

Briege Tyrie
Utility Regulator
Queens House
14 Queen Street
Belfast
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19 February 2021

Dear Briege

Draft Forward Work Programme 2021-22

NIE Networks welcomes the opportunity to comment on the UR's Draft Forward Work Programme (FWP) 2021-22.

Our main comment is that the FWP does not appear to address adequately the urgency to progress the transition of the local energy system to net zero carbon and to help drive a 'green recovery' for the Northern Ireland economy as it moves beyond the Covid pandemic. In this regard we note there is no explicit reference in the FWP to the Economy Minister's indicated target of achieving at least 70 per cent RES by 2030. We would have expected that the FWP should include a project to consider what needs to be done to enable this target to be met.

We recognise that the UR may have a lot of competing priorities for its resources within its existing mandate. Nevertheless, we see delays in progressing this agenda as a potential missed opportunity for Northern Ireland, and one which highlights the need to broaden the UR's mandate without delay. Thus we welcome the proposed review of the UR's legislative remit and we support extending the remit to include consideration of achieving net zero carbon and wider economic development as envisaged for Ofgem in the recent BEIS Energy White Paper¹.

Other comments we have on the FWP are as follows.

- We reaffirm our support and commitment to the UR's Consumer Protection Programme (CPP) and to the protection of vulnerable consumers. We will continue to engage actively with the UR as it implements the CPP. We also recognise that customers need to be protected through the energy transition and welcome further engagement with the UR to take this policy development forward.
- We welcome the UR's commitment to the project to consider a digitalisation strategy for networks, and we would highlight the importance of this including consideration of a metering strategy to support the energy transition. Metering is the source of key data for the energy sector and smart meters are likely to be an essential component of the energy transition – without them it is questionable if the energy system could become truly digitalised. Consideration of this and other data sources will be important if the full benefits of digitalisation and open data sharing are to be fully realised.
- We welcome the UR's commitment to a review of electricity network tariff structures. It is important that this considers both connection charges and use of system charges, as the current framework for connection charges presents a potential impediment to economic development in Northern Ireland.
- Separately, there is a need for a broadly-based review of the overall framework for connecting renewables and low carbon technologies to the network. It is critical that this is prioritised and actioned in 2021 in anticipation and in advance of the next wave of renewable development. We would suggest that this be included within the FWP, to include consideration of the regulatory steps which can be implemented to facilitate uptake of electric vehicles in Northern Ireland.

¹ Powering our Net Zero Future – HM Government (December 2020)

- The FWP highlights the need for the adequacy of UR staffing and resourcing to be considered and associated budget implications. NIE Networks fully endorses the need for the UR to ensure it has sufficient resources to meet the growing regulatory workload that is required to proactively drive forward government energy strategy and the broader energy transition. The demands of the energy transition and greater requirements for strategic / anticipatory investment will require ever quicker responses from the team to ensure that key projects can be delivered promptly to meet customer needs. Current resourcing levels will act as a 'brake' on required activity. In this context, we also welcome the UR's recognition of the changing role of regulation in a future energy landscape with regulators evolving their approach to be pragmatic enablers between stakeholders.

The UR is well aware of the changing energy landscape and the challenges this brings. In that context, the design of our next price control (RP7, covering the period 2024-29) will significantly influence the role that electricity networks will play in the energy transition in future. We look forward to working with the UR at the earliest opportunity to discuss tangible ways we can adapt current regulatory approaches to ensure that we can facilitate the energy transition and the delivery of the forthcoming energy strategy while continuing to deliver good customer outcomes efficiently – both in our current price control and RP7.

As a final comment, we would refer to the significant announcement in GB recently where Ofgem and the electricity network companies (via the Energy Networks Association) are launching an initiative to bring forward significant investment to accelerate a 'green recovery'. The approach is based on seeking proposals and evidence from the market on where additional network capacity would enable development, with a view to identifying low regrets, targeted expenditure in the network to support future user needs in light of government climate change ambitions.

This is an example of very positive collaboration that will bring significant benefit for both the economy and the decarbonisation objective. NIE Networks would advocate and support a similar initiative here in Northern Ireland, and would be willing to engage positively in relation to financing and delivering the additional investment needs identified by the market if there was appropriate policy and regulatory support.

We look forward to working constructively with the UR in the coming year and beyond.

Yours sincerely



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Compliance Manager