	Networks
2	Deliver a project to advance key elements of the PC21 price control and the Living with Water programme.	Will ensure that the company produces quality outputs at lowest cost to consumers and has sufficient revenues to run its business.	Partially Achieved	Programme under development, work will continue in 2023/2024	Networks
3	Continue work on the delivery of NIE Network RP7 price control review.	Ensures that the electricity distribution company produce quality outputs at lowest cost to consumers and has sufficient revenues to run its business while facilitating the energy transition.	Partially Achieved	Approach published and engagement with company ongoing.	Networks
4	Complete the GD23 price control review and begin implementation.	The review will ensure that the gas distribution network companies produce quality outputs at lowest cost to consumers and have sufficient revenues to run their businesses.	Achieved		Networks
5	Deliver effective licence obligations to reflect the outcome of the SONI Governance review.	Updated licence obligations will ensure that SONI operates effectively in the interests of NI consumers.	Achieved		Networks

Ref	Project description	Scope and anticipated outcome/s	Status (achieved, partially achieved or revised)	Explanation if partially achieved or revised	Lead team
6	Deliver project to implement best practice Guaranteed Standards of Service for electricity.	Will ensure that the water company produce quality outputs in a collaborative way giving overall lowest costs for Northern Ireland.	Partially Achieved	Consultation paper being progressed with the DfE and will be published in summer 2023.	Networks and Retail

Strategic objective 3: Ensuring security of supply and a low carbon future

Ref	Project description	Scope and anticipated outcome/s	Status (achieved, partially achieved or revised)	Explanation if partially achieved or revised	Lead team
1	Deliver SEM capacity auctions in line with programme.	Preparations for T-4 capacity auctions will be completed. Ensures the appropriate volume of capacity is secured through the capacity market considering constraints and other factors while optimising security of supply with cost to consumers.	Partially achieved	Multi-year programme – all auction programmes are on track	Markets
2	Review arrangements to incentivise participation by demand side units in the wholesale market.	Will support the integration of the growing share of renewable energy, and make use of all available sources of flexibility, particularly demand side solutions and support security of supply.	Partially Achieved	Impact Assessment was conducted by SEMO in January. Further analysis is also being undertaken. Engagement to continue with SEMO in order to implement the solution, during Q2 of 2023, if the associated Trading and Settlement Code modification is approved.	Markets
3	Support DfE in the implementation of a consumer centric energy strategy to help deliver net-zero.	Will assist DfE in implementing a revised long- term framework for energy in Northern Ireland that will focus on the needs of consumers, help deliver net zero and optimise regulatory outcomes.	Partially Achieved	Multi-year project being progressed in line with DfE's Energy Strategy Action Plan.	All

Ref	Project description	Scope and anticipated outcome/s	Status (achieved, partially achieved or revised)	Explanation if partially achieved or revised	Lead team
4	Complete work on reviewing the gas regulatory framework to facilitate possible biomethane injection.	Implement changes to existing framework to facilitate injection of biomethane onto the gas grid. Liaison with Regulated companies, DfE and interested stakeholders to ensure policy alignment.	Achieved		Networks
5	Work with DfE and Ofgem to implement the outcomes of the Northern Ireland Assembly's Public Accounts Committee's report on the NIRO.	Statutory duties in respect of NIRO are demonstrated. Building the foundation for the next stage of energy transition to decarbonised electricity supplies.	Partially achieved	This is a multi year project and good progress has been made, and is ongoing with both DfE and Ofgem to facilitate implementation of all the NIAO recommendations.	Corporate Affairs
6	Work with DfE to develop and implement a programme to deliver future energy efficiency provision for Northern Ireland.	Will ensure that a new energy efficiency target and related energy efficiency programme delivers for consumers.	Partially achieved	This is a multi-year project and we are continuing to work with DfE on the plans for future energy efficiency provision including consideration of the role of NISEP.	Corporate Affairs

Organisational Projects

Ref	Project description	Scope and anticipated outcome/s	Status (achieved, partially achieved or revised)	Explanation if partially achieved or revised	Lead team
1	Support the delivery of key outcomes from the Strategic energy prices group.	Our engagement with DfE, DfC and CCNI will deliver initiatives to provide practical support for energy consumers.	Achieved		Corporate Affairs
2	Work with DfE and stakeholders to review the appropriateness of our vires in light of emerging energy and climate change policy.	Ensures our vires appropriately aligns with energy and climate change policy.	Partially Achieved	Ongoing work with DFE to develop an interim and long-term legislative solution to ensure we have the appropriate vires to engage with and implement the new energy strategy. The absence of a sitting Assembly is causing significant issues.	Corporate Affairs
3	Review, and consider opportunities to enhance our approach to regulatory enforcement and project management.	Will review our existing enforcement practice and assess the opportunity to introduce new approaches which enhance the enforcement process (e.g. an enforcement 'sounding' board) and project management.	Partially Achieved	The enhancement programme for compliance and enforcement is pending the organisational re-structuring. In March 2023 we consulted on proposed changes to our Enforcement Policy Approach.	Corporate Affairs
4	Develop a long-term joint procurement agreement with CRU for the SEM Committee.	Will provide a sustainable basis on which both regulatory authorities may jointly specify, appoint and fund high quality consultancy support as needed in pursuit of SEMC objectives.	Partially achieved	This is complete from a UR perspective. A final legal review is being conducted before final sign-off.	Corporate Affairs
5	Implement our Diversity Chartermark action plan.	Will enhance our commitment to be a diverse and inclusive workplace.	Achieved		Corporate Affairs

Ref	Project description	Scope and anticipated outcome/s	Status (achieved, partially achieved or revised)	Explanation if partially achieved or revised	Lead team
6	Deliver a programme enhance the accessibility, and increase the range, of information available to consumers.	Will enhance our communications and increase the amount of information that is accessible and engaging for all of our stakeholders.	Partially achieved	Planning and scope for programme progressed but had to be re-prioritised due to exceptional communications pressures. Remainder of work to be completed during 2023/2024.	Corporate Affairs



Report on progress against Corporate Strategy key success measures

Strategic objective 1 – Promoting markets that deliver effective competition, informed choice and fair outcomes

Key success measures	Status	Progress Update
<ul style="list-style-type: none"> • % of customers who trust and are satisfied with their energy supplier. • % of customers who are satisfied with consumer protection arrangements in Northern Ireland. • % of customers who are satisfied with the switching process. 	On track	<p>The third domestic consumer insight tracker was completed and included baseline metrics on success measures and was published in May 2023. The domestic tracker will be conducted on an annual basis.</p> <p>The fieldwork for the second non-domestic tracker has been completed and the results were published in May 2023.</p>
<ul style="list-style-type: none"> • Enhanced market analysis and monitoring in place facilitating consumer protection, assurance of compliance and enabling enforcement as necessary. 	On track	<p>Enhanced retail market monitoring (i) new metrics have been added to monitor the Suppliers' Codes of Practice(ii) enhanced reporting and publication via Quarterly and Annual REMM publications. In addition, Consumer debt metrics are monitored via supplier and network operator submissions and we are also monitoring key performance indicators on suppliers' call centre performance.</p>
<ul style="list-style-type: none"> • Increased efficient deployment of interconnector flows evidenced by harmonisation across the interconnectors between GB and the Single Electricity Market (SEM). 	Off track	<p>Work is ongoing in relation to the Trading and Co-operation Agreement implementation and SEMC issued a consultation on whether additional measures should be taken to improve SEM-GB trading.</p>
<ul style="list-style-type: none"> • Efficient wholesale energy prices that benchmark favourably with comparator markets. 	On track	<p>Wholesale prices reflecting underlying fundamentals of fuel, demand, wind and generation availability. Prices have largely tracked GB market prices.</p>

Strategic objective 1 – Promoting markets that deliver effective competition, informed choice and fair outcomes

Key success measures	Status	Progress Update
<ul style="list-style-type: none"> Consumer Protection Programme (CPP) priority projects are delivered. 	Off track	<p>The revised programme was published during 2021/22. Years two and three of the programme include a renewed focus on debt and affordability due to the Covid-19 pandemic and Cost of Living crisis. the scope of the debt research was increased as a result and this research will now begin in July 2023 for six months and will now be reported on in early 2024.</p>

Strategic objective 2 – Enabling 21st century networks

Key success measures	Status	Progress Update
<ul style="list-style-type: none"> All network utilities deliver asset management strategies and long-term network development plans. 	On track	Work being progressed in these areas as part of network price reviews. Commitment from MEL and GNI (UK) to develop an ISO55000 accredited asset management system within GT22. NI Water has development targets identified as part of PC21. SONI publishes a 10 year development plan for the electricity network annually and the Gas Transmission Operators publish a gas capacity statement annually.
<ul style="list-style-type: none"> Innovation plans are delivered as part of price control reviews. 	On track	Approval in place for NIE Networks Green Recovery work including an Electric Vehicle trial. NI Water's PC21 Final Determination includes Low Carbon Technology investment.
<ul style="list-style-type: none"> Price control reviews improve services and save money for consumers. 	On track	Price control final determinations published for Gas distribution and Transmission companies. An Approach document was published for NIE Networks next price control. Work is on going for all price controls. RP6 extension decision document published. Electricity Supply and Gas Supply Price Controls completed.
<ul style="list-style-type: none"> A review of electricity network tariffs is completed. 	On track	A call for evidence and responses have been published, Further work on this will align with DfE Energy Strategy Smart Metering work.
<ul style="list-style-type: none"> Over 300,000 gas customers connected to the natural gas network. 	Completed	Over 319,000 customers connected to natural gas network at the end of December 2022.
<ul style="list-style-type: none"> Best practice guaranteed standards of service are introduced for energy companies. 	Off track	An update note was published in October 2022. Progress is being made on GSS and a consultation paper is due to be published in the summer.

Strategic objective 2 – Enabling 21st century networks

Key success measures	Status	Progress Update
<ul style="list-style-type: none"> Cost and performance reports are published for all network utilities. 	On track	<p>Programme of work in place to deliver gas Distribution Network Operator (DNO) and Transmission System Operator (TSO), SONI TSO and Northern Ireland Electricity Networks cost reporting.</p> <p>Assessment of TSOs and GMO Cost and Performance for the years 2017-2022 was published in May 2023</p> <p>Water and Sewerage Services Cost and Performance Report for 2020-21 was published in May 2023 and the next Report is due to be published shortly.</p> <p>Assessment of DNO Cost and Performance Report for the years 2017-2020 was published in March 2022.</p>
<ul style="list-style-type: none"> All network utilities deliver asset management strategies and long-term network development plans. 	On track	<p>Work being progressed in these areas as part of network price reviews. Commitment from MEL and GNI (UK) to develop an ISO55000 accredited asset management system within GT22. NI Water has development targets identified as part of PC21. SONI publishes a 10 year development plan for the electricity network annually and the Gas Transmission Operators publish a gas capacity statement annually.</p>

Strategic objective 3 – Enabling security of supply and a low carbon future

Key success measures	Status	Progress Update
<ul style="list-style-type: none"> Facilitate investment in low-carbon technologies. 	On track	<p>System Services Future Arrangements High Level Design paper published.</p> <p>Engagement and workshops continued on potential for biomethane injection into the gas network. Work will continue in 2023 on day two issues. Expect first injection of biomethane potentially later in 2023</p> <p>Extensive engagement with DfE on its energy strategy review as well as on the strategic review of energy efficiency.</p> <p>Reviews of Northern Ireland Renewable Obligation (NIRO) and Northern Ireland Sustainable Energy Programme (NISEP) being progressed.</p>
<ul style="list-style-type: none"> Facilitate the delivery of the second north-south interconnector. 	Off track	<p>Engagement continues with the companies on delivery of the north-south interconnector</p>
<ul style="list-style-type: none"> A new transportation agreement to ensure access to GB gas supply after 2021. 	Completed	<p>A new transportation agreement is now in place.</p>
<ul style="list-style-type: none"> Along with DfE, Clean Energy Package requirements are met by 2024. 	On track	<p>Work has been completed in identifying those elements essential for the ongoing operation of the wholesale electricity market and to update UR's statutory duties. UR has also supported DfE in preparing changes necessary for the first round of implementation measures.</p>
<ul style="list-style-type: none"> Sufficient generation is secured to meet demand through the SEM Capacity Remuneration Mechanism 	On track	<p>Capacity auctions have continued to secure sufficient generation capacity at reduced overall cost compared to previous arrangements. Security of supply under ongoing consideration.</p>



Appendix 2: Glossary and list of abbreviations





Glossary of terms

Capacity Remuneration Mechanism (CRM)

The system by which revenue is earned by generators in the SEM via a competitive auction for the provision of available capacity.

Cost and performance report

An annual report that outlines our independent assessment of how a regulated company has performed against efficiency targets and key performance indicators outlined in their price control.

D5

A term within the NIE Networks licence to allow approval of transmission investment not covered within the price control allowance.

Dt

A term which refers to certain categories of price control excluded costs, which are considered on an individual basis by us. These costs are referred to within the price control determination as 'Dt' costs.

DS3

An initiative to deliver a secure, sustainable electricity system. This initiative involves us, the CRU and the transmission system operators (TSOs) in NI and RoI and aims to: make sure there is a constant electricity supply; and help meet renewable targets relating to electricity. The three main work areas relate to system performance, system policies and system tools.

NIRO

The NI Renewable Obligation is a statutory requirement on electricity suppliers to source an increasing amount of their electricity from renewable sources.

NISEP

The NI Sustainable Energy Programme (NISEP), which was previously known as the Energy Efficiency Levy (EEL) provides funding for energy efficiency and renewable energy schemes.

Price controls

Price controls are one of the main regulatory tools used to protect consumers. This involves the regulator scrutinising the business plans of monopoly utility companies and working out the revenue needed to finance its activities while providing incentives to invest in the business.

Renewables Obligation Certificates (ROCs)

Green certificates issued by us to operators of accredited renewable generating stations for the eligible renewable electricity they generate. Operators can then trade the ROCs with other parties, with suppliers ultimately using the ROCs to demonstrate that they have met their obligation.



Abbreviations

CCNI	Consumer Council for Northern Ireland
CEO	Chief Executive Officer
CMA	Competition and Markets Authority
CM/SAT	Customer Measures/Customer Satisfaction Working Group
CPP	Consumer Protection Programme
CRM	Capacity Remuneration Mechanism
CRU	Commission for the Regulation of Utilities
DfE	Department for the Economy
Dfi	Department for Infrastructure
DNO	Distribution Network Operator
DoF	Department of Finance
EPF	Evaluative Performance Framework
EU	European Union
EV	Electric vehicle
FWP	Forward Work Programme
GB	Great Britain
GD-23	Gas distribution network operators' price control from 2023/2029
GDPR	General Data Protection Regulations
GNI	Gas Networks Ireland
GSS	Guaranteed Standards of Service
MMU	Market Monitoring Unit
NIAO	Northern Ireland Audit Office
NI	Northern Ireland

NICS	Northern Ireland Civil Service
NIEN	Northern Ireland Electricity Networks
NIRO	Northern Ireland Renewable Obligation
NISEP	Northern Ireland Sustainable Energy Programme
NRA	National Regulatory Authority
Ofgem	Office of Gas and Electricity Markets (regulator of electricity and gas in GB)
PC21	Price control for NI Water for 2021 onwards
REMM	Retail Energy Market Monitoring
RGLG	Renewables Grid Liaison Group
ROCs	Renewable Obligation Certificates
SEM	Single Electricity Market
SEMO	Single Electricity Market Operator
SONI	System Operator of Northern Ireland
TDPNI	Transmission Development Plan for Northern Ireland
TNPPs	Transmission Network Pre-construction Projects
TSOs	Transmission System Operators
UK	United Kingdom
UKCN	UK Competition Network
UKRN	UK Regulators' Network
UR	Utility Regulator



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