

REGULATORY APPROACH TO FUTURE ELECTRICITY NETWORK PRICE CONTROLS

Scoping paper and call for evidence

28 November 2025

About the Utility Regulator

The Utility Regulator is the independent non-ministerial government department responsible for regulating Northern Ireland's electricity, gas, water, and sewerage industries, to promote the short and long-term interests of consumers.

We are not a policy-making department of government, but we 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 through financial and annual reporting obligations.

We are based at Queens House in the centre of 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 and Enforcement. The staff team includes economists, engineers, accountants, utility specialists, legal advisors, and administration professionals.

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

ACCOUNTABLE:

We take ownership of our actions.

TRANSPARENT:

Ensuring trust through openness and honesty.

COLLABORATIVE:

Connecting and working with others for a shared purpose.

DILIGENT:

Working with care and rigour.

RESPECTFUL:

Treating everyone with dignity and fairness.

ABSTRACT

This document is a call for evidence which seeks stakeholder views on the RP7 price control process to allow the Utility Regulator (UR) to inform and design the approach to the development of the next electricity transmission and distribution networks price control for NIE Networks, namely, RP8. RP7 is the seventh regulatory price control for Northern Ireland Electricity Networks Ltd (NIE Networks). The RP7 price control will run from April 2025 to March 2031. The RP7 price control allows for £2.23 billion of expenditure and will ensure that NIE Networks is able to support Northern Ireland's energy transition.

AUDIENCE

This document will be of interest to electricity transmission and distribution companies, electricity suppliers, government departments, energy charities, environmental bodies, and customer groups or organisations which represent customer interests.

CONSUMER IMPACT

The evidence gathered from responses to this call for evidence will be used to inform our strategic approach to future electricity price controls.

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Executive Summary

This paper seeks stakeholder views on the lessons learnt from RP7 with a view to shaping a programme of regulatory activities to support the development of electricity transmission and distribution networks and inform the next price control for NIE Networks, namely RP8. The outworkings of this paper will inform the UR approach to the next NIE Networks electricity transmission and distribution price control (RP8).

In line with best regulatory practice, we are conducting this lessons learnt exercise within the first year of RP7 licence modifications taking effect. This includes seeking feedback from NIE Networks and a broad range of stakeholders on key aspects of the RP7 process.

The paper invites views on the effectiveness of the RP7 price control process, including the adequacy of internal and external resources, stakeholder engagement, process structure and duration, and areas for simplification. Stakeholders are also asked to reflect on what worked well, what could be improved, and what should be considered for RP8.

As part of this review, UR will evaluate the business plan assessment framework used in RP7. This includes reviewing the test questions, assessment themes, and self-assessment approach. Stakeholders are encouraged to provide feedback on the fairness and clarity of the expectations categories and suggest improvements for future business plan submissions.

The RP7 final determination also identified several areas of work to be completed during RP7 and in preparation for RP8. These include technical and policy issues within the determination, as well as initiatives beyond RP7's scope, such as the future rollout of smart meters and potential changes to the socialisation of connection costs through NIE Networks' investment and Regulatory Asset Base.

Finally, the paper presents an initial draft timetable for RP8, using RP7 as a foundation. This timetable remains subject to change following consultation within the RP8 Approach process. Stakeholder input will be critical in shaping improvements to future price control processes and ensuring that regulatory frameworks remain robust, transparent, and responsive to evolving system needs.

1. Introduction

- 1.1 The purpose of this paper is to seek stakeholder views on the lessons learnt from RP7 and associated commitments, with a view to shaping a programme of regulatory activities that will support the development of the electricity transmission and distribution networks and inform the UR approach to our next set of price controls.
- 1.2 RP7 is the seventh regulatory price control for Northern Ireland Electricity Networks Ltd (NIE Networks). The final determination¹ for RP7 was published on 30 October 2024 with the licence modifications² published on 4th February 2025. The RP7 price control will run from April 2025 to March 2031. The RP7 price control allows for £2.23 billion of expenditure and will ensure that NIE Networks is able to support Northern Ireland's energy transition.
- 1.3 As outlined in the RP7 final determination and in line with best regulatory practice, we are conducting this lessons learnt exercise on the RP7 price control process within the first year of the licence modifications coming into effect. We are seeking feedback on a range of issues set out in further detail within Chapter 2.
- 1.4 As part of this process, we intend to seek feedback from NIE Networks and a range of other key stakeholders on all aspects of the price control process.
- 1.5 In line with our commitment outlined in the RP7 final determination, we will review the questions used in the business plan assessment process as a key element of the lessons learnt exercise. We are also open to exploring alternative approaches to the self-assessment component and welcome stakeholder views on the strengths and limitations of the current method. Chapter 3 sets out this area in more detail and invites suggestions on how it could be enhanced for future price control processes.
- 1.6 The RP7 final determination identified several areas of work to be completed or considered during RP7 and in preparation for RP8. These include matters addressed within the main chapters and annexes, as well as broader initiatives that extend beyond the scope of RP7, such as the future rollout of smart meters and potential reforms to the socialisation of connection costs. To provide clarity, we have summarised these items in a table in Chapter 4, where we also invite feedback and stakeholder views on each area.

¹ [RP7 Final Determination | Utility Regulator](#)

² [RP7 Licence Modifications - decision paper | Utility Regulator](#)

- 1.7 Finally, we have set out an initial indicative draft timetable for the RP8 price control in Chapter 5.
- 1.8 UR recognise the importance of the issues covered in this paper, and we look forward to receiving responses to our questions from a wide range of stakeholders, including:
- a) NIE Networks.
 - b) Electricity transmission and distribution companies, electricity suppliers.
 - c) Government, energy charities, environmental bodies; and
 - d) Customer groups or organisations which represent customer interests.
- 1.9 We will use this information to implement improvements to the way in which we conduct price controls and apply any reasonable improvements to future price control processes.

2. Lessons Learnt

- 2.1 As outlined above we are seeking stakeholder views in relation to the RP7 price control process. We will use stakeholder feedback to identify and implement improvements for future price control processes.
- 2.2 This opportunity allows us to take into consideration constructive views whilst the determination is within its first year of operation and prior to formulating a plan for the next price control process, for NIE Networks (RP8).
- 2.3 We would be grateful if stakeholders could structure feedback with a particular focus on the following areas:
 - a) Did you consider that UR internal and external resources involved in the RP7 process were at an appropriate level and had the requisite expertise?
 - b) Are there any particular areas which you consider would benefit from further experience in the future along with the nature of the expertise?
 - c) What was your view in relation to the regularity and nature of the engagement with your organisation and with other stakeholders.
 - d) Do you have any views in relation to the structure and duration of the process, including timeline for key milestones.
 - e) Was there a particular method of engagement which you found most effective?
 - f) Please detail aspects of the RP7 process that worked well and should be continued.
 - g) Please detail elements that you believe could be simplified or streamlined? For instance, what level of page limit would you consider appropriate for the business plan.
 - h) Your views on what you could improve on or what you would change to enhance NIE Networks' performance.
 - i) Comments on key issues for consideration for RP8.
 - j) Any other relevant factors for consideration for RP8 that we should be aware of.

3. Business Plan Assessment Lessons Learnt

- 3.1 We have committed to reviewing the questions used during the business plan assessment to identify opportunities for improvement, ensure alignment with future regulatory objectives, and strengthen the effectiveness of our evaluation approach. By examining the strengths and limitations of previous assessments, we aim to refine our methodology and better support the development of robust, transparent, and forward-looking business plans under future price control frameworks.
- 3.2 One of the aims of the RP7 Price Control was that NIE Networks should produce a high quality, well evidenced business plan which can be accepted following limited scrutiny.
- 3.3 When we set out our approach to RP7, we signalled that we planned to conduct 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 Networks to answer ensuring they are addressing these within their submission.
- 3.4 We also asked NIE Networks to complete a self-assessment against the criteria set out below as part of their business plan submissions:
- a) A brief statement setting out how NIE Networks has approached delivering an exceptional business plan in each theme area.
 - b) A reference to the key documentation in the business plan, which provides the supporting evidence to these statements.
- 3.5 Annex T³ of the RP7 Final Determination provided an explanation of the process the Utility Regulator used in assessing the Business Plan of NIE Networks along with consideration of the quality of the Business Plan. Annex T also provides detail to support the score awarded to NIE Networks by the UR on the overall quality of the submission.

Themes / Test areas / Questions

- 3.6 The business plan assessment was grouped under three key themes:
- Theme 1 - Service contribution to good outcomes.

³ [Annex T - Business Plan Assessment.pdf](#)

- Theme 2 - Services and costs.
- Theme 3 - Trust in delivery

3.7 The questions within each theme test area are set out in Table 3.1 below.

Table 3.1: Test areas and their respective questions

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?
Draft information requirements issued	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?
Final information requirements issued	Q6. How well has the company demonstrated that findings from its engagement have been incorporated into its business plan proposals?
Business Plan submitted	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?

Question

3.8 Do you agree with the business plan assessment themes, test areas, and questions?

Expectation

3.9 The categorisation of our expectations in Table 3.2 below.

Table 3.2: Business plan categorisation expectations

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

Question

- 3.10 Do you consider the expectations categories are appropriately defined and balanced?
- 3.11 Do you consider the features of each category are correct?

Self-assessment

- 3.12 For future price control processes, we are open to discussing the pros and cons of different approaches to the self-assessment area with 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.

Question

- 3.13 How might this be done in the future, and what feedback or suggestions do you have?

4. Areas of work to complete during RP7

- 4.1 The RP7 final determination identified numerous areas of work arising within the main chapters and annexes which require completion / consideration during RP7 and in the lead up to RP8.
- 4.2 The final determination also indicated areas of work that were considered beyond the scope of the RP7 Price Control and yet will progress during the RP7 period. These include:
- the future implementation of smart meters; and
 - any future decision to socialise an increased proportion of connection costs through NIE Networks investment and Regulatory Asset Base.
- 4.3 Table 4.1 overleaf captures all the above items and we are seeking feedback through questions at 4.7 and 4.8.

Table 4.1: Areas of work to be completed during RP7

Project Area / Workstream	Description
RP6 performance	Publish a detailed cost and performance report, including the carry-over of deferred RP6 capital outputs into RP7.
Network Costs	Review efficiency performance, allocation of indirect costs and capitalisation of costs. Engage further with NIE Networks to better understand NIEPS costs. Consider the implications of Ofgem's pensions review and assess the potential for aligning pension principles across NI regulated energy businesses with DB schemes.
Direct Network Investment	Consider the evidence supporting increases in volume driven caps following a fully justified submission.
Frontier Shift	Develop the Real Price Effects Uncertainty Mechanism for RP7 and consider the process for implementing changes within the financial model.
IT	Begin assessment of NIE Networks' resubmission upon receipt, with a decision to be made before Year 3 of RP7.
Innovation and Incentives	Update planned CMLs annually based on historic actuals as part of the tariff process. Update RIGS reporting to include new KPIs for worst-served customers and property portfolio outputs.
Customer Measures	Monitor timely resolution of complaints against best practice and GB DNOs from the outset of RP7. Develop data collection, definitions, and targets for consumer measures to apply from year 2 and 3 of RP7. Establish CEAP annual review and reporting on all consumer measures including proposals on resetting targets.
EPF	Initiate the EPF process, including scheduling, panel approval, reviews, and communicating board decisions.
Environmental Action Plan	Monitor performance against the environmental action plan on an annual basis.
Price control design	Transfer of telecoms assets from SONI to NIE Networks. Consult on licence modifications to give effect to the price control - COMPLETE.

Table 4.1: Areas of work to be completed during RP7 (cont'd)

Project Area / Workstream	Description
Financial Aspects	Monitor and update movements in the risk-free rate and debt during the annual tariff approval process. Movements in inflation will be monitored and updated but not considered until RP7 is complete.
Business plan assessment	Review the questions used in the RP7 business plan assessment as part of the lessons learnt process. (Chapter 3)
Next Steps	Consider all responses to the licence modification consultation and then make a final decision of the licence modifications to be published in January 2025 - COMPLETE Complete this lessons learnt process within the first year of the licence modifications coming into effect, in line with good regulatory practice (Chapter 2)
Further issues	The future implementation of smart metering. The future decision to socialise an increased proportion of connection costs through NIE Networks investment and Regulatory Asset Base.

Questions

- 4.4 Do you agree with the list included in the above table and that it captures the full extent of the work to be included in the RP7 period as identified in the final determination?
- 4.5 Would you like to suggest other work that is required to be completed prior to the RP8 price control period?

5. RP8 Indicative Timetable

- 5.1 Building on the RP7 framework, the high-level milestones for the RP8 price control could be as set out in Table 5.1 below. These milestones remain indicative and will be subject to ongoing consultation and potential adjustment as part of the RP8 Approach.

Table 5.1: RP8 Key Milestones

RP8 Key Milestones	Initial Timeline
Approach Document Consultation	March 2028
Approach Document Consultation Ends	May 2028
Approach Document Finalised	July 2028
Draft information requirements issued	March 2028
Final comments on information requirements	May 2028
Final information requirements issued	September 2028
Business Plan submitted	End of March 2029
Draft Determination published	November 2029
Draft Determination consultation period ends	March 2030
Final Determination and licence consultation published	October 2030
Close licence modifications consultation	December 2030
Decision on Licence modifications published	February 2031
RP8 Price Control takes effect	1 April 2031

Questions

- 5.2 Do you agree with the high-level milestones for the RP8 price control as set out above?
- 5.3 Would you like to provide any comments on the proposed timeline?

6. Summary of Questions

Lessons learnt

- a) Did you consider that UR internal and external resources involved in the RP7 process were at an appropriate level and had the requisite expertise?
- b) Are there any particular areas which you consider would benefit from further experience in the future along with the nature of the expertise?
- c) What was your view in relation to the regularity and nature of the engagement with your organisation and with other stakeholders.
- d) Do you have any views in relation to the structure and duration of the process, including timeline for key milestones.
- e) Was there a particular method of engagement which you found most effective?
- f) Please detail aspects of the RP7 process that worked well and should be continued.
- g) Please detail elements that you believe could be simplified or streamlined? For instance, what level of page limit would you consider appropriate for the business plan.
- h) Your views on what you could improve on or what you would change to enhance NIE Networks' performance.
- i) Comments on key issues for consideration for RP8.
- j) Any other relevant factors for consideration for RP8 that we should be aware of.

Business Plan Lessons learnt

- k) Do you agree with the business plan assessment themes, test areas, and questions?
- l) Do you consider the expectations categories are appropriately defined and balanced?
- m) Do you consider the features of each category are correct?
- n) How might this be done in the future, and what feedback or suggestions do you have?

Areas of work to be completed during RP7

- o) Do you agree with the list included in table 4.1 and that it captures the full extent of the work to be included in the RP7 period as identified in the final determination?
- p) Would you like to suggest other work that is required to be completed prior to the RP8 price control period?

RP8 indicative timetable

- q) Do you agree with the high-level milestones for the RP8 price control as set out above?
- r) Would you like to provide any comments on the proposed timeline?

7. Next Steps

How to respond

- 7.1 Representations may be made on or before 5pm on 23 January 2026. Responses can be sent in writing to:
- Alan Craig
- The Utility Regulator
- Millenium House
- 16 – 22 Great Victoria Street
- BT2 7BN
- 7.2 Or by e-mail: alan.craig@uregni.gov.uk and e-mail and electricity_networks_responses@uregni.gov.uk.
- 7.3 Our preference is for responses to be submitted by e-mail.
- 7.4 Once all responses to the consultation have been considered, we plan to publish our findings, next steps, and the responses in March 2026.

Confidentiality

- 7.5 Please note that we intend to publish all responses unless marked confidential. While respondents may wish to identify some aspects of their responses as confidential, we request that non-confidential versions are also provided, or that the confidential information is provided in a separate annex.
- 7.6 As a public body and non-ministerial government department, the Utility Regulator is required to comply with the Freedom of Information Act ("FOIA"). The effect of FOIA may be that certain recorded information contained in consultation responses is required to be put into the public domain. Hence it is now possible that all responses made to consultations will be discoverable under FOIA, even if respondents ask us to treat responses as confidential. It is therefore important that respondents take account of this. In particular, if asking the Utility Regulator to treat responses as confidential, respondents should specify why they consider the information in question should be treated as such.
- 7.7 The Utility Regulator has published a privacy notice for consumers and stakeholders which sets out the approach to data retention in respect of consultations. This can be found at <https://www.uregni.gov.uk/privacy->

notice or, alternatively, a copy can be obtained by calling 028 9031 1575 or by email at info@uregni.gov.uk.

- 7.8 This paper is available in alternative formats such as audio, Braille etc. If an alternative format is required, please contact the office of the Utility Regulator to request.

Annex - Glossary

Term	Description
CEAP	Consumer Engagement Advisory Panel
CMLs	Customer Minutes Lost - the average number of minutes customers are off supply per annum.
DNO	Distribution Network Operator – NIE Networks is the only DNO in Northern Ireland. There are 14 DNOs in GB, which are owned by six different groups. The holders of an electricity distribution licence in GB are commonly referred to as the GB DNOs.
EPF	Evaluative Performance Framework
Frontier Shift	Determined adjustments to allowances based on the projected rate of industry input costs compared to our assumptions for CPIH (RPEs) and productivity growth.
NIEPS	Northern Ireland Electricity Pension Scheme, a multi-participant scheme, including: Northern Ireland Electricity Networks Ltd, NIE Powerteam Ltd, Powerteam Electrical Services Ltd, and Capital Pensions Management Ltd. offers a Defined Benefit scheme, which was closed to new members in 1998, and a Defined Contribution scheme.
RIGs	Regulatory Instructions and Guidance
RP6 (Regulatory Period 6)	This is the name given to the price control for NIE Networks which will cover the period from 1 October 2017 to 31 March 2025.
RP7 (Regulatory Period 7)	This is the name given to the price control for NIE Networks covering the period from 1 April 2025 to 31 March 2031.
RP8 (Regulatory Period 8)	This is the name given to the price control for NIE Networks covering the period from 1 April 2031 to 31 March 2037.
SONI	Transmission System Operator for Northern Ireland.
Worst Served Customer (WSC)	Defined for RP7 as a customer who experiences 12 or more unplanned high voltage interruptions to supply in 3 years, with 2 or more interruptions in each 12-month period.