



**Response by Energia to the Utility  
Regulator's Mid Term Review Discussion  
Paper of July 2011**

***Reflecting on our Corporate Strategy 2009-14***

**9 September 2011**

## 1. Introduction

Energia welcomes this opportunity to comment on the Utility Regulator's mid term review of its corporate strategy for 2009-14. Energia has carefully considered the discussion paper published July 2011 and has participated in the stakeholder workshop to discuss this on 30 June 2011.

Energia has a number of key suggestions with reference to the workshop and the questions explored at that forum, as detailed below.

## 2. Workshop Questions and Key Suggestions

### **Q.1 Have we considered all the key external developments that have occurred since 2009?**

A key external development since 2009 is the publication of the Strategy Energy Framework (SEF) by the Department of Enterprise, Trade and Investment (DETI) in 2010 which set a target of 40% electricity consumption from renewables by 2020.

Energia should stress that the SEF is a key foundation policy issued by DETI which in turn has the full support of the Northern Ireland Executive. In light of this and the considerable benefits associated with renewable energy Energia considers that **delivery of SEF objectives** should be given a much more prominent weighting in the Utility Regulator's corporate strategy going forward.

### **Q.2 Do you agree that our strategic direction set out in our corporate strategy remains relevant and is the right high level approach?**

In light of European developments fundamentally shaping national markets and network codes in gas and electricity and the powers and duties of regulatory authorities, Energia would stress the need for **a broader focus on Europe** in the Utility Regulator's corporate strategy. This would include steps to strengthen the Utility Regulator's role on ACER and for keeping the NI energy industry informed and up-to-date of EU developments at an early stage.

### **Q.3 Do you agree with the four areas where we have said that we need to evolve our strategic themes**

European developments, notably IME3, the Renewables Directive, and the European Target Models for electricity and gas should now form an integral part of the Utility Regulator's Corporate Strategy. This is not clear in the mid term review discussion paper.

In addition to a greater recognition of European developments, the stakeholder workshop highlighted the need for improvements in regulatory engagement with stakeholders and welcomed the workshop as a positive step in that regard. It was highlighted that stakeholders are less resourced (and possibly less informed) than the utility regulator and would therefore benefit from more workshops. It was furthermore suggested by some stakeholders that consultation papers can be overly detailed, with too many options for consideration, and could be streamlined by workshops to distil down the range of feasible options at an earlier stage in the process.

Whilst Energia supports the call for more workshops at an early stage in the consultation process this should not in any way substitute for formal consultation papers. A workshop is only useful if it follows publication of a comprehensive consultation paper which includes detailed analysis and modelling assumptions for all options under consideration. We suggest a non-technical summary would address concerns that consultation papers could be more readily understandable for those less informed or resourced. However this should not be at the expense of rigorous analysis and detailed information otherwise respondents are necessarily limited to points of principle and general observations based on limited or incomplete information. Consistent with the 3<sup>rd</sup> Directive and the Department for Business Innovation and Skills Principles for Economic Regulation consultations should provide all necessary information to fully inform stakeholder views – we suggest this is even more important if stakeholders are less informed or resourced – and all **regulatory decisions should be fully reasoned and justified based on robust evidence**. This we suggest should be combined in a timely manner with an appropriately implemented **independent appeals mechanism** which will in the spirit of the 3<sup>rd</sup> Directive help enhance regulatory decision making and reduce the burden of regulatory risk to the ultimate benefit of consumers.

#### **Q.4 Anything else?**

Consultation papers should provide sufficient time and detail for respondents to meaningfully comment and this should be enhanced by workshops as discussed above.