Contestability Implementation Guidelines

14 October 2015
About the Utility Regulator

The Utility Regulator is the independent non-ministerial government department responsible for regulating Northern Ireland’s electricity, gas, water and sewerage industries, to promote the short and long-term interests of consumers.

We are not a policy-making department of government, but we make sure that the energy and water utility industries in Northern Ireland are regulated and developed within ministerial policy as set out in our statutory duties.

We are governed by a Board of Directors and are accountable to the Northern Ireland Assembly through financial and annual reporting obligations.

We are based at Queens House in the centre of Belfast. The Chief Executive leads a management team of directors representing each of the key functional areas in the organisation: Corporate Affairs; Electricity; Gas; Retail and Social; and Water. The staff team includes economists, engineers, accountants, utility specialists, legal advisors and administration professionals.

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.
Abstract

The Utility Regulator (UR) has identified the introduction of contestability in connections to the electricity network as part of the forward work programme. A call for evidence was issued on 9th September 2014 to initially engage with stakeholders. A consultation paper was issued on 2nd December 2014 and responses received in February 2015. The proposed next steps paper was issued on 11th May 2015 and responses received in June 2015. The Decision Paper was published on 31st July 2015.

NIE Networks and SONI have now produced their proposed joint implementation guidelines for contestability. The UR welcomes comments on the implementation guidelines.

Audience

All parties owning, connecting to, or providing connections to the electricity network in Northern Ireland.

Consumer impact

The benefits of contestability may include but are not limited to:

- increased innovation;
- improved connection times;
- more efficient construction;
- better customer service to parties interested in connecting;
- achieving renewables target; and
- reduced financing/operating costs.
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Executive Summary

The delivery of electricity connections currently operates as a monopoly with Northern Ireland Electricity (NIE Networks) responsible for construction of connections to their electricity network in Northern Ireland. All parties wishing to connect must receive an offer from either NIE Networks for connection to the distribution network or SONI for connection to the transmission network.

As part of the UR's forward work programme (FWP) 2014-2015\(^1\) it is proposed to introduce contestability for new connections. The UR seeks to promote a competition based regime where possible, in line with their duties.

The UR issued a decision paper on 31\(^{st}\) July 2015. This decision paper\(^2\) has allowed NIE Networks and SONI to develop joint draft implementation guidelines for contestable connections to both the transmission and distribution networks.

The attached guidelines paper defines in more detail how contestability will work for Phase 1 of NIE Networks and SONI’s implementation plan. The UR will be responsible for consulting and developing licence modifications for both NIE Networks and SONI to ensure they have an obligation to provide for contestable connections. This is likely to come into effect during Phase 2 of the implementation plan.

The UR will have an ongoing responsibility to review the impact of contestability in Northern Ireland and make changes to the proposed arrangements if necessary to promote competition.

Following consultation on the draft implementation guidelines, the responses will be shared with NIE and SONI who after considering the comments will present a recommendation report to the UR on these guidelines.

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1 Implementation Guidelines

1.1 Purpose of this paper

1.1.1 This consultation on the draft implementation guidelines is part of the Utility Regulator’s commitment to introduce contestability in connections in Northern Ireland. The aim of the consultation is to provide stakeholders an opportunity to contribute to implementing contestability in Northern Ireland.

1.1.2 The consultation will be open until 5th November 2015.

1.1.3 NIE Networks and SONI have provided a draft set of implementation guidelines for both Transmission and Distribution connections. These guidelines are not contractual, however they will inform the connectee of what is required from them when developing a contestable connection.

1.1.4 NIE Networks and SONI have used the information provided in the UR’s decision paper to produce the implementation guidelines.

1.1.5 The Authority has a statutory duty to promote competition where practicable. As competition has been successfully introduced into the connections markets elsewhere, the Authority will seek to implement contestability in Northern Ireland. Introducing contestability has been identified on the Authority’s forward work programme for 2014-2015.

1.1.6 This consultation intends to gather opinion and comments on the implementation guidelines that have been drafted. We would welcome feedback on the clarity of these draft guidelines and on the level of content for a potential connectee.

1.1.7 The UR will collate consultation responses and provide these responses to NIE Networks and SONI. NIE Networks and SONI will then be asked to provide the UR with a recommendation report that discusses the responses. NIE Networks and SONI will consider how the consultation responses will impact the implementation guidelines before they are finalised.

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1.2 Workshop on the Guidelines

1.2.1 The Utility Regulator is inviting interested stakeholders to a workshop to discuss the Guidelines on Wednesday the 21st October 2015, commencing at 9.30 am.

1.2.2 Venue: The Mount Business and Conference Centre, 2 Woodstock Link, Belfast, BT6 8DD (http://www.the-mount.co.uk/)

1.2.3 If you are interested in attending, please register with Angela Horne at Angela.horner@nienetworks.co.uk

1.2.4 Please note places are limited and are available on first come first served basis.
1.3 Responding to this consultation

1.3.1 The Authority welcomes responses to this consultation by **5pm on Thursday 5th November**. Responses should be sent to:

Jody O’Boyle  
Electricity Branch  
Utility Regulator  
Queens House  
14 Queens Street  
Belfast BT1 6ER

Jody.oboyle@uregni.gov.uk

1.3.2 The Authority’s preference would be for responses to be submitted by e-mail.

1.3.3 The Authority will seek to publish all responses to this consultation on the UREGNI website (where appropriate). If part of your response is confidential, it would be helpful if you could also submit a non-confidential version of your response redacting all confidential information.

1.3.4 As a public body and non-ministerial government department, the Authority is required to comply with the Freedom of Information Act (FOIA). The effect of FOIA may be that certain recorded information contained in consultation responses is required to be put into the public domain. Hence it is now possible that all responses made to consultations will be discoverable under FOIA, even if respondents ask us to treat responses as confidential. It is therefore important that respondents take account of this and in particular, if asking the Authority to treat responses as confidential, should specify why they consider the information in question should be treated as such.

1.3.5 This paper is available in alternative formats such as audio, Braille etc. If an alternative format is required, please contact the office of the Authority, which will be happy to assist.