



**Forward Work Programme  
1<sup>st</sup> April 2008 - 31<sup>st</sup> March 2009**

**March 2008**

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## Introduction

The Northern Ireland Authority for Energy Regulation (NIAER) was first established in 2003. It assumed the roles previously carried out by the Directors General of Electricity and Gas. The Northern Ireland Authority for Utility Regulation (NIAUR) was established on 1 April 2007. NIAUR assumed the roles of NIAER and is also the economic and customer service regulator for NI's water and sewerage industries. NIAUR is generally known as the Utility Regulator.

The Utility Regulator is a Non-Ministerial Department for public expenditure purposes. It is not a policy making department but its role is to ensure that the utility industries in Northern Ireland are regulated and developed within the strategic policy parameters determined by Ministers and set out in legislation.

The Utility Regulator's main duties in respect of the three regulated industries are as follows.

- *electricity*, to protect the interests, where appropriate, of electricity consumers with regard to price and quality of service by promoting competition in the generation, transmission and supply of electricity;
- *gas*, to promote the development and maintenance of an economic, efficient and co-ordinated gas industry and to protect the interests of gas consumers with regard to price and quality of service;
- *water and sewerage*, to protect the interests of water and sewerage consumers with regard to price and quality of service, where appropriate, by facilitating competition in the supply of water and the provision of sewerage services

The Utility Regulator has three regulatory directorates - electricity, gas and water - which are responsible for the economic and customer service regulation of the three industries. These are supported by a Corporate Affairs directorate which is responsible for cross cutting strategy development; social and environmental matters; appeals; complaints and disputes; finance, communications and administration.

Further information about the Utility Regulator and our work can be viewed on our website at [www.niaur.gov.uk](http://www.niaur.gov.uk).

## Purpose of this Document

The Utility Regulator has a statutory duty to publish a forward work programme before the commencement of each financial year. The purpose of this programme is to set out the projects (other than those comprising routine activities) that we intend to undertake in the 2008/09 year (annex A).

The programme has been constructed within the framework of the key themes which we see as defining much of our work going forward.

However, it also aims to look forward beyond 2008/09 and give an indication of our plans for 2009/10 and 2010/11. The section on priorities sets out our current thinking across the three year period from 2008/09 to 2010/11. The detailed programme for 2009/10 and 2010/11 will be reviewed and reflect the key themes identified in the context of developing the Utility Regulator Corporate Strategy which will be published during the summer of 2008.

The Utility Regulator's performance against the objectives in its 2007/08 Forward Work Programme will be set out in its 2007/08 Annual Report. NIAER's Annual Report for 2006/07 set out NIAER's performance against its 2006/07 FWP and targets. A copy of that report is available on our website ([www.niaur.gov.uk](http://www.niaur.gov.uk)). It reported that NIAER achieved, or was on target to achieve, 90% of its 59 targets for the 2006/07 year.

## Priorities

The detailed Forward Work Programme for 2008/09 - 10/11 is attached at Annex A.

The planned deliverables identified in respect of the 2008/09 year represent the intended work programme for that year in light of the relevant themes and intended outcomes. We are aware of the importance of our role to the future of Northern Ireland and the need to have a clear and deliverable set of objectives and associated budget for 2008/9 - the energy and water sectors are vital to the economy, environment and community.

However, we recognize also the need to take a longer view of developments and set our direction of travel in terms of likely work areas across the various parts of the Utility Regulator. Some projects may have timelines that run further than 2008/9, and we are already aware of some key work areas that will require attention in 2009/10 and 2010/11.

It is worth noting at this point that three important factors will impact heavily on our priorities and work planning over the 3 year horizon - though at this stage the precise impact of each remains unclear:

- In electricity, the workplan and priorities of the new SEM Committee will heavily influence our work in that arena over the 3 year horizon;
- In gas, the all-island dimension is just beginning to unfold and the medium term work priorities and actions are still being crystallized - this will clearly influence future gas workplans, priorities and the Utility Regulator resource allocation; and
- In water, the impact of the Review being undertaken for the Executive by the Independent Panel will have to be factored into our priorities and plans.

Bearing these in mind, but seeking to look forward as clearly as we may, the key priorities for the Utility Regulator over the 3 year planning horizon will include:

### Retail Markets

Effective retail competition is a driver of efficiency, reduced costs and improved customer service. It is also a policy objective heavily championed by EU energy policy and legislation.

Retail competition is immature in several of the sectors we regulate (electricity and gas) and is not yet on the policy agenda in respect of water in Northern Ireland. It is, however, something that we will seek to develop in our energy

sectors.

In relation to the electricity and gas sectors, we will produce a retail competition strategy in 2008/9 that will focus on identifying how and where the Utility Regulator can act to encourage greater levels of retail competition in energy markets in NI. The Utility Regulator will then move to engage in the identified work areas that will further promote the development of effective competition in the energy sector. For example, in respect of electricity we will be engaging with NIE, CER and other stakeholders to assess the optimum market mechanisms and processes that would promote greater levels of retail competition for both business and, moving forward, domestic customers also. In gas, we will be seeking to build upon the very early genesis of retail competition in the Phoenix licence area through identifying regulatory actions and strategies that can deliver early and effective retail competition for both business and domestic consumers.

### **Wholesale Markets**

In terms of electricity and gas, we will be seeking to ensure that the operation of the relevant gas and power wholesale arrangements operate in the public interest and align with our strategic priorities and overall policy direction.

In electricity, the SEM Committee workplan and priorities remain to be clarified and this will clearly influence our planned priorities over the 3 year horizon. Facilitating a competitive market is a priority. Beyond SEM, SONI divestment and Kilroot Contract issues are likely to feature in our forward work programme.

### **Monopoly Controls**

As noted above, competition is very limited in most sectors of the NI utility industries - in this context our roles in regulating monopolies and limiting the exercise of dominance remain of great importance. This means controlling prices through formal controls, and it also means prompting monopolies to provide customers' desired standard of service for the appropriate cost.

Across all three of the regulated sectors important formal price control work will be taking place during the 3 year horizon of this FWP. In water, preparation for the first price control from 2010 will be a key priority. In gas, completion of the Firmus network price control and the second Phoenix Supply Price Control will be priorities. In electricity, PPB, SONI, NIE T&D and NIE Supply price control work projects will all take place during the workplan horizon.

Elements of our price control work would also benefit from analysis and consultation on a cross utility basis. Examples may include efficiency analysis and frontier approaches, dealing with common cost arguments, benchmarking best practice, possible alignment of timetables for controls or alternatively

time profiling of controls to allow experienced price control staff to flow from one control to another.

### **Metering**

Metering issues are important, relevant and becoming pressing across all three of the regulated sectors. The metering issues will be prioritised and feature significantly in our workplan as they interface with several important aspects of our work with the regulated sectors: customer payment mechanisms and tariff options; price control information and costs; patterns of customer use and behaviour; sustainability; fuel/water poverty issues; information provision between customer, supplier and network operator; customer switching issues; etc.

In particular, in water, gas and electricity, we will be seeking to establish long term policy positions on domestic and industrial metering (best practice/process for NI) through consultation and engagement with stakeholders. We will also be seeking to assess the best way forward in terms of “smart” metering in the energy sectors and establish any read across in due course for the water/sewerage sector.

### **Environmental**

We consider that developing a strategy around what a Utility Regulator’s role in sustainable development should be, to be an early priority. This is a key issue in the context of climate change. The role of the regulator in this area requires consideration in a structured and focused way and we plan to consult on our strategy in this area in the coming year and develop our workplan for the medium term on the back of that strategy.

We are also keen to understand how we can tackle environmental and sustainability issues in a cross-utility context. How and to what degree we factor in environmental/sustainability issues into our price control processes requires more joined-up thought internally and more discussion with external stakeholders.

### **Quality of Service**

Across all the regulated sectors we will be seeking to review and where necessary put into place more effective guaranteed and overall standards of performance. Our priorities here will include survey work to reveal consumer ideas and preferences, establishment of best-practice processes and regulatory principles, and developing targets across the various utilities.

As in 2007/08, the Utility Regulator will be responsible for dealing with certain determinable appeals, complaints and disputes across all three of the main utilities of electricity, gas and water. The Authority’s Practice and Procedures for Appeals, Complaints and Disputes details those determinable matters we may become involved in and is available for download from our website at

[www.niaur.gov.uk](http://www.niaur.gov.uk)

### **Organisational Development**

The Utility Regulator is a cross utility regulator which needs effective corporate services. We will seek to:

- Further embed governance processes;
- Deliver value for money through the implementation of best practice processes;
- Lead internally in terms of cross utility thinking and strategy development;
- Be a good employer; and
- Communicate effectively with our partners and stakeholders

## Resources

A budget has been approved by the Authority for 2008/09 as follows:

Directorate	Proposed Headcount	Budget (£000s)
Electricity	18	2,406
Gas	14	1,597
Water	18	1,915
Chief Executive's Office/Legal	5.6	537
Corporate Affairs	18.2	2,454
<b>Utility Regulator budget</b>	<b>73.8</b>	<b>8,909</b>

All corporate and shared costs are included in the Corporate Affairs budget and most of these, along with the Chief Executive's Office and Legal costs will be recharged across the utilities in order to arrive at the licence fees applicable in each area.

## Outcome of Consultation on the Forward Work Programme

The Utility Regulator has received many useful comments on the draft FWP and held a very productive workshop with stakeholders to discuss the key issues. The main comments received during the consultation are outlined in detail (not attributed to individual respondents) at Annex B together with a summary of the Utility Regulator's response to the comments.

A number of recurring themes emerged during the consultation process and, in addition to the detailed consideration set out at annex B these are briefly commented on below.

A need was identified for more clarity on the future work and direction of travel of both the all island electricity and gas work areas and the role of the SEM Committee. These issues will be addressed in the context of developing the SEM work plan and Common Arrangements Gas project plan.

The increasing importance of considering all our (energy) policy/actions in the context of all-island energy implications was identified. Again, this will be an issue for the SEM work plan.

There was also an emphasis on bringing the retail strategy work to fruition and moving to have key barriers etc, addressed at a detailed level within Gas and Electricity Directorates. The Retail Competition Strategy, which will be the subject of a consultation process, will consider these issues.

There was a desire for more transparency and clarity on our actions, reasoning and intentions going forward (beyond just having a Forward Work Programme). The Utility Regulator will publish a draft Corporate Strategy for consultation in summer 2008.

There was a great deal of interest in the sustainability strategy thinking and "green" agenda. The sustainability strategy will be consulted on during spring 2008.

## Annex A

### Forward Work Programme 2008/09 to 2010/11

Electricity Directorate			
Theme	3 Year Aims	Programme for Year 1	Outline Programme for Years 2 & 3
Retail Markets	Review of directed & non directed contracts process with CER	Agree process for hedging in SEM	Implementation ongoing (yrs 2 & 3)
	Harmonise retail regulation in conjunction with CER	Agree tariff timetable / inputs with CER Review K factors to achieve common approach Review with CER tariff structure	
	Position on Enduring Solution to retail market opening systems	Agree with NIE T&D programme for new system requirements	
Wholesale Markets	SONI Divestment	Ensure divestment in place	
	Security of Supply	Consideration in conjunction with DETI of the NI/Rol co-operation on common issues arising from each administration's respective security policy post SEM	

	Kilroot contract cancellation	Contest JR of the determination that SEM satisfies the criteria for the 2010 cancellation of the contract.	Consultation (yr3) on possible decision to cancel contract General cancellation rights to be considered (yrs 2 & 3)
	MMU - effective tackling of dominance/market abuse	Ongoing monitoring of bidding activity in SEM	Ongoing monitoring of bidding activity in SEM (yrs 2/3)
	Capacity Payment Mechanism *	Calculate capacity pot by August	Calculate capacity pot by August each year (yrs 2/3)
	T&SC Compliance & development *	Review T&SC parameters Monitor section 7 issues Complete priority 'Day 2' issues	
	SEM Harmonisation *	Harmonise ancillary services	
Monopoly Controls	Continue ongoing cycle of price controls for electricity businesses	PPB and NIE Supply price controls for period commencing 1 April 2009 T&D price control- review capex annual report for efficiency savings Price control for MO for period commencing 1 April 09 *	T&D price control- review capex annual report for efficiency savings (yrs 2&3) SONI price control for period commencing 1April 2010 (yr2)

Metering	Implement long-term policy on smart metering	Carry out consultation on metering policy Approve pilot project Identify cross utility aspects and identify best practice	Decide on long-term policy (yrs 2&3)
Environ-ment	Treatment of Wind in SEM	Following receipt and analysis to initial discussion, SEM Consultation paper early summer followed by decision paper	
	All-island Grid Study	Consider our workings of the grid study recommendations and associated funding improvements with DETI and grid owner/operator	
Quality of Service	Review and enforce new guaranteed and overall standards	Complete survey research, draft new standards	Enforcement (yrs 2&3)

\* These are SEM Committee areas in which the Utility Regulator takes the lead

Water Directorate			
Theme	3 Year Aims	Programme for Year 1	Outline Programme for Years 2 & 3
Retail Markets	Monitor developments in E&W and Scotland		Review progress in GB (yr3)

Wholesale Markets	Monitor developments in E&W and Scotland		Review progress in GB (yr3)
Monopoly Controls	2-year price review (2010 to 2012) and begin work on a longer-term control (2010 - 17)	Consult on PR10 methodology	Determine NIW price control covering 2010-12) (yr 2) Consultation on approach to PR12 (yr3)
Metering	Implement long-term NI policy on domestic metering	Consult on metering proposals	Implementation (yrs 2&3)
	Universal and accurate non-domestic metering		
Environment	NIW develops clear environmental drivers - incentives to this identified in consultation with environmental regulators and embodied in Ministerial guidance  Effective monitoring and enforcement in co-ordination with EHS  Clarify with NIW its corporate social responsibility commitments in this area	Consultation on PR10 methodology	Implement final Ministerial guidance to cover environmental drivers (yr 2)  Determine NIW price control covering 2010-2012 (yr2)
Quality of Service	Put in place and enforce guaranteed and overall	Complete survey research.	Enforce standards (yrs 2&3)

	standards	<p>Draft guaranteed and overall standards scheme in consultation with key stakeholders (DRD, CCNI and NIW)</p> <p>Implementation (if appropriate by submission to DRD)</p> <p>Agree monitoring arrangements with NIW</p>	
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Gas Directorate			
Theme	3 Year Aims	Programme for Year 1	Outline Programme for Years 2 & 3
Common Arrangements for Gas	Identify and introduce all island structures where beneficial	<p>Scope exercise</p> <p>Develop common understanding of tariff issues</p> <p>NTS Exit Reform</p>	<p>Implementation of Project Plan which might include (yr2):</p> <ul style="list-style-type: none"> <li>o Operations</li> <li>o Storage</li> <li>o SN Issues</li> <li>o Security of Supply - Pressure Report</li> <li>o Gas Quality</li> <li>o Licences/legislation</li> </ul> <p>Consider connection policy v network expansion</p>
Retail Markets	Facilitate competition	<p>Address domestic market entry barriers</p> <p>Work with GMOG to identify and implement</p>	Monitor market to ensure competition (yrs 2&3)

		code changes and appropriate IT Clarify and consult on Licence Fee Methodology	
Wholesale	All-island balancing point	Scope benefits	
Monopoly Controls	Implement robust price controls	Firmus, PTL and Phoenix Supply price controls	
		Implementation of NIEH corporate governance review	
	Review of licences & network codes	Create a better process for monitoring network development and costs between price controls	Create a better process for monitoring network development and costs between price controls (yr 2)
	European work inc. new directive	Initiate review of standard licence conditions. Participate in RGI and Directive consultations	Consider future of Phoenix supply price control (yr 2) Prepare for directive implementation (yrs 2 & 3)
Metering	Clarify approach to metering for industry and consumers	Metering review on smart and pre-payment meters	

Environment	Promote gas as lower carbon alternative to oil	Work with industry to implement appropriate marketing support regime in Northern Ireland	
Quality Service	Put in place and enforce guaranteed and overall standards.	<p>Complete survey research Draft guaranteed and overall standards scheme in consultation with key stakeholders (DETI, CCNI and Phoenix, firmus)</p> <p>Implementation (if appropriate by submission to DETI)</p> <p>Agree monitoring arrangements with Phoenix, firmus</p> <p>Develop/consult on review of licence fee calculation methodology.</p>	Enforcement (yrs 2&3)

Corporate Affairs Directorate and Cross Utility Programmes			
Theme	3 Year Aims	Programme for Year 1	Outline Programme for Years 2 & 3
Retail Markets	Consult on and finalise the Utility Regulator strategic approach to retail energy competition	<p>Complete consultation phase on strategic development</p> <p>Develop a final strategic approach paper by end June. Handover implications to the</p>	

		Utility Regulator operational groups.	
Monopoly Controls	Assess the Utility Regulator strategic approach to control of monopolies and cross-utility approach to price controls and regulation issues	Set up cross directorate group Undertake internal thinking/work	Ongoing assessment of implications for internal thinking/work patterns (yr 2)
Metering	Cross utility aspects of metering to be investigated and best practice approach identified  Consider implications for retail strategy.	Assess cross directorate implications of retail strategy for metering issues and ensure communication across the Utility Regulator	Ensuring each industry group brings into operation issues and lessons learned from cross directorate team.
Environment	Ensure continued smooth operation of Renewables Obligation, Climate Change Levy and REGOs.	Ensure efficient delivery of environmental support schemes - Renewables Obligation, Climate Change Levy Exemption Certificates and Renewable Energy Guarantees of Origin.  Ensure administration and operation of support schemes continues to operate smoothly within the SEM	ROCs, LECs, REGOs - ongoing administration.
	Ensure sound basis for, and effectiveness of, all energy efficiency delivery programmes.	Review the operation and administration of the EEL.	Ensure sound operation and delivery of energy efficiency programmes.

			Investigate options for Energy Services Companies (ESCOs).
	Ensure systems in relation to Energy Services Directive (2006/32/EC) are effective	Work with DETI in relation to the Energy Services Directive implementation	Ongoing monitoring of licence holder work in relation to the Energy Services Directive (2006/32/EC)
	Establish and clarify Utility Regulators Role and position in relation to sustainability.	Complete consultation on sustainability, publish responses and set out priorities.	Progress on work falling from consultation.
	Ensure customers are given accurate and easily understood information regarding the environmental impact of the energy they consume.	Establish effective system for Fuel Mix Disclosure.	Monitor the operation of Fuel Mix Disclosure.
Quality of Service	<p>Major progress in tackling fuel poverty in Northern Ireland.</p> <p>Enhanced understanding of social issues in relation to water.</p> <p>Further improve and consider policy approach and communication with consumer groups</p>	Complete research in respect of Social Action and publish comprehensive Social Action Plan for consultation	<p>Progress programme of work as set out in Social Action Plan</p> <p>Review the Utility Regulator's approach on consumer issues</p>

Org Dev	<p>Develop and improve HR processes</p> <p>Ensure compliance with equality legislation and promotion of diversity</p>	<p>Implement HR strategy          Develop T&amp;D plan for the Utility Regulator          Review provision of HR services within the Utility Regulator          Develop performance management framework          Roll out best practice HR policies</p> <p>Review and implement as necessary policies and procedures to support the Utility Regulator's activities          Annual fair employment monitoring by 1 May 2008          To complete annual equality scheme progress report by 31 Aug 2008          Review equality scheme timetable          Review Disability Action Plan</p>	
	<p>Develop and implement a three year corporate strategy</p>	<p>Issue and consult on strategy paper.</p>	<p>Embed strategic priorities in future FWPs</p>
	<p>Further embed and improve procurement processes</p> <p>Performance Management</p>	<p>Maintain cross directorate procurement group.</p> <p>Develop a call list in respect of specialist consultancy advice to advance in house procurement capability</p> <p>Live within the Utility Regulator's budget          Submit annual resource accounts for audit</p>	

		<p>by 2 June 2008  Further embed risk management processes  Deliver internal audit plan  Formally review performance against workplan every quarter</p> <p>Review methodology for calculation and apportionment of licence fees</p>	
	<p>Monitor developments in EU and competition issues and relevant legislation</p> <p>Enhancing Board and Executive Governance processes and performance</p>	<p>Establish key contacts and undertake GAP analysis of issues to be tackled.  Assess implications for Utility Regulator duties</p> <p>Develop the organisation's online communications  Develop the organisation's corporate branding  Enhance organisational internal communications</p>	<p>Develop stakeholder engagement (yr2)</p> <p>Public affairs (yr3)</p>
	<p>DETI Strategy Review</p>	<p>Co-ordinate Utility Regulator input in medium term and ongoing work required on policy/strategy development</p>	

## Annex B

### Summary of Responses to Consultation

We have reviewed all responses received to the consultation. The following provides a summary of the issues raised and the Utility Regulator's response to them.

Summary of Respondents' Comments	Utility Regulator Response
<b>Appeals and Complaints</b>	
<p>No work programme is set out for the Utility Regulator's role in dealing with determinable appeals, complaints and disputes across electricity, gas and water.</p>	<p>The categories of complaint, dispute or appeal which can be brought before the Utility Regulator are outlined in the annexes to the Utility Regulator's Dispute Resolution Procedure and Notes for Applicants (April 2007). We will work closely with the Consumer Council to ensure that consumers are best served by both organisations.</p>
<b>Metering</b>	
<p>The consultation on metering policy (promised in year 1) should be driven by Department for Regional Development as the policy defining department for NI Water.</p>	<p>We aim to provide an independent perspective that informs the policy development process.</p>
<p>The proposed approach to metering across the utilities is not entirely clear. An integrated approach is required for electricity and gas (and possibly water) from the outset, and any consultation should address the wider cross utility issues.</p>	<p>We are currently considering metering on a cross-utility basis. Consideration must also be given to the policy position in respect of each utility and the benefits or otherwise of multi-utility metering</p>

	systems. We have incorporated a commitment into the document to consult on metering policy.
Under Corporate Affairs, the Energy Services Directive should be referred to.	Energy Services Directive implementation is included and it will be considered in any work stream on which it has a specific impact.
No reference was made to amending the Meter (Certification) Regulations (Northern Ireland) 1998 which require NIE to complete the programme of meter certification by February 2009. Clarity was sought on the process and timescale for ensuring this change can be fully implemented in time.	We accept the need to clarify and respond to this point.
The Utility Regulator should undertake qualitative consumer research to trial several display options on smart meters to gauge customer reactions and ensure the interface used stimulates maximum behavioural change.	It is hoped that this will be picked up by the pilot study
<b>Licences and Contracts</b>	
Within Year 1 of the Electricity Section (Wholesale Markets), additional text should be included along on the Kilroot contract cancellation along the following lines: "...any requirement to contest a judicial review of the Determination that the SEM satisfies the criteria for the 2010 cancellation of the contract."	This suggestion has been incorporated into the Electricity section of the FWP.
Whilst the document identifies the decision on Kilroot contract cancellation as a key project, since general cancellation rights exist in all the generator contracts, the scope of this element of the work plan should be widened.	General cancellation rights will be considered in years 2 and 3
'Gas Licence Criteria' should be added to the All-Island Project theme.	We have incorporated these points into the Gas

Reference should also be made to the work associated with future gas storage / LNG arrangements.	section of the FWP.
<b>Security of Supply/Storage</b>	
The document should make reference to security of supply for electricity and gas, and consideration of NI/ RoI cooperation on common issues arising from each administration's respective security of supply policy post SEM.	Security of Supply is included in Gas section under AIP. The Electricity section of the revised FWP also reflects the point in the context of SEM.
The Gas Storage Study should include consideration of gas security of supply recommendations, and competitive framework to encourage investment in strategic gas storage / LNG.	Gas storage issues are included within the implementation plan for the Common Arrangements for Gas (years 2 and 3)
<b>Environmental</b>	
In years 1/2, Electricity should make reference to a proposed tripartite (Scotland, NI, RoI), 'off-shore grid technical research study' to commence in April/May 2008 for completion in 2010 (subject to funding).	We will contribute as appropriate but, at the technical study stage, this appears to be more a matter for DETI.
The All-Island Grid Study within Electricity should include the outworking of the Study recommendations, and associated funding requirements for improvements, in conjunction with DETI and the Grid owner / operator.	We have incorporated this point into the Electricity section of the FWP.
Renewables and energy efficiency should be referred to in the document as they are specified in the FWP.	The sustainability strategy (to be consulted on in Spring 2008 will consider energy efficiency and renewables.
Promoting gas as a lower carbon alternative to oil and designing an appropriate marketing regime in NI was supported although it was felt it could not be done in isolation. As well as being advised about the lower	We will consult with the Energy Savings Trust on any proposals. We note that Firmus Energy and Phoenix Gas provide energy efficiency advice when customers

carbon content of gas, consumers should be advised about other simple and cost effective steps to further reduce their carbon emissions.	connect to natural gas.
The intention to review the operation and administration of the Energy Efficiency Levy in 2008/9 was supported and should be initiated in the first quarter.	The Energy Efficiency Levy review will be taken forward in the first quarter of 2008/09.
The lack of a mention of green tariffs is an important omission. It is important to ensure that there is no consumer confusion as the electricity market opens up in NI, and more suppliers begin to offer green tariffs.	We will deal with the issue of fuel mix disclosure, billing and information to customers in the context of the sustainability strategy to be published for consultation in Spring 2008.
The text describing work on renewable energy was a little vague. Some reference to the work coming out of the proposal for an EU Directive on renewable energy is needed	The sustainability strategy will consider both energy efficiency and low carbon energy including renewables.
The text describing work on renewable energy was a little vague. Some reference to the work coming out of the proposal for an EU Directive on renewable energy is needed.	The sustainability strategy will consider both energy efficiency and low carbon energy including renewables
The Northern Ireland Renewables Obligation (NIRO) should be included as a 3-year aim along with specific work items. Inclusion of reference to a study aligned to 'Treatment of wind in SEM' was suggested.	We note these comments but understand that NIRO legislation/policy and treatment of wind are the responsibility of DETI.
Mention should be made of ongoing scrutiny of mutualisation within the "Priorities" section (review performance of management of mutualised assets in ownership by NIEH).	We have incorporated this into the Gas section of the FWP (under monopoly controls).
<b>Single Electricity Market</b>	
Further clarity was sought regarding the framework for decision making	This will need to be addressed by the SEM

and relationships for matters associated with the transmission networks which are not currently covered or provided for under this structure.	Committee work programme
Treatment of interconnectors did not receive the same attention as that given to other areas of the market during SEM development. It was suggested that in conjunction with interested parties, the Utility Regulator should review the treatment of interconnectors under SEM and modify trading and settlement rules to optimise their use.	This is an issue for the SEM Committee to consider
Clarity was sought about how, in the all island context, the themes and work programmes set out in the document align with the programmes for CER and the SEM Committee and how each interacts with the other. Publication of the SEM Work Programme would help in this regard.	We recognize that the Electricity programme will be influenced by the SEM programme. The relationships between the bodies will need to be addressed by the SEM Committee work programme
The wholesale markets theme might usefully include an annual assessment of how NI customers are benefiting from SEM.	This is an issue for the SEM Committee
The document does not identify wind generation as a key issue within SEM. No programme activities have been identified within the FWP.	We have incorporated this point into Electricity section of the FWP.
<b>Retail Competition</b>	
A review of published information, relating to retail market competition, to determine what constitutes commercially sensitive information should be conducted. A consulted-upon framework for determining whether or not information is commercially sensitive would go a long way to increasing the transparency of tariff consultations.	The retail competition strategy will consider this issue
The key areas that will be considered as part of a retail competition strategy (including governance, system and process requirements,	All island issues, in relation to a future retail competition strategy, are being considered.

potential barriers to entry) should be considered within the overall context of moving towards consistent, aligned arrangements across the Island of Ireland, where feasible and cost-effective.	
<b>Social</b>	
Any further bedding in of systems and processes brought about by market liberalisation should protect the most vulnerable - the bedding in of SEM systems has caused a night-time increase in economy 7 heating.	We note this point.
Clarification was sought on the progress of the Social Action Plan Review.	We intend to undertake a consultation on the draft Social Action Plan in May 2008.
The role of social tariffs within NI has yet to be fully examined. It was suggested that the Utility Regulator is best positioned to take forward this debate.	We will respond constructively to these issues. The Social Action Plan consultation should help crystallise some of the issues in this area.
In the context of water, clarification was sought in relation to 'corporate social responsibility commitments'.	We await the outcome of the Executive's consultation on the IWRP reports and subsequent Ministerial direction and guidance on these issues.
<b>Communications</b>	
Review of the website needs to be given priority along with communication with stakeholders more generally (including the availability of documents on line and the use of email as a tool for providing updates).	The reviews of the website and stakeholder engagement are key priority work streams of the Corporate Communications Plan for 2008-09.
<b>Europe</b>	
Compliance with EU obligations is not specifically mentioned under Electricity but should be as the EU's current position on access to and	We note this point.

payments for interconnectors is not compatible with the SEM or with the Moyle current ownership arrangements.	
Regulators throughout Europe are tasked with steering their markets into a single European electricity market and the Utility Regulator's activities in this regard should feature in the document. The near term objective is to establish regional markets with France, UK and Ireland forming the North West regional market. The Utility Regulator should establish its own priorities for such a market and engage in the development of the market to deliver these priorities and ensure that its domestic activities are compatible.	We note this point. However, we do not have the resources to do more than monitor developments at this stage.
The Utility Regulator should include a study of tariff methodologies in the document, noting that the European Regulators Group for Electricity and Gas (ERGEG) is running initiatives designed to improve regional integration of electricity markets.	Since the development of our initial FWP the work programme with CER on harmonisation of retail issues has been firmed up including a tariff structure review. The Retail Market section of the document now reflects this.
<b>Other Themes</b>	
A review should be carried to ensure the equitable allocation of the Consumer Council's costs between gas suppliers.	We are planning a review and have incorporated this into the document.
The timetable for delivering the enduring solution (Electricity - years 2/3) would be extremely challenging and contingent on agreement about a work programme for NIE's systems by March 2009.	We accept this point and the Electricity section of the revised FWP now reflects that implementation is ongoing.
An item should be included in the document regarding the application of the remaining balance of the capital rebate which Moyle received in	This issue will be considered in this year's tariff review but we do not think that the document needs

respect of connection charges in Scotland following the introduction of BETTA.	to be amended.
A review of the corporate governance arrangements of NIEH should be included in the 2008/09 programme.	The review should be complete in 07/08 although we have included implementation of review in the Gas section of the FWP.
The review and enforcement of new guaranteed and overall standards within the electricity sector may be more appropriate at the start of the next price control period (April 2012).	We will consider the timing at a later stage
As NI has a number of mutualised energy companies whose cost to consumers is much lower than equivalent shareholder owned companies, the Utility Regulator is encouraged to incorporate the results of its review into the performance of mutualised businesses into its activities going forward.	The implementation of the corporate governance review is now reflected under monopoly controls in the revised FWP.
Concern was expressed that there was no explicit reference in the year 1 programme to the impact of proposed exit reforms on the NI and RoI gas markets.	We accept this point and NTS exit reform is now reflected in the FWP.
A clear timetable for the key activities within year 1 of the all island gas project was sought.	We will produce a workplan as part of project.
The document should include a provision for encompassing replacement of the legacy QBS as part of implementing the enduring solution.	We note this point
Clarification on the conduct of a review of retail capacity charges during 2008/09 was sought.	This issue requires further discussion and we have not reflected this in the FWP at this stage.
In order to facilitate a timely and orderly process, the Utility Regulator	We note this point.

<p>should schedule its review of the 2009 supply price control to begin as soon as possible in 2008, particularly if efficiency analysis and best practice benchmarking exercises are to be undertaken as part of the process.</p>	
<p>The review of Standards of Performance should consider extending the application of those standards relevant to the supply activity to all suppliers serving domestic customers. In addition, we see value in a cross utility dimension to the quality of service review, particularly in the context of retail energy supply.</p>	<p>We note this point.</p>