Colin Walker
Manager
Northern Ireland Authority for Utility Regulation
Millennium House, Great Victoria Street
Belfast
BT2 7AQ

29 May 2026

Dear Colin,

I am writing regarding the consultation on proposed modifications to Northern Ireland Electricity Networks' (NIE Networks) Transmission and Distribution Licences.

<u>The Consumer Council</u>

The Consumer Council is a non-departmental public body (NDPB) established through the General Consumer Council (Northern Ireland) Order 1984. Our principal statutory duty is to promote and safeguard the interests of consumers in Northern Ireland.

The Consumer Council has specific statutory duties in relation to energy, postal services, transport, water and sewerage. These include consideration of consumer complaints and enquiries, carrying out research, and educating and informing consumers.

<u>The Consumer Council's response to the Proposed Modifications to NIE Networks' Transmission and Distribution Licences</u>

The Consumer Council is pleased to respond to this consultation. We understand that the proposed changes to NIE Network's licences are designed to:

- Introduce an additional category to the Licence Conditions to allow the Utility Regulator (UR) to determine additional expenditure allowances for projects to enhance network resilience.
- Introduce a cap on the amount of severe weather recovery costs which are subject to the existing 50/50 cost sharing mechanism, with the remainder recovered by NIE Networks through a pass-through mechanism.
- Allow the modification of Condition 32(17) regarding the obligation for NIE Networks to increase the charges on large energy users who reduce their maximum import capacity below 1MW.
- Allow the modification of Annex 2 of the Distribution and Transmission Licences to give the UR more flexibility over when they determine additional IT allowances.
- Modify other minor Licence Conditions to correct drafting errors and inconsistences

Our view on the additional Licence Condition category to make provision for additional expenditure on network resilience projects

We support the Code Modification to make provision for additional allowances for network resilience. Energy consumers place a high value on the reliability of their network supply and significant interruptions can lead to large and unequal costs.

The Consumer Council appreciates the description of the tree-cutting project on 11KV overhead lines to demonstrate the benefits from additional resilience expenditure. We support actions that will reduce the number of consumers without access to electricity during severe weather events, but (as we highlight below) the cost impact on consumers must also be considered.

As the costs of the additional network resilience expenditure will be passed on to consumers through the 50-50 sharing mechanism, our view is that it is important for the UR to focus on the value for money case for each project. We would expect each individual project assessment to:

- Include rigorous cost assessments to ensure that the projects are economically sound and costs are incurred efficiently.
- Value interruptions differently depending on the length of interruptions, rather than just the frequency.
- Build equity considerations into the decision making and account for the distributional impacts of electricity supply interruptions for vulnerable customers.

Vulnerable consumers are particularly exposed to disruptions to electricity supply. Some individuals rely on electricity to power their life-saving medical equipment, and the cost to procure and operate back-up generators is high. More generally, the costs of unreliable electricity supply can be disproportionately expensive to lower income households and can exacerbate financial instability.

We would expect the UR to consider the cumulative impact of accelerated network projects on consumer bills. The proposed 11kV line tree-cutting project would add £1.50 to the average domestic bill by the end of 2031. Although each project should be judged on its merits, our concern is that repeated small increases could compound overtime and create affordability pressures for fuel-poor households, with risks of underconsumption of energy or displacement of other essential spending.

The Consumer Council urges the UR to maintain robust arrangements for customer relief and compensation during service disruptions. Although resilience investment should reduce the frequency and duration of outages, we know that some affected households will still need support.

As Northern Ireland accelerates its transition towards the electrification of home heating and transport, the importance of reliable electricity supply will only increase. We welcome proactive steps to reduce the frequency and severity of supply interruptions from storm conditions.

Our view on the proposed modification to limit NIE Network's financial exposure to weather related recovery costs

We understand that NIE Network's ability to finance its activities should not be compromised by its exposure to high costs of lower probability events such as storm Éowyn. The introduction of a cap on the level of weather-related recovery costs exposed to a 50/50 cost share would limit the network's exposure while taking high cost, low probability events out of the ex-ante cost allowance and avoiding unnecessarily high ex-ante costs. The Consumer Council supports the calculation of the ex-ante allowances proposed, as it protects consumers from tariffs materially dependent on severe weather events.

We would welcome further detail on how each option would affect consumer bills. We recognise the trade-off between higher borrowing costs if NIE Networks remains exposed to such high-cost events, higher ex-ante allowances to cover that risk, and the potentially significant pass-through costs to consumers under a capped approach. Without indicative bill impacts for each scenario, it is difficult for us to fully assess the impact on consumers.

The Consumer Council notes that additional allowances for network resilience will only be considered if the project is "sufficiently material" and that the project is likely to result in a "significant reduction in the adverse impact of severe weather events on the continuity of electricity supply to consumers". We are unclear as to how the UR will determine materiality or significant reduction and would welcome further clarity.

We believe that setting the cap at an appropriate level is critical to avoid placing excessive risk on consumers. The proposed approach to preferentially allocate severe weather recovery through opex expenditure in the same tariff year that the cap is exceeded could lead to significant tariff volatility. From a consumer perspective, tariff fluctuations make budgeting more difficult, which is particularly unhelpful during a cost-of-living crisis. We support the different treatments for additional opex and capex as these spread the consumer impact over a longer period.

We expect that the UR will review requests for additional allowances to ensure that opex and capex costs falling above the cap and fully passed through to consumers, are incurred efficiently.

The modification of Condition 31(17) regarding non-locational charging
We understand that the scope of this modification is limited to large energy users and is to correct an anomaly in tariffs. We support changes that clarify Licence Conditions and allow NIE Networks to run the system more efficiently.

We note that the modification may result in a slight increase in charges for all other customers, so we would welcome more information on the impact on domestic consumers.

Our view on the proposed modification to make provision for the deferral of the determination of future IT investment
The Consumer Council understands that this proposed change is due to the lack of information on the smart metering programme and its impact on the rest of the RP7 digital and IT investment plans. We would prefer allowances to be calculated on robust data and so support the deferral of the determination of IT investment for years three to six of RP7 to allow UR and NIE Networks to gather sufficient evidence to ensure that future IT expenditure is efficient.

Proposed corrections of licence inconsistencies
We are not in a position to comment on the technicalities of licence changes but support changes that correct inconsistencies.

We look forward to continued collaboration with you and your colleagues so that we deliver a network system that enables decarbonisation, while remaining fair and proportionate for the consumers who will ultimately fund it.

Yours faithfully,

Raymond Gormley

Raymond Gormley
Head of Energy