

Utility Regulator

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By Email Only

Flogas Group's Response to the Utility Regulator's Forward Work Programme 2025-2026

Introduction

Budget Energy Ltd, as part of the Flogas Group, which includes Flogas Enterprise Solutions, welcomes the opportunity to respond to the Utility Regulator's (UR) Draft Forward Work Programme 2025-2026. The programme outlines key priorities, actions, and outcomes that will shape the energy sector over the coming year and beyond.

Budget Energy, as part of the Flogas Group, based in Derry, Northern Ireland, serves over 100,000 customers, while Flogas NI and Flogas Enterprise Solutions contribute significantly to energy provision across the region. Our entities operate under DCC plc Group, with a portfolio of renewable energy generation, including solar, wind, and anaerobic digestion. For the purpose of this response, we shall collectively refer to the group as Flogas and Budget Energy.

The Northern Ireland (NI) energy sector has seen significant changes, particularly in the Consumer Protection Programme (CPP) since 2024, with the introduction of new codes of practice and winter charters. At the same time, suppliers and consumers have also faced increased financial pressure, driven by market conditions, cost of living challenges and ongoing exposure to wholesale energy price fluctuations. Furthermore, when we consider the pace of regulatory change, we would urge a more structured approach to planning, ensuring that supplier engagement is prioritised and obligatory impact assessments are embedded in decision-making processes, which will assist us in our planning.

Our response highlights key areas requiring further clarity, impact assessments, and regulatory flexibility to maintain a dynamic, resilient and innovative energy sector.

Strategic Objective 1: Ensuring Market Functionality

1.1 Smart Meter (SM) Rollout

It is our view that a successful smart meter (SM) rollout in Northern Ireland requires early and active supplier involvement to ensure implementation suited to the unique characteristics of the Northern Ireland's energy market and also that the high prevalence of pay as you go meters (PAYG) is factored into any decisions. We are keen to avoid a situation where there are barriers for PAYG customers. In our previous response to the Department for the Economy (DfE) smart meter rollout design consultation, we emphasised the importance of supplier participation in the system design phase, as this ensures alignment with consumer needs, improves operational likelihood of success, and is a critical step on the journey to ensure the benefits of smart metering rollout are realised for NI consumers and suppliers alike. We would again like to take this opportunity to urge for this level of participation.

We would also note it is our view that supplier engagement in the early stages will result in an easier transition for consumers and suppliers, which allows for greater consumer confidence and bolsters the ability to deliver innovative products and pricing structures, which have proven essential in smart meter success in nearby

jurisdictions.

We also stressed that lessons learned from GB and ROI should be applied to ensure best practices are incorporated and recommend that this be considered in any UR or DfE led smart meter (or related) consultations planned in 2025 and 2026. We would encourage collaboration between the UR, DfE and industry including suppliers and we also reiterate that call for the UR's Smart Meter FWP schedule.

Recommendation:

- Each consultation stage should include a cost / benefit analysis and regulatory impact assessment to highlight risks, delays, and financial implications, to allow suppliers to apply an evidence-based approach.
- Supplier involvement in all working groups and at an early stage.
- Lessons learned from Great Britain (GB) and Republic of Ireland (ROI) to be incorporated.

1.2. Electricity Time-of-Use (ToU) and Dynamic Tariffs

ToU tariffs have the potential to improve energy efficiency and support demand-side management, in addition to aligning with key priorities and drivers outlined in the UR's FWP and wider net zero targets. However, to avoid inefficiencies and implementation challenges, a clear regulatory framework for data-sharing and performance metrics is a key enabler in our view.

It is our view that for ToU tariffs to succeed, suppliers must have reliable, real-time access to smart meter data, and we would like that to be considered in the UR's FWP 2025-26. We have also raised concerns about potential barriers in data-sharing mechanisms, which, if not addressed, could undermine the take up and effectiveness of these tariffs. We understand there are data sharing concerns being considered, but having a framework and the correct legislation that prevents barriers in NI to data is another key tenet of the SM and tariff rollout

Recommendation:

- A structured regulatory framework for seamless data-sharing should be developed to allow suppliers to create competitive, innovative tariff models that encourage smart meter uptake.
- ToU trials and pilots—such as the NIEN-led SM pilot—should be expanded and refined to include smart and TOU, with a greater focus on real time information and data sharing with a possible larger and more diverse sample size. By ensuring that these elements are in place, the rollout of ToU tariffs and dynamic pricing models can have the biggest impact, benefiting both consumers and the wider NI market.

1.3 Biomethane Regulatory Framework

Flogas and Budget Energy recognise the potential of biomethane to support decarbonisation and energy security. However, to encourage meaningful investment, the framework must provide clear, practical criteria for biomethane injection and transparent pricing mechanisms that do not disadvantage suppliers.

We feel there are some key elements that could assist with the above and they include alignment with ROI's proposed Renewable Heat Obligation scheme (RHO) – the policy should incorporate learnings from the Republic of Ireland's RHO to ensure compatibility and avoid regulatory misalignment across jurisdictions and future-proof developments in this space.

In the Heat & Manufacturing space, it is our view that the NI market should proactively encourage biomethane production for heat and industrial processes, ensuring that large energy users play a key role in demand growth without distorting supplier cost structures.

The framework must also clarify how suppliers will be required to integrate biomethane into their energy mix, including any compliance obligations or reporting mechanisms and provide timelines for such changes and to ensure a smooth transition, regulatory certainty, and market stability.

Recommendation:

- The framework should include regulatory impact assessment and cost/ benefit analyses coinciding with consultations to evaluate the feasibility of biomethane adoption and its potential role in NI's energy transition.

1.4 NI Energy System Model

We are of the view that a robust feasibility study is necessary to understand how changes will impact both suppliers and networks.

Recommendation:

- Stakeholder engagement should be initiated as early as possible to ensure that policy proposals are well-informed and feasible and not too burdensome in terms of resource needed and what the implications are for supplier systems and market systems. The role of the Transmission system operator (TSO) and Network also needs to be explored and early engagement on this is vital.

Strategic Objective 2: Securing our energy and water supply

2.3. Security of Supply and Regulatory Tools

Flogas and Budget Energy recognise the importance of maintaining security of supply (SoS). We are of the view that stable energy supply is crucial for market stability, investor confidence and most importantly for consumer confidence. However, as a supplier, we currently have limited visibility on how the Utility Regulator (UR) and SONI are planning for long-term security of supply (SoS).

Given the upcoming developments in fuel security regulatory tools (Q1) and modifications to industry rules (Q4), we believe it would be beneficial for suppliers to have greater transparency and engagement in these discussions.

Recommendation:

- UR should provide greater transparency on its SoS strategies, ensuring suppliers can align investment and pricing strategies accordingly.

Strategic objective 4: Providing the highest level of consumer service and protection

4.2 Regulatory Burden and Market Innovation

As outlined in our recent consultation responses, we consider that excessive regulation or intervention can stifle supplier innovation and increase costs, impacting overall market competitiveness and the ability of suppliers to ultimately serve customers. Regulator or industry led impact assessments and cost / benefit analyses should be incorporated into regulatory decision-making to ensure a balanced and proportionate approach.

4.3. Consumer Protection Programme (CPP) 2024-2029

While protecting consumers is vital, Budget Energy are of the view that the financial burden on suppliers must be balanced to ensure long-term viability.

Recommendation:

- Any additional protections should be supported by a clear impact assessments and cost / benefit analyses to assess implications on both consumers and suppliers. Rather than blanket protections, UR should explore the possibility of targeted government led hardship schemes to assist the most vulnerable customers without overburdening energy suppliers

4.3 (ii) Debt and affordability

We welcome the UR's efforts to facilitate improvements in this area. However, we have concerns that the further development of recommendations or regulatory measures, combined with elements of the Consumer Protection Programme (CPP), such as the Winter Charter, will significantly increase the regulatory burden on suppliers, stifle innovation and ultimately increase costs for consumers. We would appreciate further discussion before any recommendations or regulations are proposed.

4.3 (iv) CPP – Consumer Energy Charters

Flogas and Budget Energy recognise the important role suppliers play in delivering the commitments of the Energy Charters and we support a more collaborative approach for 2025/26. We believe earlier and more regular engagement with suppliers would make the process smoother and more effective.

Setting up stakeholder workshops would be a good way to make sure i) that supplier input is considered from the start and ii) that the Charters work well in practice. Moreover, we have concerns that expanding further winter protections to non-domestic consumers could create unintended financial risks for suppliers. We strongly encourage a more targeted approach. Ahead of next winter's energy charter, we believe the UR should conduct sector-specific impact studies before extending affordability protections to businesses and engage with suppliers on this.

A one-size-fits-all approach could encourage strategic non-payment, increasing bad debt exposure for suppliers and detrimentally impacting non-domestic consumers. We urge the UR to consider this in the CPP works and planning.

We agree with the UR's priority projects but believe further industry engagement is needed on smart metering, data-sharing, and affordability measures. There are also a significant number of wholesale-side projects for example, SEMO price control reviews, regulatory prices control approaches in gas and water, Ex-Ante market outcomes and price information evolution that impact the wider market. However, providing a comprehensive view can be challenging

Our concerns are primarily about execution and feasibility rather than the projects themselves. Key areas for improvement include supplier engagement and impact assessments, and while not objecting we strongly advise more engagement on non-domestic energy charters.

Conclusion

Flogas and Budget Energy generally support the UR's commitments made in the FWP and the drive towards further consumer protection. However, we feel a more balanced, data-driven approach is required to ensure sustainability while delivering positive consumer outcomes.

We also conclude that the implementation of new regulations should be realistic and structured with advance notice and clear timelines to avoid unnecessary operational burdens.

For significant changes or major consultations, the UR should provide longer consultation and transition periods for regulatory changes to ensure suppliers have adequate time to adapt or make the necessary adjustments and

make allowances for 'bedding in' or greater flexibility when new COPs or major changes occur within the NI market.

We recommend:

- Greater supplier involvement in shaping policy and regulatory frameworks.
- Mandatory impact assessments for all major consultations.
- A focus on long-term regulatory stability to foster innovation and investment, with fewer changes in regulation and compliance activities to allow us to plan and invest with confidence in our business.

We look forward to continued engagement with the UR to ensure the future NI energy market remains resilient, consumer-focused, and sustainable.

Yours sincerely,

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On behalf of Flogas and Budget Energy