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30 March 2022

Dear Paul

GD23 – Gas Distribution Price Control 2023–2028 Draft Determination – Main Report March 2022

CONSULTATION RESPONSE BY ENERGY SAVING TRUST

Thank you for giving us the opportunity to respond to the above draft determination for GD23 for the three gas distribution networks in Northern Ireland – Firmus Energy, Phoenix Natural Gas Limited and SGN Natural Gas which covers the six-year period from 2023 to 2028.

Energy Saving Trust was established as part of the Government’s action plan in response to the 1992 Earth Summit in Rio de Janeiro, which addressed worldwide concerns on sustainable development issues. We have offices in each of the countries in the UK and have had a dedicated office in Northern Ireland (NI) since 1996. We are the UK’s (and NI’s) leading organisation working through partnerships towards the sustainable and efficient

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use of energy by households, communities and the road transport sector and one of the key delivery agents for the Government’s climate change objectives. Energy Saving Trust plays a key role in the operation of the Energy Efficiency Levy (now the NI Sustainable Energy Programme) scheme, having developed the framework for its operation. We manage the evaluation and administration of the programme on behalf of the Utility Regulator.

Our response focuses on the key areas of the Energy Saving Trust’s activities and related issues.

Energy Saving Trust recognise the desire to utilise the modern gas infrastructure for transportation of zero carbon gases as a means of decarbonisation. Following on from the publication by DfE of its new Energy Strategy “A path to net zero energy” in December 2021 [Energy Strategy – Path to Net Zero Energy | Department for the Economy \(economy-ni.gov.uk\)](https://www.economy-ni.gov.uk), a future Decarbonising Heat consultation is due to issue, however we agree that the route to fully decarbonised gas is extremely uncertain and support the costs associated with decarbonisation being dealt with through a GD23 Uncertainty Mechanism.

In light of this uncertainty and the direction of the DfE Strategy we also welcome the review being taken in respect of what would be economic for any possible future network extensions, and the ability within this determination to allow for future decisions to be made in advance of the next price control.

Energy Saving Trust agrees with the key principle being applied, that the gas mains should only be laid where there is a reasonable prospect that the initial outlay cost will be paid back over the useful economic period at current tariff levels. This approach would ensure that tariffs for existing customers do not increase to subsidise future extensions. We recognise the Regulator’s principle objective in carrying out regulated gas functions is to promote the development and maintenance of an efficient, economic and co-ordinated gas industry in NI, and to do so consistently by fulfilment of the objectives set out in the European Gas Directive, and by having regard to a number of matters, as set out more fully in the [The Energy \(Northern Ireland\) Order 2003 \(legislation.gov.uk\)](https://www.legislation.gov.uk)

We welcome the fact that once GDNs complete the network development in GD17, and that already identified in the GD17 Price Control for completion in GD23, approximately 65% (541,000) of all properties in NI will have access to natural gas, should they choose to connect to the network. In addition, the reduction in network charges of £17 in the FE area,

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£25 in the PNGL area and £47 in the SGN area are welcome considering current high wholesale gas prices which are predicted to persist for a number of years.

The Gas distribution networks within Northern Ireland are natural monopolies, with each GDN providing the distribution network in separate defined areas, where there is no opportunity for consumers to change their distribution network provider. Clearly customer service in this case can only be provided through effective economic regulation, ensuring that GDNs operate efficiently whilst maintaining and improving levels of service. Because of this Energy Saving Trust supports the focus in Chapter 8 on a Best Practice framework for consumer engagement and protection together with the requirement for an inventory of contacts to monitor satisfaction.

We particularly welcome the introduction of Business Plan assessments facilitating the alignment of GDN,s business role, services and activities with the interest of customers and stakeholders, together with the need to develop best practice engagement and day to day contacts with vulnerable consumers, this approach has been valuable during Ofgem's approach to RIIO-GD2. Self-assessment against the themes together with the more thorough assessment conducted by the Regulator will help to focus the need to deliver value for money for consumers. We support the assessment approach using consideration of the actual performance against the previous price control (GD17) as an important part of the scrutiny process.

If you require any further information or would like to discuss the Energy Saving Trust response in further detail, please do not hesitate to contact me on 07715 368290

Meanwhile I trust that you find our response helpful.

Yours sincerely

Robert McCreery

Policy Officer

Energy Saving Trust

Northern Ireland

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