

Organisation:

Kinecx Energy

Analyst notes:**Tags:****Prioritised right project:**

Yes

Please comment on your response:

Kinecx Energy agrees that the Utility Regulator (UR) has broadly prioritised projects that align with legislative requirements, government policy, and the Corporate Strategy objectives. In particular, we welcome the focus on:

- Supporting a Just Transition to Net Zero
- Enabling best-in-class energy and water companies
- Delivering high-quality consumer service and protection

We agree with the UR's stated approach that projects included in the FWP should meet legislative requirements, align with government policy, fulfil regulatory obligations, or contribute directly to the delivery of the Corporate Strategy objectives.

The FWP highlights the UK Government's 2019 legal commitment to achieve net zero greenhouse gas emissions by 2050, noting that Northern Ireland will require major growth in renewable energy and energy efficiency measures to meet this target.

Kinecx Energy fully supports this ambition and is working with the other GNOs in advancing several projects under the Energy Strategy Funding programme in support of this objective, including:

Network Constraints Project – Biomethane has the potential to play a major role in the decarbonisation of the NI Gas Network and thereby contribute to Northern Ireland's climate and energy security ambitions. To maximise the opportunity presented by biomethane to facilitate NI Gas Network decarbonisation, network constraints need to be addressed, and producer connections facilitated. This project aimed to produce an NI-level view of where these constraints will arise based on geospatial and network modelling, and to identify a cost optimal approach to alleviating them. In addition, the Regulatory report produced as part of this project considers how NI connection policy and practice could be developed to potentially move away from '100% producer pays' and provide a more enabling framework for biomethane connections to the gas network in NI.

Hybrid Heat Pump Trial – This trial will evaluate the role of hybrid heat pumps in NI’s pathway to net zero by assessing impacts on consumers and network operators. The evidence generated will inform low-carbon heating policy, support long-term network planning, and contribute to future electricity and gas price control development. By providing data-driven insights on heat decarbonisation, it will help integrate efficient, low-carbon heating solutions into Northern Ireland’s pathway to net zero.

Hydrogen blend preparedness – The Hydrogen Blends Technical Preparedness Study will investigate how NI’s gas network and downstream systems can safely accommodate hydrogen blends of up to 20% by volume. Its aim is to identify gaps in data, equipment performance, and materials testing, aligning with safety and regulatory requirements, to ensure Northern Ireland remains aligned with GB and other interconnected regions, enabling timely adoption of hydrogen as a low-carbon energy source and supporting renewable energy expansion.

Kinecx Energy notes that progress on planning for renewable gas integration, such as biomethane, is currently constrained by the absence of a formal Northern Ireland government policy. The outputs of the Network Constraints Project have been shared with the UR and provide important evidence on potential network limitations, cost-efficient solutions, and regulatory considerations for biomethane injection.

We encourage the UR to consider how these preparatory outputs could inform future regulatory planning in this space, ensuring alignment with future government policy once it is established, and supporting Northern Ireland’s net zero ambitions.

Future Gas PAYG (FGPAYG) Project - Kinecx Energy agrees that establishing the regulatory framework to support implementation of the DfE’s Smart Meter Design Plan is an important project under the strategic objective of supporting a Just Transition to Net Zero.

However, we note that the FWP does not reference the significant metering project currently underway within the gas sector. The Future Gas PAYG (FGPAYG) project, led by the Gas DNOs in collaboration with domestic suppliers, will ultimately replace over 200,000 existing PAYG meters starting from 2027 due to meter obsolescence.

FGPAYG is not solely a technical replacement exercise. It is a substantial cross-industry programme requiring coordinated governance, clear cost recovery arrangements, and structured regulatory oversight. The NIS governance arrangements will be a key consideration, alongside regulatory clarity regarding the treatment of costs and potential licence implications. The FGPAYG solution represents a key mechanism for

addressing a number of the risks identified in the PAYG meter risk register in relation to the current metering platform.

In addition, further consideration will be required regarding the pace and phasing of rollout. Maintaining two parallel metering solutions with differing levels of connectivity and customer functionality will introduce operational complexity, higher support costs, and inconsistent consumer experience. Consideration will also be required regarding the duration of manufacturer support for legacy meters and the associated maintenance costs. These factors have implications for cost efficiency, consumer outcomes and overall system resilience.

Given its scale, consumer impact, relevance to risk mitigation and potential for energy efficiency, Kinecx Energy considers that this programme warrants recognition within the Forward Work Programme together with continued UR engagement to ensure a coordinated, consumer-focused and cost-effective transition. While the electricity Smart Meter Design Plan appropriately falls under Supporting the Just Transition to Net Zero, the Future Gas PAYG programme most directly aligns with the objective of Providing the Highest Level of Consumer Service and Protection, given its scale, consumer impact and role in mitigating identified PAYG metering risks.

Gas Distribution Price Control (GD29) - The Gas Distribution Price Control (GD29) is appropriately identified as a key project under Strategic Objective 3: Enabling best in class energy and water companies.

Given the scale, complexity and preparatory work required for a multi-year price control, early and structured engagement is essential. We welcome the proactive approach adopted by the UR to date, including the scheduled 1-2-1 meetings and the establishment of the Price Control Working Group. These forums have been constructive and are providing a valuable mechanism for identifying areas of focus and potential concern in advance of formal consultation stages.

This engagement will become increasingly important as we approach GD2P, particularly given the challenging scope and timelines associated with a price control of this scale, and with the forthcoming consultation on the approach to GD29 due this year.

Continued open communication and early clarity on methodology will support efficient preparation, reduce regulatory uncertainty and contribute to a well-informed and robust determination process.

Consumer Protection Programme 2024–2029 (CPP24) - We agree that Year 3 of the Consumer Protection Programme 2024–2029 (CPP24) is appropriately prioritised under Strategic Objective 4: Providing the highest level of consumer service and protection. Customer service and protection are intrinsic to how Kinecx operates, and we remain

committed to working constructively with the UR in delivering the objectives of CPP24. Best Practice Framework Programme - We support the development of a best practice framework across electricity, gas and water sectors and welcome continued engagement to ensure proportionality and clarity of expectations for network operators.

Bereavement Support - Kinecx is happy to engage with the UR on bereavement support proposals. However, we would welcome further clarity on scope and applicability to DNOs, given that direct customer billing and account management functions sit with suppliers. Any framework should reflect the differing roles and levels of customer interaction across the sector.

Research into Consumer Issues Arising from the Energy Transition - Kinecx strongly supports this workstream. We have already engaged with the UR, CCNI and vulnerable consumer lived-experience representatives through initiatives such as the Outside In Project. We are keen to build on these insights and contribute further evidence, particularly as gas begins to feature more prominently in decarbonisation discussions. Early engagement is important to ensure consumers understand how the gas network can contribute positively to the energy transition and to address concerns proactively.

Improving Energy Literacy - We support initiatives aimed at improving energy literacy and would welcome clarity on the expected role of DNOs in delivery.

Company Vulnerability Strategies - Kinecx Energy is fully committed to supporting customers in vulnerable circumstances and adheres to the Code of Practice for Consumers in Vulnerable Circumstances. We have appointed vulnerability champions, implemented targeted initiatives, established partnership arrangements to enable warm handovers, and invested in staff training to ensure appropriate identification and support. However, it is important that expectations remain proportionate to the role of a distribution network operator. Our interactions with customers are significantly more limited than those of suppliers, and while we will continue to provide accessible services and appropriate support mechanisms, vulnerability frameworks should reflect the remit and operational scope of DNOs.

Energy Customer Care Register (CCR) - There is no specific mention of the Energy Customer Care Register (CCR) in the FWP. The implementation of a central energy CCR represents a major cross-industry undertaking, requiring significant resources and the alignment of systems across both the gas and electricity sectors. The absence of reference to the CCR in the FWP raises the question of whether it is being considered a key project for the UR in the year ahead. We urge the UR to recognise the scale of effort required from network operators and suppliers, and to plan sufficiently in advance, providing stakeholders with enough notice to allocate resources effectively and ensure

a successful implementation.

Mid-Term Review of CPP24 - We understand the rationale for a mid-term review and support this process. Early engagement with stakeholders and clear communication regarding scope, evidence requirements and expected outcomes will be essential to ensure the review is effective and proportionate.

Finally Kinecx Energy notes that under FWP Part 2 – New Projects Strategic Objective 1: Supporting the Just Transition to Net Zero, the UR’s listed projects are all focused on electricity, with no projects relating to the gas network. While we recognise the importance of electricity decarbonisation, the gas network also has a critical role to play in achieving Northern Ireland’s net zero greenhouse gas targets. Gas-based solutions, including biomethane injection, hydrogen blend preparedness, and hybrid heat pump trials, can make significant contributions to decarbonisation while maintaining reliable and cost-effective energy delivery. We therefore suggest that the UR consider including gas-related projects under this strategic objective to ensure a fully balanced approach to the Just Transition and to capture the decarbonisation potential across the whole energy system.

Analyst notes:

Tags:

Objections - Yes/No:

No

Please comment on any objections:

Kinecx Energy does not object in principle to the projects listed in the draft FWP. However, we highlight a number of concerns.

First, there is a lack of gas-focused projects under the Just Transition to Net Zero, despite ongoing preparatory work on biomethane by DNOs. UR engagement will be critical to support regulatory alignment once government policy progresses.

Second, the FWP identifies the electricity Smart Meter rollout as a key project but omits the Future Gas PAYG programme, which is equally significant and requires substantial cross-industry coordination and regulatory oversight. Proper UR engagement is essential to ensure the programme delivers its intended consumer outcomes, mitigates risks, and maintains system resilience.

Finally, DNOs face resource pressures from large-scale regulatory projects, including GD29, alongside routine and non-routine FWP activities. Early engagement, clear communication, and prioritisation are essential to manage these demands while

maintaining service quality. We welcome the UR's focus on consumer protection and enforcement but urge that the pace of change is balanced against DNO operational capacity to ensure projects are delivered effectively.

Analyst notes:

Tags:

Please provide any comments you have:

Kinecx Energy welcomes the UR's pragmatic and transparent approach to regulation, including stakeholder engagement, clear communications, and a focus on consumer protection. We particularly support the emphasis on initiatives for vulnerable customers, price control preparation and energy literacy, as well as the attention given to routine business running concurrently with the projects identified for prioritisation in the year ahead.

However, we would highlight several considerations for the year ahead:

Early Engagement and Communication

As the UR's remit continues to expand, early engagement with DNOs is essential to ensure efficient allocation of resources and effective consultation on changes to priorities. Timely collaboration will support the delivery of robust, well-prepared regulatory decisions across all areas of activity.

Balancing Obligations and Scope

While we support ambitious consumer service initiatives, DNOs interact with customers far less frequently than suppliers. Support measures, including those for vulnerable customers, should remain proportionate to our role and remit as network operators.

Innovative Gas Solutions

Kinecx Energy is committed to supporting Northern Ireland's transition to net zero through biomethane injection, hydrogen blend preparedness, and hybrid heat pump trials. The FWP should reflect the significant decarbonisation potential of the gas network, which offers a reliable and lower-cost alternative to oil-based heating and complements electrification solutions such as heat pumps.

Strategic Alignment and Renewable Integration

We welcome the UR's inclusion of socialising electricity reinforcement costs and look forward to continued engagement on the approach to costs associated with biomethane injection. We emphasise the importance of collaborative delivery with DNOs. The outputs of our Network Constraints project are ready to inform regulatory

decisions in this area. Early UR engagement will be critical in ensuring that, once government policy on biomethane is established, Northern Ireland can implement renewable gas efficiently, cost-effectively, and in a coordinated manner.

Commitment to a Just Transition

Kinecx Energy actively participated in the UR's 2025 'Outside In' project, which explored how the transition to net zero impacts vulnerable consumers. We value the insights gained and remain committed to supporting a fair, equitable energy transition for all sections of society.

Energy Customer Care and Consumer Protection

The implementation of a central Energy Customer Care Register (CCR) will be a major cross-industry undertaking. While no timelines have been communicated regarding this project in 2026, when it does begin it will require significant resource and alignment of systems across gas and electricity. Early recognition and planning will be essential to allow stakeholders to allocate resources effectively and ensure successful delivery.

Future Gas PAYG (FGPAYG) Programme

The FGPAYG project represents a major cross-industry initiative involving three DNOs and two domestic gas suppliers, driven by the discontinuation of existing PAYG meters. The rollout will deliver substantial consumer benefits, including remote top-up capability and improved consumption visibility. Given the scale, number of consumers affected, and potential impact on vulnerable customers, dedicated UR oversight and engagement will be essential. Consideration of governance, cost recovery, rollout phasing, and operational complexity will be crucial to ensure a smooth, coordinated transition.

Resource Pressures and Operational Considerations

Large-scale projects such as GD29 and other regulatory initiatives place significant demands on DNO resources. Clear, early communication and realistic prioritisation are essential to balance regulatory obligations, FWP projects, and routine operational requirements without compromising service quality or consumer outcomes.

Final Observations

Kinecx Energy supports the UR's commitment to agile, responsible, and transparent regulation. We value the strong working relationship we have with the UR and remain committed to ongoing collaboration to support the delivery of high-quality, cost-effective, and consumer-focused outcomes across electricity, gas, and water sectors.