

# **Forward work programme 2015/2016**

**Our business plan for the second  
year of our Corporate Strategy  
2014-2019**



## About us

Our mission:

'Value and sustainability in energy and water'

Our vision:

'We will make a difference for consumers by listening, innovating and leading.'

Our values:

'Be a best practice regulator: transparent, consistent, proportional, accountable and targeted'

'Be a united team'

'Be collaborative and co-operative'

'Be professional'

'Listen and explain'

'Make a difference'

'Act with integrity'

This document sets out our annual plan for the 2015/2016 financial year. It contains a general description of the non-routine work we will carry out from 1 April 2015 to 31 March 2016 and sets out an outline budget.

This plan is likely to be of most interest to the regulated utilities, consumer associations, other regulators, politicians and researchers.

This plan sets out a range of projects expected to benefit consumers directly in both the short term and the long term.

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## Foreword

Last year we published our Corporate Strategy 2014-2019, which set out a clear direction and priorities for us. The strategy is focused on three strategic objectives relating to promoting effective and efficient monopolies, promoting competitive and efficient markets and protecting the long-term interests of households and businesses. Over the last year we have taken significant steps towards achieving these objectives.

We want the utilities we regulate to be successful because we believe that this approach can bring benefits not only to consumers but to Northern Ireland as a whole. During 2014/2015 we have been using our price-control reviews, and have completed reviews of the gas and water network, to promote efficient investment in utility assets. The growth of the natural-gas industry in Northern Ireland received a further boost from us following the award of licences for the important 'Gas to the West' project.

Our markets team also made significant advances. Significant milestones have been met along the road to introduce a new **wholesale electricity market** throughout the island of Ireland. Our review of the retail energy market in Northern Ireland has provided a clear basis for making sure that this market works in the interest of consumers.

Protecting the long-term interests of consumers means that we take no risks with vital utility services. So we, along with the Department of Enterprise, Trade and Investment and the System Operator for Northern Ireland (SONI), have taken significant steps to secure the electricity supply for local consumers. We have also started work to set out a strategy for further protecting the interests of vulnerable consumers.

Our Corporate Strategy's focus on our long-term objectives is a constant reference point for our ongoing programme of work. So this business plan for 2015/2016 concentrates on those projects that have the greatest effect on our strategic objectives.

As ever, we cannot achieve our strategic objectives alone. We work with government, industry, the third sector (for example, voluntary and community organisations) and others to help us.

At a time when we are being challenged to make difficult choices about how we use our resources, I am grateful to the people who work for us and the support we receive from our board. The team have been determined in their commitment and I am confident that we can meet the challenges that we face in the coming year.



Jenny Pyper  
Chief Executive

## 1. About this document

Under the Energy (Northern Ireland) Order 2003 and the Water and Sewerage Service (Northern Ireland) Order 2006 we must publish a forward work programme, referred to as a business plan, each year. The plan should contain a general description of our projects, other than routine activities, which we have planned for the year.

On 25 November 2014 we published a draft of this plan for consultation. It set out the projects we proposed to undertake during 2014/15.

During this consultation, we asked for feedback on whether we had identified the right projects or had not included certain projects. It also encouraged people to give us general comments on how the draft was designed and written.

The consultation closed on 27 January 2015 and we received nine responses. We have published these responses on our website at [www.uregni.gov.uk/publications/](http://www.uregni.gov.uk/publications/). On 15 January we also held a briefing. This was attended by about 30 people from a range of organisations. They had the opportunity to question our senior management team on the draft plan.

Overall, many of the comments we received related to broader issues rather than being specifically about this business plan. There were no specific proposals to remove any of the projects set out in the draft plan and a small number of people supported possible projects (as listed in Annex 1).

Many of those who responded referred to how we will achieve our strategic objectives and the challenge of using our resources to best effect. These comments varied from praise for setting an ambitious programme of work to concerns about our ability to achieve our strategic objectives and about us spreading our resources too widely. We have carefully considered these comments and our final plan contains only those projects where there is no scope for us to delay the work.

Many of those who responded to our consultation emphasized the importance of key projects identified by us. These projects are included in this final plan. A small number of comments asked for clarification on the scope of certain projects, and we have tried to provide those clarifications in this plan.

We will be providing specific responses direct to those who gave us feedback.

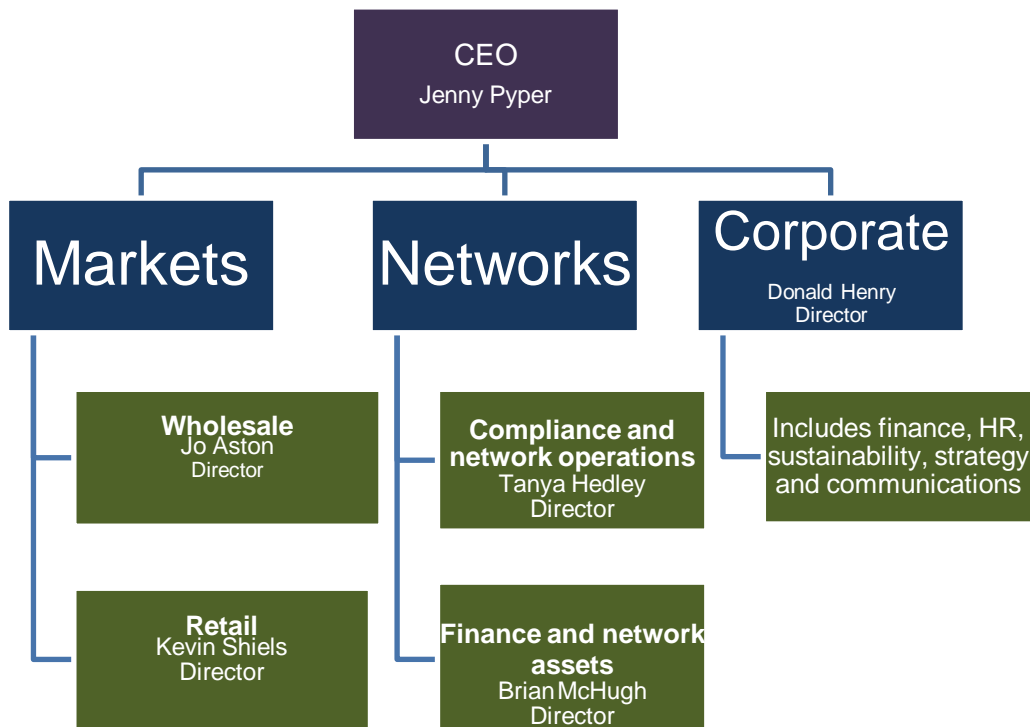
Key terms used in the plan are highlighted in **purple** and explained in a glossary on page 25.

## 2. About us

### Who we are

We are the independent non-ministerial government department responsible for regulating Northern Ireland's electricity, gas, water and sewerage industries. We are governed by a board whose members are appointed by the Minister for Finance and Personnel. We are ultimately accountable to the NI Assembly and our work contributes to the overall Programme for Government (PfG) in Northern Ireland.

During 2014, a new organisational structure was put in place (see below) to help us deliver our corporate strategy, emphasise our focus and work better with stakeholders (the wide range of people and organisations we work with). It is more closely in line with our three strategic objectives.



## What we do

Our work is based on the duties we have by law (our statutory duties), which include the following.

Energy – electricity and gas	Water and sewerage
<ul style="list-style-type: none"><li>• Protecting the interests of electricity consumers in relation to price and quality of service, by promoting effective competition where appropriate.</li><li>• Promoting the development and maintenance of an efficient, economic and co-ordinated gas industry.</li></ul>	<ul style="list-style-type: none"><li>• Protecting the interests of consumers by promoting an efficient industry delivering high-quality services.</li></ul>

We have wide-ranging statutory duties relating to regulation and competition. We share our duties relating to competition with the UK Competition and Markets Authority.

Our work includes the following.

- Issuing licences that allow gas, electricity and water companies to operate in Northern Ireland.
- Making sure licensed companies meet relevant laws and licence obligations.
- Setting the minimum standards of service which regulated companies must provide to consumers in Northern Ireland.
- Making sure that consumers only pay what is necessary for the services they receive now and into the future.
- Challenging companies to make sure they operate efficiently and provide good value for consumers as well as shareholders.
- Working to provide more choice and encourage competition in the gas and electricity markets.
- Making sure that regulated companies can fund their activities and are open to new technologies and ways of working effectively.
- Acting as an adjudicator on individual complaints, disputes and appeals.

## Who we work with

We work with a wide range of stakeholders across several areas to help us protect the interests of consumers.

In carrying out our duties relating to gas and electricity, we work within a framework set by the Department of Enterprise, Trade and Investment (DETI). Our statutory duties are the same as DETI's. In carrying out our duties relating to water and sewerage, we work within a framework set by the Department for Regional Development (DRD).

We also work closely with the Consumer Council for Northern Ireland (CCNI), the organisation set up by the Government to represent consumers, and other groups across Northern Ireland.

We regulate the **all-island single electricity market** (SEM) which was established in 2007. We work with the Commission for Energy Regulation (CER), the energy regulator for the Republic of Ireland, on the SEM Committee (SEMC).

Our work sits within a broader European Union (EU) and United Kingdom (UK) setting and we work closely with other regulators. These include the energy and water regulators for Great Britain (Ofgem, Ofwat and the Water Industry Commission for Scotland) and the EU's energy regulatory body (the Agency for the Co-operation of Energy Regulators).

Following changes to the competition rules across the UK, we also work with the Competition and Markets Authority and with other regulators across the UK, through the United Kingdom Competition Network. This provides a co-ordinated approach to putting the new competition rules into place and promoting best practice.

We are also active members of the United Kingdom Regulators Network, which includes representatives from economic regulators. The network has produced a range of publications, including a guide for investors, and has started work on a series of projects on issues such as involving consumers and making it easier for them to switch suppliers.



### 3. The context for this business plan

In this section we briefly identify the situation at the time of developing this business plan.

#### Key external developments during 2014/2015

- **Gas and electricity**

Fully integrating the gas and electricity markets remains top of the EU agenda. The Agency for the Co-operation of Energy Regulators (ACER) published a paper, called Bridge to 2025, which set out the vision and objectives for achieving this. Along with the Commission for Energy Regulation we are working on projects to deliver the **integrated single electricity market** (I-SEM) in Northern Ireland and the Republic of Ireland. EU directives relating to market liberalisation (**IME3**), energy efficiency and renewable energy sources continue to affect our work.

**Electricity Market Reform** (EMR) in the UK will also affect Northern Ireland. One of the main outcomes of EMR will be a new system of renewable subsidies that may replace the Northern Ireland Renewable Obligation (NIRO).

The issues of energy prices and the effectiveness of **retail energy markets** are both high on the regulatory and political agendas in Great Britain. In June 2014, Ofgem referred the energy market in Great Britain to the Competition and Markets Authority for a full investigation.

Work programmes being followed by both the United Kingdom Regulators Network and United Kingdom Competition Network aim to promote more consistency and best practice by regulators across the UK.

Locally, the NI Executive's intention to significantly reduce public spending is an important part of our work. The reform of local government, and its effect on planning, is likely to affect work on the electricity, gas, water and sewerage networks. DETI is also reviewing the cost and benefits of meeting the NI Executive's Strategic Energy Framework target of 40% of the electricity used coming from renewable sources by 2020. In March 2014 it was announced that the percentage achieved was 19.3%. In March, the Enterprise, Trade and Investment Committee finished the third strand of their electricity policy review inquiry focusing on connections to the electricity grid and set out a number of recommendations.

Separately, there continued to be concerns about whether a reliable supply of electricity could be maintained in the future. Those concerns included the effects of the delay in building a second north-south electricity interconnector.

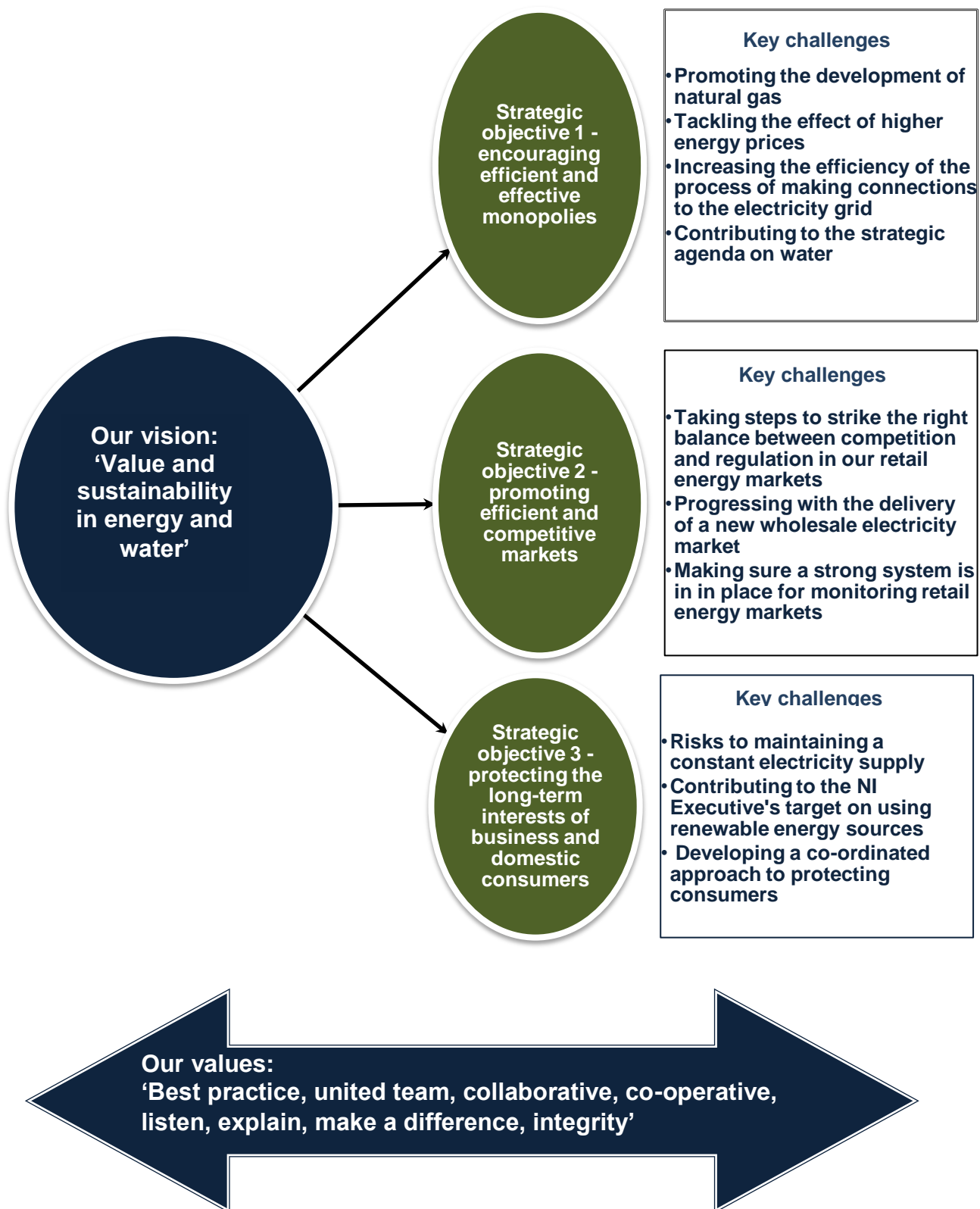
- **Water and sewerage**

In June 2014 DRD launched a consultation on a Water Bill. DRD also consulted on the development of a Long Term Water Strategy for Northern Ireland.

### **Our Corporate Strategy**

In May 2014 we published our Corporate Strategy 2014/2019. It contains three objectives which form the basis for developing our annual plans. The projects in the annual plans are arranged under these objectives. Our reorganisation during 2014 brought our structure more in line with our three objectives and is intended to enable efficient working across all our teams. During 2015/2016 there are also several key challenges. These are displayed below in relation to our vision, values and strategic objectives.

## Our vision, values, strategic objectives and key challenges for 2015/2016



## 4. Our business plan projects and resources

In this business plan we have set out the most significant activities that will help us to meet our strategic objectives. Our business plan projects are set out in section 5.

### Our ‘flagship’ business plan projects

The business plan projects reflect our assessment of the priority work that needs to be done during 2015/2016. Some of these projects are major and take more than one year. Several of those that are more significant (and, in some cases, started during 2014/2015) are listed below.

1. Delivering the **integrated single electricity market** in line with the project plan
2. Introducing measures to tackle the issue of maintaining a reliable electricity supply
3. Introducing a framework for monitoring the **retail energy market**
4. Putting in place a domestic consumer protection strategy
5. Completing the review of competition in the **retail energy markets**
6. Extending the gas network to the west of Northern Ireland and to East Down
7. Continuing to develop new **ancillary services** to enable more electricity to be generated from renewable sources under the **DS3 initiative**
8. Carrying out **price-control** reviews
9. Introducing **network codes** and progressing a single **transmission system operator** (TSO) for gas

These ‘flagship’ projects are significant because they meet legal or regulatory requirements, have a substantial effect on our strategic objectives or need more resources to deliver.

### Our routine regulatory activities

This business plan provides a list of the main non-routine projects that we intend to undertake, but these are only one part of our overall activities. We also perform a wide range of routine activities which we refer to as ‘business as usual’ projects, and some of these activities are set out below.

In terms of monopolies, an ongoing part of our work is reviewing the regulated electricity and gas tariffs which affect household bills. We also make sure any EU obligations regarding electricity, gas or water networks (infrastructure) are met. Our work to develop this infrastructure includes approving changes to **network codes** and extensions to the gas network. Our monitoring and **cost reporting** activities relating to regulated companies are also significant commitments. During 2015/2016 in particular we will be introducing new and extensive **cost-reporting** rules, called Regulatory Instructions and Guidance (RIGs), for the electricity network company, NIE.

An important part of our day-to-day work concerning energy markets relates to the **wholesale electricity market**. This includes the ongoing programme of work for the **all-island single electricity market (SEM)**. This work relates to: monitoring the market and analysing trends and patterns, the rules and procedures for the market (the **Trading and Settlement Code**), reviewing **generating unit agreements (GUAs)**, the **capacity payment mechanism** and generator licences. There is more information on this work on the website at [www.allislandproject.org/](http://www.allislandproject.org/). We also regulate the market operator and the SEMO, and support the SEM Committee.

We are also taking forward the extensive preparations needed for the new **integrated single electricity market (I-SEM)**. These preparations, which involve a series of stages and actions jointly delivered with the Commission for Energy Regulation, relate to:

- energy-trading arrangements (arrangements for how energy is bought and sold);
- capacity remuneration mechanisms (mechanisms for paying the generators of electricity for their ability to provide electricity to suppliers);
- market power (taking steps to reduce control by individual companies);
- forward markets and liquidity (making sure energy can be bought effectively in the future); and
- governance (looking at how the market is run) and licensing (management of the licences those in the market hold).

More generally, across our Markets Group we monitor the way the **wholesale electricity market** and the **retail electricity market** work.

Our ongoing work to protect consumers (domestic customers) includes issuing and monitoring licences that allow gas, electricity and water companies to operate in Northern Ireland. In recent years we have also put in place substantial new **codes of practice** relating to consumer protection. Linked to that, we also consider, and make decisions on, regulatory appeals, complaints and disputes. This is an area that is expanding with several cases to date in 2014. We think that this role will continue to grow in the future. We also manage and oversee the Northern Ireland Renewables Obligation (NIRO), playing a role in supporting the introduction of other renewable subsidies.

As we work within policy frameworks established by DETI (for energy) and DRD (for water), we help these departments by providing regulatory support and carrying out analysis. We also support, where necessary, the Assembly's Regional Development and Enterprise, Trade and Investment committees and frequently provide evidence to meetings of these committees.

As a non-ministerial government department we also are focused on communicating with and involving industry, voluntary organisations and the public. This includes regular meetings and hosting forums (for example, the Renewables Grid Liaison Group and Gas Market Opening Group). We try to promote the use of clear and upfront communications and are considering how we could improve our website. Finally, we regularly respond to correspondence and requests for information from people and organisations (including those relating to Freedom of Information).

### **Delivering our business plan – resources**

Because of the scope and scale of our business-as-usual work and the major projects set out in this business plan (as listed in section 5), we often have to make choices about how to use our resources. This includes prioritizing our resources to make sure we target critical projects (for example, the **integrated single electricity market**) which affect the timing of other work that contributes to our strategic objectives. Annex 1 identifies several significant projects which are important and we would like to do, but which we can only progress in 2015/2016 if resources become available.

Supporting our staff is essential if we are to successfully carry out the projects and meet the objectives set out in our Corporate Strategy and this business plan. So we have started developing a new human resources strategy to support the development of our staff, promote the benefits of working for us and recruiting and keeping competent staff. We must make sure we have the skills, experience, processes and culture needed for this challenging business plan.

As a non-ministerial government department we keep to relevant policies, processes and controls, including the Civil Service Code. To support our aim to follow best practice, we will be taking steps to improve our regulatory processes and our communications with stakeholders.

We have also developed a new communications strategy and aim to promote best practice in regulation.

Our focus is on making sure that we apply our resources efficiently, and this business plan will be challenging to fund and deliver. Flagship projects are priority projects for us. We also plan to use resources for the other projects included in this business plan. If new priorities emerge during the year, we will take steps to make sure we have the resources for these. However, doing this may mean we have to delay or reduce our commitment to other business plan projects. In these situations we will, as far as possible, let relevant stakeholders know.

As we explained in our draft business plan, our 2015/2016 budget (see overleaf) needs to allow for the exceptional costs associated with putting in place the new **integrated single**

**electricity market** (a market that is valued at around £2.7 billion) and making sure relevant EU directives and regulations are met. Despite significant extra pressures on our resources, we still intend to keep our 2015/2016 budget to around £8 million and we have achieved that by limiting spending on other programmes not related to the **integrated single electricity market**.

This business plan is based on the equivalent of around 76 permanent full-time staff and several temporary staff currently organised across three organisational groupings – Networks, Markets and Corporate Affairs. In recent years we have focused on developing our staff, and that has enabled us to reduce the need to use external support. The recent organisational restructuring programme will make us even more effective.

### 2015/2016 budget

	<b>Networks</b>	<b>Markets</b>	<b>Corporate Affairs</b>	<b>Total</b>
Salaries	£1,704,000	£1,829,000	£1,453,000	£4,986,000
Programme costs	£641,571	£1,440,643	£67,786	£2,150,000
Other costs	£255,321	£292,413	£292,475	£840,209
<b>Total</b>	<b>£2,600,892</b>	<b>£3,562,056</b>	<b>£1,813,261</b>	<b>£7,976,209</b>

Note: the budget could still change as costs relating to the **integrated single electricity market** are yet to be finalised.

Except for the costs associated with some environmental responsibilities, we receive all our funding through licence fees. Corporate and shared costs (such as finance, HR, accommodation and IT) are included in 'other costs' and are, along with the Chief Executive's office, charged to the gas, electricity and water companies for the purpose of working out the licence fees they must pay.

## 5 List of business plan projects

### Strategic objective 1

#### Promote efficient and effective monopolies

Flagship projects are coloured blue in the table below.

Ref	Project description	Anticipated outcome	Lead team	Timing
1	Developing and delivering a plan for extending the gas network to the West of Northern Ireland and to East Down.	Having in place a practical plan offering consumers in the west of Northern Ireland and East Down the choice of having natural gas.	Networks	Full year
2	Putting <b>network codes</b> in place, in line with EU laws, and progressing a single gas <b>transmission system operator (TSO)</b> .	Making sure we keep to EU law, improve gas operations that cross borders and make the transmission network more efficient.	Networks	Full year
3	Publishing draft decisions arising from for the gas distribution <b>price control</b> reviews and consider implications for the Gas to West network.	Further growth of an efficient gas industry.	Networks	Full year
4	Publishing a decision on the approach to the network <b>price control</b> (which is a flagship project) and updating <b>cost reporting</b> .	Updated <b>cost-reporting</b> rules and a strong structure for setting controls on revenues.	Networks	Full year



Ref	Project description	Anticipated outcome	Lead team	Timing
5	Completing the SONI <b>price control</b> review and publishing the final decisions.	The efficient operation of the electricity system operator's licence modifications to give effect to the <b>price control</b> , including ring-fencing provisions (when a regulated public utility business separates itself, in terms of finances and operations, from a parent company) that are in place.	Networks	By the end of October 2015
6	Reviewing and finalising the changes to the market operator's (SEMO's) licence to give effect to the <b>price control</b> review.	Having the <b>price control</b> (including ring-fencing provisions) in place.	Wholesale Markets	By the end of January 2016
7	Starting the SSE Airtricity's, Power NI's and firmus energy's <b>price controls</b> .	Being able to finance our activities while making sure costs to consumers are efficient.	Retail Markets	Full year
8	Publishing the next steps on the <b>contestability of connections</b> to electricity networks.	Offering choice in connecting to electricity <b>networks</b> , promoting a drop in prices and reducing connection times.	Networks	By the end of October 2015
9	Working with the electricity network company (NIE) to deliver a new approach to electricity connections.	Offering protection to consumers and promoting renewable energy in line with government targets. It will also allow us to consider NIE's <b>Project 40 programme</b> .	Networks	Full year
10	Developing the process for a mid-term review of the water <b>price control</b> .	Having detailed and transparent arrangements for any mid-term review of the water <b>price control</b> which will provide clarity on the areas of the <b>price control</b> that may be looked at again if circumstances change substantially.	Networks	Full year
11	Introducing new information requirements to monitor NI	Improved monitoring of NI Water's performance and a reduction in the	Networks	Full year

Ref	Project description	Anticipated outcome	Lead team	Timing
	Water's performance.	burden on us by annual information requirements being more in line with our processes.		
12	Contributing to sustainable-water strategies being developed by DRD.	Direction on sustainable investment in water and sewerage services.	Networks	Full year

## Strategic objective 2

### Promote efficient and competitive markets

Ref	Project description	Anticipated outcome	Lead team	Timing
13	Delivering the <b>integrated single electricity market</b> in line with the overall project plan (see <a href="http://www.allislandproject.org/en/wholesale_overview.aspx">www.allislandproject.org/en/wholesale_overview.aspx</a> ).	Will deliver a well-run energy market that allows effective energy trading arrangements, provides a mechanism for payments to companies and takes steps to reduce control by individual companies.  Being able to meet the <b>European target model</b> and deliver a more competitive and efficient <b>wholesale electricity market</b> , while making sure consumers have a constant supply.	Wholesale Markets	Full year
14	Continuing to develop new <b>ancillary services</b> to generate electricity from renewable sources, in line with the <b>DS3 initiative</b> .	More use of renewable energy sources to work towards the NI Executive's 40% renewable target.	Wholesale Markets	Full year
15	Developing phase 2 of the review of the effectiveness of competition in retail electricity and gas.	Being able to assess the effectiveness of competition in energy markets and the effects on our regulatory framework.	Retail Markets	Full year
16	Introducing the retail market monitoring framework to monitor retail markets, guide policy and protect consumers.	Having sufficient information to effectively monitor and regulate the energy retail markets and protect consumers.	Retail Markets	Full year
17	Introducing measures to make the <b>all-island single electricity market</b> more	Reduced wholesale costs for consumers.	Wholesale Markets	By the end of October

	competitive.			2015
18	Identifying and undertaking projects to allow retail competition in gas distribution areas.	Consumers in the firmus area and the area of the Gas to the West project having access to natural gas and a choice of supplier.	Retail Markets	Full year

### Strategic objective 3

#### Protecting the long-term interests of business and domestic consumers

Ref	Project description	Anticipated outcome	Lead team	Timing
19	Completing a new consumer protection strategy and producing a plan for introducing it.	Having an overarching strategy for delivering projects to protect vulnerable consumers.	Retail Markets	By the end of January 2016
20	Working with DETI and SONI to introduce measures to make sure there is a reliable electricity supply.	Being able to tackle the risk of a shortage of supply and monitor delivery to 2021.	Wholesale Markets	Full year
21	Developing and consulting on billing guidance for energy suppliers.	Having the Energy Efficiency Directive in place. The guidance will also provide clarity for suppliers and help make sure bills are of a high standard and easily understood.	Retail Markets	By the end of January 2016
22	Introducing new <b>codes of practice</b> for suppliers.	A clear and consistent approach to energy suppliers' <b>codes of practice</b> to benefit customers.	Retail Markets	By the end of July 2015
23	Establishing our approach to suppliers' direct debit policies and how they deal with the balance on accounts of customers who have switched.	Regulatory control over direct debits and the treatment of consumers' closed accounts.	Retail Markets	By the end of July 2015
24	Working with DETI and DECC to help introduce the aspects of <b>Electricity Market Reform</b> that are relevant to Northern Ireland.	Arrangements to introduce key aspects of <b>Electricity Market Reform</b> in Northern Ireland.	All	Full year
25	Making sure the Energy Efficiency Directive (EED) is met.	Licence holders understanding and introducing the licence modifications developed in response to the EED.	All	Full year
26	Working with government	Being able to contribute effectively	Corporate	Full

	departments in connection with the timing of introducing alternative energy-saving schemes, and considering how this will affect the timing of closing the NISEP scheme.	to any proposals for other energy-efficiency schemes.	Affairs	year
27	Taking part in the United Kingdom Regulators Network, the United Kingdom Competition Network and other regulatory bodies including the Network of European Water Regulators (WAREG) and the Centre on Regulation in Europe (CERRE).	Being able to develop and share best practice and approaches to promoting effective competition.	Corporate Affairs	Full year

## Annex 1

**Other projects (not in our draft business plan) which we will start in 2015/2016 if extra resources become available**

Ref	Project description	Anticipated outcome	Lead team
1	Introducing and testing <b>supplier of last resort (SOLR)</b> arrangements for gas.	Having effective arrangements in place to protect consumers if a gas supplier left the market.	Retail Markets
2	Helping DETI to develop plans for <b>smart meters</b> in Northern Ireland.	Any smart-metering programme being cost effective.	Retail Markets and Networks
3	Defining and consulting on the regulatory protections needed for small-business customers, including reviewing GB arrangements .	Being able to review regulatory protection arrangements for small-business customers.	Retail Markets
4	Developing <b>codes of practice</b> on energy theft (including meter tampering).	Being able to make sure that supply and network companies will take steps to detect and prevent energy theft.	Retail Markets
5	Investigating and introducing governance arrangements (looking at how the websites are run) for tariff comparison websites and accreditation.	Being able to investigate and introduce arrangements for overseeing a new website for consumers on switching suppliers or tariffs.	Retail Markets
6	Investigating energy brokers and their roles relating to energy suppliers and customers.	Being able to investigate and define the need for regulatory intervention and control over the activities of energy brokers in Northern Ireland's regulated energy sectors.	Retail Markets
7	Developing new approaches to	Having an approach to efficiency that is guided	Networks

	operational and resource efficiencies for regulated companies.	by best practice.	
8	Reviewing our approach to gas network connections.	Being able to make sure that our approach to gas network connections is in consumers' interests.	Networks
9	Developing and consulting on minimum standard guidance for suppliers on the efficient use of electricity and gas.	Having guidance that will benefit customers and suppliers by making sure licence conditions are interpreted consistently.	Retail Markets



## Glossary

Annual capacity payment sum	A set amount of money collected from suppliers and paid to generators for providing the electricity they generate to the market, in line with market rules.
Ancillary services	Services necessary for operating and restoring the electricity system.
Capacity payment mechanism	A method of paying electricity generators for providing electricity to suppliers.
Codes of practice	Documents that provide information on the standards of a range of services.
Contestability of connections	This relates to opening up the rules for providing connections to, and building all elements of, electricity infrastructure in Northern Ireland.
Cost reporting	A process of collecting information from regulated companies to allow us to assess, monitor and measure costs.
DS3 initiative	<p>An initiative to deliver a secure, sustainable electricity system. This initiative involves us, the Commission for Energy Regulation and the transmission system operators in Northern Ireland and the Republic of Ireland and aims to:</p> <ul style="list-style-type: none"> <li>• make sure there is a constant electricity supply; and</li> <li>• help meet renewable targets relating to electricity.</li> </ul> <p>The three main work areas relate to system performance, system policies and system tools.</p>
Electricity Market Reform	A government initiative which aims to deliver greener energy and a more reliable electricity supply while reducing costs for consumers in the long term.
European target model	Requirements for designing and operating energy markets that will promote competition, apply pressure to reduce prices and make sure there is a more reliable electricity supply.
Generating unit agreements (GUAs)	These agreements, also referred to as power purchase agreements, are long-term contracts between two parties, one who generates electricity and another who buys it. .

IME3	A package of EU directives. The package includes two directives and three regulations aimed at reducing restrictions on gas and electricity markets across Europe. It focuses on developing internal markets but also adds new customer protection and information requirements.
Integrated single electricity market (i-SEM)	The name of the new wholesale electricity market throughout the island of Ireland. This should be in place in 2017.
Network codes	Contractual arrangements between the network system operator and network users to make sure the network runs efficiently.
Project 40	A programme to make sure the network can meet the NI Executive's 40% target for renewable energy sources.
Price control	Price controls are one of the main tools we use to protect consumers. This involves the regulator studying the business plans of utility companies and calculating the revenue they need to finance their activities while providing incentives to invest in the business.
Retail energy market	The activities of electricity and gas suppliers and their interactions with consumers.
Single electricity market (SEM)	The SEM was set up in November 2007. It is the single wholesale market for electricity which operates in both the Republic of Ireland and Northern Ireland. It aims to improve the reliability of supplies and the range of suppliers, encourage market efficiencies and economies, and promote greater competition.
Small-scale feed-in tariffs	Small-scale feed-in tariffs are a government programme designed to promote the use of a range of technologies to generate renewable and low-carbon electricity. The scheme is available through licensed electricity suppliers. Under it, some of the suppliers must make payments for both generating and exporting renewable and low-carbon electricity.

Smart meters	These are meters that make it possible for two-way communication between electricity, gas or water customers and their supplier. Smart meters can include a number of functions such as allowing the supplier to take a meter reading without visiting the property, providing detailed information about the amount of energy used and providing tariffs that allow different rates depending on the time of day the electricity is used and so on.
Supplier of last resort (SOLR)	The supply company appointed to provide electricity or gas to those whose supplier can no longer provide gas or electricity.
Trading and Settlement Code	This sets out the detailed rules and procedures for selling and buying wholesale electricity in Northern Ireland and the Republic of Ireland.
Transmission system operator (TSO)	The organisation that makes sure the energy networks run efficiently.
Wholesale market	The wholesale market is where generators sell their electricity to suppliers.