

**Utility Regulator
Millennium House
Great Victoria Street
Belfast
BT2 7AQ**

19/02/2026

By Email Only

Budget Energy and Flogas Consultation Response (Draft) to Utility Regulator's FWP 2026/27

Budget Energy Limited, as part of Flogas Ireland (Flogas), which also includes Flogas Enterprise Solutions Limited (FES) and Flogas Natural Gas Limited (Flogas NI), welcomes the opportunity to respond to the Utility Regulator's (UR) Draft Forward Work Programme (DFWP) 2026–2027. The programme outlines key priorities, actions, and outcomes that will shape the energy sector over the coming year and beyond. Budget Energy, based in Derry, Northern Ireland, serves over 120,000 customers, while Flogas NI and FES contribute significantly to energy provision across the region. Our entities operate under DCC plc Group, with a portfolio of renewable energy generation, including solar, wind, and anaerobic digestion. For this response, we shall collectively refer to the group as Flogas or Budget Energy.

We are generally supportive of the UR's strategic objectives and share its commitment to consumer protection and a just energy transition. We are encouraged by the breadth of initiatives outlined. This response aims to provide feedback on how the programme can be delivered in a way that is practical, proportionate, and beneficial to both consumers and market participants across the Northern Ireland energy sector.

- Strategic Objective 1: Supporting the Just Transition to Net Zero. Establish the regulatory frameworks required to support the implementation of the DfE's Smart Meter Design Plan decision.
- Strategic Objective 2: Securing our Energy & Water Supply. Establish the regulatory frameworks required for interconnectors.
- Strategic Objective 3: Enabling best in class energy and water companies. Implement Price Controls for market operators, Transmission and Distribution Tariffs and gas supply price controls
- Strategic Objective 4: Providing the highest level of consumer service and protection. Year 3 of the Consumer Protection Programme 2024- 2029 (CPP24)

Overall, Budget and Flogas are broadly supportive of the direction and ambition of the Draft Forward Work Programme 2026-2027, our overarching observation is that delivery success will depend on careful sequencing, proportional regulatory intervention, and closer engagement with industry.

Given the delivery capacity and structural characteristics of the Northern Ireland energy market, it is important to recognise that suppliers are facing multiple major reforms concurrently. It is important that each project clearly outlines how it will promote effective competition, while also delivering tangible consumer benefits. Regulatory impacts on suppliers including compliance costs, reporting requirements, and operational timelines should be clearly assessed, transparently presented, and minimised where possible. Excessive, overlapping, or even poorly timed obligations can inadvertently weaken competition and increase costs for consumers or create delays for implementation of projects which can impact consumers. The cumulative effect of regulatory change or intervention should always be considered and proportionate to support effective competition and

market sustainability.

For example, the implementation of Guarantee Standards of Service (GSS), particularly where there may be significant implications for metering responsibilities, alongside the design and rollout of a smart metering solution for Northern Ireland, adds considerable complexity to a critical energy infrastructure programme. The timing and interaction of these initiatives have the potential to complicate smart metering design and implementation if not carefully managed.

Furthermore, where new reporting or compliance requirements are proposed, these should be supported by clear transition plans, appropriate lead-in times, and guidance to avoid unnecessary operational disruption. Striking the right balance between enhanced consumer protection and maintaining a sustainable, competitive supplier market will be critical to the successful delivery of the Draft Forward Work Programmes objectives.

Part 1 – Multiyear Projects

Strategic objective 1: Supporting the Just Transition to Net Zero

Smart Metering

We strongly support the UR's focus on implementing the Department for Economy's smart meter rollout decision. As Northern Ireland prepares for this significant market change, we believe a collaborative approach with suppliers will be critical at all stages of design and delivery. Early and meaningful supplier engagement through structured governance forums will support operational feasibility, reduce delivery risk, and improve overall programme outcomes. We would encourage the Utility Regulator to consider structured governance arrangements drawing on proven models such as the Republic of Ireland Smart Senior Stakeholder Group (SSG), which has supported effective coordination and stakeholder engagement during smart meter implementation.

We are concerned by the limited level of engagement with suppliers to date alongside ongoing delays in the provision of detailed information. As a supplier, we continue to have concerns regarding the pace and scope of the delayed Smart Metering Design Plan, which creates uncertainty around project planning assumptions, delivery of a robust and secure structure for smart meters and internal resource allocation. In our view, clear regulatory frameworks and realistic timelines are essential.

Smart meters have the potential to empower consumers to better understand and manage their energy consumption and costs. However, these benefits will only be realised if the rollout is accompanied by clear consumer education. We recommend that the Utility Regulator coordinate with suppliers, the Department for Economy, NIE Networks, and relevant consumer bodies to develop a coordinated engagement campaign aimed at informing and reassuring consumers. Such an approach would help minimise confusion, address consumer concerns early, and build trust ahead of and during the rollout.

At the industry's Supplier Forum, it was noted, drawing on lessons learned from the Republic of Ireland's smart meter rollout, that there was initial consumer reluctance to share usage data and significant delays were encountered in relation to implementing a Smart Meter Data Access Code (SMDAC). Considering this, we would welcome clear guidance from the Utility Regulator on how data-sharing concerns will be addressed in Northern Ireland and a clear timeline of how this will be accounted for or mitigated. It was also noted that the Consumer Council for Northern Ireland is undertaking research and focus groups on smart metering, and consideration could be given to using these insights to help inform future engagement and communication activities. Given the scale, complexity and strategic importance of the programme, early and meaningful supplier inclusion within governance, design and delivery forums will be essential to ensure operational feasibility and avoid unintended delivery risks.

Supplier input into messaging and educating consumers, for example explaining in-home displays or addressing

data privacy concerns, will ensure communications are accurate and trusted. We also note the decision not to proceed with gas smart meters in NI currently. While this avoids immediate upheaval for gas consumers, it highlights the need to integrate gas usage data with new electric smart metering systems in the future.

We would also welcome greater transparency on the cost-benefit case underpinning implementation, including expected industry costs, delivery assumptions, and how proportionality of implementation costs will be assessed from both a consumer and supplier perspective. In addition, supplier obligations and metering responsibilities, particularly in relation to Guaranteed Standards of Service (GSS) remain subject to ongoing interpretation challenges, and clarity will be required to ensure alignment between smart metering delivery and existing legislative frameworks. Resolution of metering responsibility must be treated as a key dependency for successful smart meter implementation rather than as a parallel policy issue, as clarity in this area will support coordinated delivery and avoid unnecessary diversion of industry resources.

We support the electricity smart meter programme and encourage the adoption of practical timelines that reflect resource realities for industry and consumers alike. One recommendation to strengthen the Smart Meter element of the FWP would be for the UR to include a high-level view of delivery timescales, informed by experience from significant market changes progressed through the appropriate design bodies, e.g. CDA or if a new forum, similar to the SSG in the Republic of Ireland, is to be convened. Even an indicative timeline would help set expectations across the market on how long major design, governance, and implementation phases would help set realistic expectations across the market. Industry remains ready to engage constructively to support delivery and provide practical input as design develops.

Strategic objective 2: Securing Energy and Water Supply

Interconnectors and the Single Electricity Market (SEM)

Based on recent harsh experience, the consequences for the market of the loss of a critical generator can impact the market from a pricing perspective. We welcome the UR's continued focus on developing regulatory frameworks for interconnectors and for the functioning of the Single Electricity Market. From a supplier perspective, well-functioning interconnection is not only critical for security of supply, but also for price stability, market coupling, and effective hedging and risk management strategies.

Efficient interconnector trading arrangements should increase liquidity in the wholesale market, improve pricing across the SEM to GB and vice versa, and provide suppliers with better tools to manage risk and smooth volatility for consumers. This, in turn, would support a more stable retail pricing environment and more economical forward purchasing strategies. We support the UR's work in this area and encourage its continued backing of the SEM and its partners to ensure that market design, operational arrangements, and investment signals remain aligned.

We also consider transparency around interconnector availability, outage planning, and curtailment arrangements to be increasingly important, particularly in a system with growing renewables coming online. Clear and reliable information in these areas helps suppliers manage exposure, protect customers from unnecessary price shocks, and maintain confidence in the market.

It is noted from the Draft FWP that gas interconnection is not mentioned in the security of supply objective. We are conscious of the developments happening in GB regarding the introduction of hydrogen into its gas networks and, as the UR will be aware, the intention is that this would be "green" hydrogen. We believe it would be worthwhile considering the addition of this issue into both "security of energy supply" and also the "just transition to net zero" objectives as a multiyear project.

Overall, we see interconnection as a positive outcome for both consumers and suppliers, supporting security of supply, promoting low carbon solutions where possible and more efficient and stable pricing outcomes.

Strategic objective 4: Providing the highest level of consumer service and protection

Consumer Protection and Affordability

We welcome the UR's ongoing Consumer Protection Programme 2024–2029 (CPP24) and its projects aimed at strengthening consumer service standards. Protecting vulnerable customers and keeping energy affordable should remain top priorities in 2026/27. We note the UR's emphasis on affordability and support measures like enhanced Guaranteed Standards of Service, currently under review, to ensure all consumers receive a reliable service.

At the same time, it is important that new protection measures are balanced and proportionate. For example, introducing additional standards, more prescriptive codes of practice or additional reporting requirements should be impact assessed and developed in consultation with suppliers at an early stage in the process to avoid unintended cost increases that could ultimately feed into bills.

We have previously requested that impact assessments be carried out for changes of a significant nature, particularly where proposals are subject to formal consultation. To date, it is not clear whether this is something the Utility Regulator intends to do on a consistent basis going forward. We therefore reiterate the importance of impact assessments and/or cost–benefit analysis to support effective stakeholder engagement and informed decision-making. We respectfully request that such assessments are provided for future policy developments and consultations of this nature.

We appreciate UR's initiatives such as energy charters, consumer insight trackers, and best-practice frameworks under CPP24. These can drive better outcomes if developed with industry collaboration. We support efforts to improve assistance for customers in vulnerable situations, including the development of company vulnerability strategies, enhanced bereavement support, and measures to ensure that domestic consumers are not inappropriately treated as non-domestic customers.

We also note the proposed Customer Care Register project and would welcome early clarity on scope, governance arrangements and supplier obligations to ensure proportionate implementation and minimise unintended operational burdens as well as seeking to guarantee that the resulting arrangements are practical, workable, and deliverable in practice. All such measures will help build trust between all stakeholders. We simply stress the importance of considering the operational impact and giving suppliers adequate time and clarity to implement any new consumer protection requirements. Working together on well-targeted initiatives will protect those most in need while keeping the market competitive and viable.

Regulatory Delivery and Market Stability

As noted, the Draft FWP for 2026/27 sets out a full and ambitious delivery agenda, including smart metering, digitalisation initiatives, multiple price control processes, consumer protection reforms, and wider market framework changes. We welcome the transparency provided by the Utility Regulator in setting this out and recognise the importance of these programmes in securing energy supply and supporting the transition to a lower carbon intensive, more flexible and resilient energy system.

Given the scale and complexity of the programme, it will be important that delivery is carefully sequenced and prioritised. The NI retail market is relatively small, with a limited number of suppliers, and many of the initiatives in the FWP will draw on the same regulatory, operational and delivery of resources across industry. Without careful coordination, there is a risk that cumulative demands on industry and the regulatory teams could slow delivery or reduce the quality of implementation.

This is particularly relevant as we move into a period of significant system change, including smart metering and the proposed development of time of use (ToU) and dynamic tariff structures. We therefore encourage an approach that balances the pace of delivery with practicality, including early engagement with suppliers and

realistic implementation timelines for new codes, data requirements, and process changes. This will help ensure that reforms are delivered in a stable, orderly way and do not inadvertently undermine market confidence or supplier resilience.

Supplier Sustainability and Effective Price Control Frameworks

The past number of years through the energy crisis and wholesale volatility have underlined the importance of supplier financial resilience and the need for a stable and sustainable retail market. We note the significant focus in the Draft FWP on upcoming price control processes, including SPC27 and the gas network price controls.

In our view, predictability and clarity in regulatory frameworks are key. They support practical forward pricing, help manage risk in volatile wholesale markets, and contribute to more stable outcomes for consumers.

We therefore welcome any measures that improve transparency and cost-reflectivity in regulated charges. It is important that the combined impact of price controls and retail market regulation does not inadvertently place unsustainable pressure on suppliers or drive unnecessary regulator intervention.

A competitive and financially viable supplier sector is a necessary condition for delivering the consumer outcomes the UR is seeking, including service quality, innovation, healthy competition and choice. We would encourage the Utility Regulator to continue to apply a proportionate approach, including fair allocation of industry costs and allowing sufficient headroom for suppliers to invest and withstand market volatility.

Coordinated Communications and Consumer Confidence

The Draft FWP includes several programmes that will have a direct and visible impact on consumers, including smart metering, changes to tariff structures, and further delivery under the Consumer Protection Programme. In light of this we consider coordinated and consistent communications across the sector to be very important.

When significant changes are underway, or during major system events such as severe weather, consumers benefit from clear, timely and aligned messaging from trusted sources. We would encourage the Utility Regulator to continue working closely with Department for Economy (DfE), suppliers, NIE Networks, the Gas Market Operator, TSOs, DSOs, System Operator Northern Ireland (SONI) and the Consumer Council Northern Ireland (CCNI) to develop coordinated communication approaches in key areas, particularly around smart meter rollout and other major market changes.

In our view, a more joined-up approach to communications will help improve consumer understanding and confidence, reduce confusion and misinterpretation, and help manage demands on suppliers during periods of change or disruption. For example, coordinating consultations between business areas and departments. This will support both consumer protection objectives and the effective implementation of the wider programme.

Part 2 - New Projects

1. We note the inclusion of the proposed work on firm access arrangements and the development of Time of Use (ToU) and dynamic pricing tariff structures in the Draft Forward Work Programme. We are supportive of the objectives behind both initiatives. Given the potential implications for tariff design and suppliers' ability to differentiate their offerings in the retail market, early and meaningful engagement with suppliers will be important to ensure these frameworks are developed in a practical and workable manner.
2. It was noted at the UR's Draft Forward Work Programme event in January 2026 that Guaranteed Standards of Service (GSS) was not listed as a new area of work. Given that a consultation is already in

progress this year (2026) on GSS and submissions have been made, a subsequent decision is expected later in 2026. Potentially significant changes may result from this decision and we consider that the omission of GSS should be addressed within the FWP. In particular, the programme should clearly set out the objectives in relation to GSS, how these will be delivered, and how this work will interact with network-led initiatives including smart metering, which are listed elsewhere in the Programme.

Conclusion

In summary, Budget Energy and the Flogas Group broadly support the Utility Regulator's Draft Forward Work Programme for 2026–2027. The priorities identified, from delivering a just transition to net zero to ensuring high levels of service and protection, align strongly with our own objectives. We are committed to constructive engagement with the Utility Regulator and other stakeholders to support delivery of these objectives in a way that maintains competition and market stability while delivering positive outcomes for consumers.

In our response we have highlighted the importance of balancing consumer measures with supplier sustainability, and of working together on the significant programmes ahead, particularly smart metering, and we look forward to continuing engagement with the UR. By maintaining open dialogue and a pragmatic approach to implementation, we can achieve the goal of empowering NI consumers, protecting the most vulnerable, and enabling a thriving, energy market.

Yours Sincerely,
Paul McNulty
Senior Regulation Analyst
On behalf of
Budget Energy and Flogas