

RESPONSE TO THE DRAFT FORWARD WORK PROGRAMME  
2017-2018

SSE AIRTRICITY RESPONSE TO  
THE UTILITY REGULATOR

2017

## INTRODUCTION

SSE Airtricity welcomes the opportunity to comment on the draft Forward Work Programme 2017-2018 published by the Utility Regulator.

## GENERAL COMMENTS

SSE Airtricity welcomes the publication of the Utility Regulators (UR) forward work programme. We consider it necessary for the industry to be aware of the key regulatory projects that are planned so that we can plan effectively for any potential changes that may be introduced.

In relation to the content of the work programme, SSE Airtricity appreciates that there are many priority projects included in the work programme. In the following section, SSE Airtricity provides comments on some of the projects and has divided its feedback into the different strategic objectives and other potential projects outlined in the Annex.

### **Strategic Objective 1 – Promoting efficient and effective monopolies**

SSE Airtricity recognises the challenges and potential benefits of price controlled companies in the Northern Ireland market. SSE Airtricity worked extensively with the UR in 2016 to put in place a price control for its regulated gas supply business that would provide its customers with a stable tariff and reliable service while improving the overall quality of the service provided.

SSE Airtricity believes the network price control represents an opportunity to drive innovation and ensure the networks are capable of delivering the capacity required for future needs of both domestic and commercial customers.

We have provided further comment on the proposed projects from this objective below.

#### **Commence Retail Price Control**

SSE Airtricity is supportive of the objective to commence both retail price controls and regulated tariff reviews. We also agree that the anticipated outcome of the tariff reviews and scrutiny will ensure that consumer bills reflect costs.

#### **Electricity Infrastructure**

SSE Airtricity is also fully supportive of the objective to facilitate the delivery of electricity network infrastructure and is encouraged to see the second electricity north-south interconnector specifically mentioned in the work programme. There are tangible benefits to both end users and the overall network that will be realised

on delivery of the Interconnector. While this project will form an integral part of the network proper it will also provide for further secondary reinforcement to deliver additional network capacity. We believe that improvements to the infrastructure of the network through an efficient and effective approach are essential to the future development of the Northern Ireland economy.

#### **Develop cost and performance reports across all network companies**

SSE Airtricity welcomes the introduction of formalised reporting of costs and performance against price control targets. The work carried out by the network companies underpins the economic development of Northern Ireland and also has the potential to reduce the cost to end users.

#### **Strategic Objective 2 – Promote efficient and competitive markets**

SSE Airtricity welcomes the continued recognition from UR of the delivery of the I-SEM project as a priority in their work stream. In particular we are supportive of the advancement of the I-SEM Capacity Remuneration Mechanism (CRM) work stream in line with the project timetable. Given the delays to the Forwards & Liquidity workstream, we are hopeful that the decision is realistic, practical and deliverable in line with the I-SEM programme timeline<sup>1</sup>.

#### **Market Monitoring Unit**

SSE Airtricity welcomes the introduction of an IT system that will allow the Regulatory Authorities to observe and report on the operation and outcomes of the market. We request that the UR publishes more data and detail on this in the anticipated outcomes section such as the pricing tools used for this purpose as these will be required by participants to validate pricing outcomes on items like DCs.

#### **Single Transmission System Operator**

SSE Airtricity is supportive of measures to establish a single Transmission System Operator (TSO) for gas in Northern Ireland and to improve trading arrangements. Given the positive progress to date, we believe consideration should be given to the establishment of a unified single gas Distribution Operator. As evidence for this outcome, we cite the example of the larger GB market which has one system operator in comparison to the four that currently exist in NI.

#### **Access to GB Markets**

SSE Airtricity is supportive of the objective to review and advance arrangements to continue to provide access to GB gas markets after 2021, given that the GB NBP is the primary market for NI gas. We would request more granular updates on the

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<sup>1</sup> At this point, major changes to expected business or IT scope would be difficult for participants to deliver.

progress of this objective such as details of the negotiations currently ongoing with Ofgem, CER and the Departments.

### **Strategic Objective 3 – Protecting the long-term interests of business/domestic customer**

SSE Airtricity continues to be supportive of appropriate measures to address any risk associated with security of supply. Similarly we recognise the importance of procedures put in place to protect both business and domestic customers and have developed strong processes in this area. Nevertheless the detail of some of the projects outlined is unclear with respect to their necessity and what they will ultimately entail. We have provided further comment on this and other areas of concern from the objective below.

#### **Consumer Protection Strategy**

With regard to the Consumer Protection Strategy action plan, it is unclear what will be included in the scope of this for the period in question. Based on last year's work programme, we would assume that this will include the Billing and Theft Codes of Practice and Critical Care Register Review and request clarity on whether any further action is planned outside of these.

#### **Proposed Retail Projects**

In relation to the various proposed retail projects (Protecting Non-Domestic Energy Consumers, Marketing COP review, Domestic Standing Charge), SSE Airtricity is not aware of any significant issues identified in these areas and therefore would question the necessity of prioritising these undertakings. For instance the marketing code was recently reviewed in 2015 and we are unsure what changes are required or what issues need to be resolved. In addition, we would also request clarity on what form it is envisaged that these regulatory protections would take such as licence modifications.

#### **REMM and Retail Investigations Compliance**

SSE Airtricity is supportive of the extension of the market monitoring framework and enforcement to include all market participants. We suggest that the anticipated outcomes section includes reference to enforcement procedures to make it clear to the public as to what this will entail.

#### **Review of electricity connections**

SSE Airtricity will continue to engage with the UR on its review of the approach to electricity connections. Establishing an effective and efficient process for allocation of capacity should promote competition and end users will benefit from increased security of supply.

### **Brexit**

SSE Airtricity is concerned with any potential impact from the UK leaving the EU on the wider Irish energy market. We would be supportive of the UR engaging in any discussions on Brexit and ensuring that the concerns of the Irish competitive market are taken into consideration.

### **Annex 1**

We also have provided further comments below on the some of the other proposed projects outlined in the Annex section.

#### **Investigation of supplier domestic tariffs, terms and conditions and compliance**

SSE Airtricity is unclear on the basis for these projects and request clarity on what has driven these undertakings.

#### **Assess Cancel remaining GUAs**

SSE Airtricity is supportive of any review of the remaining Generating Unit Agreements (GUA) and considers this as an area that should be prioritised, given the distortion they may have on the I-SEM CRM and any necessary State Aid approval.

#### **Produce REMIT guidance**

SSE Airtricity welcomes clarity with regard the process for dealing with compliance issues that fall within the scope of REMIT and believes that guidance in this area should be made available to participants.

#### **Produce charging for Disputes Guidance**

SSE Airtricity requests clarity with respect to what the UR wish to address with this action.

#### **Review of Network and Information Security**

SSE Airtricity is supportive of a review of Network and Information Security and recommends that system operators are include in the scope of this.

## **CONCLUSION**

In summary, SSE Airtricity welcomes the publication of the consultation on the draft work programme. SSE Airtricity considers that all projects have merit. We appreciate that resources are limited and agree that projects must be prioritised within the work programme. Nevertheless whilst we are supportive of projects that further develop competition and provide benefits to customers, we wish to ensure that any proposed regulatory projects are appropriate, necessary for the market and address real issues.