

RP7 Price Control Final Determination

One step in a fair, affordable and just transition
to net zero for all electricity consumers

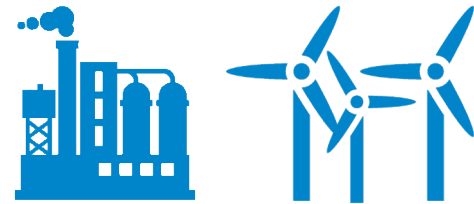


Overview of the Final Determination for
NIE Networks' RP7 Price Control

April 2025 – March 3031

How Northern Ireland's electricity system works

Generation



Large thermal

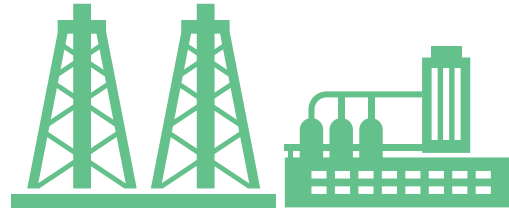
Renewables

Generators sell energy into the SEM wholesale market.



Transmission and distribution

Owned by NIE Networks.
Transmission system operated by SONI.



NIE Networks transports energy from generators to end customers.



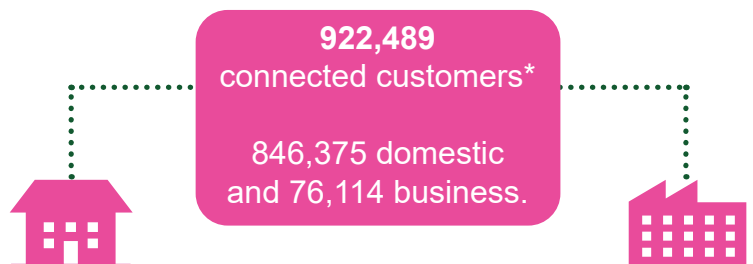
Suppliers



Suppliers buy energy from the SEM wholesale market and sell to customers.



Customers



*QREMM report April-June 2024

What is the NIE Networks' RP7 Price Control?

The Utility Regulator has approved an investment package for NIE Networks of £2.23 billion for the RP7 price control period.

RP7 is the seventh regulatory price control for NIE Networks, which will run from April 2025 to March 2031.

NIE Networks provides an essential service that we all rely on. They are responsible for building and maintaining electricity transmission and distribution networks,

which allow consumers to access a secure supply of electricity. Because NIE Networks is a natural monopoly, it is subject to economic regulation which protects electricity consumers by ensuring a quality service is delivered at a reasonable cost.

We determine the amount of revenue which NIE Networks collects via electricity supplier tariffs through regular price control reviews, following scrutiny and challenge of the company's business plans and consultation with stakeholders.



Setting price controls is one of the most significant activities carried out by an economic regulator and is used to set the amount that a company can charge its consumers for the services they provide.



Price controls are generally used for a company that is in a monopoly position and therefore acts to protect consumers and ensures they get the best value for money from the services provided.



A price control is a large complex document that sets out funding decisions on a range of areas, including how much the company can charge consumers, how the company is going to operate, maintain and invest in its assets and the level of return on money invested that is agreed.

RP7 Price Control

Final Determination

A fair, affordable and just transition to net zero for all electricity consumers

The Northern Ireland Executive's Energy Strategy and the Climate Change Act targets have set the future direction for our energy sector. Changes are needed to our electricity network to allow it to keep pace with an evolving energy landscape.

The way electricity is generated is changing

As we move away from using fossil fuels (coal, gas and oil) to generate electricity, and actively work to meet government climate change targets, the use of renewable energy, such as wind and solar, will increase. To accommodate the increase in electricity generated from renewable sources, changes are required to the electricity system to provide additional capacity for generators to connect to the network and ensure the network is flexible to work between different energy sources as they become available.

The way we use electricity is changing

More homes and businesses are choosing to reduce their carbon footprint by generating their own electricity from different sources, including solar panels, wind turbines and bioenergy. Transport, homes and businesses also want to increase their use of new, greener technologies to help them become smarter in how they use electricity.

These changes will impact the cost of electricity

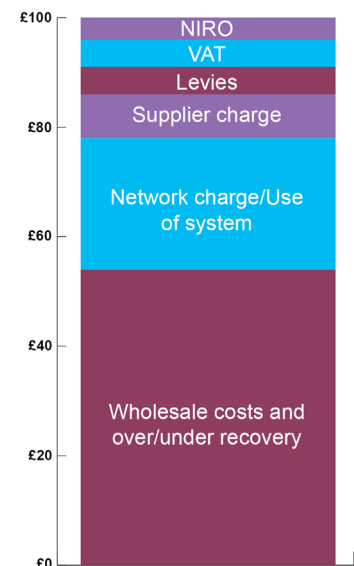
This investment will see the network charge element of electricity bills increase, which is around 25% of the bill for the average domestic customer, and slightly less than 25% for business customers.

Each customer will be impacted differently, depending on their individual circumstances.

Breakdown of an average domestic customer's electricity bill

For every £100 you spend on your electricity, this is where your money goes:

- Wholesale costs and over/under recovery - £54
- Network charge/Use of system - £24
- Supplier charge - £8
- Levies - £5
- VAT - £5
- Northern Ireland Renewables Obligation(NIRO) - £4



There will be an increase to the network charge for the majority of customer groups. This ranges from no change for a domestic customer who doesn't increase their

electricity usage, to a maximum of a 15% increase to the network charge for the largest energy users.

During the RP7 period, the different customer groups will be impacted as follows:

Customer group	Average % change to the network charge	Estimated £ change to the network charge
<p>Typical domestic customer that doesn't increase usage An average household that doesn't increase their energy use or adapt to green technologies (such as heat pumps, electric vehicles)</p>	-4% reduction	£6 reduction to the network charge.
<p>Small business customers This includes hairdressers and small shops, cafés and offices who use less than 20 MWh</p>	1% increase to the network charge	£10
<p>Small - medium business customers on low voltage This includes restaurants, hotels, small – medium manufacturing and commercial units, large offices using between 20 and 499 MWh</p>	4% increase to the network charge	£426
<p>Small - medium business customers on high voltage This includes large supermarkets and manufacturing units, central EV charging sites using between 500 and 1,999 MWh</p>	6% increase to the network charge	£2,392
<p>Large energy users on high voltage This includes quarries, large industrial sites and fast charging EV hub sites, using between 2,000 and 19,999 MWh</p>	8% increase to the network charge	£7,876
<p>Large energy users on 33Kv This includes very large industrial sites for example the largest manufacturers or data companies who use over 20,000 MWh</p>	15% increase to the network charge	£43,671

RP7 Price Control

Final Determination

An average household that doesn't change their usage is not expected to see any change in the network charge element of their electricity bill. But an average household that does decide to adopt low carbon technology (heat pumps, electric vehicles) will see their bill increase, as they are using more electricity, but this is offset by savings in petrol, diesel and home heating oil.

Small businesses will pay less than £10 per year more for the network charge, by the end of this six-year period.

Large businesses who use a lot of energy will see the greatest percentage increase as they are connected to the higher voltage network, which means they pay more for transmission charges that are increasing materially through this investment. The electricity bill for large energy users is made up with a higher percentage of transmission charges because they do not pay all of the costs associated with the distribution network. Therefore, as the transmission charge is increasing higher, they will see a larger increase.

How the Utility Regulator will protect consumers through these changes

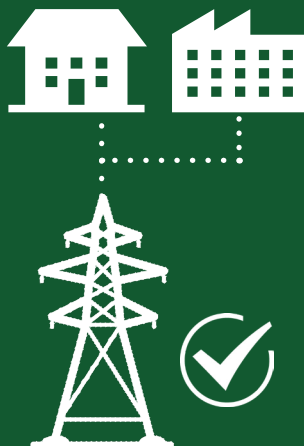
As an electricity customer, you will pay

towards the investment in Northern Ireland's electricity network.

Protecting consumers is at the heart of the Utility Regulator's work. Therefore, our role is to ensure that every pound of investment that we approve represents value for money for today and tomorrow's electricity consumers. We fully scrutinised NIE Networks' costs to ensure they were efficient, and identified £322 million in savings, which is a 12.6% reduction, compared to the total amount requested through their business plan.

Alongside this, we must also ensure that NIE Networks is provided with the correct level of investment to allow them to deliver the objectives of RP7 and continue to provide a safe, reliable and resilient electricity network.

We are fully focused on enabling the companies we regulate to be best in class. We continuously work to ensure that consumers are protected, while also ensuring that the right level of investment for the electricity network is in place to support the delivery of the government's Climate Change Act targets and the Northern Ireland Executive's Energy Strategy.



RP7 sets out the investment journey that will pave the way for an improved electricity system in Northern Ireland.

Our decisions in the Final Determination set out how much money NIE Networks has to run their business; deliver a smarter, more flexible and integrated electricity system; maintain the security of the electricity network; and build new infrastructure, to ensure that electricity gets to where homes, businesses and transport need it.

Key facts

7th

regulatory
price control.

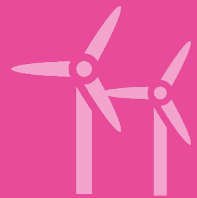
April 2025

to

March 2031

£390.8m

to increase capacity
of the distribution
network to ensure it
is net zero ready.



922,489

homes, farms and businesses
are connected to Northern
Ireland's electricity network.



£90.3m

to maintain a safe, reliable and
resilient transmission network.

15,000km

of network renewed
or refurbished
(around 32%
of total network
length).



There are currently
2,300 kilometres of transmission
network, 47,000 kilometres of
distribution network and 340
major substations.

£343.7m

to maintain a
safe, reliable and
resilient distribution
network.



NIE Networks currently employ
around 1600 staff and around
500 contractors. During the RP7
period, it is estimated these
will increase
to 2000 staff
and 1000
contractors.



Our Final Determination reduces
NIE Networks' total expenditure
request of £2.55 billion to £2.23
billion – a 12.6% reduction.

A robust and thorough process

