

Consultation on the Use of System Tariff Structure Reform Project

**Consultation on the Development of a Cost-
Reflective Tariff Structure through Time of
Use and Dynamic Pricing**

23 September 2026

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 Millennium 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; Markets; and Consumer Protection. The staff team includes economists, engineers, accountants, utility specialists, legal advisors and administration professionals.

Utility Regulator

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

We have initiated a project to review and, where appropriate, reform electricity tariff structures for network use of system (UoS) charges. This is a four-year project included in our Forward Work Programme for 2026/27 as: “Develop tariff structures that are cost-reflective, encourage efficient energy use, and support the transition to net zero through the introduction of Time of Use (ToU) and dynamic pricing models”. The project is aimed at supporting a just transition to net zero.

This consultation seeks stakeholder views at an early stage of the project. In particular, we are seeking views on the objectives of the project, key issues with the current tariff structures, potential areas for reform, and how the project should be organised and delivered.

AUDIENCE

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

CONSUMER IMPACT

The evidence gathered from responses to this document will be used to inform our later strategy and decision-making around electricity tariff structures.

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Annexes

Annex	Annex title
Annex A	Overview of draft workplan
Annex B	Consultation questions and response template
Annex C	Executive summary of UR 2021 Call for Evidence and shareholder responses

Executive Summary

Utility Regulator (UR) has initiated a project to review and reform the structure of electricity network use of system (UoS) charges in Northern Ireland. This is a four-year project included in the Forward Work Programme for 2026/27 as: “Develop tariff structures that are cost-reflective, encourage efficient energy use, and support the transition to net zero through the introduction of Time of Use (ToU) and dynamic pricing models”. The structure of network tariffs plays a critical role in determining how network costs are recovered and how users interact with the electricity system.

The current tariff structures were developed in a different energy context and may no longer fully reflect the way in which users make use of the network or the costs that they impose. At the same time, the electricity system is undergoing significant change, including increased electrification of transport and heat, and growth in distributed generation. This includes recent policy reforms to connection charging arrangements, which are expected to reduce barriers to network access and support increased electrification and uptake of low-carbon technologies.

The planned roll-out of smart meters is also a key enabler of tariff reform. Smart metering will provide access to more granular consumption data and enable the implementation of a wider range of tariff structures, including time-of-use and dynamic tariffs. It will also support electricity suppliers in offering retail tariffs that reflect time-varying costs, thereby strengthening the price signals available to consumers and increasing opportunities for demand-side flexibility. The roll-out of smart metering therefore represents an important development since the 2021 Call for Evidence and is a key factor supporting the timing of this project.

These changes present a number of challenges. In particular, current tariff structures rely significantly on volumetric (unit-based) charges, which may become less cost-reflective over time. This may lead to outcomes where some users make a lower contribution to network costs relative to their use of the system, while others bear a greater share. Ensuring that network costs are allocated fairly across users will therefore be a key consideration in the review.

In addition, network charges form only one component of the overall electricity price, alongside wholesale costs and supplier pricing. This highlights the need to consider how network tariff signals operate alongside other price signals, and whether misalignment between them could lead to inefficient or unintended outcomes for consumers.

Where evidence supports reform, changes to tariff structures could provide an opportunity to ensure that charges are more cost-reflective, support efficient use of the electricity network, and facilitate the transition to a low-carbon energy system. However, such reforms also involve trade-offs, including between efficiency, affordability, simplicity and stability, and may result in distributional impacts across different groups of users. Consideration of these impacts will be important in helping

to ensure that any tariff reforms support a fair and inclusive, or "just", transition to a low-carbon energy system¹.

This consultation seeks stakeholder views at an early stage of the project. In particular, we are seeking views on:

- the objectives and key considerations for tariff reform and our project;
- key issues with current tariff structures;
- potential areas for reform; and
- the proposed approach and workplan for delivering the project.

Responses to this consultation will inform the development of the project and the next stages of work, including the identification of potential tariff reform options, the establishment of an assessment framework, and the assessment of options. UR is likely to undertake further consultations in subsequent phases of the project.

¹ The Climate Change (Just Transition Commission) Regulations (Northern Ireland) 2026 established the [Just Transition Commission \(JTC\)](#) as a statutory advisory body, with a public appointments process launched in 2026 to appoint its Chair and Members. UR has also undertaken consumer research on Just Transition considerations as part of its Consumer Protection Programme, including [deliberative research examining consumers' views on the transition to net zero and the implications for vulnerable consumers](#).

1. Introduction

Background and purpose of the project

- 1.1 We have initiated a new project focusing on reviewing and, where justified by evidence and consultation responses, reforming tariff structures for network use of system charges. This project is set out in the Forward Work Programme as: “Develop tariff structures that are cost-reflective, encourage efficient energy use, and support the transition to net zero through the introduction of Time of Use (ToU) and dynamic pricing models”. It aims to review existing tariff structures, assess whether changes may be needed and develop and implement electricity tariff structures that are cost-reflective, promote efficient energy usage, and support the transition to a net zero energy system².
- 1.2 The project is motivated both by substantial changes in the way energy is produced and consumed in NI and by the planned roll-out of smart meters, which provide an important enabler for more advanced tariff structures. The project is, in substance, a further development of UR’s 2021 Call for Evidence³, which identified a number of important drivers likely to influence how the NI energy sector will evolve. A summary of the 2021 Electricity Distribution Tariff Reform Call for Evidence, together with a summary of stakeholder responses, is provided in [Annex C](#).

Legal and regulatory framework

- 1.3 UR undertakes its functions in accordance with the statutory duties and powers set out in the Energy (Northern Ireland) Order 2003 and other relevant legislation, e.g. the Electricity (Northern Ireland) Order 1992. Article 12 of the Energy (Northern Ireland) Order 2003⁴ sets out UR’s principal objective and statutory duties in relation to the exercise of its electricity functions. In carrying out these functions, UR’s principal objective is to protect the interests of existing and future consumers of electricity supplied by authorised suppliers, wherever appropriate through the promotion of effective competition. Article 12 also requires UR to have regard to a range of other matters, including the need to secure that reasonable demands for electricity are met, to promote the efficient use of electricity, to have regard to the interests of vulnerable consumers, and to ensure that electricity licence holders are able to finance the activities required of them under the relevant legislative and regulatory framework. In addition, the Electricity (Northern Ireland) Order 1992⁵ contains

² [FWP 2026-2027 - final published 31 March 2026.pdf](#) (page 15 REF 2)

³ Electricity Distribution Tariff Reform Call for Evidence June 2021 [2021-06-24-tariff-reform-call-for-evidence_0.docx](#)

⁴ [The Energy \(Northern Ireland\) Order 2003](#)

⁵ [The Electricity \(Northern Ireland\) Order 1992](#)

provisions relating to the promotion of the efficient use of electricity by consumers, reflecting a wider legislative context within which electricity network charging arrangements are considered.

- 1.4 These duties provide an important context for the consideration of potential reforms to electricity network charging arrangements and for the proposed tariff reform objectives, project objectives and key considerations discussed later in this paper.

Work undertaken in 2021 and recent developments

- 1.5 The 2021 Call for Evidence and responses report informed UR's understanding of electricity tariff reform, but the work did not proceed at that stage, due to several factors:

- a) Competing priorities in 2022–2023 against the backdrop of the energy price crisis, driven by global events, and the resulting affordability pressures requiring immediate consumer protection work.
- b) Important enablers, such as smart metering, were not yet sufficiently mature.

- 1.6 Since then, a number of developments have enabled the project to be restarted, namely:

- a) ongoing investment in and development of the electricity network in Northern Ireland, enhancing capacity and resilience to accommodate future demand and generation, supported by UR RP7 Final Determination for NIE Networks, which provides for a £2.23 billion investment package,
- b) the planned roll-out of smart meters in the near term, supporting more flexible and efficient use of the electricity system;
- c) a transition away from fossil fuels, driven by decarbonisation targets and policies aimed at reducing emissions,
- d) the expected impact of the uptake of electric vehicles and the electrification of heat on future electricity demand,
- e) growth in distributed generation and prosumers, leading to increased use of the distribution network and reduced dependence on the transmission system.

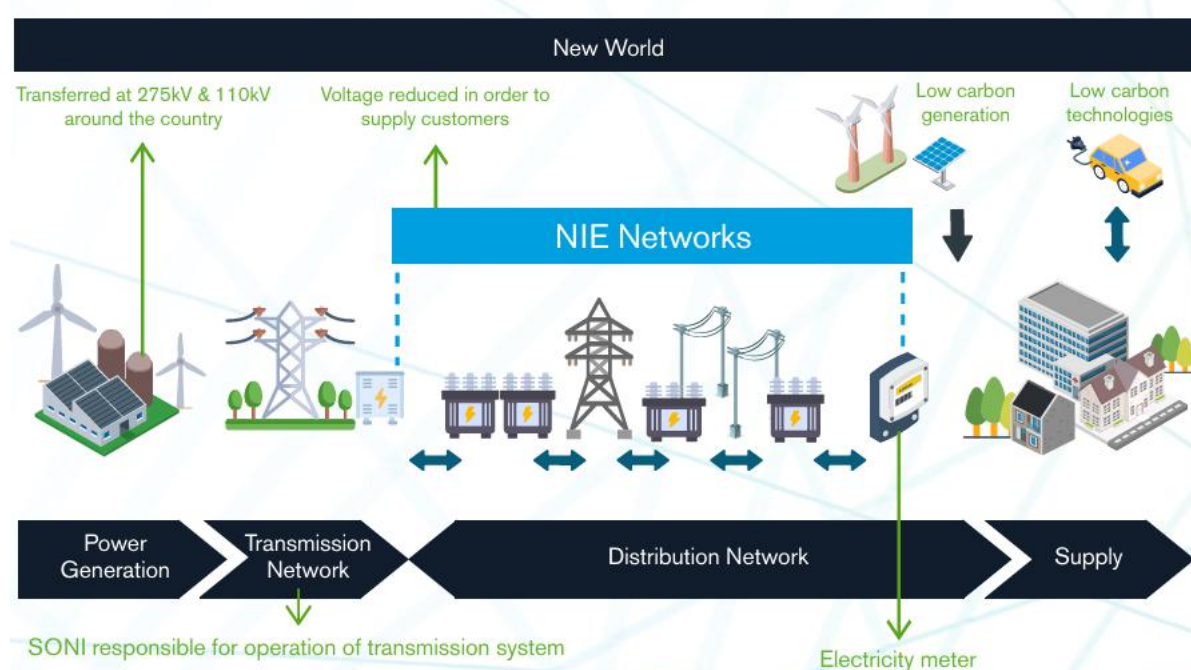
These developments are discussed further in [Chapter 2](#).

- 1.7 In particular, there has been significant progress in policy development relating to smart metering since the 2021 Call for Evidence. At that time, smart

metering was recognised as an important enabler of more advanced tariff structures, particularly those relying on time-varying price signals, but the pathway for implementation in Northern Ireland had not yet been established.

- 1.8 Since then, following consultation in 2024 and consideration of stakeholder responses, the Department for the Economy (DfE) published its *Design Plan for the Roll-out of Smart Electricity Meters in Northern Ireland* in April 2026⁶. The Design Plan sets out a phased approach to the implementation of smart electricity meters across Northern Ireland, beginning with planning and preparation activities, with the large-scale rollout expected to commence from 2028. The programme relates specifically to the electricity sector and provides an important enabling platform for the future development of more sophisticated electricity network tariff arrangements.
- 1.9 *Figure 1* illustrates the role of smart meters within the electricity system. Smart meters sit at the interface between electricity consumers, suppliers and the wider network and are expected to become an important enabler of future tariff reform.

Figure 1. Position of smart metering within the future electricity system⁷



- 1.10 The planned rollout of smart electricity meters provides a much clearer framework for considering tariff reforms that rely on more granular consumption data and time-based pricing signals. Smart metering is expected to enable a wider range of tariff structures, including time-of-use and potentially more dynamic tariffs, while also facilitating retail offerings by electricity suppliers that better reflect system conditions and costs. Progress on

⁶ [Design Plan for the Roll-out of Smart Electricity Meters](#)

⁷ Diagram sourced from [NIE Networks RP7 business plan](#) (p.14).

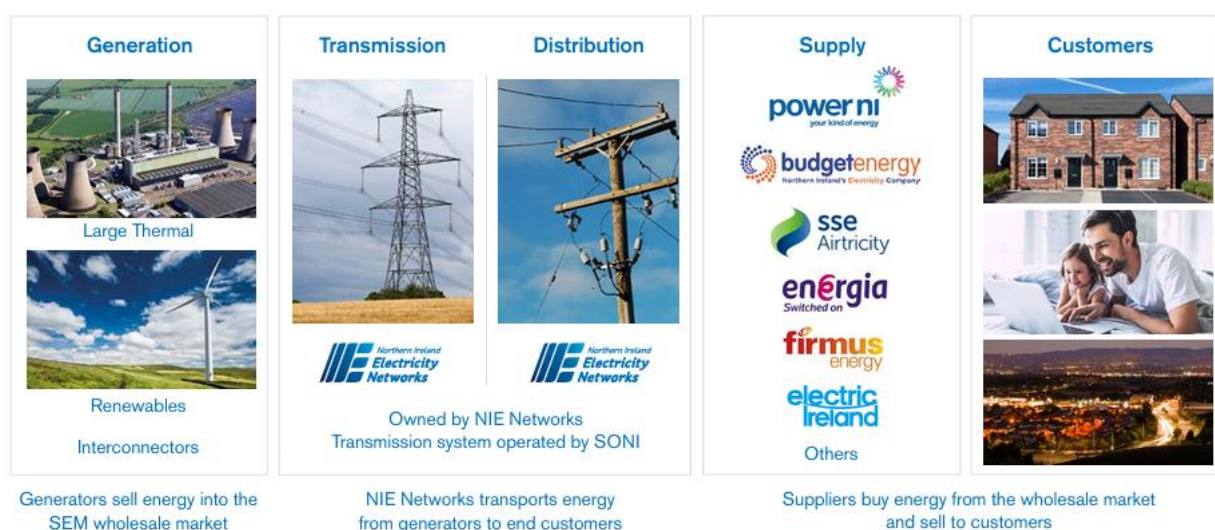
smart metering is therefore a key factor supporting the decision to restart the tariff reform project at this stage.

Project focus

- 1.11 The full benefits of the developments across the Northern Ireland energy market outlined in this consultation may depend, in part, on the extent to which tariff structures provide appropriate signals to consumers and other system users.
- 1.12 The project will therefore involve:
 - a) analysing current tariff arrangements and the wider context for reform,
 - b) assessing how the main issues and priorities, as well as the key drivers and constraints for implementing reforms, have evolved since 2021,
 - c) considering a range of potential tariff structures, with a particular focus on time-of-use (ToU) and dynamic pricing models, and
 - d) working collaboratively with stakeholders, including NIE Networks, SONI, electricity suppliers, and other relevant parties, to ensure that tariffs accurately reflect underlying system costs and encourage demand-side flexibility, thereby supporting efficient energy use. Incentivising demand shifting through tariffs would reduce network load during peak periods, easing system stress and limiting the need for additional network capacity.
- 1.13 There may also be wider system benefits, including in relation to security of supply, where demand is shifted away from peak periods. Reducing peak demand can help to manage system stress and improve system resilience, particularly at times of tight system conditions.
- 1.14 A key component of the project is the integration of smart meter data into tariff design. This will enable more granular and transparent pricing signals, improving customer understanding of their energy usage and associated costs.
- 1.15 The effectiveness of more advanced tariff structures, including time-varying or dynamic tariffs, may depend in part on the availability of appropriate metering and data capabilities. The project will therefore consider the implications of the smart meter rollout for tariff design, including how reforms might be sequenced in practice and whether transitional arrangements may be required to reflect differing levels of system readiness across customer groups. Consideration may also be given to alternative tariff structures based on overall consumption level (such as rising block tariffs), where appropriate.
- 1.16 The project will also ensure that consumer protection remains central to tariff development, balancing innovation with fairness and affordability.

- 1.17 The project will also focus on the transmission use of system component of the electricity tariff, which was not considered in the 2021 Call for Evidence.
- 1.18 This project sits within a broader policy and regulatory context, including the planned rollout of smart metering in Northern Ireland, recent reforms to connection charging policy, and work to assess flexibility requirements within the electricity system. These developments are expected to influence both how electricity networks are used and how costs are incurred and therefore provide an important context for considering tariff reform.
- 1.19 *Figure 2 provides a simplified overview of the main participants in the Northern Ireland electricity sector and the relationships between them. Figure 2 is intended to provide contextual information for respondents and does not show all market arrangements, contractual relationships or financial flows.*

Figure 2. Simplified overview of the Northern Ireland electricity sector⁸



Why tariff structures matter

- 1.20 Electricity network tariffs determine how the costs of developing, operating and maintaining the transmission and distribution networks are recovered from network users. Network costs are one of four components, alongside wholesale costs, supply costs and taxes & levies, that constitute an electricity consumer's overall electricity bill.
- 1.21 Network tariff structures do not affect the overall level of allowed revenues which the operator can recover. The overall level of allowed network revenues is determined through UR's price control framework. However, tariff structures do influence how those costs are allocated across different users and therefore

⁸ Diagram sourced from [NIE Networks RP7 business plan](#) (p.29). It provides a simplified overview of the structure of the Northern Ireland electricity sector. It is intended for illustrative purposes only and does not show all market participants.

how much different groups pay. They also provide price signals which can influence:

- a) when electricity is consumed (e.g. peak vs off-peak periods),
- b) how much electricity is consumed, and
- c) where generation, demand and flexibility resources are located on the network, by influencing incentives to connect in areas with differing network capacity and cost characteristics.

- 1.22 This project is concerned with the design of network charges⁹ and how network costs are allocated between users, rather than the overall level of network revenue recovered by network operators.
- 1.23 The aim is to assess whether existing tariff structures continue to provide appropriate signals in a changing electricity system and whether more cost-reflective approaches could encourage behaviours that reduce network congestion and help avoid or defer future network investment.
- 1.24 Tariff structures that are not aligned with underlying system costs may distort behaviour, leading to inefficient use of the network and higher costs for consumers over time.

Purpose of this consultation

- 1.25 This consultation builds on earlier work undertaken by UR in 2021, which sought stakeholder views on potential reforms to electricity distribution network tariff structures and provided valuable insight.
- 1.26 Since that time, developments in the energy sector, including increased electrification, growth in distributed generation, and progress towards the rollout of smart metering, have reinforced the case for reviewing tariff structures.
- 1.27 UR now intends to undertake a review of both distribution and the relevant elements of transmission use of system charges.
- 1.28 This consultation seeks stakeholder views to inform the early stages of the project. In particular, we are seeking views to:
 - a) refine the objectives and scope of the project, together with the objectives and key considerations for tariff reform;
 - b) identify key issues with the current structures;

⁹ Please refer to paragraphs 3.2 and 3.5 of this Consultation Paper for details of the scope of this project, including the in-scope and out-of-scope areas.

- c) gather initial views on potential areas for reform; and
- d) inform the organisation and delivery of the project.

- 1.29 This consultation represents an initial step in the project. Responses to this consultation will inform the development of the project's objectives, tariff reform objectives and evaluation criteria, together with the workplan for subsequent phases. It is likely that UR will publish further consultation(s) on potential reform options and, where appropriate, to set out a proposed roadmap for implementation.
- 1.30 This consultation does not prejudge whether specific tariff reforms should be implemented. Its purpose is to gather evidence on whether existing use of system tariff structures remain appropriate, what issues may arise as the electricity system changes, and how any future options should be assessed. Any future reform proposals will be subject to further evidence gathering, impact assessment and consultation, with particular regard to statutory duties, consumer protection, affordability, fairness, system efficiency and practical deliverability.
- 1.31 Questions, which we invite you to respond to, are included in the relevant sections and a full list of consultation questions is included in [Annex B](#). Please respond to this Consultation by completing the response template, which can be found in the attached Consultation Response Template. All consultation submissions must be received by 16 December 2026 for consideration.
- 1.32 We expect to publish a summary of responses following the close of the consultation.

Document structure

- 1.33 This paper is structured as follows:
- [Chapter 1](#) introduces the consultation, including background to the project and its focus, an overview of why tariff structures matter and the purpose of the consultation.
 - [Chapter 2](#) sets out the context and rationale for the project, including the drivers for tariff reform, the proposed objectives of tariff reform, the objectives of the project, and the evaluation criteria for assessing tariff reform options.
 - [Chapter 3](#) defines the scope of the project.
 - [Chapter 4](#) outlines our proposed approach and workplan, including phases and workstreams.

- [Chapter 5](#) sets out the consultation questions, stakeholder engagement arrangements and information on how to respond to the consultation.
- [Chapter 6](#) describes the next steps in the project following this consultation.

1.34 This consultation document is complemented by the following annexes:

- a) [Annex A](#) provides an overview of the draft workplan.
- b) [Annex B](#) provides proposed consultation questions and response template.
- c) [Annex C](#) provides an executive summary of UR 2021 Call for Evidence and shareholder responses.

Equality Considerations

1.35 As a public authority, we have several obligations arising from Section 75 of the Northern Ireland Act 1998. These obligations concern the promotion of equality of opportunity between:

- Persons of different religious belief, political opinion, racial group, age, marital status or sexual orientation.
- Men and women generally.
- Persons with disability and persons without.
- Persons with dependants and persons without.

1.36 We must have regard to the promotion of good relations between persons of different religious belief, political opinion or racial groups.

1.37 In the development of our policies, we also have a statutory duty to have due regard to the needs of vulnerable customers i.e. individuals who are disabled or chronically sick, individuals of pensionable age, individuals with low incomes and individuals residing in rural areas. Some of the above equality categories will therefore overlap with these vulnerable groupings.

1.38 To assist with equality screening of the proposals contained within this consultation paper, we request that respondents provide any information or evidence in relation to the needs, experiences, issues and priorities for different groups which they feel is relevant to any of the proposals. Furthermore, we welcome any comments on the overall equality impact of the proposals.

2. Context and rationale for tariff reform

Current arrangements for network charging

Current tariff structures and emerging limitations

- 2.1 Current electricity network charging arrangements are designed to recover the costs of developing, operating and maintaining the transmission and distribution networks. Distribution use of system (DUoS) tariffs are designed to recover NIE Networks' allowed distribution revenue entitlement in accordance with licence requirements. Tariffs are currently structured using a combination of standing charges, unit (volumetric) charges and, for certain customers, capacity-based charges linked to Maximum Import Capacity (MIC) and reactive charges¹⁰.
- 2.2 Charges are levied on suppliers and vary by customer category, reflecting characteristics such as demand level, voltage of connection and agreed capacity. For larger users, capacity-based charges form a significant component of the tariff structure.
- 2.3 Certain tariff categories incorporate time-differentiated unit charges, with different rates applying at different times of day, week and year, including peak, off-peak and time-banded structures.
- 2.4 Transmission use of system (TUoS) charges also form part of the overall network charges recovered through electricity bills. Supplier-facing transmission charges are recovered from suppliers and are currently charged on a unit (p/kWh) basis. The charges are intended to recover transmission network costs and SONI's costs. For STUoS (supplier transmission use of system) these charges vary between charging periods, with higher charges generally applying during periods of higher demand on the transmission system¹¹.
- 2.5 Taken together, current network charging arrangements therefore already incorporate a number of cost-reflective elements, including differentiation by customer characteristics and, in some cases, by the timing of consumption.
- 2.6 However, these arrangements were developed in the context of historical patterns of electricity demand and network use. The structure of electricity

¹⁰ Detailed information on current Distribution Use of System (DUoS) charging arrangements can be found in NIE Networks's [Statement of Charges for use of the Distribution System](#).

¹¹ Detailed information on current Transmission Use of System (TUoS) charging arrangements can be found in SONI's [Transmission Use of System Statement of Charges](#).

consumption and generation is now changing and is expected to continue to evolve significantly over time.

Allocation and recovery of network costs

- 2.7 Tariff structure and cost allocation are closely related but distinct concepts. Tariff structure determines how network charges are designed and calculated, including the balance between fixed, volumetric, time-related and other tariff components. Cost allocation concerns how network costs are ultimately distributed between different users and customer groups. Changes to tariff structure can therefore affect the allocation and recovery of network costs.
- 2.8 A significant proportion of distribution network costs is currently recovered through volumetric (unit-based) charges linked to electricity consumption. As a result, the way costs are allocated between users may change as patterns of network use evolve.
- 2.9 As the energy system evolves, including through increased levels of self-generation and electrification of demand, this approach may result in outcomes that are less reflective of how users make use of the network. For example, users who reduce their net consumption through self-generation may make a lower contribution to network costs, while still relying on the network for access and capacity. Conversely, other users with limited ability to change their consumption patterns may bear a higher share of costs, raising concerns around fairness and potential cross-subsidisation.
- 2.10 These issues have been highlighted by stakeholders, including in responses to UR's 2021 Call for Evidence, where concerns were raised about the continued suitability of volumetric tariff structures.
- 2.11 This project will therefore consider how alternative approaches to cost allocation may better reflect network usage, while ensuring outcomes remain fair, proportionate and consistent with wider policy objectives. In considering whether such changes may be required, it is first necessary to examine the wider developments taking place across the electricity system.

Question 1. What do you consider to be key strengths and weaknesses of the current structure of use of system charges? In your response, please indicate whether your comments relate to distribution charges (DUoS) or transmission charges (TUoS).

Question 2. Based on your response to Question 1, please explain how you expect the relative strengths and weaknesses of current tariff structures to change in the coming years, in light of wider developments in the energy system?

Question 3. What aspects of current arrangements for network charging do you consider most in need of review or reform (for example, standing charges, volumetric charges, capacity-based charges or other charging components)?

Drivers of change

- 2.12 The review of tariff structures is driven by ongoing changes in the electricity system and by the need to consider whether current arrangements for recovering network costs will remain appropriate in the future.

Electrification and distributed energy resources

- 2.13 A number of developments are expected to affect how the electricity network is used. These include the increasing uptake of electric vehicles, the electrification of heat, the growth of distributed generation, the emergence of new market participants such as aggregators and other third-party intermediaries (TPIs), and the increasing importance of demand-side flexibility. These drivers were identified in our earlier work in 2021 and remain relevant.

Smart metering

- 2.14 Smart metering is expected to play a particularly important role in enabling future tariff reform. While developments such as increased electrification, distributed generation and demand-side flexibility are changing how the electricity system is used, smart metering provides the capability to measure and communicate those changes in a more granular manner.
- 2.15 Access to near real-time consumption data can support the development of tariff structures that better reflect when and how the network is used, including time-of-use and potentially more dynamic tariffs. It can also enable electricity suppliers to offer retail products that reflect time-varying system costs, strengthening the price signals available to consumers and supporting more informed decisions about energy use. As such, smart metering can be

considered as a key enabler of many of the tariff reform options that may be explored as part of this project.

Connection charging reform

- 2.16 In addition to these developments, the Department for the Economy (DfE) recently introduced policy changes relating to electricity connection charging in Northern Ireland, which adopted a fully socialised approach to distribution connection charging^{12,13}. Under these arrangements, distribution connection charges are now fully socialised.
- 2.17 This change reflects concerns that the previous approach to connection charging acted as a barrier to the uptake of low-carbon technologies and new demand, including electric vehicles and distributed generation. UR is currently implementing this policy¹⁴.
- 2.18 While connection charging policy sits outside the scope of this project, it remains relevant to the wider context in which tariff reform is being considered, as the recent policy change alters how network costs associated with new connections are recovered.
- 2.19 Taken together, all these developments are expected to influence how the electricity network is used and developed over time

Flexibility and emerging system needs

- 2.20 A further relevant development is the increasing importance of flexibility within the electricity system. As the share of renewable generation increases, there may be periods where available renewable output cannot be fully utilised due to wider system constraints.
- 2.21 This highlights the importance of mechanisms that can support greater flexibility and better align electricity demand with periods when renewable generation is available. In this context, tariff structures may play a role in encouraging consumers to shift demand towards periods of higher renewable output, or away from periods of peak demand, thereby benefiting from lower-priced periods.
- 2.22 This raises the question of whether the existing tariff structures continue to provide sufficiently effective signals to support efficient use of the network. In particular, it is appropriate to consider whether current tariff structures provide the appropriate level of granularity and responsiveness to reflect future patterns of network use and to support changes in consumer behaviour.

¹² [Increased Socialisation of Connection Costs in the Electricity Distribution Network | Department for the Economy](#)

¹³ [Decision on Fairer Grid Connection Costs published by the Department for the Economy | Utility Regulator](#)

¹⁴ [Decision on Licence Modifications regarding the socialisation.pdf](#)

- 2.23 Alongside these developments, new system-level evidence is becoming available through UR's ongoing work on Northern Ireland's first Flexibility Needs Assessment¹⁵. This work, which forms part of a wider EU framework, will assess the flexibility requirements of the electricity system over the coming decade, drawing on data and analysis from both NIE Networks, as the Distribution System Operator (DSO) responsible for planning and operating the distribution network, and SONI, as the Transmission System Operator (TSO) responsible for planning and operation of the transmission system.
- 2.24 The outputs of this work are expected to provide an improved evidence base on future system needs, including the role of flexibility at both system and network level. The assessment will also focus on existing and forecast constraints on the transmission and distribution networks and where flexibility could provide an efficient solution. This analysis was not previously available in this structured form and is expected to inform consideration of how the electricity system may evolve.
- 2.25 As such, the timing of this tariff reform project provides an opportunity to take account of emerging evidence on system needs as it becomes available. In particular, improved understanding of when and where flexibility is required may inform how tariff structures could evolve to better reflect system conditions.

Question 4. What are the most significant developments that should inform tariff reform, for example in relation to electrification of transport and heat, smart metering, distributed generation, flexibility services, or other changes? Please explain your response.

Question 5. Do you agree with the rationale for undertaking this review at this time? Please explain your reasoning.

Interactions between network tariffs and the wider electricity system

- 2.26 The prices and charges faced by electricity consumers reflect a range of factors across the electricity system, including network charges, wholesale electricity prices, supplier tariffs and other market arrangements. As these factors are driven by different underlying considerations, they may create different incentives and encourage different patterns of electricity use.
- 2.27 Peak demand, network constraints, wholesale electricity prices and periods of high renewable generation availability do not always coincide. As a result, tariff signals designed to reduce network congestion or system stress may not always encourage the same behaviour as wider energy price signals. For

¹⁵ [Northern Ireland's First Flexibility Needs Assessment Information Paper.pdf](#)

example, consumers may be incentivised to shift demand away from periods of peak network demand, but towards periods when wholesale electricity prices remain relatively high. Conversely, opportunities may arise to encourage demand during periods of high renewable output, helping to maximise the utilisation of available renewable generation and reduce the need to dispatch down renewable resources.

- 2.28 This highlights the importance of considering network tariff reform within the wider electricity system rather than in isolation. A key consideration for this project is how network tariff structures can provide appropriate and effective signals to consumers while operating alongside other elements of the electricity price and wider market arrangements. The project will therefore consider the interactions between network tariffs and other system signals, including how potential risks of conflicting or unintended incentives can be identified and mitigated, and how different signals can work together to support outcomes that are efficient for both consumers and the electricity system.

Question 6. Are there risks that different signals may create conflicting incentives for consumers or other electricity market participants, and how should these be managed?

Question 7. In your view, what role could different participants across the electricity sector play in the development, implementation and ongoing operation of any potential future network tariff reforms?

In particular, please consider the roles of:

- a) Market participants, including NIE Networks, SONI, generators, suppliers and consumers; and
- b) Public authorities and policymakers, including UR and any other relevant legislative or governmental bodies.

Please explain your response.

Question 8. In your view, what role could electricity suppliers play in supporting tariff reform? Please explain your response.

Question 9. In your view, are any changes to licences, industry arrangements, settlement processes, regulatory requirements, reporting arrangements, or other aspects of the regulatory framework needed to support the objectives of tariff reform? If so, please explain.

Consumer impacts and wider considerations

Data availability as enabler of reform

- 2.29 Greater availability of more granular consumption data associated with the planned rollout of smart metering is expected to create new opportunities for tariff structures to vary according to the timing and pattern of consumption, potentially enabling more cost-reflective and targeted price signals. As smart meter coverage increases, suppliers may also be better placed to develop retail tariff offerings that reflect time-varying costs and system conditions. Smart metering therefore represents a key enabler of more advanced tariff reform, as well as broader flexibility within the electricity system.
- 2.30 The effectiveness of tariff reforms and potential new tariff structures will also depend on the availability and accessibility of smart meter data. In particular, data-sharing arrangements, systems capability and supporting regulatory frameworks are likely to be important enablers of the development and implementation of time-based tariffs. Stakeholder feedback has highlighted the importance of ensuring that these factors are addressed to avoid potential barriers to the implementation of tariff reforms and the effective operation of time-based tariff structures.
- 2.31 While not all users may respond to price signals to the same extent, increasing penetration of distributed generation and flexible resources (such as batteries, electric heating and electric vehicles), together with the rollout of smart metering systems, is expected to enhance users' ability to respond to time-based signals. In this context, time-of-use network tariffs are likely to become increasingly important over time.

Consumer impacts and affordability

- 2.32 At the same time, affordability and wider cost of living considerations remain important. Any review of tariff structures must therefore consider not only efficiency and cost reflectivity, but also the potential impacts of reform on different groups of consumers.
- 2.33 In this context, particular consideration will be required in relation to consumers who may be less able to engage with more complex or time-varying tariff structures to ensure that tariff reform does not result in unintended or disproportionate impacts. UR also acknowledges stakeholder views on potential additional measures to support vulnerable consumers. UR will consider wider consumer protection as part of the project.

- 2.34 In addition, careful consideration will be required in relation to the design and implementation of time-of-use and other advanced tariff structures. Particular attention will be needed to ensure that such tariffs are understandable to consumers. Responses to the 2021 Call for Evidence highlighted the importance of effective communication and engagement with customers¹⁶. It will also be important to consider how tariff structures would operate across different parts of Northern Ireland, e.g. rural areas, to ensure that they remain appropriately cost-reflective while avoiding unintended or disproportionate impacts.

Question 10. Do you consider that any specific customer groups are likely to be impacted by potential changes to tariff structures set out in this consultation? If so, please identify these groups and explain the nature of the potential impacts.

Implications for tariff reform

- 2.35 Taken together, the developments and considerations described above suggest that the case for reviewing network tariff structures has strengthened since the 2021 Call for Evidence. They also highlight the need to consider how tariff reform can respond to changing patterns of electricity demand and use while balancing a range of potentially competing objectives and considerations.
- 2.36 Tariff reform may create opportunities to support wider system efficiency. For example, tariff structures may encourage increased consumption during periods of high renewable output, helping to maximise the utilisation of available renewable generation, reduce the need to dispatch down renewable resources and make more efficient use of low-carbon electricity. In doing so, they could assist the system operator in balancing supply and demand more efficiently and thereby contribute to reducing imperfection costs.
- 2.37 UR is also aware of related tariff reform and network charging reviews being undertaken in other jurisdictions, including by the Commission for Regulation of Utilities (CRU) in Ireland and Ofgem in Great Britain. This includes the CRU's recent re-commencement of its Electricity Network Tariff Structure Review and request for supplemental evidence¹⁷, together with Ofgem's recent work examining how energy system costs are allocated and recovered from consumers in an evolving energy system¹⁸, as well as the UK's Reformed National Pricing programme and associated Ofgem work examining transmission network charging arrangements and locational signals in Great

¹⁶ Please refer to paragraph 20 of Annex C to this Consultation paper.

¹⁷ See Commission for Regulation of Utilities [CRU, Electricity Network Tariff Structure Review: Project Restart](#) (2025), together with the [published stakeholder responses](#) and [CRU's summary of consultation feedback](#).

¹⁸ [Ofgem, Energy System Cost Allocation and Recovery Review – Call for Input \(July 2025\)](#)

Britain¹⁹. While market arrangements, regulatory frameworks and policy priorities differ across jurisdictions, developments and lessons from these reviews may provide useful insights and will be considered, where relevant, as part of the evidence-gathering and assessment phases of this project.

- 2.38 Previous stakeholder engagement, including responses to the 2021 UR Call for Evidence highlighted a number of key issues relating to tariff design, cost allocation, consumer impacts and future electricity system developments. More recent stakeholder engagement, including responses to UR's Forward Work Programme, has reinforced many of these themes and highlighted additional considerations. Together, these views have informed UR's initial thinking on the objectives of tariff reform, the objectives of the project and the evaluation criteria that should be taken into account when assessing reform options. The following section sets out these initial views and seeks stakeholder feedback on them.

Project objectives

- 2.39 The overall aim of the project is to review and, where appropriate, reform the structure of electricity network use of system charges in Northern Ireland so that these charges remain fit for purpose in a changing energy system.
- 2.40 In doing so, it is helpful to distinguish between:
- a) the objectives of tariff reform, that is, the outcomes that reformed tariff structures are intended to support; and
 - b) the objectives of the project, that is, the key outputs and stages of work required to develop, assess and, where appropriate, implement reform options.

Objectives of tariff reform

- 2.41 The objectives set out below reflect UR's very early and initial views, based on the analysis and stakeholder engagement undertaken to date, including the 2021 Call for Evidence and subsequent work. These objectives describe the broader consumer and system outcomes that tariff reform is intended to support. We recognise that tariff structures represent only one of a number of factors influencing these outcomes and that the objectives are likely to evolve as the project progresses, particularly through Phase 1 of this work. We therefore invite stakeholder views on their appropriateness and completeness.
- 2.42 At this early stage, we think that tariff reform may contribute towards the following objectives for consumers and the wider energy system:

¹⁹ [Ofgem, Locational Charges and Regulatory Siting Levers under Reformed National Pricing \(March 2026\)](#)

- a) ***an efficient electricity system***, including:
 - (i) efficient use of the electricity network and wider system resources, including through more effective management of peak demand and periods of network constraint,
 - (ii) support for flexibility in how electricity is generated, stored and consumed,
 - (iii) minimisation of overall long-term system costs,
 - (iv) improved utilisation of available renewable generation, reducing the need to dispatch down²⁰ renewable resources;
- b) ***support for the transition to a low-carbon energy system***, including by enabling greater demand-side flexibility and helping to accommodate changing patterns of demand and generation;
- c) ***reliable and secure electricity supply***, ensuring that electricity needs of customers in Northern Ireland are met under a range of system conditions and recognising the role of tariff structures in enabling efficient and stable system operation and managing peak demand;
- d) ***system resilience***, supporting the ability of the electricity system to adapt to changing patterns of demand and generation, respond to operational stresses and disruptions, and continue to operate effectively during the transition to a low-carbon energy system;
- e) ***fairness*** between users, so that current and future customers are treated equitably, including in how costs are allocated and how benefits of the system are shared;
- f) ***transparency and trust***, so that tariff structures are understandable and consumers have confidence that the electricity system operates in their collective interest;
- g) ***affordability and value for money***, so that consumers face charges that are affordable and proportionate to the costs of providing network services, and represent good value in supporting an efficient and reliable electricity system.

2.43 We recognise that these objectives may not always align and may in some circumstances involve trade-offs. A key part of the project will therefore be to consider how interactions and trade-offs between different tariff reform objectives should be assessed and managed.

²⁰ *Dispatch down* refers to the reduction of renewable electricity generation, such as wind generation, below the level that would otherwise be available, typically due to system or network constraints, or because generation exceeds demand at a particular point in time.

- 2.44 While the objectives set out above are framed at the level of the electricity system as a whole, not all will be directly influenced by tariff structures. However, tariff reform can contribute to these objectives by providing appropriate signals to users. For example, incentives to shift demand - such as the timing of electric vehicle charging - may improve system efficiency and support better value for money for consumers. The project will therefore examine in more detail how tariff design can support these objectives in practice.
- 2.45 We recognise that some of the objectives set out above may also be relevant to other areas of UR's work. As the project progresses, we will review and refine these objectives in light of stakeholder feedback, the evidence gathered during Phase 1, and any relevant developments in wider UR work. At this stage, we consider it preferable to set out an initial framework for discussion and consultation, while recognising that further refinement may be required as more detailed analysis is undertaken.

Question 11. Do you agree with the proposed objectives of tariff reform set out in this paper? If not, what changes would you suggest?

Objectives of the tariff reform project

- 2.46 In order to support these tariff reform objectives, we propose that the project should pursue the following objectives:
- a) to define clearly the policy context, objectives and evaluation criteria for tariff reform in Northern Ireland, taking into account stakeholder views;
 - b) to develop a robust evidence base for reform through review of current arrangements, developments since 2021, and relevant experience in other jurisdictions;
 - c) to identify and assess potential reform options, including their potential impacts, benefits, risks and implementation requirements, including the extent to which such options may support more efficient use of low-carbon electricity, for example by better aligning demand with periods of high renewable generation;
 - d) to establish an assessment framework to support evaluation and comparison of options, and select preferred tariff reform options;
 - e) to develop an appropriate roadmap for reform, including sequencing, governance and stakeholder engagement arrangements; and
 - f) to support implementation and monitoring, where reforms are ultimately taken forward.

- 2.47 We invite stakeholder views on whether these project objectives and tariff reform objectives are appropriate, and whether any should be added, amended or removed.
- 2.48 We recognise that there may be tensions between these objectives. For example, there may be trade-offs between cost reflectivity and affordability, or between more dynamic tariff structures and potential volatility in charges. The project will consider how such trade-offs can be managed.

Question 12. Do you agree with the proposed objectives of the project? If not, what changes would you suggest?

Evaluation criteria for assessing tariff reform options

- 2.49 The tariff reform objectives describe the consumer and system outcomes that the tariff reform project intends to support. In developing potential tariff reform options, it is necessary to establish a framework that enables a structured and transparent evaluation of how different options may contribute towards those objectives.
- 2.50 We therefore propose a set of evaluation criteria that may be used to assess and compare tariff reform options. The proposed criteria set out in *Table 1* below reflect UR's initial views, informed by analysis and stakeholder engagement undertaken to date. As with the tariff reform objectives, we recognise that this is not necessarily an exhaustive list and that the evaluation criteria may evolve as the project progresses and the evidence base develops. We therefore welcome stakeholder views on whether additional criteria should be included when assessing tariff reform options.

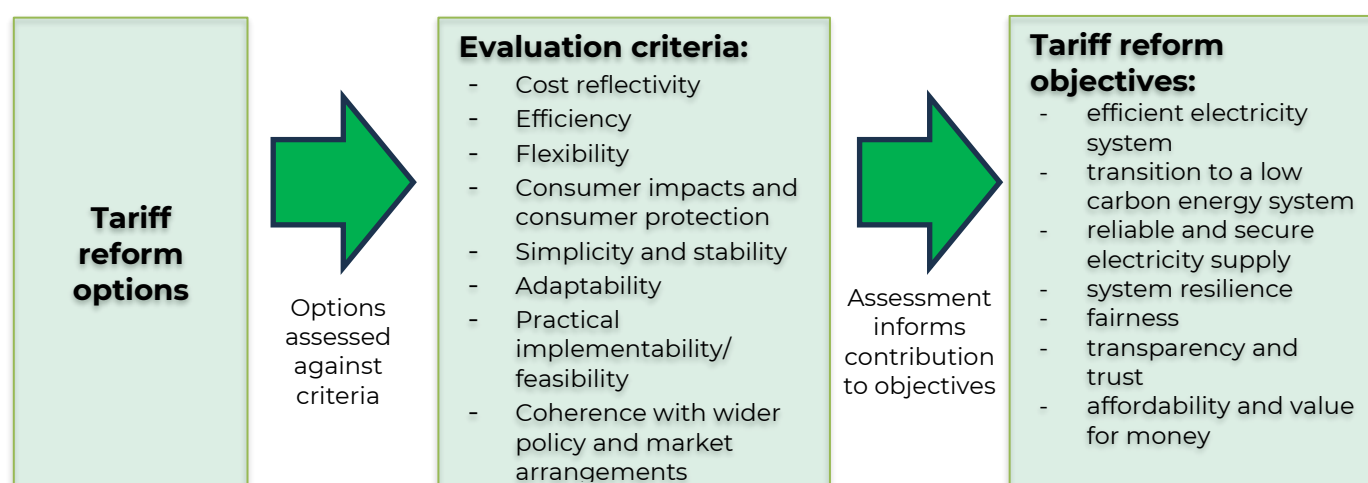
Table 1. Proposed evaluation criteria for assessing tariff reform options

Evaluation criteria	Description
Cost reflectivity	Extent to which tariffs reflect the costs that different users impose on the network
Efficiency	Extent to which tariff structures promote efficient operation of network and efficient use of system resources and support efficient allocation and recovery of costs
Flexibility	Extent to which tariff structures support and incentivise consumers and other system users to modify the timing or pattern of electricity consumption in response to changing system conditions or price signals

Consumer impacts and consumer protection	Extent to which tariff structures take account of impacts on consumers, including distributional effects, affordability, bill volatility, the ability of different customer groups to respond to price signals, with appropriate consideration given to vulnerable customers
Simplicity and stability	Extent to which tariff structures and methodologies are clear, understandable, predictable and avoid excessive volatility
Adaptability	Extent to which tariff structures remain effective and are capable of evolving over time as technologies, consumer behaviour and wider electricity system change
Practical implementability/feasibility	Extent to which reforms can be delivered within practical, technical and regulatory constraints, taking account of system readiness, data availability and the rollout of enabling technologies such as smart metering
Coherence with wider policy and market arrangements	Extent to which tariff reforms are compatible with wider market and policy developments

2.51 *Figure 3* illustrates the relationship between tariff reform options, the proposed evaluation criteria and the tariff reform objectives. The purpose of this framework is not to identify options that satisfy every criterion fully, but rather to provide a structured basis for assessing options. Performance against the evaluation criteria will inform an assessment of the extent to which each option may contribute to the tariff reform objectives and guide decision-making. The figure is intended to illustrate the overall assessment framework and should not be taken to imply any hierarchy or weighting of the evaluation criteria.

Figure 3. Relationship between tariff reform options, evaluation criteria and objectives



Question 13. Do you have views on the proposed evaluation criteria, in particular:

- c) Do you agree that the proposed evaluation criteria provide an appropriate framework for assessing the extent to which tariff reform options contribute to the tariff reform objectives? If not, please explain why.
- d) Are there any additional evaluation criteria in assessing tariff reform options that should guide the review of tariff structures?
- e) Do you consider any of the proposed criteria to be particularly important when assessing tariff reform options? If so, please explain your reasoning.

Question 14. Do you have views on how UR should prioritise and balance trade-offs when assessing potential tariff reform options? In particular:

- a) How should trade-offs between different tariff reform objectives be managed? For example, where achieving greater affordability and value for money may involve trade-offs with fairness or system efficiency?
- b) How should trade-offs between different evaluation criteria be managed? For example, where improvements in cost reflectivity or flexibility may have implications for simplicity and stability, consumer protection, or practical implementability?

3. Scope of the project

- 3.1 The project will focus on the structure of electricity network use of system charges in Northern Ireland, including both distribution and relevant elements of transmission tariffs.

In scope

- 3.2 The project will consider:
- a) the structure of distribution use of system (DUoS) charges;
 - b) the supplier-facing elements of transmission use of system (TUoS) charges; and
 - c) the methodologies underpinning the allocation and recovery of network costs.
- 3.3 In contrast to UR 2021 Call for Evidence, the scope will extend beyond distribution network charges to also include the transmission element of the tariff. This broader scope reflects feedback from stakeholders in previous consultation process that distribution tariff structures should not be considered in isolation, given their interaction with other elements of network charging.
- 3.4 The inclusion of the supplier-facing element of transmission use of system charges reflects the increasingly interconnected nature of electricity network charging. Distribution and transmission charges are ultimately recovered through customers' electricity bills and together contribute to the overall signals faced by consumers and other network users. Considering these elements together should help ensure that potential reforms are assessed from a whole-system perspective and that interactions between different components of network charging are appropriately taken into account.

Out of scope

- 3.5 This project will not consider:
- a) the overall level of network revenues, which are determined through price controls;
 - b) generation transmission use of system charges, which represent 25% of the total transmission costs that SONI allocates to generators;
 - c) system services charges or other non-network cost components of electricity tariffs, including System Support Services (SSS), Imperfections Charges, Capacity Market charges and other related wholesale or system operation charges, which reflect system operation and costs arising from

wholesale market mechanisms and processes, rather than the costs of network use; and

d) supplier retail pricing, although interactions will be considered.

3.6 While these areas are outside the formal scope of the project, UR recognises that they form part of the overall price signals faced by consumers. The project will therefore consider relevant interactions in its analysis where necessary, while maintaining a clear focus on the structure of network use of system charges.

Question 15. Do you agree with the proposed scope of the project? In particular:

- a) Do you agree that the focus of the project should be on distribution use of system (DUoS) charges and the supplier-facing elements of transmission use of system (STUoS) charges?
- b) If not, please explain which aspects you believe should be included within, or excluded from, the scope of the review and provide your reasons.
- c) UR's initial view is that System Support Services (SSS) and other non-network cost components should remain outside the scope of this review. Do you agree with this approach? If not, please explain which transmission-related network or system charging elements (for example, SSS and the Collection Agency Income Requirement (CAIRt)) you believe should be included within the scope of the review, and why.
- d) Do you have views on the role that locational charging could play in future network tariff arrangements? Please explain your reasons and, where relevant, how you consider such arrangements could support the objectives of network tariff reform.
- e) Do you have views on the role that capacity-based charging could play in future network tariff arrangements? Please explain your reasons and, where relevant, how you consider such arrangements could support the objectives of network tariff reform.

Interactions with the wider system

3.7 Tariff structures interact with a range of other elements of the electricity system, including settlement arrangements, connection charging, smart metering, supplier tariff design, and system operation.

3.8 Recent reforms to connection charging policy may also influence the balance between costs recovered upfront and those recovered through ongoing network charges.

- 3.9 While these areas are outside the direct scope of this project, the review will consider how tariff reform may interact with, or depend on, developments in these areas.
- 3.10 UR recognises that the effectiveness of tariff reform will depend in part on how changes are reflected in retail tariffs and how consumers respond to the signals provided.

4. Proposed approach and workplan

Phases

- 4.1 We have developed a draft workplan for the project. This structures the project into four phases.

Phase 1: Policy context and project planning

Phase 2: Research on system tariff reforms

Phase 3: Development and assessment of options for tariff reforms

Phase 4: Implementation of reforms

- 4.2 [Annex A](#) to this consultation document gives a high-level overview of what we plan to cover in those phases, with tasks being more developed with respect to the work to cover in the first two phases.

- 4.3 Each phase of the project is expected to deliver defined outputs. These include, for example, summary reports of findings, analysis of options, and consultation paper(s). These outputs will provide transparency on the progress of the project and allow for continued stakeholder engagement at key stages.

Workstreams

- 4.4 As set out in the draft workplan in [Annex A](#), we propose to carry out the work in Phase 1 over the first year and to organise it within two workstreams, which will run concurrently:

Workstream A: Policy context and objectives

Workstream B: Early stakeholder engagement and stakeholder participation plan

- 4.5 Workstream A is concerned with setting out the policy context and the objectives for the project and identify the risks and opportunities for tariff reform in the light of the various drivers of change to the NI energy landscape.
- 4.6 We recognise that, in the context of reforms to tariff structures, there may exist tensions between objectives (e.g. potential trade-off between cost reflective time-of-use tariffs and affordability, or between some cost reflective tariff structure and risk of volatility to charges).
- 4.7 The workstream will also seek to identify such potential tensions between objectives and seek to develop an approach to enable progress on tariff reform, at later stages of the project, in the light of those trade-offs.

- 4.8 Workstream B is concerned with engaging early with stakeholders on our project plan - this consultation is an element of that – and with planning the role of UR and of other parties across the workstreams in subsequent phases of the project.
- 4.9 We attach great importance to this last aspect, reflecting our view that the full body of work required to deliver the project successfully would not be carried out by UR alone but would involve other parties. We pointed to this in the outline of the project that we set out in our 2026/27 Forward Work Programme.
- 4.10 Having such stakeholder involvement has implications on how the work is organised. For example, we expect that the development of planning the roles of stakeholders will include considerations on potentially setting up an overarching steering group to accompany the work over the duration of the project, on the potential delegation of responsibility for delivery of specific tasks to a specific stakeholder or to a technical working group formed for that purpose, and on an approach to manage risk of conflicts of interest, were work to be delegated to specific stakeholders.
- 4.11 The effectiveness of the project will depend on consumer understanding and engagement. UR recognises the importance of effective consumer communication and education in this context, including ensuring that consumers understand how changes in consumption behaviour may affect outcomes under different tariff structures. However, the project can still be progressed and delivered in the absence of widespread consumer engagement, although this may influence the extent to which the full benefits of tariff reform are realised.
- 4.12 We will therefore work with key delivery partners and engage with consumer representative bodies to support the development of appropriate communication and engagement approaches, drawing on learning from other jurisdictions where relevant.
- 4.13 As the project progresses and the evidence base develops, including through the outcome of this Consultation, we will, as part of Phase 3, further develop an assessment framework to evaluate potential tariff reform options. This is expected to include qualitative and quantitative criteria aligned with the evaluation criteria set out above, including impacts on efficiency, cost reflectivity, and implementability.

Question 16. What do you see as the main practical constraints or implementation challenges associated with tariff reform in Northern Ireland, and how might these be addressed? Please explain your reasoning.

Question 17. Do you have views on the proposed outline of work for Phases 1-4 of the project? Please explain your answer. If you consider that any elements are missing, should be amended, or should not be included, please provide details and explain your rationale.

Question 18. What arrangements would best support effective engagement and collaborative working between UR and stakeholders throughout the project? For example, should engagement be supported through working groups, bilateral meetings, written consultations, or other mechanisms? Please explain which approaches you consider most effective and why.

Question 19. Would you be interested in participating further in the project and, if so, what form of involvement would you consider most useful (for example, written submissions, participation in a working group, bilateral meetings, or other forms of involvement, please specify)?

Question 20. Are you aware of any recent research, reports, case studies, policy developments, experiences or lessons from Ireland, Great Britain or other jurisdictions that may be relevant to this project? Please explain their relevance and any implications for Northern Ireland.

Question 21. Are there any other issues, evidence or considerations related to this project, its objectives or proposed approach that you consider relevant and that are not already addressed in the questions above and you think should be considered by UR?

Question 22. Having read the consultation and project plan, and having considered your responses to the other questions, do you consider that any of the aspects discussed in this consultation could have particular impacts, whether positive or negative, on individuals or groups sharing Section 75 characteristics, vulnerable consumers, or other groups who may be disadvantaged or less able to respond to tariff signals? Please provide any evidence, information or examples you consider relevant, including any measures that could help avoid, reduce or mitigate adverse impacts.

5. Consultation questions

- 5.1 Throughout this consultation, we have posed a number of questions that we consider relevant to the tariff reform project and which will help inform the development of future policy in this area. These questions are summarised in [Annex B](#).
- 5.2 We welcome stakeholder views on any or all these questions, or indeed any other issues that are raised in this consultation. Respondents are not required to answer every question and may focus on those issues most relevant to them. Where possible, respondents are encouraged to provide supporting evidence, examples or data.
- 5.3 Unless otherwise stated, respondents are encouraged to indicate which customer or stakeholder groups their comments relate to (for example, domestic consumers, SMEs, large energy users, generators, storage operators, suppliers or network companies).
- 5.4 Please respond to this consultation by completing the response template, which can be found in the Consultation Response Template.
- 5.5 A summary of the 2021 Electricity Distribution Tariff Reform Call for Evidence, together with a summary of stakeholder responses, is provided in [Annex C](#). This material is intended to support stakeholders in understanding the key issues and themes identified in previous engagement and to inform consideration of the questions set out in this consultation.
- 5.6 We recognise that stakeholders may have provided views on some of these matters in response to our 2021 Electricity Distribution Tariff Reform Call for Evidence²¹. Where these views remain unchanged, stakeholders may wish to reference their previous submissions rather than repeat them.
- 5.7 Respondents who participated in the 2021 Call for Evidence are also invited to indicate whether their previous responses remain valid or whether they wish to revise or expand upon them in light of recent developments.

Stakeholder engagement

- 5.8 We would welcome views from a wide range of stakeholders, including:
 - a) electricity suppliers
 - b) network companies
 - c) consumer representatives

²¹ Electricity Distribution Tariff Reform Call for Evidence June 2021 [2021-06-24-tariff-reform-call-for-evidence_0.docx](#)

- d) large energy users
- e) new market participants (e.g. aggregators or energy brokers)

5.9 We are also interested in views on how best to organise stakeholder participation in the project.

Consultation Response

5.10 Responses should be received on or before 12 noon on 16 December 2026 and should be addressed to:

Fiona Rooney
Electricity Price Controls Manager
Millennium House
16-22 Great Victoria Street
Belfast
BT2 7AQ

Email: Electricity_Networks_Responses@uregni.gov.uk with cc to fiona.rooney@uregni.gov.uk

5.11 Our preference would be for responses to be submitted by e-mail.

Confidentiality

- 5.12 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.
- 5.13 If you do not want all or part of your response or name made public, please state this clearly in the response by marking your response as 'CONFIDENTIAL'.
- 5.14 If you want other information that you provide to be treated as confidential, please be aware that, under the FOIA, there is a statutory Code of Practice with which public authorities must comply and which deals, amongst other things, with obligations of confidence. In view of this, it would be helpful if you could explain to us why you regard the information you have provided as confidential.
- 5.15 Information provided in response to this consultation, including personal information, may be subject to publication or disclosure in accordance with the access to information regimes (these are primarily the Freedom of Information Act 2000 and the Data Protection Act 2018).
- 5.16 As stated in the GDPR privacy statement for consumers and stakeholders, any personal data contained within your response will be deleted once the matter being consulted on has been concluded, though the substance of the response may be retained.

- 5.17 This document is available in other accessible formats, such as large print, Braille, audio cassette and a variety of relevant minority languages if required. Please contact Fiona Rooney on email:
Electricity_Networks_Responses@uregni.gov.uk with cc to
fiona.rooney@uregni.gov.uk

6. Next Steps

6.1 Following this consultation:

- a) we will review and publish stakeholder responses;
- b) we will refine the project objectives and workplan based on the responses to this consultation and of potential follow-up discussions with interested stakeholders;
- c) we will continue work on Phase 1 and take on board responses from stakeholders once submitted;
- d) we will develop arrangements for stakeholder participation in later phases.

Annex A – Overview of draft workplan

1. This draft workplan proposes structuring the project into four phases of work:

Phase 1: Policy context and project planning

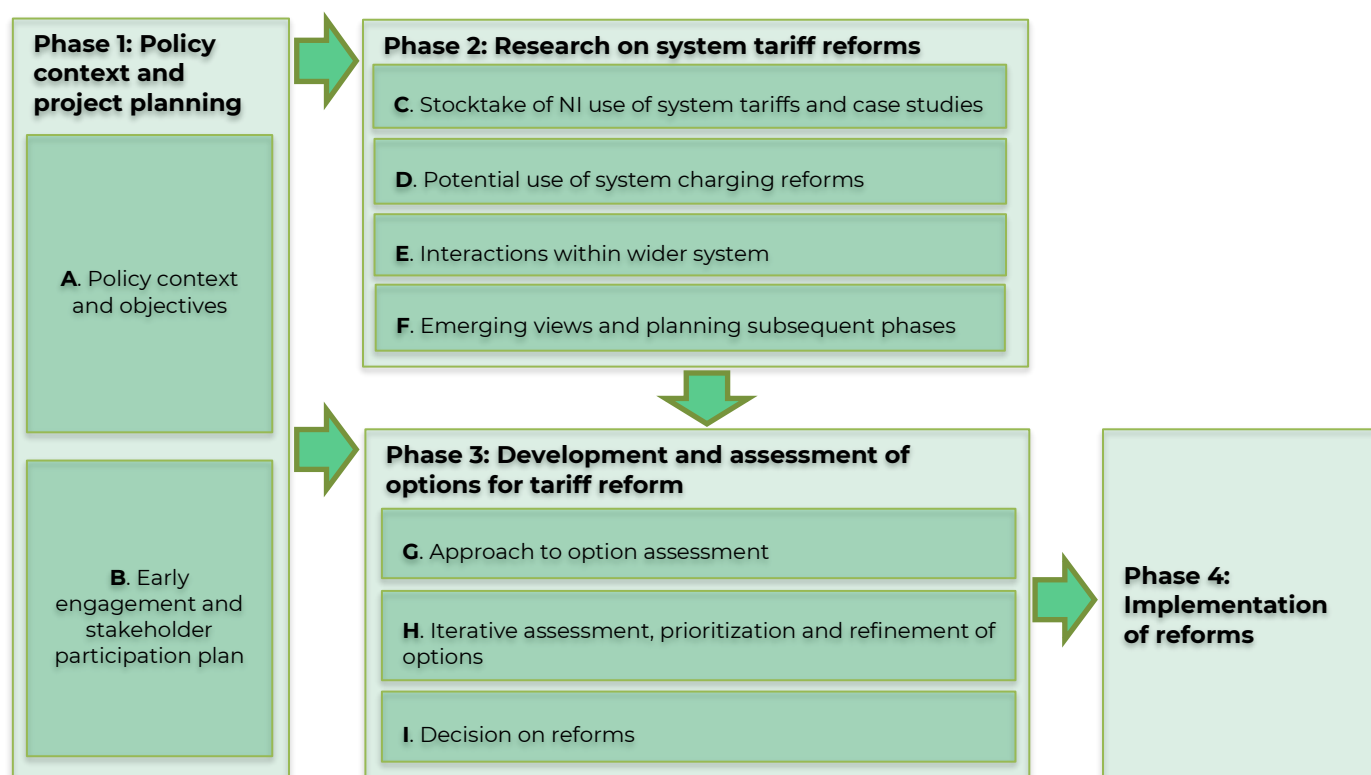
Phase 2: Research on system tariff reforms

Phase 3: Development and assessment of options for tariff reform.

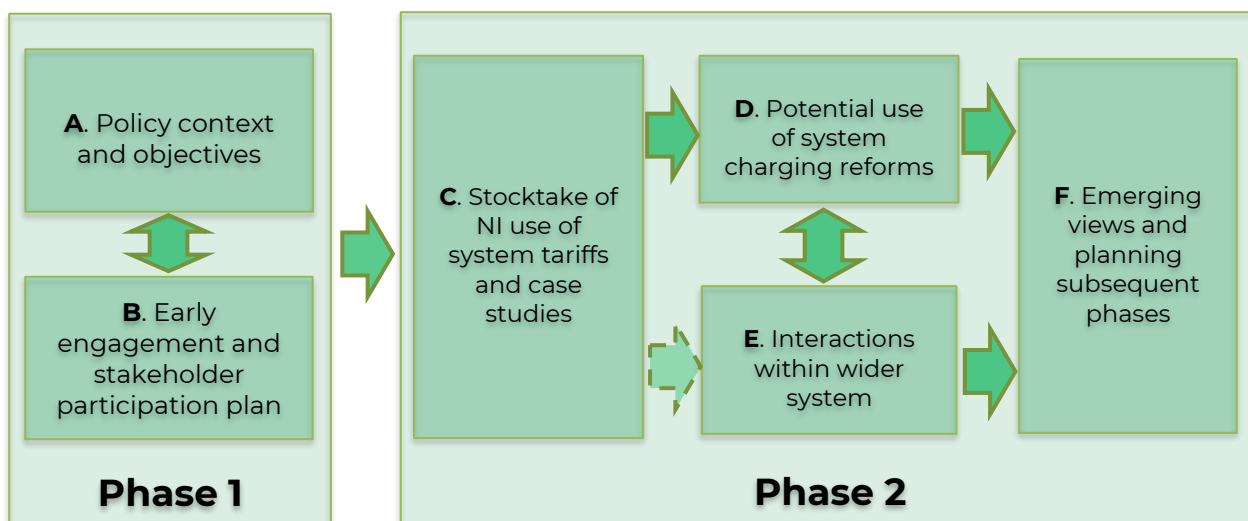
Phase 4: Implementation of reforms.

2. We have organised the work within each of these phases of work into a set of workstreams, and within these, a set of tasks. The proposed four phases and workstreams are captured in the *Figure A1*.

Figure A1: Overview of workplan phases and workstreams



3. We have adopted the approach of planning near-term work in more detail and so have focused on the work planned for Phases 1 and 2. *Figure A2* captures the organisation of the workstreams within those two initial phases.

Figure A2: Overview of workplan for Phases 1 and 2

4. We envisage that the two workstreams within Phase 1 would be run concurrently, allowing UR to make progress on points of substance concerning the context and objectives of the project whilst initiating the engagement with stakeholders and developing a plan for their participation in the project.
5. Phases 1 and 2 would capture the work to be done in the near-term, broadly over the first year of the project. This, however, may need to be revisited as the work develops.
6. In this workplan we have focused on the first two phases of work. In relation to Phases 3 and, in particular, Phase 4, the proposed organisation of the workstreams or areas of work is more provisional at this stage. This reflects the uncertainty around issues that may emerge and around the priorities and working arrangements that may evolve over the course of carrying out the first two phases of work. In the light of this, we have included a workstream at the end of Phase 2, Workstream F, which would be concerned with revisiting and updating the workplan for the later phases of the project, recognising that more focused planning of that work then would be valuable.
7. We set out an outline of the four phases in the tables below, taking each phase in turn.

Table A1: Phase 1 workstreams and tasks

Workstream	Task
A: Policy context and objectives	A1: Identify desired outcomes and behaviours within NI energy system A2: Identify risks and opportunities in scenarios for future NI energy landscape A3: Review key considerations and trade-offs relating to network charges A4: Develop approach to enable progress on tariff reform in the light of trade-offs
B. Early	B1: Engage stakeholders on key issues and project plan

engagement and stakeholder participation plan	B2: Plan role of UR and other parties across workstreams and tasks
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Table A2: Phase 2 workstreams and tasks

Workstream	Task
C. Stocktake of NI use of system tariffs and case studies	C1: Stocktake of current NI DUoS methodology and views on future evolution C2: Stocktake of current NI TUoS methodology and views on future evolution C3: Research on how charges are structured and calculated in GB and comparison with NI C4: Research on how charges are structured and calculated in the RoI and comparison with NI C5: Case study on time-of-use tariffs for domestic customers in GB C6: Research on time-of-use and dynamic pricing in other jurisdictions and sectors
D. Potential use of system charging reforms	D1: Identify potential reforms to structure of DUoS and TUoS tariffs D2: Identify potential reforms to methodologies for calculating cost-based charges D3: Identify potential reforms to settlement and tariff optionality D4: Identify potential routes for achieving desired outcomes other than via use of system charges
E. Interactions within wider electricity system	E1: Consider interactions with smart metering and other infrastructure requirements E2: Consider interactions with suppliers' tariffs structures E3: Consider interactions with connection charging policies E4: Consider interactions with NI system operation & planning E5: Consider interactions with SEM
F: Emerging views and planning subsequent phases	F1: Develop emerging views on key issues and on priority tariff reforms F2: Develop plan for subsequent phases

Table A3: Phase 3 workstreams

Workstream	Task
Approach to options assessment	Develop approach to option assessment and evaluation criteria Identify sources of evidence to inform assessment (beyond that from Phase 2) Formulate packages of options for assessment
Iterative assessment, prioritisation and refinement of options	Collect and review evidence to inform on the assessment of options Indicative modelling of tariff impacts for prioritised options Iterative assessment of options for charging reform (using evaluation criteria) Prioritisation of preferred option(s) Consider sequencing for tariff reforms / potential reforms
Decision on reforms	Consult on minded-to decision on reforms to carry out and timescales Decide on reforms to take forward for implementation

Table A4: Phase 4 areas of work

Areas of work
Identify implementation route (e.g. nature of licence modifications)
Develop regulatory arrangements for implementation
Develop arrangements for managing transition / tariff impacts on customers
Develop governance arrangements for tariff reforms
Develop plan to monitor impact of reforms

Annex B – Consolidated consultation questions

Please respond to this consultation by completing the response template, which can be found in the attached [Consultation Response Template](#).

We welcome stakeholder views on the questions presented below:

Current arrangements for network charging

Question 1. What do you consider to be key strengths and weaknesses of the current structure of use of system charges? In your response, please indicate whether your comments relate to distribution charges (DUoS) or transmission charges (TUoS).

Question 2. Based on your response to Question 1, please explain how you expect the relative strengths and weaknesses of current tariff structures to change in the coming years, in light of wider developments in the energy system?

Question 3. What aspects of current arrangements for network charging do you consider most in need of review or reform (for example, standing charges, volumetric charges, capacity-based charges or other charging components)?

Drivers of change

Question 4. What are the most significant developments that should inform tariff reform, for example in relation to electrification of transport and heat, smart metering, distributed generation, flexibility services, or other changes? Please explain your response.

Question 5. Do you agree with the rationale for undertaking this review at this time? Please explain your reasoning.

Interactions between network tariffs and the wider electricity system

Question 6. Are there risks that different signals may create conflicting incentives for consumers or other electricity market participants, and how should these be managed?

Question 7. In your view, what role could different participants across the electricity sector play in the development, implementation and ongoing operation of any potential future network tariff reforms?

In particular, please consider the roles of:

- a) Market participants, including NIE Networks, SONI, generators, suppliers and consumers; and
- b) Public authorities and policymakers, including UR and any other relevant legislative or governmental bodies.

Please explain your response.

Question 8. In your view, what role could electricity suppliers play in supporting tariff reform? Please explain your response.

Question 9. In your view, are any changes to licences, industry arrangements, settlement processes, regulatory requirements, reporting arrangements, or other aspects of the regulatory framework needed to support the objectives of tariff reform? If so, please explain.

Consumer impacts and affordability

Question 10. Do you consider that any specific customer groups are likely to be impacted by potential changes to tariff structures set out in this consultation? If so, please identify these groups and explain the nature of the potential impacts.

Project objectives, evaluation criteria and rationale

Question 11. Do you agree with the proposed objectives of tariff reform set out in this paper? If not, what changes would you suggest?

Question 12. Do you agree with the proposed objectives of the project? If not, what changes would you suggest?

Question 13. Do you have views on the proposed evaluation criteria, in particular:

- c) Do you agree that the proposed evaluation criteria provide an appropriate framework for assessing the extent to which tariff reform options contribute to the tariff reform objectives? If not, please explain why.
- d) Are there any additional evaluation criteria in assessing tariff reform options that should guide the review of tariff structures?
- e) Do you consider any of the proposed criteria to be particularly important when assessing tariff reform options? If so, please explain your reasoning.

Question 14. Do you have views on how UR should prioritise and balance trade-offs when assessing potential tariff reform options? In particular:

- a) How should trade-offs between different tariff reform objectives be managed? For example, where achieving greater affordability and value for money may involve trade-offs with fairness or system efficiency?
- b) How should trade-offs between different evaluation criteria be managed? For example, where improvements in cost reflectivity or flexibility may have implications for simplicity and stability, consumer protection, or practical implementability?

Scope of the project

Question 15. Do you agree with the proposed scope of the project? In particular:

- a) Do you agree that the focus of the project should be on distribution use of system (DUoS) charges and the supplier-facing elements of transmission use of system (STUoS) charges?
- b) If not, please explain which aspects you believe should be included within, or excluded from, the scope of the review and provide your reasons.
- c) UR's initial view is that System Support Services (SSS) and other non-network cost components should remain outside the scope of this review. Do you agree with this approach? If not, please explain which transmission-related network or system charging elements (for example, SSS and the Collection Agency Income Requirement (CAIRt)) you believe should be included within the scope of the review, and why.
- d) Do you have views on the role that locational charging could play in future network tariff arrangements? Please explain your reasons and, where relevant, how you consider such arrangements could support the objectives of network tariff reform.
- e) Do you have views on the role that capacity-based charging could play in future network tariff arrangements? Please explain your reasons and, where relevant, how you consider such arrangements could support the objectives of network tariff reform.

Workplan and stakeholder engagement

Question 16. What do you see as the main practical constraints or implementation challenges associated with tariff reform in Northern Ireland, and how might these be addressed? Please explain your reasoning.

Question 17. Do you have views on the proposed outline of work for Phases 1-4 of the project? Please explain your answer. If you consider that any elements are missing, should be amended, or should not be included, please provide details and explain your rationale.

Question 18. What arrangements would best support effective engagement and collaborative working between UR and stakeholders throughout the project? For example, should engagement be supported through working groups, bilateral meetings, written consultations, or other mechanisms? Please explain which approaches you consider most effective and why.

Question 19. Would you be interested in participating further in the project and, if so, what form of involvement would you consider most useful (for example, written

submissions, participation in a working group, bilateral meetings, or other forms of involvement, please specify)?

Any other views

Question 20. Are you aware of any recent research, reports, case studies, policy developments, experiences or lessons from Ireland, Great Britain or other jurisdictions that may be relevant to this project? Please explain their relevance and any implications for Northern Ireland.

Question 21. Are there any other issues, evidence or considerations related to this project, its objectives or proposed approach that you consider relevant and that are not already addressed in the questions above and you think should be considered by UR?

Question 22. Having read the consultation and project plan, and having considered your responses to the other questions, do you consider that any of the aspects discussed in this consultation could have particular impacts, whether positive or negative, on individuals or groups sharing Section 75 characteristics, vulnerable consumers, or other groups who may be disadvantaged or less able to respond to tariff signals? Please provide any evidence, information or examples you consider relevant, including any measures that could help avoid, reduce or mitigate adverse impacts.

Annex C – Executive summary of UR 2021 Call for Evidence and stakeholder responses

Call for Evidence

1. UR launched a Call for Evidence²² in June 2021 as part of a wider review of electricity distribution tariffs in Northern Ireland. This review was prompted by fundamental changes in the way electricity is produced and consumed, driven by the transition towards a low-carbon energy system and evolving patterns of demand.
2. The Call for Evidence aimed to gather stakeholder views to inform the development of future tariff structures and ensure that tariffs remain appropriate, efficient, and aligned with regulatory principles such as cost reflectivity, transparency and fairness. It set out the key issues being considered by UR in relation to the energy transition and potential tariff reform and invited responses to a structured set of consultation questions.
3. The consultation was organised around five core topics, which were considered to be of greatest relevance to the reform of distribution tariffs charged by NIE Networks in the context of the energy transition:
 - e) drivers of change in the electricity system;
 - f) tariff reform options;
 - g) approaches to managing the transition to new tariffs;
 - h) customer engagement; and
 - i) other relevant challenges and risks.
4. A key focus of the Call for Evidence was to understand the impact of the energy transition on tariff design. UR identified five principal drivers of change: distributed energy resources, increasing uptake of electric vehicles, development of battery technologies, the emergence of energy aggregators, and increasing digitalisation and use of data. These developments were recognised as having significant implications for network demand, cost allocation, and the efficient operation of the electricity system.
5. The Call for Evidence also outlined a range of potential tariff reform options, including different tariff structures and approaches to implementation, and

²² [Electricity Distribution Tariff Reform – Call for Evidence \(consultation page\).](#)

sought views on how such reforms could be introduced in a way that balances efficiency, fairness, and customer protection.

6. In particular, it highlighted that key decisions would be required both on *what* type of tariffs should be introduced, and *how* these should be implemented. Decisions on *what* to introduce included consideration of alternative tariff structures, such as time-of-use, demand-based, rising block, fixed, or dynamic tariffs, each of which prioritises different objectives such as cost reflectivity, managing peak demand, or simplicity.
7. Decisions on *how* to implement reforms related to the overall scope and pace of the transition, including whether changes should apply to all customers or specific groups, and whether they should be introduced quickly or phased in over time. The Call for Evidence also explored different implementation approaches, such as opt-in/opt-out arrangements, offering a choice of tariffs, or adopting hybrid transition models.
8. In addition, UR highlighted the importance of effective customer engagement and monitoring arrangements to support a successful transition, recognising that clear communication, ongoing evaluation, and stakeholder involvement would be critical to ensuring the reforms deliver intended outcomes.
9. Overall, the Call for Evidence represented the first stage of UR's broader tariff reform programme, with the evidence gathered intended to inform subsequent policy development and decision-making on future network tariff structures.

Responses to the Call for Evidence

10. UR received nine substantive responses²³ to the Call for Evidence²⁴ from a broad cross-section of stakeholders, including consumer organisations, network companies, suppliers and industry bodies. These responses reflected a wide range of perspectives across the Northern Ireland electricity market and provided valuable insight into stakeholder priorities.
11. There was a high degree of alignment across responses, despite the diversity of stakeholders, ranging from consumer protection groups to network operators. Stakeholders broadly supported the relevance of the issues and topics identified in the Call for Evidence, with respondents agreeing that the proposed framework captured the key developments driving the need for tariff reform.
12. In relation to drivers of change, respondents consistently identified the growth of electric vehicles, alongside increasing digitalisation and data usage, as the

²³ The individual responses can be found here: [Electricity Tariff Reform Call for Evidence Responses](#).

²⁴ [Electricity Tariff Reform – Call for Evidence Responses Report \(publication page\)](#).

most significant factors shaping future network use. These developments were seen as fundamentally altering demand patterns and enabling more informed and flexible consumer behaviour. Improved access to data was also highlighted as enhancing network owners' understanding of network usage, supporting more efficient system operation.

13. Respondents also identified additional drivers beyond those set out in the Call for Evidence. In particular, several stakeholders noted that overall electricity consumption is likely to increase significantly as the energy transition progresses, driven by the wider uptake of low-carbon technologies. In addition to electric vehicles, respondents highlighted the growing importance of the electrification of heat, with organisations such as NEA, Power NI and the Consumer Council for Northern Ireland emphasising that increased deployment of heat pumps could substantially raise household electricity demand.
14. Stakeholders also pointed to broader shifts in consumption patterns, including a sustained increase in homeworking. While initially accelerated by the Covid-19 pandemic, hybrid and remote working practices have persisted, contributing to a structural shift in electricity usage towards the domestic sector and changing daily demand profiles.
15. With respect to tariff design objectives, there was broad consensus that cost reflectivity and simplicity should be prioritised. Stakeholders emphasised that tariffs should ensure users pay in line with the costs they impose on the network, thereby promoting fairness and efficiency. A lack of cost reflectivity can result in cross-subsidisation between users under the current arrangements. In this context, respondents highlighted a particular concern regarding the treatment of micro-generators.
16. A common view, not explicitly identified in the original Call for Evidence, was that future tariff design should ensure that micro-generators fully contribute to the network costs they create. The current tariff structure, which relies heavily on volumetric charges, means that micro-generators can underpay for their use of the grid when exporting electricity, while still benefiting from network access. As a result, these costs are partially borne by other users - particularly smaller and more vulnerable. Stakeholders therefore suggested that reform should address these distortions to ensure a more equitable allocation of network costs.
17. Respondents also noted that simplicity in tariff design is important to support customer understanding, engagement and effective behavioural response.
18. Respondents agreed that, under technological constraints existed at the time of the Call for Evidence publication, tariff design was limited to approaches based on overall network demand, as real-time measurement of individual usage was not yet feasible. However, looking ahead, stakeholders supported a

more balanced approach, whereby tariffs reflect individual consumption where consumers can respond to price signals, while maintaining broader network-based charging for vulnerable customers.

19. A key cross-cutting theme was the importance of protecting vulnerable customers. Respondents emphasised that tariff reforms should avoid creating significant bill volatility or disproportionate cost impacts for vulnerable groups, with appropriate safeguards incorporated into the transition.
20. Customer engagement was also identified as an important issue, with respondents broadly agreeing that current engagement levels are low, particularly among domestic and smaller customers. Stakeholders emphasised that improving engagement - through clear communication, targeted education, and ongoing involvement in the reform process - will be critical to ensuring a successful transition to new tariff arrangements.
21. The absence of smart metering was identified as one of the key constraints, limiting access to real-time consumption data, restricting the implementation of more advanced tariff options and potentially reducing opportunities for energy efficiency gains.
22. Higher connection charges in Northern Ireland were also highlighted as a concern, with customers bearing a greater share of network costs than in other jurisdictions, which may deter uptake of low-carbon technologies.

Conclusion

23. The evidence gathered from this consultation provided a valuable foundation for UR's work on electricity tariff reform, highlighting areas of broad consensus and identifying key stakeholder priorities. While this work was not progressed further at the time, these insights remain relevant and provide an important basis for UR's renewed consideration of tariff reform, supporting ongoing analysis of how best to develop fair, efficient and future-facing tariff arrangements.