

## NOTE OF STAKEHOLDER WORKSHOP

We held a stakeholders workshop on this review during the consultation period, on 30 June. It was attended by over 30 representatives from the following organisations: University of Cambridge, National Energy Action, Phoenix Natural Gas, NIE, Eirgrid, Bord Gáis Eireann, Department for Enterprise, Trade and Investment (DETI), PPB, NI Environment Agency (NIEA), the Consumer Council (CCNI), Airtricity, Energia, Electric Ireland ESB, Premier Power Limited, Heriot-Watt University, Mutual Energy Limited, NI Water, Power NI, SONI, Department for Social Development (DSD), AES Kilroot, World Wildlife Fund, firmus energy and Phoenix Supply Ltd.

The main points raised over the workshop, in response to the discussion paper 4 questions, are listed below.

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

- Has the regulator used all ‘the tools in his toolbox’ – should heating oil be regulated?
- There are other potential initiatives to make an impact – policies like social tariffs.
- The impact of local political change is important, provides a space for opening up political discourse
- Regulatory boundaries are opening up – being a cross utility regulator is a good place to be.
- Issues associated with the type of regulation are important – Ofwat are moving away from the more detailed bottom-up approach
- The public expenditure context and impact on regulation
- The Regulator’s role with regard to the Strategic Energy Framework – not sufficient to say it will take account of, Regulator’s job as a delivery vehicle
- Technology development is important (e.g. smart meters)
- The impact of climate change and extreme weather - network resilience
- The impact of declining gas supply in Europe
- The finance market has changed (i.e. currency risks in Europe, different periods of investment)
- More construction and operation risk – a balance needs to be struck in each price control
- Life cycle costs – need more transparency, think more about longer investment periods.
- The Regulator perhaps too protective of consumer – need to be wary of stifling competition. There is a need for innovation and competition can deliver this. Regulation does not need to be too prescriptive. Maybe more important that prices come down at the expense of a lower level of service.
- Step in to address anomalies in the industry. I.e. keypad meters
- Facilitate customers in fuel poverty trap – force utility to give best tariff on market
- Educating consumers on sustainability – they don’t see the investment side, need for more emphasis on investor confidence
- Wind seen as a good option will deliver reduced costs. Biomass is limited in terms of penetration. Need to educate policy/public on up-front cost and long term benefits

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

- Broadly it is in the right direction
- Already significant regulatory burden. Is the water model the right model?
- Too narrow: requires broader focus re Europe (ACER?)
- Aim to influence upwards. Region needs a collective voice. Question is if Northern Ireland voice in GB is adequate. We should play a role in the EU.
- Keep the industry informed and up to date in EU developments at an early stage.
- Affordability: key pillar for decisions in a long term view
- 5 year view? Develop a long term view as a workstream
- Long term view of interconnectivity. The timescale is not long enough.
- Inter-jurisdictional: sharing inter-generational costs committed now and impact on long term. Overall cost is lower, but who pays and when.
- Why was the interconnector slow off-the-ground? There should be more emphasis on the planning issue.
- Look East-West as well as North-South
- Not argue with themes in strategy
- Regional integration: what is it and how does it benefit consumers. What does it mean for company integration. How much it is going to cost.
- Encourage practical options to benefit consumers
  - promote gas
  - promote energy efficiency

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

- Probably the right areas – potential for sharing info and approaches. Possible cross-utility forum?
- Future of retail competition. Should we remove price controls? Need for harmonization and co-ordination of the system
- Policy focus contradictory? Extending gas to the West versus increasing renewables?
- Resources: has the Regulator more resources than industry? Burden over companies when responding to the Regulator
- Identify areas where there is potential to step back and leave responsibility to industry
- Consultations should open with an explanation on what will be the impact on consumers
- Tariffs which allow consumers to mitigate risk on volatile prices or “support” particular power source
- What happens on fuel diversification coal plant: end of life decisions
- Does the Regulator need to target vulnerable consumers specifically?
- Need for quicker decision making by the Regulator
- Consultation documents are comprehensive. Are they over-detailed? Important to have a sense of balance when informing consumers.
- Hold workshops to streamline formal consultations.

- Also, if the UR steps out of some aspects of regulation, there would be less consultation. Ofwat moving towards earlier consultations with smaller groups
- Policy advice is needed for regulators on sustainability
- Strategy on fuel poverty needs a response.

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

- Something should lie between strategy and work Plan: measure of outputs and outcomes as well as activities, to prove achievements and measure UR's performance.
- Speed and transparency of decisions. Clear plan to decision and get there more quickly.
- Value for money
- Strategy focused on the short term. What does it look like in 10 years?
- What is the right duration of price controls for a sustainable industry?
- Concern over bottom-up approach to price controls
- Consumer protection – balance is required
- Are licences right for long-term investment and sustainability?