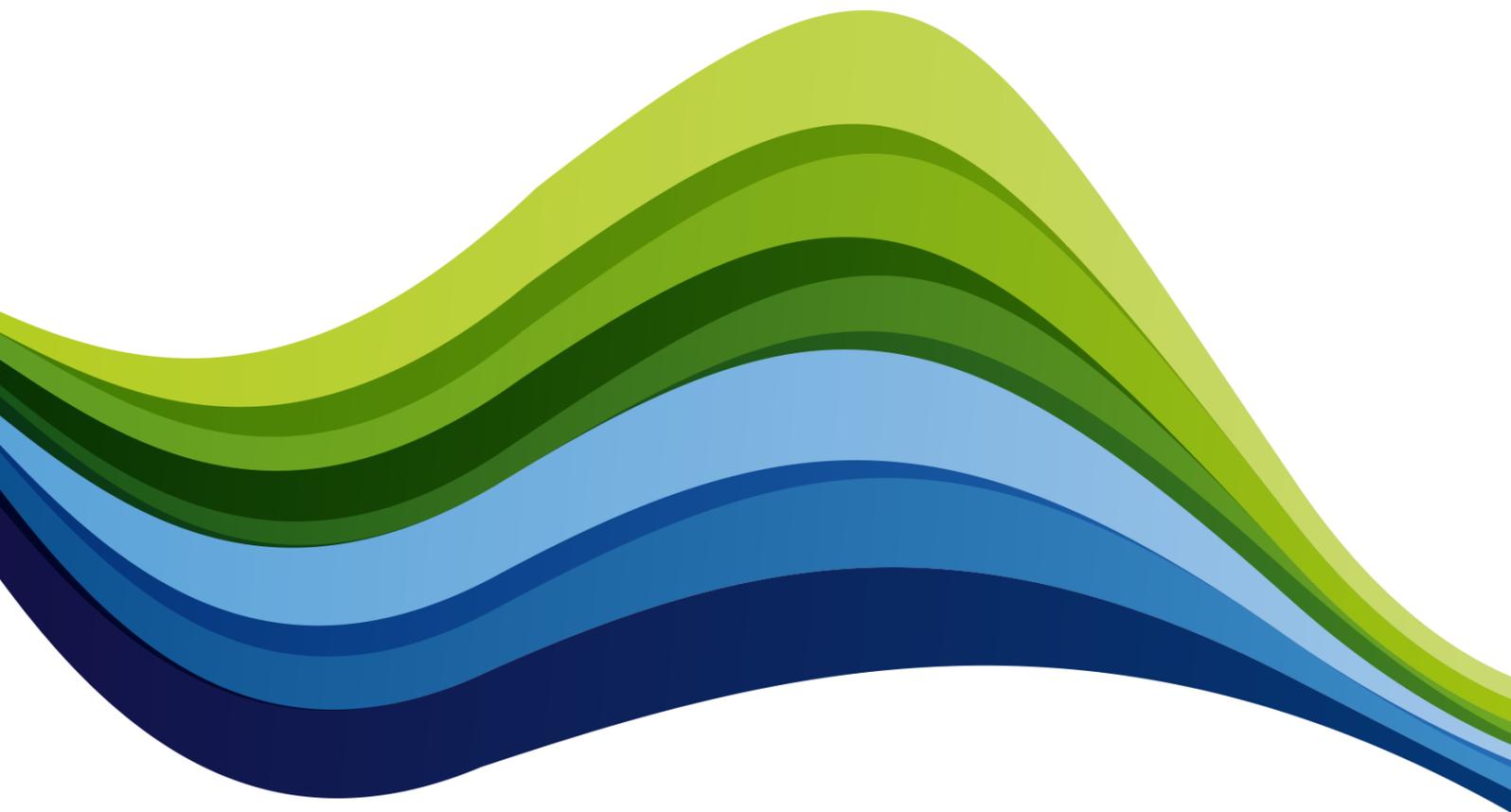


---

UR DRAFT FORWARD WORK PLAN

---

2019-2020





## Introduction

SSE welcomes the opportunity to respond to UR's Forward Work Plan (FWP) 2019-2020, outlining their priorities for this period.

## SSE response

Below we have outlined some comments we have to the UR's proposed strategic objectives. The context of the Forward Work Plan, bearing in mind Brexit; competitive markets, consumer outcomes and supporting renewables, are all appropriate considerations when outlining the key focus for 2019-2020. It would be useful to understand the outcomes expected in 2019-2020 for those objectives which also stretch beyond 2020.

In general, the objectives are understandable and significant. The tasks under each of the objectives could benefit from clearer indication of how they will be delivered.

### *Objective 1: promoting markets that deliver effective competition, informed choice and fair outcomes*

We are concerned that this objective is seeking to achieve two strands of objectives, rather than one. This objective contains both market monitoring activities and well as consumer protection activities. These are not mutually exclusive, but the delivery of effective competition versus informed choice are two very different aspirations. One is driven by market delivery, based on the mechanisms that have been set in motion following the 1<sup>st</sup> October. The other is to ensure the downstream fairness and choice to customers of retail options. We would suggest that these two aspirations should be split into two separate strategic objectives with distinct deliverables. At this time these two areas sit under two directorates within the UR, so this would also align responsibility to a specific directorate.

If consumer aspirations are subsumed under the same objective as the bedding-in and monitoring function for the new market, there is a danger that delivery of these objectives is not as visible as it could be. Additionally, we note that this objective is lacking a certain level of transparency. Separate consultations for back-billing and vulnerability, whilst covered by the CPP, are not listed as separate deliverables, despite the fact that for instance, REMM CIMA is directly referenced as a deliverable. Below we have highlighted specific tasks where we have queries/concerns:

Task	SSE comment
Task 1: REMM CIMA	<p>The data provided to the UR contains sensitive commercial information that market participants do not necessarily want to put into a public forum. Appropriate consultation and consideration are needed in advance of any move to publish further data.</p> <p>This will ensure that the industry is represented correctly. Additionally, the UR should consider conducting a review of the current REMM reporting requirements to determine whether all</p>

	information being collected is needed. This could reduce regulatory burden on participants
Task 2: gas supply price controls	Ensuring effective price controls is an essential aspect of the URs role.
Task 3: CPP	<p>As highlighted in our recent response to the URs proposed CPP, we have concerns in relation to the volume and scope of the programme and the challenges it will present to suppliers trying to compete in the market. There does not appear to be an acknowledgement of the difficulties in implementing regulatory changes in a small market such as NI, or a recognition of the relationship between the cost of implementing these measures and the impact on margins and customers' prices.</p> <p>We are supportive of the introduction of further consumer protection provisions, which are necessary. However, on the basis that they are evidence based and have been assessed against the level of costs required and impact on tariffs. We also propose that stronger emphasis is placed on competition throughout the upcoming CPP and specific programmes to address issues with competition in the market are included.</p>
Task 4: BCIT	SSE Airtricity is supportive in principle with the introduction of the Business Consumer Insight Tracker based on the understanding that it aligns to the proposals of the domestic Consumer Insights Tracker (CIT) referenced in the URs recent CPP consultation. However, the cost of implementing any programmes based on the CITs outcomes and resulting effect on customers tariffs needs to be made clear to business consumers.
Task 5: EU network codes	No comment
Task 6: SEM energy trading arrangements	SSE supports the UR's role in ensuring the continuation of the SEM and ongoing activity to ensure it is operating appropriately. Further detail under this objective would be needed to give specific comment.
Task 7: implementation programme for SEM European market req's	SSE supports the UR's role in ensuring the continuation of the SEM and ongoing activity to ensure it is operating appropriately. Further detail under this objective would be needed to give specific comment.
Task 8: Moyle assessment against SEM arrangements	This objective strives to identify any new risks arising from the new SEM.
Task 9: market analysis and reporting in four SEM markets places	SSE supports the continued and expanded role of the MMU under the new SEM arrangements. Clarity on the specific deliverables and how they will be achieved, would be welcome. This is a significant piece of work, which will continue beyond 2020—therefore indication of its enduring nature and deliverables and what will be delivered within this year, would be welcome. We are encouraged by the intended work planned under this task, specifically a focus on market abuse.



*Objective 2: enabling 21<sup>st</sup> century networks*

Task	SSE comment
Task 1: SONI price control	Ensuring effective price controls is an essential aspect of the URs role.
Task 2: reshape incentives for SONI and SEMO	SSE is supportive of incentive-based regulation for monopoly operators.
Task 3: deliver on PC21 water price control	No comment
Task 4: annual cost and performance reports across all network companies	We are encouraged by this workstream. SSE believes that there is an imbalance in terms of the UR's assessment of performance of network providers in comparison to suppliers. Therefore, movement to increase the transparency of networks' activities would be welcomed.
Task 5: network price control approach	Ensuring effective price controls is an essential aspect of the URs role.
Task 6: resale of electricity or charging of elec vehicles	No comment
Task 7: review of electricity network tariffs	No comment
Task 8: Gas transmission operating arrangements	No comment
Task 9: gas connection licence modification for biogas	No comment

*Objective 3: ensuring security of supply and a low carbon future*

Task	SSE comments
Task 1: review ancillary services	More detail on this would be useful, i.e. how this will be achieved and what is the intended rationale and outcome—as opposed to the work of DS3.
Task 2: ensure access to GB gas markets after 2021	This is an important focus, however greater detail of what this is about, would be welcome.
Task 3: DfE to progress implementation of Clean Energy Package	SSE will engage with Government and the Regulator as needed to support implementation of the requirements of the Clean Energy Package.
Task 4: DfE to ensure management of NIRO	The NIRO has been successful in supporting and delivering a higher volume of renewables. A similar scheme for NI would be welcome in providing a clear signal to both the energy sector and FDI.
Task 5: assess energy efficiency gaps and arrangements to NISEP	SSE supports the continuation of the NISEP scheme and believes that the way it is resourced should be reviewed. While this scheme is acknowledged as being effective in improving energy efficiency and reducing the cost of energy for beneficiaries, we do not believe the cost of NISEP should be

	levied through the Public Service Obligation which is charged on every consumer's bill. Paying for NISEP through bills has no regard to a customer's ability to pay. General taxation may be a more appropriate approach. We welcome further discussion with the UR on this in the upcoming work stream.
Task 6: review approach for determining SEM generation capacity reqs	We assume this may be a joint task since the approach for SEM generation capacity is an all-island matter. This is not clear from how this is detailed in the paper. Clarification would be welcome.
Task 7: consider future energy scenarios	This is an important focus. However, the aim of this task does not appear balanced given it is specifically highlighting consumer-centric approaches, versus ensuring competition and other economic factors are part of the approach to market design for the future.

In addition to the above, the UR has highlighted two other corporate projects and objectives. We have no specific comment on the implementation of an liP action plan. However, on regulatory arrangements following Brexit, SSE will continue to engage with the regulator and government agencies as needed, to ensure that energy supply is maintained post-exit.