



| Annual Report  
**2014-2015**





## Our mission

Value and sustainability  
in energy and water.



## Our vision

We will make a difference  
for consumers by listening,  
innovating and leading.



## Our values

- Be a best practice regulator: transparent, consistent, proportional, accountable and targeted.
- Be a united team.
- Be collaborative and co-operative.
- Be professional.
- Listen and explain.
- Make a difference.
- Act with integrity.

## Annual Report 2014-2015

Combined report of the Northern Ireland Authority for Utility Regulation (the Utility Regulator).

The Utility Regulator has decided to produce a combined energy and water and sewerage report in accordance with Article 5 (5) of the Water and Sewerage Services (Northern Ireland) Order 2006.

Laid before the Northern Ireland Assembly in accordance with Article 5 (1) of the Water and Sewerage Services (Northern Ireland) Order 2006 and Article 6 (1) of the Energy (Northern Ireland) Order 2003 by the Department of Enterprise, Trade and Investment.

Under Article 6A of the Energy (NI) Order 2003 (as amended) the Utility Regulator is obliged to prepare an annual report in relation to the activities it has carried out in the preceding 12 months in its capacity as a designated regulatory authority for Northern Ireland. This report shall include a general survey taken and steps achieved by the UR in the performance of its functions under Article 37 of the Electricity Directive 2009/72/EC and Article 41 of the Gas Directive 2009/73/EC. This report is due to be sent to the Department, the European Commission and the Agency (ACER) by 1 July of each year. Information in this annual report is intended to also fulfil the Article 6A obligation.



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# 1. Chairman's foreword

Protecting the short and long term interests of consumers is what we are about. Striking the right balance in doing our job is what we aim for. We don't regulate energy and water utilities in Northern Ireland (NI) in isolation from what is happening elsewhere.

Developments in the wider environment have an impact on our work. European legislation to promote energy competition is the basis for the major project to deliver a new integrated wholesale electricity market (the I-SEM) for the island of Ireland. Other EU legislation such as the energy efficiency directive continues to be an important backdrop for our regulation.

Changes to the UK's competition arrangements, and the Competition and Markets Authority (CMA) inquiry into the energy supply market is an important context for our work. We have also increased our involvement with the UK Regulators' Network (UKRN) and the UK Competition Network (UKCN) as a tangible sign of our desire to be an even better regulator by learning from others and sharing experiences and insights.

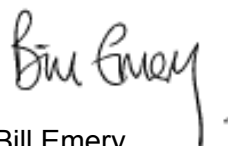
Our objective is to add value in a NI context. We contributed to the Assembly's Enterprise, Trade and Investment Committee electricity policy inquiry. The shared statutory objectives which we have with the Department of Enterprise, Trade and Investment (DETI) means that we work closely with them across the range of our energy responsibilities. We have also been reviewing NI Water's handling of supply disruptions in late 2014/early 2015 after being asked to do so by the Department for Regional Development (DRD).

Engagement with industry and consumers is important to us. Our intentions are clear: we will respond positively to opportunities to meet and engage with stakeholders.

During the last year our board had the opportunity to meet with the leadership team of several companies. Our board also approved memoranda of understanding with the Commission for Energy Regulation (CER) and the Consumer Council for NI (CCNI). We also sought to reach out to consumer interests across NI and our board conducted visits and meetings in Fermanagh and Derry/Londonderry during the year.

Recognising that we work in a complex environment helps us to appreciate that we can't deliver without the involvement and co-operation of others. Following the publication of our corporate strategy 2014-2019 in May 2014 we have focused on delivering our strategy objectives. It is pleasing to note the progress that has been made during the first year of our five-year strategy.

My non-executive board colleagues and I would like to express our appreciation and gratitude to our staff for the progress that has been made during the last year which is testament to their enthusiasm and commitment. I would also like to thank my board colleagues for their ongoing support and dedication and to thank Harry McCracken for his impressive contribution in his time as a board colleague.



Bill Emery  
Chairman





## 2. Chief Executive's report

Last year I outlined the ambition in our corporate strategy 2014-2019 and I am pleased that in our first year we have made real progress on delivering against this strategy.

In the area of promoting effective and efficient monopolies, the award of the Gas to the West conveyance licences is a vote of confidence in the natural gas industry. It also provides further evidence of our support for investing in modern utility infrastructure. The continued progress of NI Water shows the value of regulation in driving down costs and improving performance. Moving forward contestability in electricity connections demonstrates our appetite for new approaches to improving the performance of network services.

Our review of energy tariffs in early 2015 led to significant price reductions and local domestic consumers now have amongst the lowest standard energy bills in the UK or Ireland.

We also made significant advances in promoting competition and more efficient markets. Agreeing a high-level design and a comprehensive project plan for delivering the I-SEM were major achievements. The first phase of our retail market review is now complete and this gives us a solid basis for putting in place a retail energy market that is best able to work for consumers given the size and scale of the NI market. Alongside this, major strides have been taken to put in place an improved retail market monitoring framework that will provide increased transparency and confidence to consumers. The publication of our draft consumer protection strategy in March 2015 showed our commitment

to protecting domestic consumers in a joined up and more comprehensive way.

Our joint work on electricity security of supply with DETI and the system operator led to decisive action being taken to reduce supply risks from 2016. We continue to plan on the basis that the second north-south electricity interconnector will be delivered by 2019 and it is critical that it is delivered by that time.

We continued to support the NI Executive through our regulation and the target of 20% of electricity generated from renewable sources by 2015 was met.

As an organisation we recognise that achieving our ambitions means that we must constantly focus on better ways of doing things. Following the development of our corporate strategy we have re-structured to help us deliver it. Our communications strategy emphasises the criticality of our stakeholders and we have increased both the amount and range of engagement across all types of stakeholders. Working with the UKRN and UKCN provides an opportunity to learn from other regulators and apply this learning in our work. During 2015 we will be developing a human resources strategy and taking steps to improve our internal communications.

I am full of admiration for the hard work and professionalism of my team. They have every reason to be proud of the work they do on behalf of the energy and water consumers of NI. Much has been achieved during the first year of implementation of our corporate strategy. I look forward to a further year of challenges and successes during 2015-2016.

Jenny Pyper  
Chief Executive

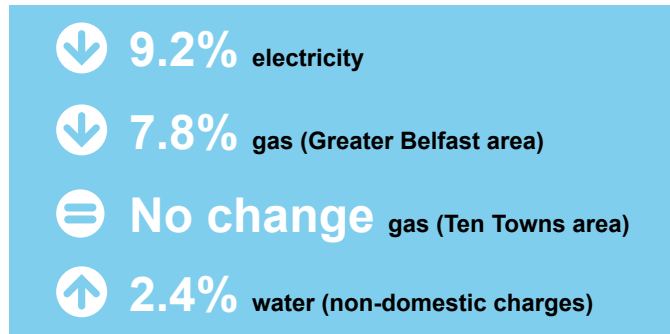


# 3. Our year in summary

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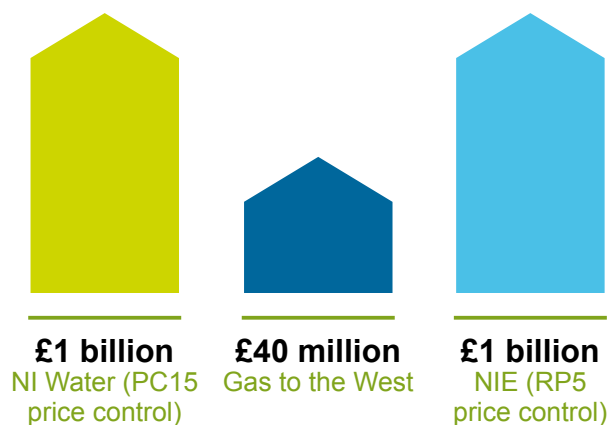
## Prices and charges

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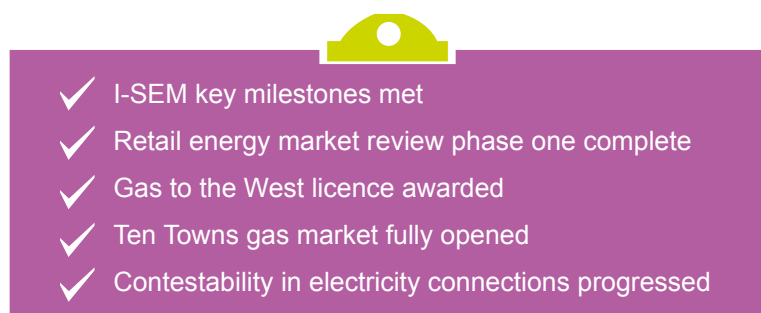
## Investment in utilities

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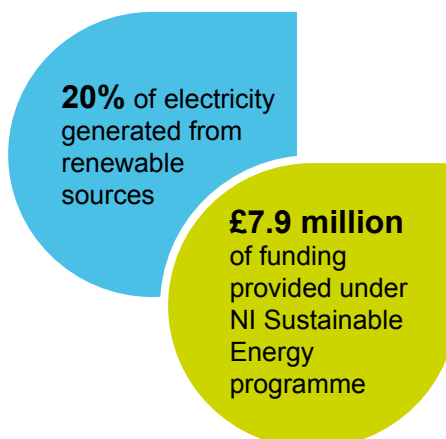
## Promoting competition

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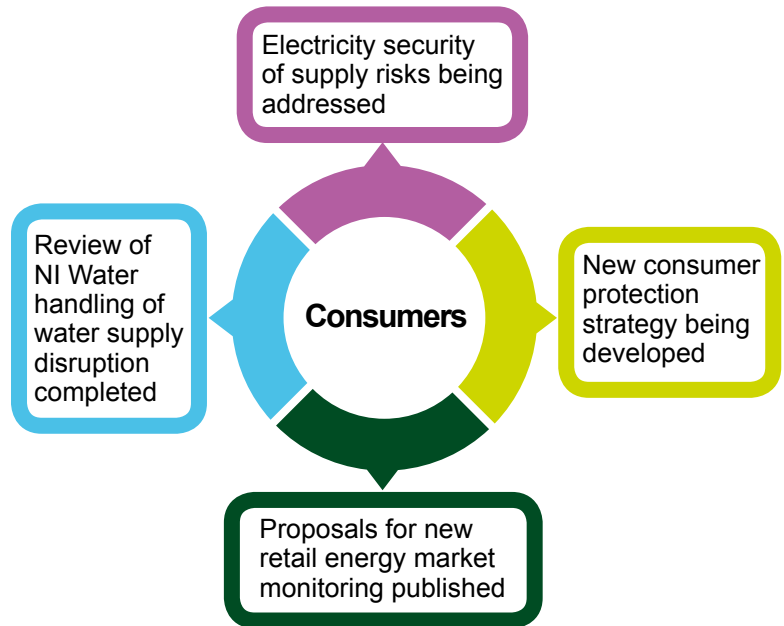
## Promoting sustainable development

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## Protecting consumers



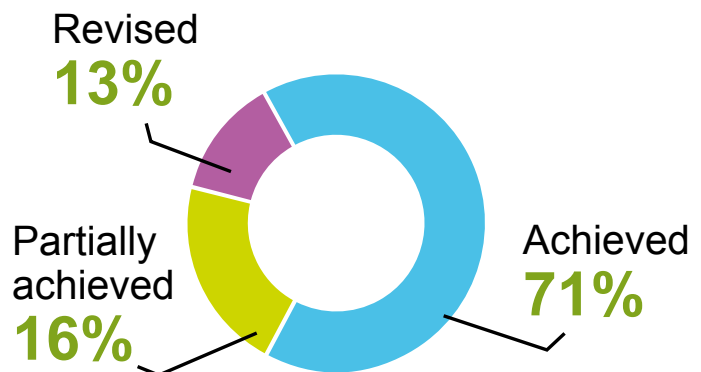
## Consumer activity



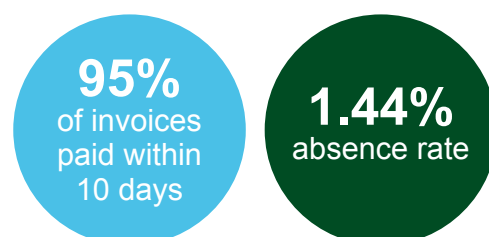
**300,000** electricity consumers switched supplier since 2010

**> 200,000** gas consumers now connected

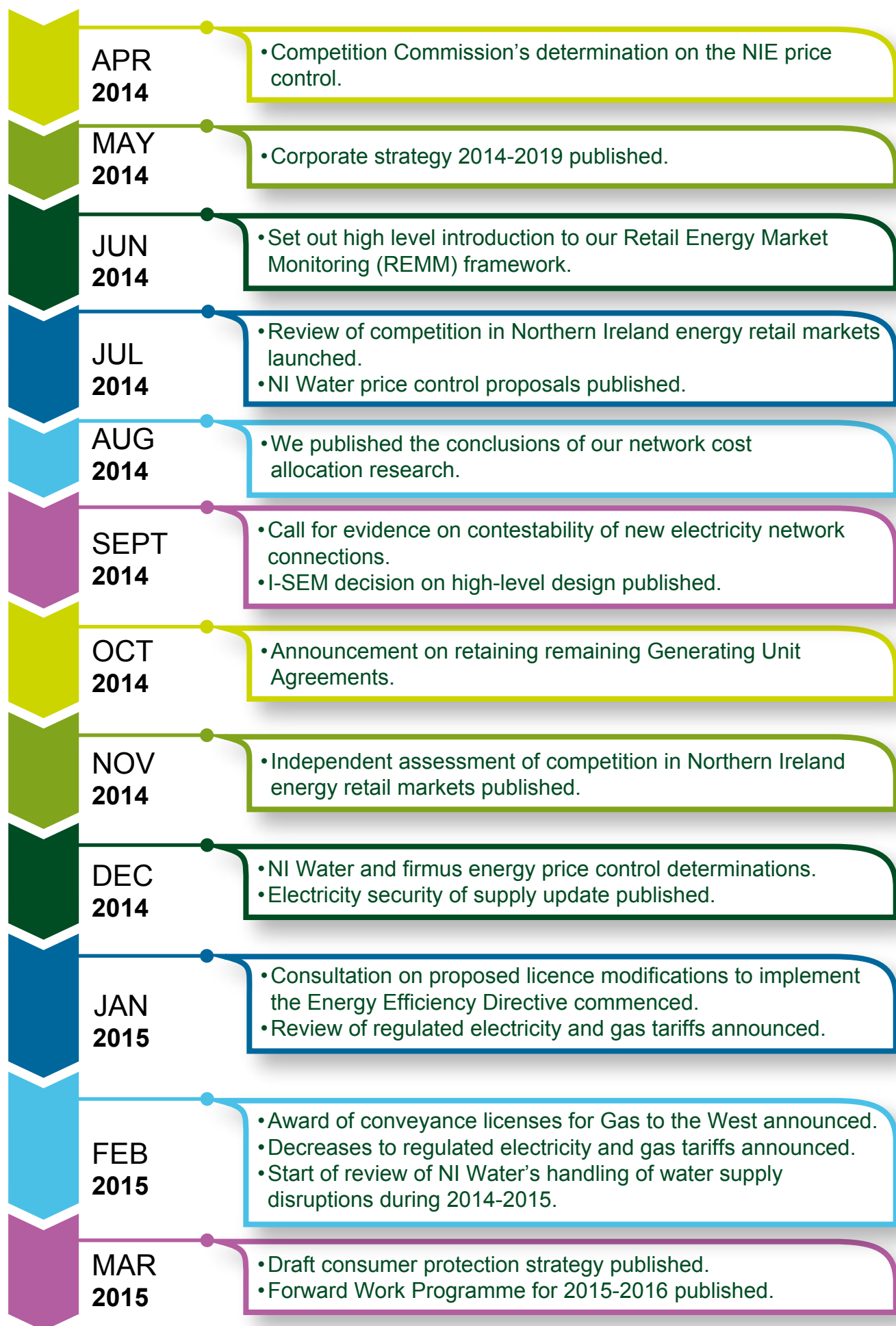
## Outcome against our business plan targets



## Effective and efficient regulator



## Key developments in 2014/2015







## 4. Electricity

### In brief

- Significant milestones to introduce the I-SEM have been met.
- The process to facilitate increased levels of renewables, through the DS3 programme, has commenced.
- Action has been taken to address electricity security of supply risks.
- Work has been moved forward to assess the opportunity to open up the provision of electricity grid connections to competition.



## 4. Electricity

### Promoting efficiency and monitoring the investment plans of regulated companies

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A significant part of our work in the last year was putting into action the Competition Commission's (CC) (now CMA) determination for the NIE transmission and distribution network price control. This involved the continuing work to put in place licence modifications to reflect the CC's determination. The CC's final determination will deliver over £1bn of investment by NIE at no additional cost to consumers.

We have also worked closely with NIE on the creation of regulatory information and guidance (RIGs). RIGs will provide us with structured information on NIE's costs and performance and compare the company with other similar companies. It will help us make sure that consumers pay the costs of an efficient network delivering a quality service.

The next NIE price control (RP6), which will run from October 2017, also commenced. Our approach will provide consumers with an opportunity to provide views, as part of the price control process, through surveys and discussions.

We commenced a price control for the electricity system operator, SONI. Our proposals, which were published in April 2015, are for a five year period (2015–2020). A total £6.6 million of IT project related investment is proposed while also setting out an overall reduction in SONI's costs of £33 million. The additional investment includes funding to deal with an increased amount of wind on the system. The price control will also facilitate the operation of the I-SEM and DS3 projects. DS3

is a programme to deliver a secure, sustainable electricity system.

### Promoting market opening and competition

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The Single Electricity Market (SEM) has been in place since 2007 and ensures that the price of electricity charged to consumers reflects the costs of producing the electricity.

The SEM Committee meets monthly to take decisions on SEM matters. It comprises members of our board, the CER Commissioners and two independent members.

We continue to examine where competition can be enhanced and costs reduced for consumers. While demand levels in 2014 are nearly identical to those in 2013, prices have been consistently lower in each period during 2014.

The SEM market monitoring unit (MMU) is based at our offices and has continued to monitor the SEM over the past year. Our MMU has carried out a number of internal investigations into bidding in the SEM. A quarterly market update has also been developed that provides an overview of the SEM and sets out recent trends in the market on pricing, demand, scheduling and contract prices. This report also provides additional transparency on the SEM market.

#### MMU quarterly reports - key facts:

- the system marginal price (SMP) in the SEM reduced from €66/MWh in 2013 to €57/MWh in 2014;
- gas continued to be the dominant fuel in the SEM, contributing 44% of the fuel mix in 2014; and
- levels of demand were broadly similar to those seen in 2013.





In 2014 we reviewed the potential cancellation of the remaining generator contracts, generating unit agreements (GUAs). Following initial analysis, assessment of proposals put forward by the Power NI Power Procurement Business (PPB) and a consultation, we decided to retain the remaining GUAs for the time being. Overall, it is estimated that retaining the GUAs will benefit electricity consumers by approximately £1.3 million on average per annum over the next four years.

## Delivering the I-SEM

Along with CER we have taken major steps to deliver the new electricity market, the I-SEM.

This includes ensuring that the market design is compliant with the European target model, as well as delivering key benefits for consumers. This has resulted in the advancement of a significant project to integrate the current SEM so as to facilitate a pan European electricity market. The new I-SEM project is timely, allowing the two regulators to take account of other changes in the electricity market since its

opening, changes which include a substantive increase in renewables on the system and interconnection with GB with the east west interconnector. The redesign is focused on ensuring the most efficient deployment of all the power on the system and achieving an acceptable level of security of supply.

It is expected that the benefits of the I-SEM will be market transparency and efficiency of interconnection with the wider European market. The I-SEM will also facilitate increased competition in the electricity market in NI.

During 2014 we achieved two significant milestones:

1. following extensive consultation, the SEM Committee agreed the preferred option for the high level design for the I-SEM in September 2014; and
2. published a project plan in October 2014 setting out the detail of how the I-SEM will go live by October 2017.



During 2015 several major projects that are key building blocks to the overall design of the market, such as around energy trading arrangements, are being moved forward.

## Addressing security of supply and promoting sustainability

Over the past number of years key factors have combined to increase the electricity security of supply risk to NI. These risks were outlined in SONI's all-island generation capacity statement 2014-2023 which highlighted the following risks to security of supply in Northern Ireland.

### Electricity security of supply risks:

- Short/medium term risk from 2016 due to:
  - the decommissioning of three units at Ballylumford (510MW);
  - a cable fault on the Moyle interconnector that reduces its capacity to 250MW; and
  - the continuing or ongoing delay in delivery of the second north-south interconnector.
- A longer term risk from 2021 due to environmental restrictions at Kilroot power station.

Two important developments during 2014 aimed to reduce the risk.

Firstly, following a competitive process, SONI commissioned AES to provide services that will lead to an additional 250 MW of generation capacity being available for a three-year period from January 2016. This will involve AES upgrading two of the company's existing Ballylumford B station units. Secondly, Mutual Energy signed a contract with suppliers to install new low voltage cables to restore the Moyle interconnector to full capacity by late 2016.

We will continue to work with DETI and SONI to reduce the longer-term security of supply risk. It is essential that the second north-south interconnector is delivered, as currently planned, by 2019. This will not only ensure security of supply but also reduce the overall cost of electricity in Northern Ireland.

We also took steps to promote sustainability. In order to address the impacts that increasingly high levels of wind place on the electricity system, we have been progressing the delivery of a secure, sustainable electricity system (DS3) programme with CER. The objective of DS3 is to facilitate increased levels of renewables and effectively decrease the levels of curtailment.

Curtailment and increased levels of renewable penetration will also be a major factor in the implementation of the I-SEM. The current operational limit on fluctuating generation (such as wind) at any given time is 50%. The DS3 programme's objective is to increase 50% penetration level to 75%.



In December 2014 the SEM Committee approved a high level design for the procurement of system services. These additional system services will allow the



electricity system to respond more flexibly to fluctuations in wind on the system. These services will be procured through a competitive process where sufficient competition exists or through regulated tariffs where this is not the case. Along with CER, we have limited the level of spend on such systems to reflect the level of benefit that will be received by consumers from such services.

Incentives to help pool generation resources and reduce electricity usage is also an area where there have been developments.

We moved forward the licensing arrangements for aggregated generator units (AGUs) and demand side units (DSUs). AGUs are a collection of generators each with a capacity of no greater than 10MW. A DSU is a site which offers the ability to reduce demand at certain times.

Finally, the renewables grid liaison group (RGLG), a group of stakeholders which we host, continues to provide a forum for addressing issues associated with renewables. During the past year the group reviewed its terms of reference with a view to widening its engagement to include the energy storage industry. The RGLG is currently looking at the impact of electricity market reform on the renewables industry in NI and improving NIE's connections processes.

## Compliance with EU law

We have been assisting in implementing the third internal energy package (IME3) and the European Commission's (EC) decision that SONI and NIE (as system operators) should be certified. A number of modifications to NIE and SONI's licences were required to comply with the EC's decision. These include the transfer





of investment planning responsibilities from NIE to SONI and all of the ring-fencing and regulatory arrangements that presently apply to NIE to also apply to NIE Powerteam Ltd.

## Addressing quality of service and service standards issues

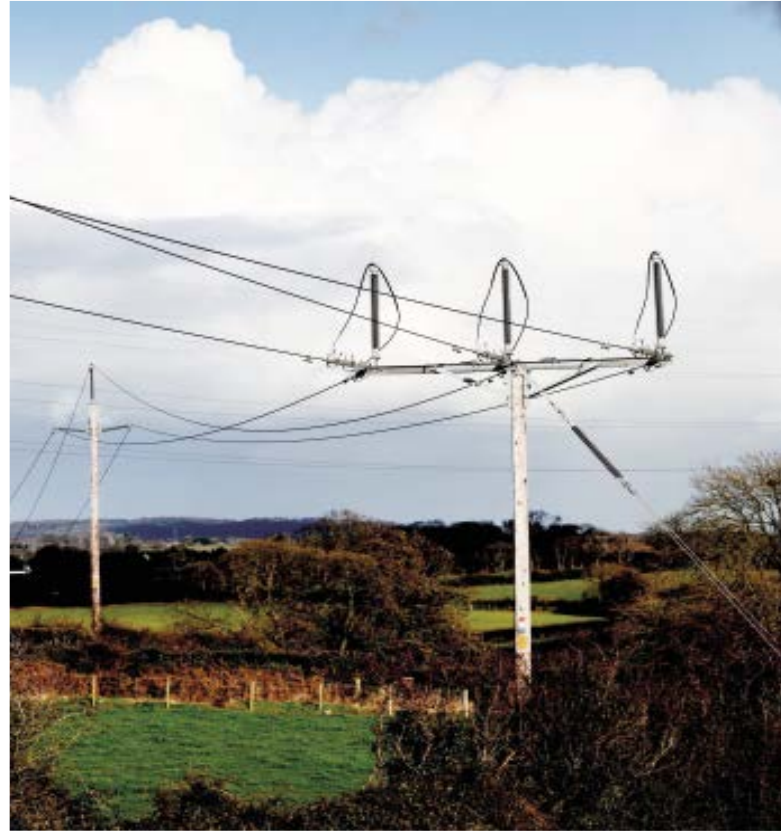
The issue of connections to the electricity grid by developers and micro generators is a key service issue that we have had many enquiries about over the last year. At the heart of the issue is the saturation of the grid in certain parts of NI. An inquiry into the issue was also completed by the Assembly's Enterprise, Trade and Investment Committee.

Progress has been made on tackling this issue. We have engaged with NIE on bringing greater clarity and improving communications on connections service issues. Along with NIE and others, we have been examining ways of better enabling renewable electricity connections through an initiative called Project 40.

Work has been moved forward to assess the opportunity to open up the provision of connections to competition. This contestability of connections workstream led to us issuing a call for evidence in September 2014 and establishing a working group for developers. We expect that we will set out our next steps on opening the market for grid connections in the summer of 2015.

There were developments in other service areas aimed at protecting consumers during the last year:

- We consulted on and agreed on the definition of a severe weather event and we have now included this in NIE's distribution licence. This will make sure that there is greater clarity around NIE's responsibilities and make consumers better aware of their rights in the event of an interruption of supply due to bad weather.



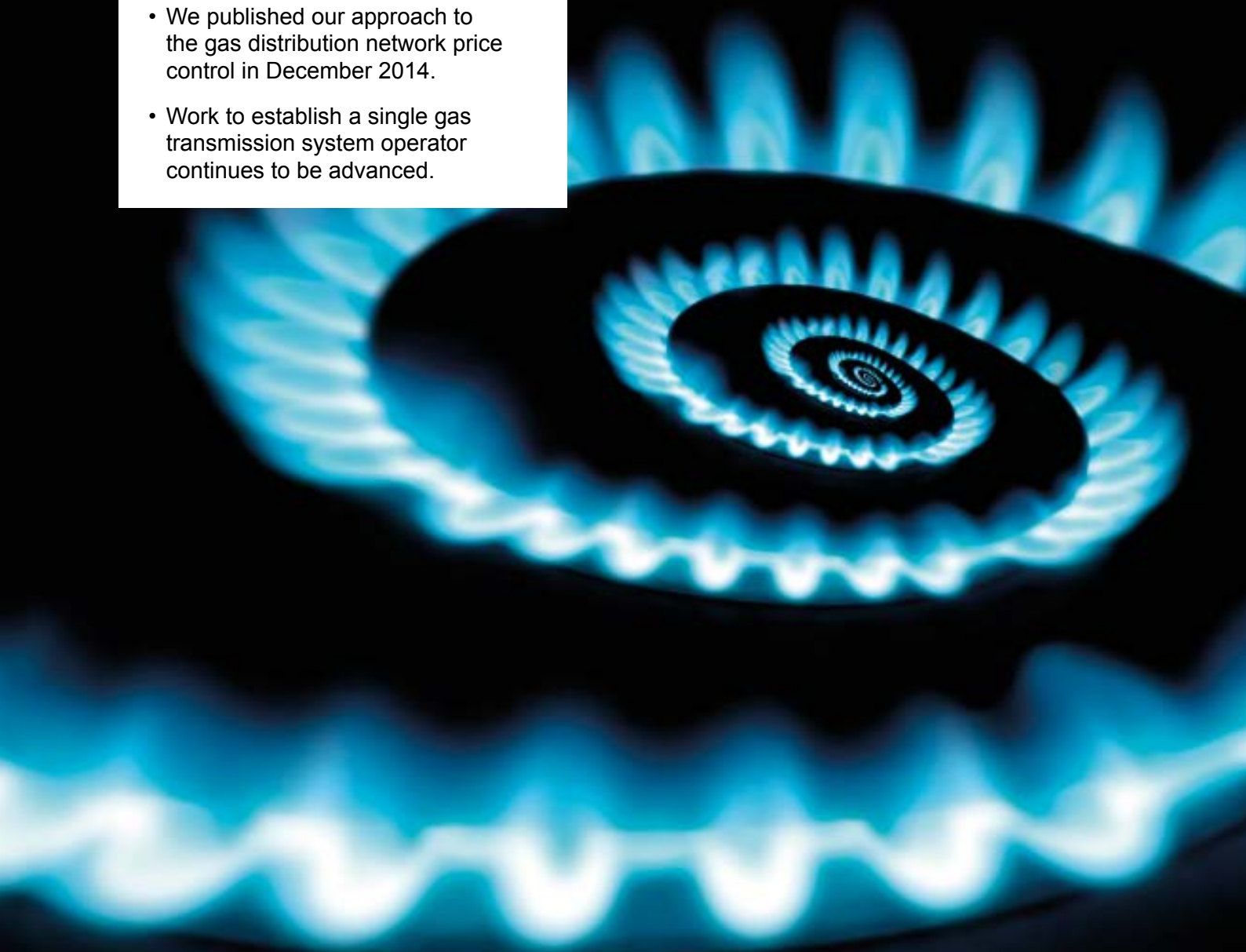
- Landbank is the portfolio of land used or held for generating purposes and is managed by NIE under our direction. We have taken steps to improve controls around the management of landbank sites as well as ensuring sites that are not needed are released providing value to consumers.
- We also resolved three disputes in regard to connection charging.
- Finally, we reviewed the level of payment security credit cover for suppliers. The policy is applied by NIE when it collects revenue under the distribution use of system tariff and public service obligation tariff. We consulted on NIE's proposal to increase the payment security cover and invited stakeholder views. After consideration of the responses and analysis we decided that the risk of bad debt was not significant enough to warrant an increase in cover.

## 5. Gas

### In brief

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- We awarded conveyance licences for extending natural gas to the west of Northern Ireland.
- The total number of gas consumers connected in Northern Ireland now exceeds 200,000.
- We published our approach to the gas distribution network price control in December 2014.
- Work to establish a single gas transmission system operator continues to be advanced.



## 5. Gas

### Promoting the development of the gas industry

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A key part of our job is to promote the economic development of the natural gas industry in NI.

Following an extensive process we reached an important milestone in bringing gas to the west of NI. A consultation on the preferred applicant for the Gas to the West conveyance licences was launched in August 2014. We subsequently confirmed Mutual Energy Ltd. (MEL) and Scotia Gas Networks (SGN) as the successful applicants for the licences in the Gas to the West area.

Two new conveyance licences were developed and, after further consultation on the licence conditions, these were granted to MEL and SGN in February 2015. The licences include an obligation to bring the new networks into operation by the end of 2017.

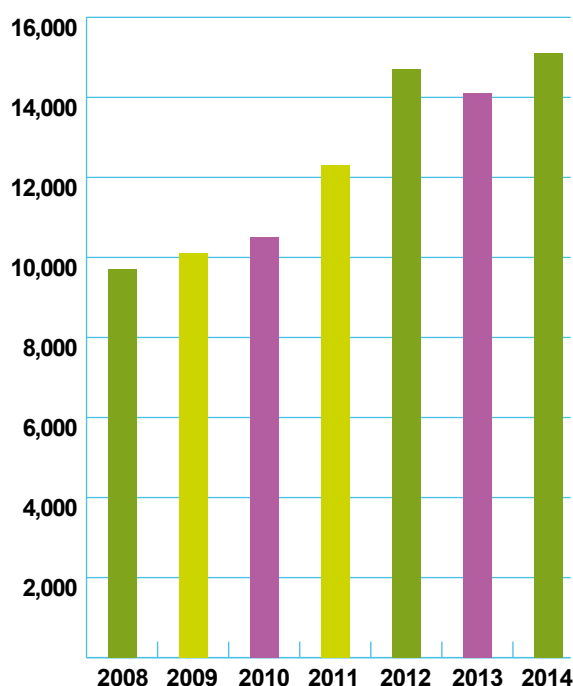
We are now working with MEL and SGN to progress the roll-out of the new networks. The project will ultimately facilitate the connection of up to 40,000 consumers further extending the economic and environmental benefits of natural gas in NI.

As part of our objectives we encourage gas distribution network operators (GDNs) to expand their networks to new areas. In 2015 we approved a new extension to the area around Moy, Richill and Loughgall in Co. Armagh. This will make gas available to over 3,000 domestic and business consumers in this area allowing them to enjoy the economic and environmental benefits of natural gas.

In addition we have also put in place strong incentives on the GDNs to continue to roll out the network and make new connections in their

current areas. This approach has led to over 15,000 connections in 2014 bringing the total number of gas consumers connected in NI to over 200,000. Our corporate strategy key performance indicator sets a target of 250,000 connections by 2019.

Annual growth in gas connections since 2008  
(by customer numbers each year)



### Promoting efficiency and monitoring the investment plans of regulated companies

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We have continued our work to progress the next price control for the gas distribution companies – Phoenix Natural Gas, firmus energy and SGN. This price control is called GD17 and builds on the progress delivered during the previous price control. It will cover costs which make up around 35% of the final consumer bill.

Much of our work during 2014-2015 has been to do with deciding on the best approach and focus for the price control. This has involved





us discussing with industry on how the price control should be managed. Following these discussions we published our GD17 approach document in December 2014. We set out the main aim of the price control as around the continued growth of the gas network and consumer connections. We have also decided that there should be an increased focus on consumer engagement.

Taking account of lessons from previous price control reviews, we have also taken steps to improve information gathering processes. This has included updating the guidance to make sure costs are reported consistently. We have also updated the documents we use to collect cost reporting information.

The price control review is being advanced through 2015 with the aim of publishing a draft determination in March 2016.

### Establishing a single gas transmission system operator (TSO)

We continue to work closely with other regulators in GB and Ireland to progress delivery of the IME3 requirements. In particular, we have been working on the implementation of a number of European

network codes at cross border points. We have agreed with the CER and Ofgem how the European network codes on capacity allocation and balancing arrangements will be implemented at the common point used in Scotland to flow gas to NI and the Republic of Ireland. Moreover, we have also continued to engage at a European level on the drafting of the European network code on tariffs and the new code on interoperability rules.

Additionally, we continue work with the gas transmission operators to deliver a more streamlined industry with a single code, single control room, single management team and single IT system. This will lead to a more efficient and co-ordinated industry and work will continue in 2015-2016. The target date for the delivery of single system operations is October 2016.

### Security of supply

We published the gas capacity statement which assesses the ability of the NI transmission system to meet future demands on the network. This concluded that the gas network continued to be in a position to meet expected demand. We also continue to work with government and industry to meet the requirements of the EU regulation 994/2010 on security of gas supply.





## 6. Retail and consumer protection

### In brief

- We approved reductions in regulated electricity (9.2%) and gas (7.8%) tariffs.
- The first formal review of the firmus energy gas tariffs in the Ten Towns area was completed.
- Phase one of our review of the retail energy market was concluded.
- We consulted on proposals for an enhanced retail energy monitoring framework to ensure the highest levels of consumer protection.



## 6. Retail and consumer protection

### Protecting consumers by making sure tariffs reflect costs

Our job is to make sure that consumer energy bills reflect the actual cost of delivering energy to their homes and businesses.

The main supplier of domestic electricity is Power NI and we review its tariffs.

Two electricity tariff reviews were completed in 2014-2015. Following a review in the summer of 2014 no changes were made to the tariffs. We announced a second tariff review in early 2015. It was clear from our scrutiny that wholesale electricity costs, which make up a large portion of the tariff, had fallen along with the forecast of future costs. As a result we approved Power NI's 9.2% reduction in consumer bills.

We also carried out two reviews of the SSE Airtricity Gas Supply NI tariffs for the Greater Belfast area. As with the first review of electricity tariffs we made no change in October 2014. Following our second review in early 2015 we approved a reduction of 7.8%.

In January 2015 we commenced our first formal review of the firmus energy domestic and small commercial consumers in the Ten Towns area. We concluded that there would be no change to these gas tariffs from 1 April 2015.

Overall, following our tariff reviews, domestic electricity and gas consumers continue to enjoy amongst the lowest standard energy bills in the UK and Ireland.

### Promoting market opening and competition

Protecting consumers by appropriately promoting effective competition is another of our statutory duties. Our retail market is developing as evidence of switching shows.

#### Retail market key facts:

- 6% of domestic and 10% of non-domestic electricity consumers switched their supplier in 2014;
- the annual consumption share of one supplier increased from 1.8% in 2013 to 12.0% in 2014; and
- there have been 306,000 domestic electricity switches (including consumers that have switched multiple times) since 2010.

We carried out a review of retail market competition, in both electricity and gas, in 2014-2015. Cornwall Energy was commissioned to review the condition of energy supply competition in NI and consider improvements. We published their report in November 2014. Overall, the review concluded that there is a limit on the degree to which competition protects energy consumers. Given that, the review found that NI strikes the right balance between promoting competition and using regulation to deliver consumer benefit.

Phase two of this project will examine the potential options for the future of the regulatory framework and discuss any changes that may be required to the current form of regulation.



Cornwall Energy retail market report main conclusions:

1. switching levels are reasonable;
2. there are a limited number of suppliers in the market;
3. incumbent electricity and gas suppliers remain dominant;
4. there is an inherent structural weakness in the market, especially at the domestic level; and
5. some form of price regulation is likely to be needed for the foreseeable future along with the ongoing development of competition.

## Consumer protection measures

The consultation on our proposed consumer protection strategy was published in March 2015. It sets out a five-year strategy to address the long term needs of domestic consumers.

We also developed and consulted on minimum standard guidance on supplier codes of practice to help prevent consumer confusion while allowing suppliers to compete with each other to provide the best service. The codes cover things like: payment of bills; provision of services for persons who are of pensionable age or disabled or chronically sick; complaints handling procedure; and prepayment meter consumers. We held a workshop in May 2014 to give suppliers, consumer representatives and community and voluntary sector representatives an opportunity to discuss different aspects of the consultation.

The marketing code of practice came into force in June 2014. Following our ongoing monitoring, an informal investigation took place during 2014 with one of the energy supply companies.

During the year we have worked with gas suppliers and the distribution network operators to develop supplier of last resort (SoLR) arrangements. We also fully tested electricity SoLR arrangements. These arrangements provide reassurance to consumers in regards to their supply in the unlikely event of any supplier leaving the NI market.

## Monitoring the retail market

Our duty to keep the development of the retail energy market under review was further enhanced by the IME3 directive which requires us to monitor how the market is working. In order to fulfil our statutory duties we also want to provide consumers with access to clear and easily understood information on suppliers, products and tariff/service choices.

As part of the existing market monitoring we carry out in the gas and electricity retail sectors we publish quarterly reports at the end of February, May, August and November. These reports deliver transparency for stakeholders and consumers and examine in detail essential indicators which are also used by other national regulatory authorities in Europe when monitoring their retail markets.

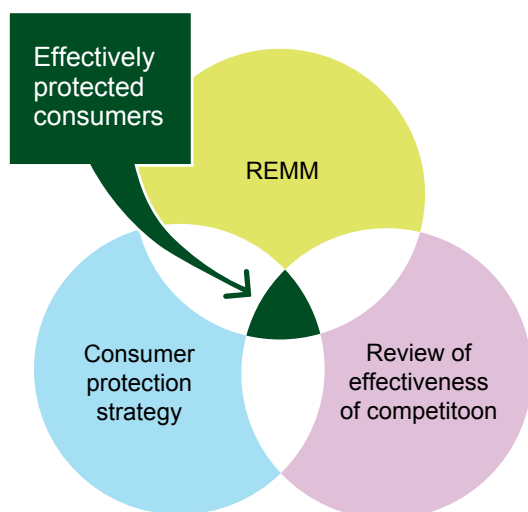
We consulted on proposals for an enhanced monitoring framework, called the retail energy market monitoring (REMM) framework, in January 2015.





Whilst REMM will enhance our current monitoring framework it will also bring benefits to suppliers and network companies. We intend our REMM framework to be a robust and useful tool for informing policy and ensuring the highest levels of consumer protection and we aim to work with all our stakeholders to ensure that it is delivered effectively.

Until the implementation of the REMM framework, we will continue to use quarterly transparency reports as a means to publish some of the information that we are currently monitoring. Likewise we also publish annual transparency reports that cover retail energy information. These will be subject to change once REMM is introduced.



Three pronged strategy for the Utility Regulator to provide effective monitoring, regulation and protection in the energy retail market.

## Cross border co-operation with other regulatory authorities – harmonising retail markets

We have continued to work with CER and the network companies and suppliers in the area of co-ordinated retail markets. NI and the Republic of Ireland now share a single

harmonised market schema which makes it easier for new suppliers and allows them to link more efficiently with network operators.

The retail markets coordination steering group, which is co-chaired by us and the CER, supports the ongoing operation of the single all island schema. The benefits of harmonisation include reduced costs for suppliers and ease of entry for those new suppliers that intend to operate in both parts of Ireland.

## Access to consumer consumption data

The energy efficiency directive places requirements on member states in the area of consumer consumption and billing transparency. DETI made the Energy Efficiency Regulations (NI) 2014 in July 2014. We consulted on the licence modifications required in order to implement the directive (including providing consumer access to consumption data) in January 2015. We are currently finalising our decisions on these modifications, taking into account the responses from our stakeholders. As part of the implementation of the directive we will consult on and publish a billing code of practice which suppliers must comply with.





## 7. Water

### In brief

- We published our determination for a new six-year price control for NI Water.
- Our review of NI Water's performance during the first price control shows that the company reduced prices while improving services.
- NI Water's scheme of charges for 2015-2016 will see an average increase of 2.4% in bills for non-domestic consumers.
- We carried out a review into NI Water's performance during their industrial action.





# 7. Water

## **PC15 - Delivering lower costs and improved levels of performance for consumers**

We completed our third price control for NI Water, called PC15. This marked the end of an extensive process. We set out our intended approach back in October 2012. A draft determination was published in July 2014. The final determination was published in December 2014. The price control will run from 2015-2021.

A key aspect of our price control was a focus on both the amount of, and quality, engagement with stakeholders. In particular, a partnership with CCNI, DRD and NI Water has helped us make sure that consumer priorities are identified and communicated during the development of the price control. We have also organised meetings and workshops with stakeholders as part of the consultation on the draft determination.

### PC15 final determination outcomes:

1. lower bills for most water and sewerage (business) consumers;
2. improved efficiency – challenging NI Water to deliver 11.5% real terms reduction in total operating expenditure by 2021;
3. continued significant investment in water and sewerage services; and
4. improvements in levels of service.

## **Monitoring NI Water's performance**

A key part of our work is to monitor NI Water's performance against objectives set in regulatory price controls.

We published our cost and performance report in October 2014. This reflects our assessment of NI Water's performance during the first year of its second regulatory price control, covering the period from April 2013 to March 2015.

Overall, our assessment identified that NI Water continued to perform well against our price control determination.

Key findings in our cost and performance report were:

1. NI Water's operational costs reduced in nominal terms from £191.7 million in 2012-2013 to £190.7 million in 2013-2014;
2. the company delivered its capital investment in line with the budget;
3. our assessment of current and projected investment indicates that the company will deliver value for the capital committed over the two years;
4. service levels in NI Water have improved over the year. The company achieved its highest ever overall performance assessment (OPA) score of 216 and outperformed the annual target of 202; and
5. the company has met most of the key performance indicators (KPIs) set by us for the current year including 12 out of 16 consumer service measures and all water and sewerage quality KPIs. It is also 'on track' to deliver the vast majority of output measures having delivered all serviceability KPIs.

It is clear that overall NI Water has delivered on the annual targets set by us. The company exceeded its operational efficiency target while at the same time improving levels of service.

We will continue to benchmark NI Water's costs against comparable companies taking account of special factors such as the scale of the company and the local economy.



## Ensuring consumers are charged fairly

We are required to approve NI Water's annual scheme of charges. The key purpose of the approval is to ensure charges are within the price limits determined by our price controls. We also seek to make sure there is no undue preference or undue discrimination by NI Water in setting charges between different consumer groups.

We commenced the process for setting the scheme of charges in August 2014. As well as assessing information provided by NI Water, we also engaged with other stakeholders, particularly CCNI. Following this engagement and scrutiny, we approved NI Water's charging proposals for 2015-2016 in March 2015.

As a result, NI Water announced a 2.4% average increase to non-domestic water and sewerage charges for the 2015-2016 financial year. This increase largely reflects the impact of rising costs for NI Water during 2015-2016 and follows two years of reducing bills.

## Protecting water and sewerage service consumers

In early January 2015, there was significant disruption to water supply in parts of NI. This occurred during a period of industrial action by employees of NI Water which began on 22 December 2014. The industrial action was suspended on 21 January 2015 and normal levels of service to consumers were restored shortly afterwards.

Minister Kennedy and DRD subsequently asked us to review NI Water's performance focusing on the actions taken by NI Water, in respect of the impact on consumers, in planning for and reacting to the event.

We commenced our review in February 2015. As part of our review we: interviewed staff from NI Water, considered a range of documentary evidence including an internal incident report produced by the company, conducted site visits and worked closely with CCNI to engage with consumers whose water supply failed during the incident.

We presented the report of our review, to DRD, at the end of April 2015.





## 8. Promoting sustainability

### In brief

- Over £7.9 million of funding was provided to energy efficiency schemes under the Northern Ireland sustainable energy programme (NISEP).
- Our support for renewable development was demonstrated by a record number of accreditations of additional generating stations able to claim renewables obligations certificates (ROCs).
- Following our provision of fuel mix calculations for all suppliers on the island of Ireland, consumers are now able to understand and verify the environmental impact of their electricity consumption.

## 8. Promoting sustainability

### Promoting sustainable energy for consumers – the NI Sustainable Energy Programme

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We have a duty to promote efficiency in the use of electricity and gas and sustainable long-term energy supplies with due regard to the environment and vulnerable consumers. The NISEP delivers energy efficiency measures with 80% of the funding aimed at vulnerable/low-income consumers.

Over £7.9 million of NISEP funding was spent in 2013-2014. The 2013-2014 schemes (the most recent year of reported data) delivered approximately 764 GWh of energy saved which equates to £103.5 million of gross consumer benefits (both figures are calculated using net present value, NPV, over the lifetime of the measures).

For the year 2014-2015, a total of almost £8.9 million in NISEP funding (this figure includes underspend from previous years) was made available for schemes. Post-implementation reviews will verify the outputs and benefits from these schemes over the coming months.

#### Key NISEP numbers (2013-2014):

- £7,931,744 was spent on NISEP schemes overall;
- total lifetime energy savings were a substantial 764.268 GWh;
- 141,116 tonnes of lifetime carbon savings;
- £103,488,375 in lifetime gross consumer benefit savings; and
- £235,434 was earned in incentives for over achievement on energy saving targets.

During the year we also worked with DETI to support their consultation on policy proposals regarding the European energy efficiency directive and its implications for NI electricity and gas consumers.

### Supporting renewable development

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We are committed, wherever appropriate, to playing our role in increasing the proportion of electricity generated from renewable sources in NI in support of NI Executive energy policy.

We have a statutory responsibility to administer the Northern Ireland renewable obligation (NIRO). The NIRO is a statutory requirement on electricity suppliers to source an increasing amount of their electricity from renewable sources. Suppliers can meet their obligation by either presenting renewable obligation certificates (ROCs) or paying into a buyout fund. ROCs are issued directly to renewable generators.

Within the year 2013-2014, 3883 additional generating stations in Northern Ireland received ROC accreditation (over 98% of which were micro generators). 85% of ROCs issued in Northern Ireland went to onshore wind generating stations.

### The climate change levy exemption scheme

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We continue to manage and administer the climate change levy (CCL) scheme, issuing levy exemption certificates (LECs) to accredited generators in NI and the Republic of Ireland. The CCL is a tax on energy used by businesses. In relation to electricity the tax requires suppliers to charge commercial consumers an extra £5.41 per MWh in 2014-2015. Electricity produced from designated renewable sources is exempt from the CCL.



We accredited a further 68 generators for the CCL exemption scheme in 2014-2015 and audited 12 generators during the year, seven in Ireland and five in NI.

Overall, the scheme contributed to the promotion of renewable generation in NI.

## Providing fuel mix information to consumers

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Electricity suppliers are required to specify in billing information and promotional materials the contribution of each energy source to the overall fuel mix of the supplier over the previous year. This requirement derives from the EU's IME3 directives. In addition, suppliers are required to provide information on the environmental impact of their electricity.

In July 2014 we provided suppliers with fuel mix calculations for the year 2013 in an easily comparable format.

Consumers are now better able to understand and verify the environmental impact of their electricity consumption.





## 9. Efficient and effective regulator

### In brief

- We have been working with regulatory and competition bodies to share and learn from best practice.
- A human resource strategy is being developed to ensure that our staff have the skills and development opportunities to deliver on our work programme.
- We are taking advantage of the opportunities to participate in corporate social responsibility initiatives through our membership of Business in the Community.
- Memoranda of understanding were agreed with CER and the CCNI.



## 9. Efficient and effective regulator

### Making the best use of our resources

#### Our finances

As a non-ministerial government department our funds are voted by the NI Assembly. A summary of our financial performance is included at Appendix 1.

Table 1 is an overview of the key figures. Our statutory accounts can be obtained from the Stationery Office or from our website ([www.uregni.gov.uk](http://www.uregni.gov.uk)). Most of our costs are collected from annual fees paid by electricity, gas and water licensees.

**Table 1: Overview of financial position**

Expenditure	Actual (£000s)
Operating costs (gross)	7,619
Income	(7,359)
Operating costs (net)	<b>260</b>

We are committed to the prompt payment of bills for goods and services received. During 2014-2015 the standard payment was 95% of undisputed invoices within 10 days. This was achieved each month during the year and reached 100% in several months.

#### Developing our staff

Our staff group is diverse and mostly directly recruited. We also have a small group of secondees from the wider NI Civil Service (NICS).

During 2014-2015 our absence rate was 1.44% (3.48 days per employee) which is below the NICS rate (NICS absence rate in 2013-2014 was 4.6% or 10.1 days lost per staff year).

Our staff are important to us and without their continuing commitment we cannot do our job. Valuing our staff means we are always ready to support their development. This has included providing in-house training, supporting staff on work-related higher education and other development opportunities. We also facilitate inward secondments and student placements.

Moreover, we also understand our responsibilities to create a positive and inclusive work environment. One important way we can do this is by making our internal communications as good as they can be. We took the first steps in a process to improve internal communications during the last year. As a result of our conversation with staff we now have developed an internal communications plan which has been agreed by our senior management team. We expect to implement this during 2015.

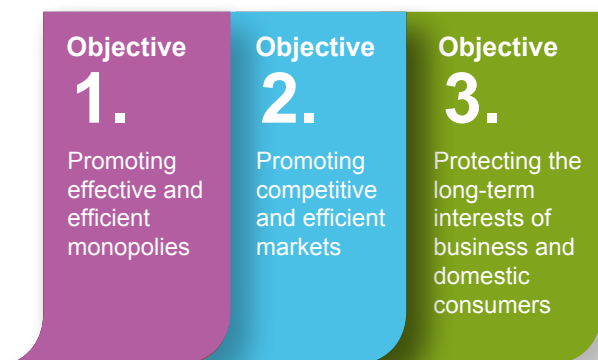
We also recognise the value of the wider social and corporate responsibility agenda. We are a member of Business in the Community and are developing opportunities for our staff to participate in activities that will have a positive impact on the wider community we serve. Our staff have also organised a number of charity fundraising events during the year with £2,781 raised for good causes.

### Performing effectively as a regulator

#### Corporate strategy 2014-2019

After carrying out a significant level of engagement with stakeholders and, following consideration by our board, we published our corporate strategy in May 2014.

## Our corporate strategy 2015-2019 objectives



At the end of year one of our corporate strategy period it is clear that we have made good progress against the KPIs in our corporate strategy. A report on progress to achieve our corporate strategy objectives is included at Appendix 1.

## Forward Work Programme 2014-2015

Our plan sets out the key projects that we intend to undertake each year.

Overall, we achieved or partially achieved 87% of the time-limited tasks listed to be completed during 2014-2015.

Appendix 1 includes an overview of progress against the projects for 2014-2015.

## Enhancing how we work

A revised organisational structure based on three functional groups: markets (retail and wholesale), networks (compliance and network operations and finance and network assets) and corporate affairs was fully implemented. We expect that this re-structuring will help us deliver our corporate strategy, work better with our stakeholders and provide opportunities for our staff.

Another key plank of implementing our corporate strategy was around improving our communications. We agreed a new communications strategy during 2014 and have been delivering on key aspects of this.

Our stakeholder engagement programme is central to our communications approach. We have continued to provide opportunities for us to reach out to more organisations than ever. This included us presenting at events as diverse as: the board of Invest NI, large energy users, local councils in the west and students at Queen's University.

There is also evidence, at a high level, of the value we attach to improving our relationships and communications with key stakeholders. Most notably we agreed Memoranda of Understanding with CER and CCNI as a formal way of emphasising the importance of our work with these organisations.

We also took the opportunity to think of new ways of communicating with stakeholders. This led to us setting up a panel to allow us to meet on a regular basis with key consumer representative bodies.

We also continued to advance efforts to improve accessibility. Most tangibly, for the first time, we secured the accreditation – by the Plain English Campaign – for our corporate strategy and FWP publications.

Efforts to improve our online communications have also moved forward. We have identified the changes required to improve and enhance our website and expect to launch a new website later in 2015.

Enhancing how we work is also about how we learn from best practice. During 2014-2015 we significantly increased our engagement with other regulators to make sure that we can learn and avail of best practice.





Our membership of the UKRN, along with other regulators from across the UK, provides a real opportunity for us to avail of best practice. We are participating in several key UKRN workstreams including market returns and cost of capital, affordability and organisation development. An investor guide was published in late 2014 and we contributed to this document.

We also play an active role in the UKCN which aims to promote competition and to prevent anti-competitive behaviour. Finally, we also availed of CMA expertise to assist with the development of our draft competition guidelines and we meet CMA quarterly to discuss competition-related issues.

## Corporate governance

### Governance and audit

The Department of Finance and Personnel (DFP) appoints the chair and members of our board. Harry McCracken stepped down from our board with effect from 31 August 2014

and David Strahan has indicated his intention to step down from September 2015. Work is underway with DFP to recruit new board members to fill these positions during 2015.

Our chief executive is our accounting officer and a member of the board.

We are accountable to the NI Assembly and produce an annual report which DETI lays before the Assembly on our behalf. Our decisions are subject to external review by, for example, the CMA and the courts. Assembly committees may ask for evidence to be given on matters relevant to their work.

We received an unqualified opinion from the NI Audit Office in respect of the 2014-2015 accounts.

Our internal audit is outsourced to Capita Consulting. Areas reviewed during the past year included a number of corporate areas (bank and cash, budgetary control, procurement, project management) and operational areas (Gas to the West, dispute resolution, network price controls, security of



supply and supplier entry). We again achieved a 'satisfactory' overall assurance rating.

## **Board and board sub-committees**

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Our board formally met nine times during 2013-2014.

It continued to undertake a planned series of meetings and activities with a diverse range of stakeholders. This included holding board meetings, visiting utility assets and meeting with stakeholders in Derry/Londonderry and Fermanagh. Board members and external guests also provided briefings on a range of topics.

The actions flowing from an assessment of the board's effectiveness were also completed. For example a revised risk management strategy was produced and implemented.

There were four meetings of our audit and risk committee during the year. Its membership comprises James Oatridge (independent chair), Richard Rodgers and David Strahan. The chairman of the board may also attend meetings. The committee is supported by members of the executive team attending by invitation. The NI Audit Office and the Head of Internal Audit have standing invitations to attend meetings of the committee.

Our remuneration committee met four times. Its membership comprises Bill Cargo (chair) and Teresa Perchard. The chairman of the board may also attend.

During the past year our board advisory forum (BAF) met five times. Membership comprises non-executive directors and senior staff. The BAF allows the office to benefit from the advice and guidance of non-executive directors as well as challenge/scrutiny on the key policy issues.

The SEM Committee meets monthly. NI's current SEM Committee members (as of

31 March 2015), appointed by DETI and the Department of Communications Energy and Natural Resources, are Jenny Pyper and Bill Emery.

Our senior management team (SMT) continued to meet weekly. The SMT also took steps to enhance its effectiveness by developing a new terms of reference.

## **Information technology and governance**

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Our information management committee oversees governance arrangements for the provision of secure and efficient information storage and transfer. During the year, further work was undertaken to design a file plan which would also facilitate migration to an electronic data records management system.

Most of our IT services are provided by IT Assist, the NICS managed service provider of IT services. This provides a secure, fully managed IT support service. We adopted the NICS telephony services during 2014 which has significantly enhanced the communication options and level of support available to our staff. We have also been developing options for file sharing with colleagues in CER to improve shared working arrangements with the I-SEM project in mind particularly.

## **Freedom of Information**

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In 2013-2014 we received eight requests under the Freedom of Information Act. Responses to all requests were issued within the statutory period prescribed by the Act.





# Appendix 1 – Performance report



## (i) Financial report for the year ended 31 March 2015

### Central government financing

£260,000 was borne by central government in respect of expenditure on areas not covered by current licences such as management of the CCL exemption scheme, the electricity (guarantees of origin of electricity produced from renewable energy sources) scheme and the renewables order (NI) 2005 scheme and notional costs.

### Licences

A breakdown of licence fee income is set out in Table 2 below.

Table 2: Licence fees by utility	Total licence fees (£000s)
Electricity	3,450
Gas	2,211
Water	1,098

We also collect fees on behalf of CCNI. This is for work done under the Energy (NI) Order 2003 and Water and Sewerage Services (NI) Order 2006. The total fees collected were £795,773, of which £221,508 was attributed to electricity, £166,130 to gas and £408,135 to water.

### Accounts

The statement of comprehensive net expenditure shows that salary costs increased from the previous year (£4,363,000 in 2013-2014 against £4,698,000 for 2014-2015). This reflected the fact that the office was operating close to full complement during 2014-2015 with additional fixed term staff recruited to resource the I-SEM project, a movement in the annual leave accrual and annual pay increment. Other costs decreased mainly as a result of a reduction in the cost of professional and managed services in 2014-2015 combined with 2013-2014 costs being lower due to a credit arising from an unused element of a 2012-2013 provision.

The percentage of staff costs to total costs in 2014-2015 was 62% which represents a slight increase from that in 2013-2014 of 59%.

Our gross expenditure in pursuit of our objectives as detailed in the statement of operating costs by operating segments (see Table 3) was as follows.

Table 3: Expenditure by segment	2014-2015 (£000s)	2013-2014 (£000s)
Segment 1 (electricity)	4,188	4,130
Segment 2 (gas)	2,292	2,080
Segment 3 (water)	1,139	1,204

More detailed financial information on costs can be found in our accounts.



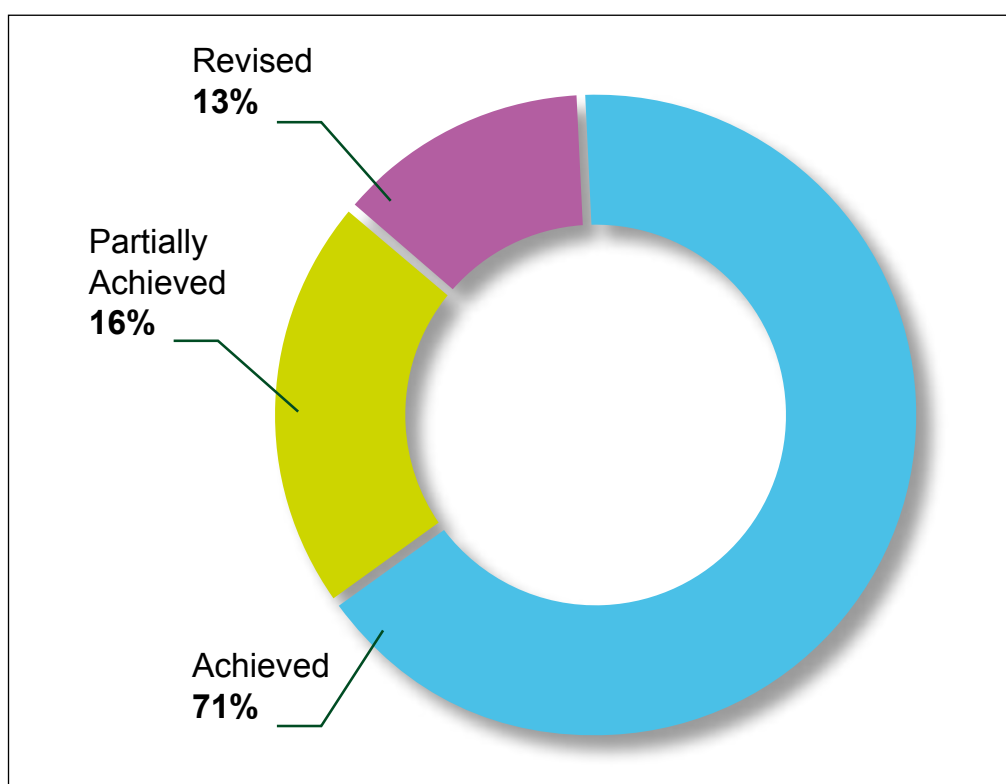
## (ii) Progress during 2014-2015 against corporate strategy 2014-2019 KPIs

Objective	Key performance indicators	Progress during 2014-2015
1: Promoting effective and efficient monopolies	<ol style="list-style-type: none"> <li>1. Network utilities will be able to demonstrate their excellence in asset management which is benchmarked against other utility companies.</li> <li>2. Network utility costs and performance measure favourably against the top quarter of appropriate comparable companies.</li> <li>3. Our regulatory tools have helped make sure that regulated utilities drive further effective innovation such as smart grids and meters.</li> <li>4. Regulated companies deliver the outputs required by our price control decisions on time and within budget.</li> <li>5. Network gas extensions have been delivered leading to over 250,000 connections by 2019.</li> </ol>	<ol style="list-style-type: none"> <li>1. During 2014-2015 we have been developing our approach to our electricity and gas network price controls which focuses on best practice asset management.</li> <li>2. We have made good progress on developing cost reporting across network companies. Our cost and performance report for NI Water showed further relative improvement.</li> <li>3. The assessment criteria for our Gas to the West competition included innovation. We provide NIE with an allowance for smart grids.</li> <li>4. We are introducing cost reporting across network companies to provide a robust basis for assessing this.</li> <li>5. During 2014-2015 the number of network gas extensions passed 200,000.</li> </ol>
2: Promoting competitive and efficient markets	<ol style="list-style-type: none"> <li>1. The I-SEM is delivered on time and is consistent with the EU target model.</li> <li>2. The Retail Energy Market Monitoring (REMM) system is in place and reported on each year increasing consumer protection.</li> <li>3. The effectiveness of competition in our energy markets has been assessed and we have put in place the associated regulatory and policy frameworks.</li> </ol>	<ol style="list-style-type: none"> <li>1. We met I-SEM milestones during 2014-2015 – the agreement of a high level design and a comprehensive project plan.</li> <li>2. We published our proposals for REMM in January 2015. Decisions and implementation will happen in 2014-2015.</li> <li>3. We completed the first phase of our retail market review. Phase two is underway.</li> </ol>

Objective	Key performance indicators	Progress during 2014-2015
3: Protecting the long-term interests of business and domestic consumers	<ol style="list-style-type: none"> <li>1. More energy will be generated from renewable sources between 2014 and 2019 in line with the NI Executive's targets.</li> <li>2. The immediate risk to electricity security of supply has been addressed by 2016, and longer-term concerns are dealt with by working with DETI and SONI.</li> <li>3. We have delivered the consumer protection strategy and have put in place revised energy supplier codes of practice.</li> <li>4. Consumer research shows a high level of satisfaction with consumer-protection measures and how consumers are able to make informed decisions.</li> </ol>	<ol style="list-style-type: none"> <li>1. During 2015 the proportion of energy from renewable sources reached 20% - in line with the NI Executive's intermediate target.</li> <li>2. We oversaw actions to address immediate risk – SONI commissioned AES to provide additional generation capacity and Mutual Energy confirmed plans to restore Moyle interconnector earlier (by late 2016) and at lower cost than anticipated.</li> <li>3. Our draft consumer protection strategy was published in March 2015. We have developed and consulted on minimum standards guidance on supplier codes of practice.</li> <li>4. Recent research shows high level of consumer satisfaction with energy supply issues and with switching between suppliers. Further specific consumer research to be conducted once new supplier codes and consumer protection strategy are operational.</li> </ol>



### (iii) Overall outcome for FWP projects 2014-2015 (38 projects)



Partially achieved projects (six projects)	
Project	Report
Introduce a monitoring and reporting framework for the NIE T&D price control.	Several reporting templates have been finalised and work continues on others.
Progress development of plans for smart metering in NI in line with DETI objectives and EU Directives.	Initial progress made on cost benefit analysis with expectation that plans will be developed during 2015-2016.
Work with DETI to progress implementation of Energy Bill and EMR.	Working with DETI on EMR and Energy Bill implementation postponed by DETI due to other competing priorities.
Develop new consumer measures and a consumer satisfaction survey of NI Water's consumers.	The end date for this work is in 2016 with the implementation of the developed measures.
To finalise and implement enhanced supplier codes of practice.	The consultation on this is complete and a decision is expected in June 2015.
Implement arrangements for payments to generators if a fuel security event occurs.	The consultation on this has been advanced, in liaison with DETI.

Revised projects (five projects)	
Project	Report
Develop process for a mid-term review of the PC15 price control for NI Water.	Postponed to next year due to some uncertainty regarding NI Water's public expenditure funding allocation.
Develop new approaches to operational and capital efficiencies.	Postponed owing to competing priorities and the need to utilise learning from work by other regulators in this area.
Develop and consult on billing guidance for energy suppliers.	Re-configured as an element of the implementation of the Energy Efficiency Directive and will be undertaken as part of this implementation during 2015-2016.
Projects to enhance non-domestic consumers regulation and protection in energy retail markets.	Delayed due to competing priorities and will be considered during 2015-2016 if resources permit.
Review NI Water codes of practice.	Delayed due to non receipt of information and input from stakeholders.

Full list of all FWP will be published alongside our Annual Report 2015-2016 at [www.uregni.gov.uk](http://www.uregni.gov.uk)



## Appendix 2 – Glossary and list of abbreviations





# Glossary of terms

**Capital expenditure** – also referred to as capex. Funds used by a company to acquire or upgrade physical assets such as property, industrial buildings or equipment.

**Climate Change Levy** – CCL is a tax on energy used by businesses.

**Consumer protection strategy** – CPS is a five-year strategy to address the long-term needs of domestic consumers.

**Cost and performance report** – is an annual report that outlines our independent assessment of how NI Water has performed against efficiency targets and key performance indicators outlined in their price control.

**Electricity market reform** – EMR is a programme to assist government to achieve the 2020 renewable generation targets.

**Energy retail report** – an annual report that provides information on the regulated energy sector in NI which is available on our website.

**GUAs** – Generator Unit Agreements are long-term contracts between two parties, one who generates electricity for the purpose of sale and another one who buys the electricity. Also referred to as power purchase agreements.

**High level design** – in relation to the I-SEM, it is a set of principles that underline the trading arrangements of the wholesale electricity market.

**LECs** – Levy Exemption Certificates are issued through the CCL scheme to accredited generators in NI and the Republic of Ireland.

**NIRO** – the NI Renewable Obligation is a statutory requirement on electricity suppliers to source an increasing amount of their electricity from renewable sources.

**NISEP** – the NI Sustainable Energy Programme, which was previously known as the Energy Efficiency Levy (EEL) provides funding for energy efficiency and renewable energy schemes.

**Operating expenditure** – also referred to as opex. Ongoing cost for running a product, business or system.

**Quarterly transparency reports** – quarterly reports that provide a range of information about the retail electricity and gas markets in NI.

**REMM** – Retail Energy Market Monitoring. A new framework which will enhance the current monitoring structure.

**Renewables Obligation Certificates** – ROCs are green certificates issued by us to operators of accredited renewable generating stations for the eligible renewable electricity they generate. Operators can then trade the ROCs with other parties, with suppliers ultimately using the ROCs to demonstrate that they have met their obligation.

**Ten Towns area** – a gas distribution network which includes the major towns outside Belfast along the transmission pipe which are served by firmus energy.



## Abbreviations

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**ACER** – Agency for the Cooperation for Energy Regulators

**BAF** – Board Advisory Forum

**CC/CMA** – Competition Commission/ Competition and Markets Authority

**CCL** – Climate Change Levy

**CCNI** – Consumer Council for NI

**CER** – Commission for Energy Regulation

**CPM** – Capacity Payment Mechanism

**CPS** – Consumer Protection Strategy

**DETI** – Department of Enterprise, Trade and Investment

**DFP** – Department of Finance and Personnel

**DRD** – Department for Regional Development

**FWP** – Forward Work Programme

**GSS** – Guaranteed Standards of Service

**GUAs** – Generator Unit Agreements

**IME3** – Third Internal Energy Market Package

**I-SEM** – Integrated Single Electricity Market

**LECs** – Levy Exemption Certificates

**MMU** – Market Monitoring Unit

**MWh** – Megawatt hour

**NRA** – National Regulatory Authorities

**NIAO** – NI Audit Office

**NIE (NIE T and D)** – NI Electricity

**NIRO** – NI Renewable Obligation

**NISEP** – NI Sustainable Energy Programme

**OPA** – Overall Performance Assessment

**PC13** – Price Control (for NI Water) 2013-2015

**PC15** – Price Control (for NI Water) 2015–2019

**PNGL** – Phoenix Natural Gas Limited

**PPB** – Power Procurement Business (Power NI's)

**PTL** – Premier Transmission Ltd

**ReMCoSG** – Retail Markets Coordination Steering Group

**REMM** – Retail Energy Market Monitoring

**RGLG** – Renewables Grid Liaison Group

**ROCs** – Renewable Obligation Certificates

**RP5** – Regulatory Price Control Period five (for NIE)

**SEF** – Strategic Energy Framework

**SEMC** – Single Electricity Market Committee

**SEMO** – Single Electricity Market Operator

**SoLR** – Supplier of Last Resort

**SONI** – System Operator of NI

**TSC** – Trading and Settlement Code

**TSOs** – Transmission System Operators







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