



# RP7 – NIE Networks Price Control 2025-2031

Draft Determination Annex T  
Business Plan Assessment  
NIE Networks  
November 2023



## About the Utility Regulator

The Utility Regulator is the economic regulator for electricity, gas and water in Northern Ireland. We are the only multi-sectoral economic regulator in the UK covering both energy and water.

We are an independent non-ministerial government department and our main duty is to promote and protect the short- and long-term interests of consumers.

Our role is to make sure that the energy and water utility industries in Northern Ireland are regulated, and developed within ministerial policy, as set out in our statutory duties.

We are governed by a Board of Directors and are accountable to the Northern Ireland Assembly.

We are based at Queens House in Belfast. The Chief Executive and two Executive Directors lead teams in each of the main functional areas in the organisation: CEO Office; Price Controls, Networks and Energy Futures; and Markets and Consumer Protection.



### Our mission

To protect the short- and long-term interests of consumers of electricity, gas and water.



### Our vision

To ensure value and sustainability in energy and water.



### Our values

- Be a best practice regulator: transparent, consistent, proportionate, accountable and targeted.
- Be professional – listening, explaining and acting with integrity.
- Be a collaborative, co-operative and learning team.
- Be motivated and empowered to make a difference.



## Abstract

This document provides an explanation of the process the Utility Regulator has used in assessing the Business Plan of NIE Networks along with consideration of the quality of the Business Plan. Detail is provided to support the score awarded to NIE Networks by the UR on the overall quality of the submission.

## Audience

This document is made specifically for NIE Networks.

## Consumer impact

Given the nature of the assessment, this information is unlikely to have a direct monetary consumer impact. NIE Networks will be able to use this feedback to improve future communications with both the UR and consumers.



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# Executive Summary

## Business Plan Assessment for NIE Networks

NIE Networks was asked to make a Self-Assessment of its Business Plan and indicated that it was Exceptional. NIE Networks' Business Plan provided well-evidenced rationale with 134 supplementary papers that set out its proposed services and activities for RP7 in an accessible way. The value this work will generate for consumers however could be clearer within the Business Plan. Further information would be required to justify the proposed services, with more reason for the proposed increases in expenditure, and importantly, what value it will all generate for consumers. This has led to a number of queries being issued to NIE Networks as part of the UR analysis of the submitted business plan.

The plan proposes a step change in network investment with an increase in these costs of over £500m in RP7. The plan also details delivery of an increase to Digital & IT staff resources as well as an explanation of how workforce resilience will be improved. NIE Networks' level of external engagement has been extensive, and they have demonstrated how they have covered off views from a wide variety of stakeholders. The business plan gives good detail on the feedback NIE Networks has received from ongoing engagement activities, and how this feedback has informed its plans for RP7. The plan could have been strengthened with more clarity on how engagement with consumers and stakeholders has influenced their Business Plan submission. NIE Networks have provided explanations of how they will ensure that their services deliver the right outcome, or where enhancements could be made, and have made clear where sections of their Business Plan have been shaped by their stakeholder and consumer engagement.

Reasonable endeavours have been made to forecast for key activities and considerations have been made for specific market indicators that will affect opex and capex forecasts. NIE Networks' RP6 performance report was clear and succinct, providing a strong overview of the key outcomes from the RP6 period. NIE Networks' public facing document was professionally presented and of good quality. NIE Networks also submitted their Data Assurance Plan which describes the arrangements in place to ensure that the data and reports used by the company are managed and assessed in terms of data quality and assurance.

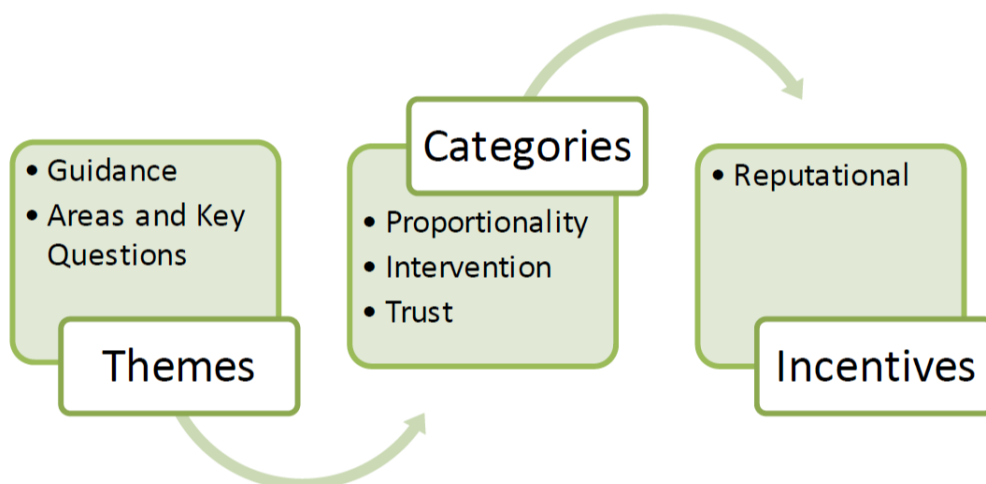
Within our lessons learned process we will review the questions asked for the Business Plan Assessment process.

To receive a future equivalent rating for the next Price Control Business Plan we would expect to see further improvements

Overall, the NIE Networks business plan received a rating of **Good**.

# 1. RP7 Business Plan Assessment

- 1.1 One of our aims for RP7 is that NIE Networks should produce a high quality, well evidenced business plan which can be accepted following limited scrutiny.
- 1.2 When we set out our approach to RP7, we signalled that we planned to carry out an assessment of the RP7 Business Plan submission. We committed to discuss further with NIE Networks and then provide more detailed guidance on our expectations for the Business Plan submission including a list of test questions for NIE Network to answer ensuring they are addressing these within their submission.
- 1.3 In the last price control for SONI, and then again more recently in the GD23 price control, we established a process of Business Plan Assessment. The assessment was structured around key questions to be asked of the business plan submissions. The questions were grouped around key areas, or 'themes'.
- 1.4 A draft business plan assessment structure was included in the initial approach document published in March 2022. This was followed with the same structure being included in the final approach document published in July 2022. A final version of the business plan assessment document was issued in August 2022 as Annex 4 of the Information Requirements.
- 1.5 The assessment considers how NIE Networks has performed in relation to the established criteria. This section of the document is our assessment of the Business Plan as part of our draft determination. We extend this approach to other network sectors providing a consistent comparative assessment of all network companies.
- 1.6 Our approach consists of areas which we will review ('themes') and categories we will consider. Our view on the quality of NIE Networks' business plan is based upon this. The illustration below summarises the process and key features of the approach.



1.7 In coming to our view, we have received and taken on board helpful input and suggestions from the SONI Business Plan Assessment as published in its Draft Determination, as well as those of the more recent GD23 Business Plan Assessments in its Draft Determination.

1.8 We consider that our view provides a picture of our expectations of what is important. NIE Networks' business role, services and activities should be well aligned with the interests of customers, consumers, other stakeholders and the wider energy system. We consider that the categorisation, when coupled with our framework and other expectations/guidance on business plans:

- allow NIE Networks to take ownership of its plan. It should also be answerable to stakeholders for what follows from it.
- clarifies that lesser regulatory intervention can be expected in the NIE Networks business plan if it is of higher quality.
- gives NIE Networks greater opportunity to shape its role over the price control period, what activities and level of service is funded through the price control, and aspects of the regulatory framework.
- clarifies that there will be a higher degree of trust in NIE Networks if its business plan is of higher quality.

### Theme areas

1.9 As we indicated, the themes provide a strong basis for us to provide clear regulatory expectations and policy priorities.

1.10 They also help us to work out how and where we dedicate assessment time when we receive the business plan from the NIE Networks. We expect that

these features will be important given the time constraints involved in the price control process.

1.11 The themes have been structured according to three areas:

- Service contribution to good outcomes
- Services and costs
- Trust in delivery

1.12 In relation to the number and type of theme areas, we were conscious of balancing the need of having enough distinct areas of key importance, whilst ensuring there are not too many such that overall focus is diminished. We also recognise that, such is the cross-cutting nature of a price control and the way businesses function, there will be links across many of the different theme areas.

1.13 We have designed areas to take account of linkages, as far as is practicable and where we feel it is important to do so. We have also taken account of issues which we feel are specific to NIE Networks and which reflect some of our policy priorities. However, we have done so to allow our approach to be sufficiently generic in many cases, so that it could also be applied to other sectors and price controls.

1.14 We feel that our view provides a picture of our expectations of what is important. In coming to our view, we have received and taken on board helpful input and suggestions from the SONI Business Plan Assessment as well as the more recent GD23 Business Plan Assessments.

1.15 We provided guidance for what would be an exceptional business plan, along with the accompanying questions for NIE Networks to answer in preparing its business plan. These are listed for completeness and ease of reference below. We expect these to be instructive to NIE Networks but leave enough flexibility for them to take ownership for their business plan. We reserve our right to consider different factors where necessary.

## **Categories**

1.16 Our business plan assessment is built up from the categorisation below for each of the theme areas. This is structured around a number of questions, which we ask when assessing the quality of the business plan submission.

1.17 These are grouped under three key themes and test areas which are set out below:



- Theme 1 - Service contribution to good outcomes.
  - ◆ Test 1: Delivering value for money for Consumers.
- Theme 2 - Services and costs.
  - ◆ Test 2: Delivering services and outcomes.
  - ◆ Test 3: Aligning Risk and Return.
- Theme 3 - Trust in delivery
  - ◆ Test 4: Engaging customers, consumers and other stakeholders.
  - ◆ Test 5: Ensuring resilience.
  - ◆ Test 6: Accounting for past delivery.

1.18 The following changes to test areas should be noted in the final version of the business plan assessment categories. These amendments were communicated in August 2022, included in Annex 4 of the Information Requirements. The test areas no longer included were:

- one test area from Theme 2 was removed, 'Securing cost-efficiency and managing uncertainty'.
- one test area from Theme 3 was removed, 'Securing confidence and assurance'.

The reason for these changes was to streamline the overall assessment process by including less questions than had been asked on previous price controls.

1.19 NIE Networks business role, services and activities should be well aligned with the interests of customers, consumers, other stakeholders and the wider energy system. We feel that the categorisation, when coupled with our framework and other expectations/guidance on business plan:

- allows NIE Networks to take ownership of its plan. NIE Networks should also be answerable to stakeholders for what follows from it.
- clarifies that lesser regulatory intervention can be expected in the NIE Networks business plan if it is of higher quality.
- gives NIE Networks greater opportunity to shape its role over the price control period, what activities and level of service is funded through the price control, and aspects of the regulatory framework.

- clarifies that there will be a higher degree of trust in NIE Networks if its business plan is of higher quality.

1.20 The questions within each test area are set out in Table 1.1 below.

Test Areas	Questions
Test 1: Delivering value for money for Consumers	Q1. How well has the company demonstrated that its proposed services and tariffs requested for RP7 provide value for money?
Test 2: Delivering services and outcomes.	Q2. To what extent has the company set out and clearly described, in an accessible way, the full range of services that it proposes to provide?
Test 3: Aligning risk and return.	Q3. To what extent has the company explained and justified its proposed Rate of Return?
	Q4. What confidence has the company given about its financial resilience under its business plan proposals?
Test 4: Engaging customers, consumers and other stakeholders.	Q5. What is the quality of the company's engagement?
	Q6. How well has the company demonstrated that findings from its engagement have been incorporated into its business plan proposals?
	Q7. How well has the company demonstrated that its engagement will be incorporated into ongoing activities?
Test 5: Ensuring resilience.	Q8. How well has the company demonstrated an understanding of the range of risks that could impact on its delivery, service quality, performance, viability and costs?
Test 6: Accounting for past delivery.	Q9. How well has the company given evidence for, and explained, its performance over the RP6 period?

**Table 1.1: Areas and their respective questions.**

1.21 We set out our categorisation expectations in Table 1.2 below.

Categories	Features
A: Exceptional	<p>Exceptional and stretching business plan.</p> <p>Excellent responses across most test areas.</p> <p>Limited regulatory intervention to translate to price control package.</p> <p>Relatively high degree of trust in company.</p>
B: Good	<p>Good plan but falling short of being an exceptional and stretching plan.</p> <p>Excellent responses in some test areas.</p> <p>Some regulatory intervention and therefore less trust than category A.</p>
C: Meeting Basic Expectations	<p>Plan does not evidence how best to serve customers and stakeholders.</p> <p>Significant concerns and lack of excellent responses across all test areas.</p> <p>Extensive regulatory intervention and therefore less trust than category B.</p>
D: Poor	<p>Self-serving business plan with poor responses in multiple test areas.</p> <p>Extensive regulatory intervention to translate to price control package.</p> <p>Severe concerns about company's ability to deliver outcomes for stakeholders and consumers.</p> <p>Requirement for detailed monitoring of company during the price control period.</p>

**Table 1.2: Business plan categorisation expectations**

## **NIE Networks Self-Assessment**

- 1.22 We also asked NIE Networks to complete a self-assessment against the criteria set out below as part of their business plan submissions:
- A brief statement setting out how NIE Networks has approached delivering an exceptional business plan in each theme area.
  - A reference to the key documentation in the business plan, which provides the supporting evidence to these statements.
- 1.23 From a presentational perspective, NIE Networks opted for a range of file formats to present the information, from spreadsheet to MS Word based.
- 1.24 This in turn provided for a range of lengths, amounts of detail and background and associated text in the self-assessment submissions.
- 1.25 For future price control processes, we are open to discussing the pros and cons of different approaches to the self-assessment area with the NIE Networks. For example, continuing with the current approach which gives NIE Networks some flexibility in presentation, or in agreeing a more uniform approach across the industry.
- 1.26 NIE Networks were asked to make a Self-Assessment of their business plan. It was not clear within their Business Plan Assessment submission how they had rated each Test Area. Test Areas 1 and 2 were rated 'Exceptional', Test Areas 3 to 6 were not clearly rated so this was clarified within the subsequent query process. NIE Networks indicated that every area of their respective plan was at the Exceptional level.

## **UR Assessment**

- 1.27 We have reviewed the NIE Networks business plan including the self-assessment and have made our own assessment of the submission made to us. In the tables below, we set out our assessment for NIE Networks' business plan, by the structured questions we had previously provided to them.

Question 1: How well has the company demonstrated that its proposed services and tariffs requested for RP7 provide value for money?		Score
		Meeting Basic Expectations
Guidance for Exceptional	Summary of Assessment	
<p>This is an overarching question that brings together different elements of the business plan.</p> <p>The plan offers an exceptional and compelling proposition overall.</p> <p>There must be a clear need or rationale expressed for any proposed changes to costs/activities for RP7.</p>	<p>NIE Networks' business plan provided well-evidenced rationale in the 134 supporting papers, with particular reference made to this question to: 'Chapter 2: Executive Summary', 'Chapter 6: Our Commitments for RP7', and 'Chapter 7: Our Business Plan in Detail'.</p> <p>Throughout its business plan, NIE Networks present ongoing efficiency savings (0.8% per annum) which deliver in the region of £100m saved over the period. The productivity challenge is not unreasonable given regulatory precedent. NIE Networks also helpfully provide a CBA associated with the RP7 investment.</p> <p>Within 'Chapter 14: Impact on Customers' Bills', NIE Networks state that the anticipated growth in electricity sales will put downward pressure on network charges which in real terms are projected to be £10 higher for an average household over the RP7 period.</p> <p>Despite the positives, there are some key areas of the submission that would benefit from further development. These include the following:</p> <p>In relation to IT: There is low confidence in cost projections/value for money - For example the number of requested reopeners in the SAP HANA implementation indicates NIE Networks' low confidence in its ability to forecast and/or control costs in this area.</p> <p>Efficiency: Whilst claiming to be one of the most efficient DNOs, consumers will not receive the full benefit of this. NIE Networks are proposing a significant baseline uplift for indirect and IMFT costs due to increased workload and changing input prices. Further explanation of the scale and the justification for this is required.</p> <p>Network Investment: The proposed rate of increase in capex costs is materially above GB DNO levels. The reason for the differential requires further explanation however there is useful detail on project-by-project investments.</p> <p>Workforce Resilience: The price control does not set specific allowances for staff numbers. However, the business plan has made much of the forecast increase in Full-Time Equivalent employees (FTEs). Justification for this increase is lacks detail or support for the positions requested.</p> <p>Performance: Targets for customer minutes lost (CML) could be move challenging given the step up in investment and RP6 performance. Proposals for worst served customer (WOC) metrics are welcome.</p> <p>Innovation: Accept the need for proposals for investment on this area however, the framework suggested appears asymmetric as customers bear the full costs whilst only retaining part of the benefits. There is no penalty for NIE Networks should innovation trials not succeed. Consumer risk is further heightened by the 'light touch' regulatory approval process suggested.</p> <p>Tariffs: The tariff impact claimed is heavily dependent upon demand increasing and yet consumption remaining the same as present levels. Given the demand uncertainty, it would also have been expected that further modelling of tariff impacts could have been presented in the business plan clarifying impact if demand rises do not materialise. This would give customers a holistic view on the risk they are undertaking by funding the RP7 investments.</p>	

**Table 1.3: Question 1**

Question 2: To what extent has the company set out and clearly described, in an accessible way, the full range of services that it proposes to provide.		Score
		Good
Guidance for Exceptional	Summary of Assessment	
<p>The plan should include any services provided by NIE Networks to its customers.</p> <p>Focus on services rather than simply activities.</p> <p>Clear and comprehensive explanation of what services are covered by NIE Networks control, and what activities of the company fall outside its scope.</p> <p>Accessible explanations of NIE Networks services which are tailored for different audiences (e.g. domestic energy consumers).</p> <p>A high-degree of granularity provided in the explanation of proposed services.</p> <p>A focus on the services that NIE Networks provides to vulnerable consumers.</p> <p>Demonstrate that have a plan in place to check/verify delivery of the right outcome.</p>	<p>NIE Networks' Business Plan commentary, supported by 134 supplementary papers, sets out its proposed services and activities for RP7 in a moderately accessible way. The business plan submitted to Utility Regulator was comprehensive. It was useful for the purpose of the Utility Regulator being able to analyse all submitted details and data.</p> <p>This question was covered mainly in 'Chapter 6: Our Commitments for RP7'. NIE Networks set out and described the key services, outputs and/or outcomes that they plan to deliver on during RP7. The engagement with stakeholders was detailed clearly. There was a specific and targeted focus on vulnerable customers.</p> <p>The full Business Plan Report was available on the NIE Networks website and was the same as the version submitted to UR. The publicly available business plan for consumers and stakeholders was also provided online in a shortened version as a summary report. It provided an easier to digest overview for consumers and stakeholders. The same web page also provided the RP7 Business Plan Stakeholder Report.</p> <p>The submission does not focus on services but does in fact focus on activities. NIE Networks services are mentioned but do not take centre stage in the documentation.</p> <p>In order to be exceptional future submissions should include more on services.</p>	

**Table 1.4: Question 2**

Question 3: To what extent has the company explained and justified its proposed Rate of Return.		Score
		Good
Guidance for Exceptional	Summary of Assessment	
<p>Response should include explanation of its proposed mix of equity and debt finance.</p> <p>Fresh perspective on Rate of Return, with clear and comprehensive explanation of assumptions.</p> <p>Evidence that proposed Rate of Return structure has been tested against possible alternatives, taking account of cost to customers and other factors.</p> <p>Well-presented and understandable supporting analysis as part of the submission.</p>	<p>NIE Networks provided a well presented and understandable analysis on Rate of Return in 'Chapter 13: Financing the Plan', supported by the accompanying report from Frontier Economics 'Cost of Capital for RP7'.</p> <p>Queries have been required to further understand the proposed mix of debt and equity finance, which assumes a significant increase in notional gearing level from that used in RP6 and to draw out the company position on equity injection.</p> <p>While evidence was provided on the Total Market Return range the conclusion to use the high point would have benefited from further explanation and was significantly above recent regulatory precedent.</p> <p>Further evidence could have been provided to test the impact of cost to customers across the range of rate of return values.</p> <p>In order to be exceptional future submissions should provide more evidence and explanation.</p>	

**Table 1.5: Question 3**

Question 4: What confidence has the company given about its financial resilience under its business plan proposals?		Score
		Meeting basic expectations
Guidance for Exceptional	Summary of Assessment	
<p>The plan should include explanation of how planned financial structure differs from assumed notional efficient financial structure.</p> <p>It should include similar scenario risk analysis as used for notional efficient licensee.</p> <p>Clear explanation of planned financial structure for 2024-30 period.</p> <p>High-quality scenario analysis and stress-testing.</p> <p>Strong evidence of financial resilience under planned financial structure.</p>	<p>The supporting report for Frontier Economics provides a good analysis of financeability along with sensitivities.</p> <p>The sensitivities show no acute risks to notional financeability. We note Frontier Economics state the notional company is just financeable at investment grade.</p> <p>Confidence levels on financial resilience are therefore a concern and in line with comments in response to Q3 above, further evidence could have been provided on alternative gearing levels in particular.</p> <p>In order to be exceptional future submissions should provide more evidence and explanation.</p>	

**Table 1.6: Question 4**



Question 5: What is the quality of the company's engagement?		Score
		Exceptional
Guidance for Exceptional	Summary of Assessment	
<p>Engagement expected to include, but not be limited to:</p> <ul style="list-style-type: none"> <li>• Customers</li> <li>• Suppliers</li> <li>• Consumer representatives</li> <li>• Environmental stakeholders</li> <li>• NI Government</li> </ul> <p>In each case, engagement should recognise diversity within each broad category and develop engagement to accommodate this.</p> <p>Demonstrates a clear understanding of different consumer and other stakeholders to engage with and the issues which are likely to matter most to them, and how engagement can be used effectively across the plan.</p> <p>Excellent engagement initiatives across a range of diverse consumer groups and other stakeholders, using a variety of approaches.</p> <p>Engagement tailored to the NIE Networks services, but drawing on tools and approaches from other regulated sectors and elsewhere.</p> <p>Engagement targeted and proportionate, which provides a platform for future improvements during the 2024-30 control period and for the subsequent control period.</p> <p>Plan(s) of how the engagement will be used to bring into effect the changes/improvements that will result in better service.</p>	<p>In 'Chapter 5: Developing the Plan for RP7' of the RP7 Business Plan, NIE Networks provide an explanation of their stakeholder engagement journey during RP6. This also detailed the ongoing role of the Consumer Engagement and Advisory. NIE Networks' level of engagement has been extensive, and they have demonstrated how they have covered off views from a wide variety of stakeholders including consumer focus groups throughout the period of RP6. NIE Networks have stated that this has been used as a basis for the building of the RP7 business plan.</p> <p>In addition to its business plan, NIE Networks has delivered an accompanying paper 'RP7 Stakeholder Response'. It sets out the approach to stakeholder engagement, the feedback received from different stakeholder groups and the actions have taken as a result at a high level. The consultation gave stakeholders an opportunity to provide their views on the initial RP7 high level business plan. The consultation asked a series of questions to obtain feedback. There was also targeted engagement and the offer of 1:1 with stakeholders to provide discussion/clarity and help incorporate their views. NIE Networks demonstrated excellent engagement initiatives specifically offering to engage separately with the Consumer Protection Advisory Group (CPAG) and its members. They recognised the resource constraints of such organisations and offered the option of taking verbal feedback with a scribe to ensure the views of these consumer bodies were captured. It demonstrated their clear understanding of different stakeholder groups and how they might engage with them and the likely issues they may prioritise - recognising the diversity of engagement needed. They proactively 'chased' stakeholders to engage with them on the consultation. They engaged across a wide variety including many of the categories listed for exceptional.</p> <p>It should however be highlighted that the proposed costs included in the consultation were not explicit and indicated that there would be no increase in unit rates which may have impacted views.</p> <p>As highlighted above, NIE Networks consulted on their initial outline plans for RP7, in October 2022. They have included as part of the RP7 submissions, a summary of the findings from the consultation, 'RP7 Stakeholder Response'. This report provides an overview of the responses and that the feedback was overall in broad agreement with NIE Networks proposals. However, there should be a clear link or narrative as how this feedback was integrated into the RP7 final plan and this could have been clearer from an UR perspective.</p>	

**Table 1.7: Question 5**

Question 6: How well has the company demonstrated that findings from its engagement have been incorporated into its business plan proposals?		Score
		Good
Guidance for Exceptional	Summary of Assessment	
<p>The plan should make clear how sections of business have been informed and improved by consumer and other stakeholder engagement, and the company should provide a clear explanation of this.</p> <p>The plan should include a clear mapping of how its proposals have been shaped by engagement, along with compelling evidence that engagement has made a real difference, in a way that will improve outcomes.</p> <p>A plan should recognise the benefits and drawbacks of evidence gathered from different types of engagement and clearly demonstrate sound judgement in using engagement to inform the plan.</p>	<p>NIE Networks are engaging with what customers and stakeholders are saying and have detailed how this feedback has informed its plans for the RP7 period.</p> <p>NIE Networks consider that they have demonstrated a class-leading standard of customer and stakeholder engagement throughout RP6, and all throughout the process of developing the RP7 plan. There is no doubt that NIE Networks have demonstrated ongoing and extensive engagement with stakeholders. This has been targeted and taken account of the type of stakeholder in terms of how NIE Networks engaged with them and how they obtained their views and what their priorities were. They were very proactive following their consultation on the Business Plan in October 2022 to try and ensure they obtained as much stakeholder feedback as possible and engaged directly with many of them to obtain this.</p> <p>NIE Networks have stated that they have used stakeholder views to directly influence their overall business strategy, challenge their performance and develop plans to address stakeholder concerns and priorities. An example includes the predictions in the Energy Strategy regarding EV and heat pump uptake during RP7 have informed NIE Networks plans for the improvement of the network. These were changed based on stakeholder feedback.</p> <p>The submission discusses how engagement throughout RP6 was frequent and influenced and shaped the RP7 Plan. NIE Networks stated that the engagement was used to help identify priority areas. An example highlighted was through CEAP and engagement that they became aware of the high-level of digital exclusion in NI. This shaped engagement as well how they might enhance customer contact throughout RP7 being mindful of the digitally excluded. This engagement also highlighted how important network resilience is to major energy users and this was reflected in the plan and incorporated into ongoing activities.</p> <p>It could be more explicit in terms of how directly feedback and engagement was mapped across to the Business Plan as a whole.</p>	

**Table 1.8: Question 6**

Question 7: How well has the company demonstrated that its engagement will be incorporated into ongoing activities?		Score
		Good
Guidance for Exceptional	Summary of Assessment	
<p>Plans should include explanations of how engagement has been used in the past and commitments for the incorporation of engagement as part of plans for the future.</p> <p>The plan should give confidence that engagement with consumer and other stakeholders lies at the heart of the company's approach to providing services.</p> <p>The plan should examine: the frequency of engagement, looking at how often it was reviewed; the quality, looking at what type/depth of engagement and its audience; the output, looking at what evidence was gathered and analysed from engagement; and the outcome, looking at what has been put in place to ensure better services and appropriate protections.</p>	<p>NIE Networks have, in 'Chapter 2: Executive Summary', set out their approach to meeting the needs of customer, including their vision of customer experience. In 'Chapter 6: Our Commitments for RP7', NIE Networks have set out in detail their commitments for RP7, including how they will incorporate their engagement with customers and wider stakeholders into ongoing activities.</p> <p>The submission discusses how engagement throughout RP6 was frequent and influenced and shaped the RP7 Plan. NIE Networks stated that the engagement was used to help identify priority areas. An example highlighted was through CEAP and engagement that they became aware of the high-level of digital exclusion in NI. This shaped engagement as well as how they might enhance customer contact throughout RP7 being mindful of the digitally excluded. This engagement also highlighted how important network resilience is to major energy users and this was reflected in the plan and incorporated into ongoing activities.</p> <p>NIE Networks have shown how actionable data and a whole system approach can be implemented. In this regard they have also advocated for the introduction of smart metering.</p> <p>NIE Networks have set out how they will continue to engage with UR and CCNI via the Consumer Engagement Advisory Panel (CEAP), to ensure appropriate targets and measures are set to track delivery against commitments during RP7. They also envisage the introduction during RP7 of an Evaluative Performance Framework (EPF) incentive mechanism which will have a specific focus on customer service quality. The level and type of engagement is usually determined through CEAP and with their commitment to the continuation of this (which delivered frequent quality engagement) it appears the intent will be to build and continue on the work which was carried out during RP6.</p> <p>NIE Networks do provide confidence that engagement with consumers and other stakeholders is in the companies approach to delivering services. They have explicitly committed to the requirements/recommendations in the URs Best Practice Framework which has a focus on vulnerable consumers and how they are engaged with. Through Vulnerable Customer Strategy they are increasing their engagement with this category of consumer as well as increasing the numbers on their critical care register.</p> <p>To be exceptional, whilst the BP discusses frequency and type of engagement this isn't explicit, specifics on this and how it will be incorporated/actioned would enhance the submission.</p>	

**Table 1.9: Question 7**

Question 8: How well has the company demonstrated an understanding of the range of risks that could impact on its delivery, service quality, performance, viability and costs?		Score
		Good
Guidance for Exceptional	Summary of Assessment	
<p>This question concerns the risks that the company cannot deliver on the service and cost proposals provided in response to themes 1 and 2.</p> <p>The plan should outline and explore high-quality risk analysis covering a diverse range of risks.</p> <p>Examine how NIE Networks will keep the Electricity Industry relevant for the future.</p>	<p>NIE Networks has, in 'Chapter 7: Our Business Plan In Detail', described the methodological approaches employed to assess risks and to develop the RP7 plan based on extensive forecasting, modelling and analysis.</p> <p>In 'Chapter 12: Delivering the Plan' NIE Networks discuss delivering the network investment plan, the IT programme and Workforce resilience. Three separate supporting papers have also been included 'RP7 Deliverability Strategy', 'RP7 IT Programme Deliverability' and 'Workforce Resilience Strategy'.</p> <p>NIE Networks note some areas of risk and uncertainty that could impact of many aspects of their plan, such as the uptake rate of low carbon technologies or whether government will decide to install smart electricity meters. They believe these uncertainties would require specific consideration during RP7, separate to the expenditure initially approved by the UR. NIE Networks have proposed a range of uncertainty mechanisms to cater for these risks - detailed in 'Chapter 10: Uncertainty and Incentive Mechanisms', and in the accompanying paper 'RP7 Uncertainty Mechanisms'.</p> <p>In relation to IT, the Business Plan is a highly complex programme that carries significant planning uncertainty and risk which are not always recognised. For example, there is a large dependency of projects on SAP and the successful delivery of SAP - Approximately 70% of projects have direct dependencies on the SAP HANA implementation programme. Delays to this essential SAP implementation are likely to significantly lengthen the implementation schedule, as well as increase cost and risk.</p> <p>In order to be exceptional future submissions should contain a high quality risk analysis.</p>	

**Table 1.10: Question 8**

Question 9: How well has the company given evidence for, and explained, its performance over the RP6 period?		Score
		Good
Guidance for Exceptional	Summary of Assessment	
<p>Any such adjustments must be clearly mapped to the relevant provisions of the RP6 price control and complemented with high-quality supporting evidence.</p> <p>There must be clear explanation and strong evidence for any adjustments/changes during RP6 period.</p>	<p>NIE Networks explained their past performance in a number of areas in detail within 'Chapter 4: Our Track Record'. This included areas such as: asset management processes; network reliability; restoration of supplies following a fault; market operations; network charges; and others.</p> <p>During the RP6 period NIE Networks have provided UR with: completed annual RIGS reporting returns on an annual basis; a completed annual RP6 'scorecard' setting out all of the determined RP6 key performance indicators (KPIs), including targets and actual achieved metrics; and an annual RP6 variance report comparing RP6 determined allowances against actual expenditure.</p> <p>Further reports will continue to be provided for the remaining years of RP6.</p> <p>Throughout the RP7 Business Plan NIE Networks have set out RP7 expenditure proposals with reference to RP6 expenditure levels, to provide a comparative context for the assessment of the RP7 proposals.</p> <p>The submission did contain an error which was identified later during the query process around severe weather costs.</p> <p>We also note that the pensions submission was not submitted to the UR at the same time as the Business plan submission.</p> <p>In order to be exceptional future submissions should be without errors.</p>	

**Table 1.11: Question 9**