

**Northern Ireland Water**

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Briege Tyrie  
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**BY EMAIL**

15 February 2021

Dear Briege

**Draft Forward Work Plan 2021 - 2022**

Thank you for providing us with the opportunity to comment on the Utility Regulator's draft Forward Work Plan 2021-22. My colleagues Caroline McGale and Orla McGivern joined the stakeholder briefing on 19 January 2021 and found it informative.

You will know from previous correspondence that we are supportive of your three strategic objectives, both from the perspective of the regulated water utility in Northern Ireland as well as the single largest electricity consumer. 'Enabling 21<sup>st</sup> century networks' and 'Enabling security of supply and a low carbon future' particularly resonate with our own company strategy and our PC21 Business Plan. We summarise our views in relation to projects identified under each strategic objective below.

**'Promoting markets that deliver effective competition, informed choice and fair outcomes'**

The projects identified are largely focused on electricity and gas sectors which is to be expected given the regulatory model for water and sewerage services in Northern Ireland. NI Water is fully supportive of the Utility Regulator's Consumer Protection Programme. While our household customers do not directly pay a water bill, and therefore are not financially vulnerable in relation to our services, we recognise that they may be vulnerable due to age, disability or serious medical condition. We are absolutely committed to consumer protection and keen to engage on the aspects of the programme that are relevant and appropriate for our customers and in particular our vulnerable customers.



### **'Enabling 21<sup>st</sup> century networks'**

We note there is currently no reference to completing the PC21 Price Control Process. With the publication of the PC21 Final Determination delayed to 13 May 2021 and the deadline for NI Water to appeal the PC21 Final Determination shifted out to 13 July 2021, we think there remains a peak of activity for the Utility Regulator in its 2021-22 work plan to reach a successful conclusion to the PC21 process which we suggest merits inclusion in your forward work plan.

While we welcome 'Scoping a review for the effective treatment of NI Water depreciation', we suggest this project might be a candidate for deferral pending a successful conclusion to the price control.

We welcome 'Commence assessment of NI Water's Living with Water Programme'. Clearly in order for the Living with Water Programme (LWWP) to be delivered, it is essential that the Department for Infrastructure secures Capital DEL funding for LWWP and indeed for the wider PC21 capital investment programme.

We welcome the Utility Regulator's support in the PC21 Draft Determination for a commitment to medium term funding and the acknowledgement that investment of the magnitude proposed in PC21 (including LWWP) can only be delivered successfully if a funding commitment is secured. We are acutely aware that the start of the PC21 period is now less than two months away. We would welcome joining with the Utility Regulator in an urgent senior stakeholder conversation on how a commitment to funding PC21 is secured.

### **'Enabling security of supply and a low carbon future'**

As with the first strategic objective, the projects identified are largely focused on electricity and gas sectors and we are generally supportive from the perspective of a large energy user. The project which stands out for us is 'Work with DfE in the development of a consumer-centric energy strategy to help deliver net-zero (including the future of energy efficiency)'.

We believe NI Water has a critical role to play in a decentralised energy market in Northern Ireland. To provide the green power for the increasing adoption of electric vehicles and to start to decarbonise the heating for homes and places of work, Northern Ireland needs to double its renewable generating capacity in the next ten years. To do so effectively will require the intermittency of supply that accompanies renewables to be addressed.

This can be done by deploying a number of energy storage and demand side management technologies including large scale batteries across the province. The sites selected will need to have major electricity grid connections. These are hard to obtain and expensive to create but the good news is that NI Water already owns over 3,000 widely distributed grid connected sites. Our major sites could be used to deploy a range of energy storage and demand side management technologies including batteries. The income from their operation would not only help to reduce the costs for water and sewerage services but also ensure that electricity customers will not have



to pay an energy company to replicate these existing assets. We are keen to talk to you about our ambition in relation to this.

On a more general note, the draft Forward Work Plan makes several references to the Department for Infrastructure's Long Term Water Strategy in terms of leakage, water quality and security of supply. We should emphasise that a key dependency for NI Water delivering against the Long Term Water Strategy is that the Company is adequately funded.

In conclusion, as we refine our delivery plan for PC21, we see significant challenges ahead for our industry which will require a joined up approach. We look forward to engaging with the Utility Regulator and other stakeholders, working together to secure the funding to underpin a thriving population, a growing economy and a flourishing environment in Northern Ireland.

I trust that you find these comments helpful. Should you have any queries, please do not hesitate to contact me.

Yours sincerely,



**Ronan Larkin**  
Director of Finance and Regulation

cc Caroline McGale

