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**Att:** Mr Alan Craig

21<sup>st</sup> March 2024

**RE: NIE Networks Price Control - RP7**

Dear Alan,

We wish to take this opportunity to comment on the Northern Ireland Electricity Networks Ltd. Transmission and Distribution 7th Price Control (RP7) Draft Determination as published by the Utility Regulator in November 2023. Whilst it is very welcome that the Utility Regulator appears to have embraced the broad thrust of the NIE Networks business plan, it is somewhat disappointing that the Regulator is minded to impose certain amendments to the plan.

As a longstanding contractor with NIE Networks (since 2010) we have seen at first hand (what we consider) to be an historic underinvestment in the Electricity Network over many recent Price Control periods. This lack of investment, coupled with the global race to “net zero” over the coming decades, more than justifies the ambitious investment plan developed by NIE Networks. As the world transitions toward Net Zero, the demand on the resources to deliver this transition will become ever more intense. This, together with well documented skills shortages (particularly within the Construction Industry) will present many challenges to those tasked with delivering this transition.

Specifically, in respect of the NIE Networks business plan, it is essential that they are equipped with adequate resources with which their plans can be delivered. As NIE Networks will be greatly reliant on the skills and resources of external contracting partners to realise their vision, their ability to attract, contract with and sustain productive relationships with these partners will be essential. This, at a time of unprecedented demand for Construction Services across all DNO's throughout the UK, Ireland, Europe and the rest of the world, makes it essential that NIE Networks have sufficient tools and resources at their disposal, most importantly sufficient financial resources. We note that the NIE Networks business plan (for the RP7 period) has been thoroughly and carefully costed and any departure (save for updating projections to actualities) has the potential to diminish their ability to deliver on their ambitious plans.

In addition, we also note with disappointment, the Regulator's approach to Frontier Shift and the impacts of Real Price Effects. While this reads well on paper, the reality for Construction Industry supply chains is quite the opposite of that predicted and any expectations that efficiency savings over the period will or (can be) realised is questionable, especially given the ongoing and predicted demand on the services provided by the industry. We therefore urge the Regulator to take a more favourable (and realistic) approach to how Real Price Effects are managed throughout the RP7 period, being mindful of the effects on Construction Industry supply chains.



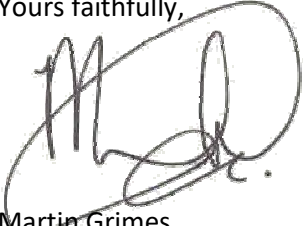
Company Registration No: NI064545



To conclude, while we welcome the fact that the Regulator has accepted the need for Network Investment at a scale similar to that proposed by NIE Networks, we strongly urge that the Draft Determination is reviewed and updated so that NIE Networks is afforded sufficient financial resources (with a reasonable approach to Real Price Effects) to enable it to deliver on its plans, the delivery of which will bring enormous benefits to the local economy, and wider society in our transition to net zero.

We trust that you will consider our comments in the process of reaching a Final Determination on the RP7 process.

Yours faithfully,



Martin Grimes  
(Director)