

Draft Forward Work Programme

1 April 2012 – 31 March 2013



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1. Introduction

The Utility Regulator publishes a draft Forward Work Plan (FWP) for consultation.

The FWP sets out the projects that we propose to undertake during 2012-13, within the overall direction provided by our corporate strategy.

We have finite resources to carry out our work. The FWP prioritises those non-routine projects that we are able to undertake within existing resources.

The consultation on the draft Forward Work Programme 2012-13 will be for a period of 12 weeks. In particular, we would like to receive stakeholder comments on:

- (1) whether the projects we have outlined are appropriate;
- (2) whether the balance of the projects, by corporate strategy theme, is appropriate.

We do of course also welcome comment on other aspects of the FWP.

We would like to hear what our stakeholders have to say. **Please send your views by 20 January 2012 at the latest to elena.ardines@uregni.gov.uk.**

We intend to hold a **briefing** during the consultation period, on the **9 December 2011** at our premises. This would be an opportunity to

discuss the contents of the draft FWP. Please, let us know **before Friday 2 December** on the details above if you wish to attend.

A paper copy of the draft FWP can be obtained from:

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After the consultation, we will publish a final FWP by 31 March 2012.

Copies of the document will be made available in large print, Braille, audio cassette and a variety of relevant minority languages if required.

Your response to this consultation may be made public by the UR. If you do not wish your response or name made public, please state this clearly by marking the response as confidential. Any confidentiality disclaimer that is automatically produced by an organisation's IT system or is included as a general statement in your fax or coversheet will be taken to apply only to information in your response for which confidentiality has been specifically requested.

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 (FOIA) and the Data Protection Act 1998 (DPA)). If you want other information 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. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on the Utility Regulator.

2. About the Utility Regulator

The Utility Regulator (UR) is the non-ministerial government department responsible for regulating the electricity and gas industries and water and sewerage services in Northern Ireland.

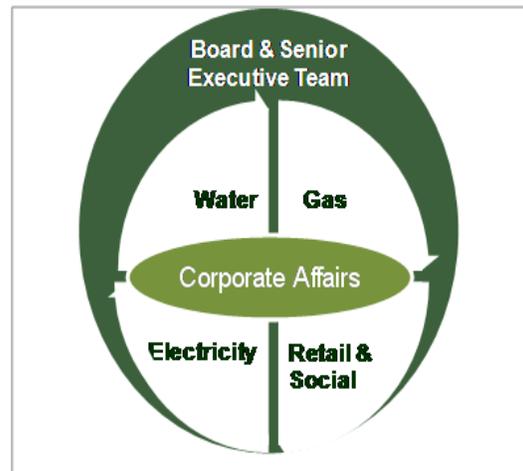
Our mission is: value and sustainability in energy and water.

Our vision is: we will make a difference for consumers by listening, innovating and leading.

We are governed by a Board of Directors, made up of non-executive members as well as the Chief

Executive. The Chief Executive leads a management team made up of Directors representing each of the key functional areas: electricity, gas, water, retail and social and corporate affairs (Figure 1).

Figure 1 UR internal structure



3. The context for our work: key challenges

We work in a dynamic environment. This creates a challenging context for our work.

The need to constrain consumer utility bills challenges us in our scrutiny of tariffs and regulated utility company costs. It is vitally important to ensure the costs consumers pay for energy networks are efficiently incurred and this is one area where we can make a big difference that will have a direct benefit for consumers. We will also enhance our understanding of utility companies' costs through revised costs reporting. We will draw on the work of our cross-directorate price controls team to ensure knowledge

and information is shared across the organisation and price controls are carried out in the most efficient and effective manner.

In water specifically, we are conscious of the unique context within which NI Water operates. We will work with stakeholders to ensure that the regulatory regime continues to protect and provide value to consumers under the current arrangements.

Given the greater emphasis on sustainability, the need for us to mainstream this in our work is paramount. We are also mindful of the NI Executive's **Strategic Energy Framework's (SEF)** target for the consumption of renewable electricity. Our work will focus on practical initiatives to support environmental sustainability, and this will include working with the Department of Enterprise, Trade and Investment (DETI) on revised support mechanisms for renewables in Northern Ireland. We will also, where possible, incentivize a more strategic and sustainable approach to the provision of water and sewerage services.

The need to implement EU security of supply arrangements will be taken forward in electricity and gas during 2012-13. We will also play a leading role in facilitating the development of gas storage facilities at Larne.

The challenge of protecting **vulnerable customers** is also critical. As well as applying our regulatory scrutiny to tariffs, we will undertake several other initiatives to protect **vulnerable customers**. This

includes the implementation of a series of consumer protection measures arising from the **EU Third Energy Package of directives (IME3)**.

We have been at the forefront of encouraging competition in energy markets. The challenge of further enhancing the competitive environment for energy consumers will be addressed by several specific projects. As well as taking steps to remove barriers for retail energy consumers (e.g. through the implementation of new switching systems), we will focus on market liquidity in the **Single Electricity Market (SEM)**.

The challenge of delivering harmonized energy markets will be advanced through specific projects, such as the **Common Arrangements for Gas (CAG)** project.

We are keenly aware of the importance of EU developments both in the short term through the third package and, in the long term, through the goal to move to a single energy market in Europe. We will take specific steps to engage, and ensure that our influence is exerted, with the **Agency for the Co-Operation of Energy Regulators (ACER)**.

Given the challenge of resource constraints in the public sector environment, we will optimise the use of available resources across the Utility Regulator and continue to take action to constrain our budgetary requirements.

4. Our performance management framework

We carry out our work within a performance management framework.

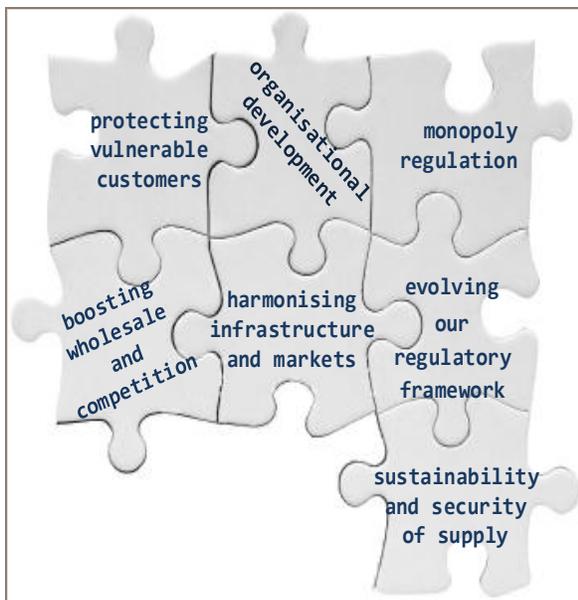
The elements of this framework are threefold: (1) Corporate Strategy, (2) Forward Work Plan, (3) Directorate/branch plans.

Corporate Strategy 2009-14

Our Corporate Strategy sets out the high level direction for our work.

There are seven strategic themes which comprise our strategic direction (Figure 2).

Figure 2 UR's seven strategic themes



During 2011 we have been conducting a mid-term review of our corporate strategy. Overall, the review concluded that the strategic themes in our corporate strategy remained appropriate. There were

however a number of comments made during the review, that are addressed in this draft Forward Work Plan.

Forward Work Plan

Our corporate strategy themes provide the context for projects set out in the FWP.

We have a statutory duty to publish and consult on the FWP before the start of each financial year. The FWP sets out:

- (1) the projects (other than those comprising routine activities) that we intend to undertake in that year
- (2) an estimate of the overall expenditure which we expect to incur in carrying out our work.

Directorate/ branch plans

FWP targets are also reflected in the branch plans within each directorate along with projects and workstreams which are more routine in nature.

5. The format of the FWP

Our FWP provides an outline of the key projects to be undertaken by us in the forthcoming year.

The projects are listed by strategic theme and include the directorate leading on the work.

In part seven of the FWP we outline the expenditure that we expect to incur in carrying out our work.

We report on progress against each of the projects in our Annual Report.

As with any plan, there is always additional, unpredicted developments in-year which requires our immediate attention. In these situations we prioritise our resources to ensure that the additional urgent work can be completed.

In order to enhance the accessibility of the document, key terms used are highlighted in **blue**, and explained in a Glossary (from page 15 onwards).

6. FWP projects 2012-13

In this section we set out the proposed FWP projects for 2012-13. The projects are listed by corporate strategy theme.

As a precursor to each group of projects, we outline key contextual issues and ongoing workstreams impacting on the work of each directorate.

Monopoly Regulation

Where competition does not protect consumers' interests our role is to ensure that utility companies act efficiently.

Our regulation of utility companies focuses on, among other things, achieving two key outcomes for consumers. Firstly, we carry out **price controls** to ensure that only the justifiable costs of utility companies are passed onto consumers. Secondly, our job is to promote enhanced levels of service for consumers.

In order to meet these outcomes the following projects are identified for 2012-13.

Outcome 1: Ensure that only justifiable utility company costs are passed onto consumers

- complete **price controls** for **NIE Transmission and Distribution (RP5)** (lead directorate is **Electricity**), **Power NI (Retail and Social)**, **NIE PPB (Electricity)** and **NI Water (PC13)** (**Water**);
- complete regulated tariff reviews for **Power NI (Retail and Social)** and **Phoenix Supply Ltd (Gas)**;
- initiate **price control** projects for **Phoenix Natural Gas** and **firmus distribution (Gas)** and **NI Water (PC15)** (**Water**);
- review the approach to the **regulatory reward framework** for regulated companies that are non-network and non-asset based (**Cross Utility**);
- review **cost reporting** for the RP5 price control (**Electricity**);
- complete an analysis of, and report on, NI Water costs and performance compared to price control (PC10) targets (**Water**);
- review consumer benefit for **Generation Unit Agreement** (s), implement any decisions to cancel and review options for the future of the **PPB** business. (**Electricity**)

Outcome 2: Promote enhanced levels of service

- review connection policies in gas and electricity to ensure that consumers are able to access supply at reasonable cost (**Electricity and Gas**);
- implement, in conjunction with DETI, any decision to extend the natural gas network (**Gas**).
- consult on and implement a comprehensive Retail Market Monitoring framework (**Retail and Social**)

Sustainability and Security of Supply

There is increasing awareness that sustainability and environmental challenges are becoming one of the main threats to future generations and present consumers. Directly linked to sustainability is the requirement for us to consider the way forward in relation to security of supply.

During 2012-13 our projects will focus on achieving three outcomes. Firstly, we will facilitate renewable generation. Secondly, we will engage with stakeholders to develop practical approaches that support environmental sustainability. Finally, we will implement arrangements that support security of supply.

Outcome 1: Facilitate renewable generation

- introduce new support mechanisms for renewables, post the **Renewables Obligation (Corporate Affairs)**
- ensure that the **Renewable Energy Guarantee of Origin Fuel Mix Disclosure** methodologies (**Corporate Affairs**)
- propose and bring forward improvements to the **Levy Exemption Certificate** issue and redemption process (**Corporate Affairs**)
- implement changes arising from the **Renewable Energy Directive (Electricity)**

Outcome 2: Developing practical approaches that support environmental sustainability

- engage with DETI on the development of proposed New Energy Bill including consideration of **Energy Supplier Obligation (ESO) (Corporate Affairs)**.
- review through the Sustainable Energy Inter Departmental Working Group (SEIDWG) options for promoting energy efficiency (**Corporate Affairs**)
- review the social, economic and environmental implications arising from GB reviews of the water industry as they relate to NI (**Water**)
- require NI Water to develop and consult on a **Strategic Direction**

Statement to address sustainability issues as part of their submission for the PC15 price control (**Water**)

- implement licensing arrangements for gas storage (**Gas**)
- implement arrangements for all island security of supply (**Electricity**)

Protection

One of the biggest recent concerns has been the impact of high fuel prices on both domestic and business consumers.

In electricity, gas and water we are also required to have regard to the interests of **vulnerable consumer groups** (including those on low incomes).

During 2012-13 we will carry out a range of projects to protect **vulnerable consumers**. In delivering the projects we will focus on two key outcomes. Firstly, we will take practical action to protect **vulnerable customers**. Secondly, we will take steps to support the needs of **vulnerable consumers**.

Outcome 1: Practical action to protect vulnerable consumers

- implement all required customer protection projects derived from the new European legislation (IME3) e.g. increase clarity in

bills, timelines for switching consumers by suppliers (**Retail and Social**)

- consult on and implement a new code of practice on marketing and door-step selling (**Retail and Social**)

Outcome 2: Supporting the needs of vulnerable consumers

- develop a model code of practice to help consumers avoid/manage debt and define minimum standards that must be met by energy suppliers (**Retail and Social**)
- develop and promote a new **energy consumers checklist** to increase and improve customers' information (**Retail and Social**)
- complete a review of our **Social Action Plan** and consult on a new Plan (**Retail and Social**)
- consider longer term actions arising from UR **Freeze/Thaw Recovery Action Plan** to mitigate the risks of future adverse weather events for **vulnerable consumers** (**Water**)

Competition

An important aspect of our work is the promotion of competition, where it is appropriate and cost-effective to do so, in the industries we regulate. Consumers can benefit from openly competitive supply markets and a

real choice of suppliers and products.

There are three key outcomes that we wish to achieve from our projects during 2012-13. Firstly, we want deliver more choice for Northern Ireland energy consumers. We also want to take steps to remove barriers to competition. Finally, we want to provide further impetus to competitive forces in the wholesale energy market on the island of Ireland.

Outcome 1: Deliver more choice for Northern Ireland energy consumers

- implement the decision to introduce competition to the natural gas market in the **ten towns area (Gas)**
- finalise, and implement as necessary, the decision on the strategic development of the energy retail market in Northern Ireland (**Retail and Social**)
- undertake a **Stage 2 review** of the operation of the retail energy markets in Northern Ireland (**Retail and Social**)

Outcome 2: Remove barriers to competition

- deliver, in conjunction with NIE, the **Enduring Solution**, an unlimited electricity switching system to make it easier for consumers to change supplier (**Retail and Social**),
- develop and implement a compliance plan (and

appropriate licence modifications) which will avoid confusion for energy consumers on branding of products and services by energy companies (**Retail and Social**)

Outcome 3: Encourage further competition in the energy wholesale market

- implement decisions regarding improvement on contract market liquidity and the mitigation of the exercise of market power. (**Electricity**)
- implement enduring solution on Use of System Charging, so market participants pay the right and fair costs in the **Single Electricity Market (Electricity)**.

Harmonising energy markets

We want to use our regulation to achieve benefits for consumers.

In relation to energy specifically, we are conscious that markets extend beyond jurisdictional boundaries. There are undoubted benefits that can arise from co-operation and a harmonisation of approach on energy issues. These benefits include unlocking of scale advantages, increasing attractiveness for investment and reducing operational costs.

For this practical reason, we are committed to taking steps to harmonise approaches where benefits accrue to Northern Ireland consumers.

During 2012-13 we will carry out projects that deliver the benefits of harmonisation and co-operation for energy consumers.

Outcome: Deliver the benefits of harmonization and co-operation to consumers

- complete the harmonisation of arrangements for the gas transmission network on the island of Ireland (under the **Common Arrangements for Gas – CAG** – project) (**Gas**)
- commence detailed work on the harmonisation of distribution/retail arrangements (**Gas**)
- implement **EU network codes** at Interconnector points (**Gas**)
- review the options regarding the **unbundling of energy assets** in respect of IME3 legislation (**Electricity**)
- implement, in conjunction with the Commission for Energy Regulation (**CER**), interim arrangements for regional integration of the energy market (**Electricity**)
- ensure that the rules for the operation of the **SEM** (the **Trading and Settlement code - TSC**) reflect decisions on market development (**Electricity**)

Regulatory Framework

As a multi-utility regulator we

recognise that we are affected by a range of developments from across the industries we regulate. This includes developments at a European level and those pertaining to the future options for water and sewerage services in Northern Ireland.

During 2012-13 we will focus on delivering two outcomes. Firstly, we will seek to ensure that we can influence developments at a European level in relation to energy. Secondly we reflect on developments elsewhere (e.g. regulatory related reviews in GB) to enhance best practice in our regulation of utility companies.

Outcome 1: Influence developments at a European level on energy

- finalise protocols for ensuring Utility Regulator view is communicated at the **Agency for the Cooperation of Energy Regulators (ACER)** (**Electricity/Gas**)
- influence longer-term development of **regional integration** at EU (**Electricity**)

Outcome 2: Enhance best practice regulation

- assess the implications of the various reviews of water regulatory regimes elsewhere for our regulatory practice (**Water**)
- review the implications of both **private networks** and contestability of connections

- within electricity networks
(Electricity)
- review the regulatory requirements associated with **offshore developments**
(Electricity)
 - review and develop an approach for assessing and determining **capital asset maintenance**
(Water)
 - review and develop an approach for assessing the efficiency of **Public Private Partnerships** operating in NI Water **(Water)**
 - develop and modify licences to give effect to the requirements of IME3 **(Corporate Affairs)**
 - develop the first annual Regulatory report to EC in accordance with IME3 guidance **(Corporate Affairs)**
- implement an accessibility action plan to enhance and improve the accessibility of key publications and review our approach to consultation **(Corporate Affairs)**
- Outcome 2: Support the development of our staff**
- develop and implement an organisational HR strategy. **(Corporate Affairs)**
- Outcome 3: Enhance our effectiveness**
- carry out an independent assessment of the adequacy of our internal audit service **(Corporate Affairs)**
 - consider options for assessing our organisational performance **(Corporate Affairs)**
 - develop our role as a **competition authority**
(Corporate Affairs)

Organisational development

We continue to develop as an organisation. In continue to enhance our organisational capabilities we work within resource constraints.

During the 2012-13 we will undertake projects designed to achieve three outcomes. Firstly, we will take steps to enhance our ability to engage with stakeholders. Secondly, we will undertake specific work to support the development of our staff. Finally we will take steps to further enhance the effectiveness of our organisation.

Outcome 1: Enhancing our ability to engage with stakeholders

7. Our resources

Resources

We are conscious of wider public sector spending constraints. We place a high priority on ensuring that our resources are demonstrably managed in an efficient manner. We set out below our draft budget to deliver the commitments and actions in this Forward Work Programme and fulfil our remit. Having reduced our budget from some £8.9m in 2008-09 down to £7.1m in the current year we are again proposing to constrain costs at that reduced

level.

We believe this will be possible largely because we now have a core of more experienced staff. We have focussed on developing our staff resources and that has enabled us to reduce the extent to which we need to rely on external support. The FWP is based on a complement of some 70 full-time equivalent staff currently organised across five directorates and the Chief Executive's Office. In addition to the various central corporate functions, the Corporate Affairs Directorate includes operational teams which are responsible for legal, environmental and strategy functions.

We are a small organisation. Our staff are, and will continue to be, our key resource. We are continuing to work on our HR framework and associated policies that will reflect that. We are also developing appropriate monitoring arrangements and will work to help ensure that we continue to benchmark well to the wider Northern Ireland Civil Service average in terms of key HR measures such as absence management.

The draft budget for 2012-13 is presented in the table below. However, at this stage there will always be some uncertainty regarding the detailed scope of some of the actions planned for next year and we will continue to refine our cost estimates as plans evolve.

With the exception of the costs associated with some environmental responsibilities, all of our funding is received through licence fees.

Corporate and shared costs (such as finance, HR, accommodation and IT) are included in the Other Costs and are, along with the Chief Executive's Office, recharged across the utilities for the purpose of calculating the fees payable by each utility licensee. Elements of Strategy, Social and Environmental Costs will also be recharged to the relevant industry directorates on an activity-driven basis.

The process of preparing this budget has been closely aligned with the development of the objectives set out in this forward work programme.

Draft Budget

	CEO	Corporate Affairs & Sustainability	Electricity	Gas	Retail & Social	Water	Total	11/12 Budget
Salaries	273,000	1,261,000	1,106,000	804,000	453,000	699,000	4,596,000	4,581,000
Programme	36,365	80,632	544,131	398,836	274,163	304,268	1,638,395	1,651,015
Other Costs (net)	7,700	781,009	36,200	16,600	8,300	13,500	863,309	867,800
	317,065	2,122,641	1,686,331	1,219,436	735,463	1,016,768	7,097,704	7,099,815
11/12 Budget	308,400	2,123,147	1,602,007	1,221,051	729,529	1,115,681	7,099,815	

8. Glossary

Agency for the Co-Operation of Energy Regulators (ACER)	ACER was formally established in 2011. It brings together European energy regulators with the objective of co-ordinating their actions whenever necessary, to achieve a competitive, sustainable, secure and transparent Internal Energy Market by 2014.
Capital asset maintenance	This is about ongoing capital investment required to maintain or replace existing capital assets to ensure they continue to deliver the required performance.
Climate Change Levy (CCL)	The CCL is the charge on energy used by businesses and the public sector which was introduced to encourage energy efficiency and reduce greenhouse gas emissions.
Commission for Energy Regulation (CER)	CER is the energy regulator for the Republic of Ireland.
Common Arrangements for Gas (CAG)	CAG is the project aimed at establishing an common arrangements for the buying, selling, transport, operation, development and planning of the natural gas market on an all-island basis.
Competition Authority	An organisation or body with authority to deal to competition related issues, in accordance with relevant legislation
Enduring Solution	This is the name given to a project which will provide the systems and processes that will allow unlimited switching (between suppliers) for domestic electricity consumers.
Energy Consumers Checklist	Under IME3 each member state is required to produce a set of energy market information for consumers. The Checklist provides information relating to supplier switching, rights, payment methods, bills, alternative supply offers, etc.
Energy Supplier Obligation (ESO)	An ESO is a means of maximising energy efficiency and reducing carbon emissions through a mandatory domestic supplier obligation

EU network codes	Network codes are the rules established by the network owner that governs contractual arrangements with the network user. The Third Energy Package requires the European Network of Transmission System Operators to develop the European network codes, in accordance with framework guidelines set by ACER . The objective of this work is to improve regulatory harmonisation and facilitate the effective functioning of the internal electricity and gas markets.
EU Third Energy Package of directives (IME3)	This is the two directives and three regulations aimed at liberalizing gas and electricity markets across Europe. It focuses on developing internal markets but also adds new customer protection and information aspects.
Freeze/Thaw Recovery Action Plan	This is the action plan, produced by the Utility Regulator, following major water supply disruptions across Northern Ireland in late 2010/early 2011, to mitigate against the impact of harsher winters on the water supply in the future.
Fuel Mix Disclosure (FMD)	FMD requires all licensed electricity suppliers to disclose to their customers, and potential customers, the mix of fuels (coal, gas, nuclear, renewable and other) used to generate the electricity supplied annually.
Generation Unit Agreement (GUAs) or Power Purchase Agreements (PPAs)	GUAs/PPAs are long term contracts between two parties, one who generates electricity for the purpose of sale (the generator) and another one who buys the electricity
Levy Exemption Certificate (LEC)	The LEC is the certificate that exempts payment from the Climate Change Levy (CCL). Only renewable electricity with a LEC is exempt from the levy.
Northern Ireland Water (NI Water)	NI Water is the Government Owned Company (GoCo) that was set up in April 2007 as the sole provider of water and sewerage services in Northern Ireland.
NIE Energy Power Procurement Business (NIE PPB)	NIE PPB is part of the Viridian group and manages a portfolio of Power Purchase Agreements (PPAs) with a total contracted generation capacity of 1,532 MW and is required to sell all the electricity generated under the PPAs into SEM .

NIE Transmission and Distribution (NIE T and D)	NIE T and D is owned by the Electricity Supply Board (ESB) and is the company responsible for the planning, development, construction and maintenance of the transmission and distribution electricity network in Northern Ireland, and for the operation of the distribution network.
Offshore Developments	Development of an electricity transmission network in offshore waters.
Ofwat	Ofwat is the economic regulator of the water and sewerage industry in England and Wales
PC10	PC10 is the name of the Utility Regulator price control relating to NI Water which is currently in place for the period 2010-13.
PC13	PC13 is the name of the Utility Regulator price control , currently being developed, relating to NI Water for the period 2013-15.
PC15	PC15 is the name of the Utility Regulator price control , which is at the early stage of development, relating to NI Water for the period 2015-20.
Phoenix Supply Ltd (PSL)	PSL is the supply business of the Phoenix Group, which supplies natural gas to customers in the Greater Belfast and Larne area.
Power NI	Power NI (formerly called NIE Energy Supply) is the supply company of the Viridian Group, and supplies electricity to homes and businesses across Northern Ireland.
Price Controls	Price controls are one of the key regulatory tools used to protect consumers. This involves the regulator scrutinising the business plans of monopoly utility companies and determining the revenue required to finance its activities while providing incentives to invest in the business.
Private Networks	Electricity network that do not belong to NIE Transmission and Distribution, but to other companies.
Public Private Partnerships (PPP)	PPP is a contract between a public body and a private provider, in which the private party provides a public service or project and assumes substantial financial, technical and operational risk.
Regional Integration	Regional integration refers to the integration of electricity markets in Europe.

<p>Renewable Energy Directive</p>	<p>This is an EU Directive that promotes the use of energy from renewable sources by requiring Member States to produce a pre-agreed proportion of energy consumption from renewable sources. The target is that the EU as a whole shall obtain at least 20% of total energy from renewables by 2020. The UK's target is to supply 15% of total energy demand from renewables by 2020. The target for Northern Ireland is 40%.</p>
<p>Renewable Energy Guarantee of Origin (REGOs)</p>	<p>The REGO scheme was set up to promote and increase the contribution of renewable energy sources to electricity production across the EU. A REGO is used to prove that the unit of electricity generated is renewable. Currently, one REGO is issued for each megawatt hour (MWh) of eligible renewable output generated. The primary use of REGOs in Great Britain and Northern Ireland is for Fuel Mix Disclosure (FMD).</p>
<p>Renewable Obligation (RO)</p>	<p>The RO is a UK scheme designed to encourage renewable generation into the electricity generation market. This scheme places an obligation on licensed electricity suppliers to source an increasing proportion of electricity from renewable sources. Suppliers meet their obligations by presenting sufficient Renewables Obligation Certificates (ROCs) to cover their obligations. Where suppliers do not have sufficient ROCs to meet their obligation, they must pay an equivalent amount into a fund known as buy-out, the proceeds of which are paid back on a pro-rated basis to those suppliers that have presented ROCs.</p>
<p>RP5</p>	<p>RP5 is the name of the Utility Regulator price control, currently being developed, relating to NIE T and D for the period from 2012-17.</p>
<p>Sustainable Energy Inter Departmental Working Group (SEIDWG)</p>	<p>SEIDWIG is a working group that aims at developing a more co-ordinated and holistic approach to sustainable energy issues, including energy efficiency and communication across all the Northern Ireland departments.</p>
<p>Single Electricity Market (SEM)</p>	<p>The SEM is the single all-island wholesale market for electricity, set up in November 2007. It aims to enhance security and diversity of supply, encouraging market efficiencies and economies of scale, and promoting greater competition.</p>

Social Action Plan (SAP)	The SAP is a plan which sets out all the actions to be taken by the Utility Regulator to protect vulnerable customers.
Stage 2 review	This refers to a further review of issues in the domestic energy retail market arising during the early stages of competition. An initial Stage 1 review was completed in 2011.
Strategic Direction Statement (SDS)	The SDS is a strategy document which sets out the long term (typically 25 years) vision and direction for the water company. This includes the levels of service it plans to deliver, and the funding necessary to achieve this. It developed [DN by whom] following consultation with consumers, regulators and other stakeholders and provides a long term context for price controls, which usually cover a 5-year period.
Strategic Energy Framework (SEF)	The SEF, issued by DETI in September 2010, details Northern Ireland's energy future over the next ten years or so and illustrates the key energy goals. It also confirms the new renewable electricity and heat targets by 2020.
Ten Towns Area	The Ten Towns refers to the gas market area outside of the Greater Belfast and Larne area. firmus energy currently retain the exclusive rights to supply gas to all customers in this area. This period of exclusivity is due to end from October 2012.
Trading and Settlement Code (TSC)	The TSC was developed, setting out the detailed rules and procedures concerning the sale and purchase of wholesale electricity in the SEM .
Unbundling of energy assets	Unbundling is an idea that is central to IME3. It relates to the principle of separating the operation of gas pipelines and electricity networks from the business of providing gas or generating power.
Vulnerable Customers	Vulnerable customers, following the Energy Order definition, are those electricity customers of pensionable age, who are disabled or chronically sick, on low incomes or dwelling in rural areas, and those gas customers who are of pensionable age, who are disabled or chronically sick or on low incomes.

