

What happened at COP26 and what it means for us

The COP26 climate change summit took place in Glasgow in November. This is a key strategic context for our work, with agreement to keep global warming below 1.5C. Critical to this agreement is continued progress on meeting the goal of cutting emissions until they reach net zero by 2050. There was also agreement on reducing dependence on fossil fuels, by phasing out subsidies that lower the price of coal, oil, or natural gas.

The Department for the Economy is due to publish its energy strategy for Northern Ireland in the near future. This will set out the strategic approach to achieving decarbonisation and we will use this strategy as a reference point for our energy regulation.

Our Corporate Strategy 2019-24 commits us to playing our part in achieving a low carbon future for Northern Ireland. To date we have, for instance, approved investment in low carbon energy technology and played our part in helping Northern Ireland meet its commitments on energy generation from renewable sources. Over the next two years we will be conducting electricity and gas network price control reviews that will facilitate millions of pounds of investment in these networks to help achieve decarbonisation.



Wholesale electricity and gas price trends

Our energy markets continue to face the unprecedented rises in international wholesale fuel costs felt across the world. These increases have been the drivers for recent gas tariff announcements and the most recent increase in the Power NI tariff of 21.4% announced on 19 November.

The cost of fuel has increased significantly on global markets over the past 12 months and unfortunately market analysts predict that these higher prices will be with us for the next 18-36 months. This is undoubtedly unwelcome news for consumers and we continue to work with the Department of Communities, Department for the Economy, CCNI and other key partners to help identify any measures that can be brought forward to help consumers. Additionally, if wholesale prices begin to reduce, our system of regulation in Northern Ireland allows us to act to make sure that reductions are fully passed on to consumers as quickly as possible.

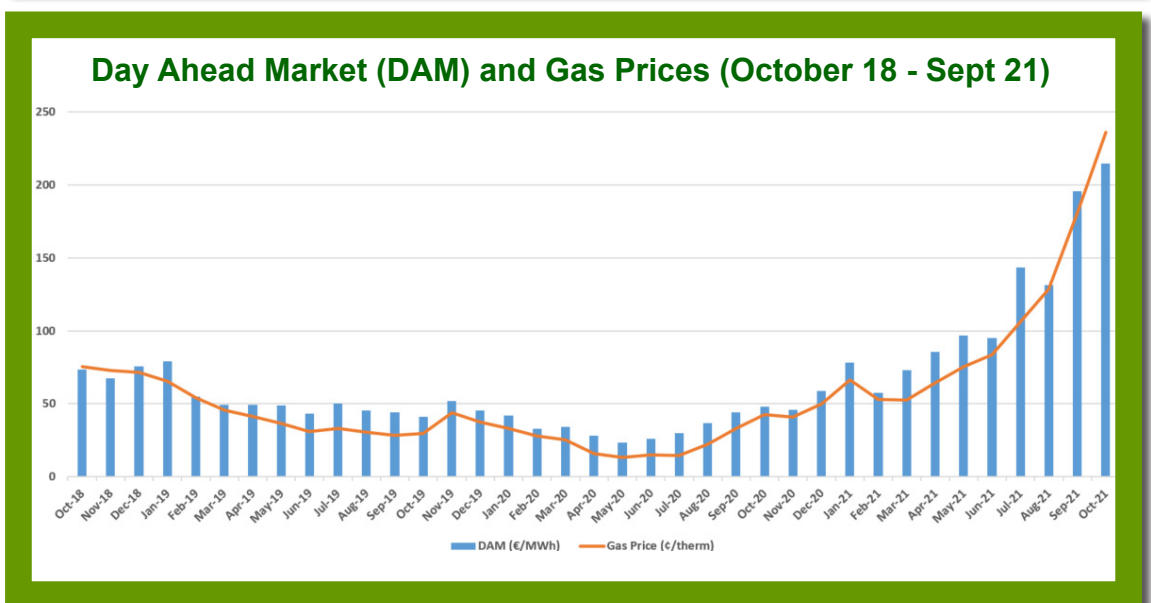
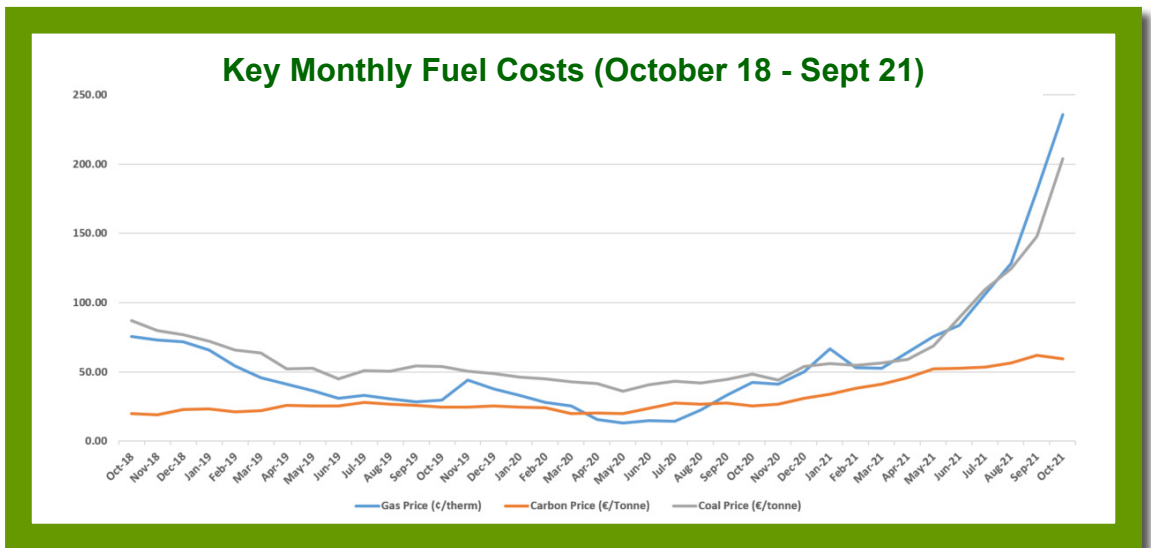
Key Market Data

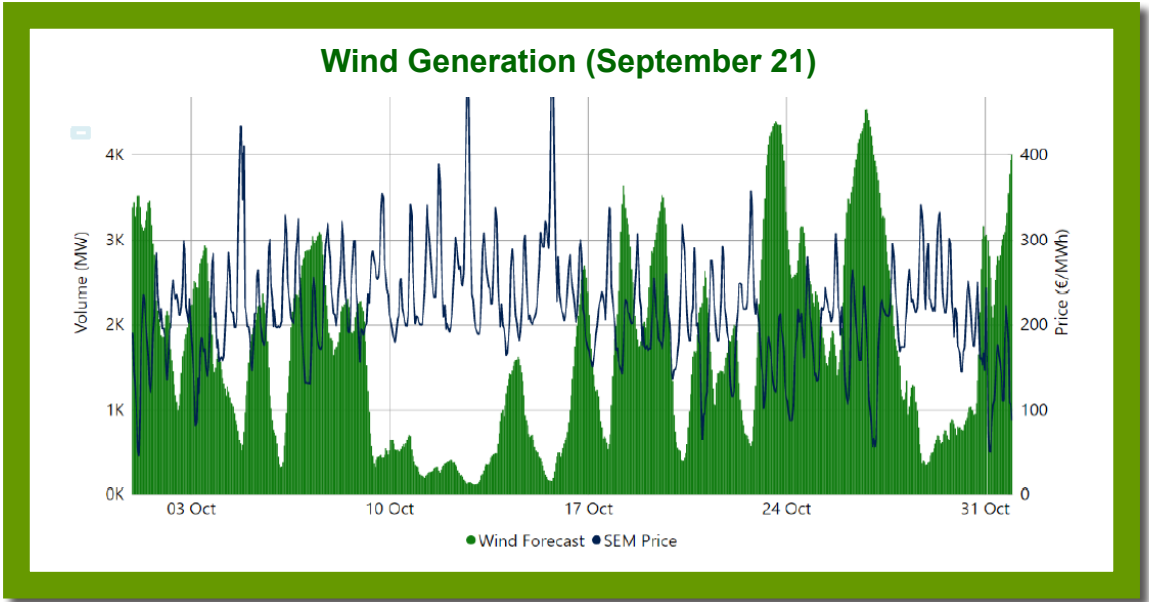
Actual electricity system demand across October increased when compared to last month by 3% and this is also up 2% on October 2020.

Gas fired units continue to provide the largest portion of fossil fueled generation. This means the price of gas has a significant impact on end market prices. Across October, the average price of gas was 199.77p/therm with a price high of 272.05p/therm and a low of 138.95p/therm. These prices remain at record highs for a number of factors including shortages across Europe and increased demand from Asia and South America with LNG deliveries being significantly diverted to these regions. A cold start to 2021 meant that many countries across Europe used their gas reserves, which would normally be replenished in summer when demand would tend to weaken.

In October, carbon prices continued to increase across the month. The average price was €59.44/tonne with a high price of €64.11/tonne and a low price of €55.18/tonne.

Prices continue to be impacted by the level of forecasted wind on the system. Average wind forecast during October is 1708MW, an increase of 81.7% from September 2021 (940 MW).





Winter Readiness and Cyber Security

We recently hosted the fifth winter readiness/cyber security forum. Topics covered included major incident and winter readiness planning, communications during major incidents and responses to major incidents.

We had the opportunity to hear from expert speakers, share best practice across utility sectors hear some lessons learned from relevant incidents and promote continuous improvement.

We also focused on the cyber security threat and arrangements that utility companies need to have in place to protect the delivery of essential services to consumers. This has included the impact of new policy initiatives, procedures and people skills that companies need to put in place to respond to a continually evolving cyber threat.

The National Cyber Security Centre (NCSC) have helped and assisted in past fora and provided expertise to the industry and we were delighted that Joe Dolan of the NI Cyber Security Centre presented at the forum. We continue to encourage the sharing of best practice across the three utility sectors to maintain resilient networks that are able to continue to provide essential services to consumers.



STAFF PROFILE

Daniel Barnes

Analyst in the Wholesale Directorate



I have worked as a Wholesale Markets Analyst in the Market Monitoring Unit (MMU) since joining the UR in November 2019. I hold a BSc in Chemistry from the Newcastle University. I left university and began to work in financial markets at Citibank, starting in Operations where I stayed for a number of years before moving to Compliance Risk Management where I worked in the Market Monitoring Department designing and implementing global Market Surveillance checks for the firm. There is much overlap with this in my current role within the MMU in terms of detecting of market abuse or manipulation and working within a regulatory framework. Outside of work I am a very keen sports fan and player, playing rugby for many years at school, university and at club levels with a keen interest in cricket and golf. I also have a passion for aviation and I have been working towards my Private Pilot's Licence (PPL) for a number of years which involves many hours of flying, both instructor lead and solo followed by a number of theoretical and practical exams throughout the course.

Job Opportunities

As an economic regulator, our role is to enable, incentivise and hold electricity, gas, and water companies to account for providing the best levels of service to consumers in Northern Ireland.

Details about [job opportunities](#) within the Utility Regulator are on our website.

Consultations/News Update

During October we published the following consultations and updates.

Please click on the links for further details:

- [Utility Regulator comments on Power NI's tariff announcement](#)
- [Decision on licence modifications to SONI's Transmission System Operator licence and UR Guidance published](#)
- [Decision to grant an electricity generation licence to Belfast Energy Storage Company Limited](#)
- [Utility Regulator comments on Firmus Energy's regulated gas tariff increase](#)
- [Decision published on modification to West Transmission Limited's gas conveyance licence](#)

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