



Department for the

Economy

An Roinn

Geilleagair

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Peter McCallion
Clerk to the Committee for the Economy

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Adelaide House
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Our ref: [REDACTED]
Your Ref: [REDACTED]

Date: 04 April 2024

Dear Peter

UTILITY REGULATOR (SUPPORT FOR DECARBONISATION PREPARATION) BILL

Further to your letter dated 08 March 2024, please see response below which has been cleared by Minister Murphy. This information is fully disclosable under Freedom of Information.

The Utility Regulator is responsible for the economic regulation of the electricity, gas and water industries. As such they are considered energy industry experts with an important role in energy strategy - The Path to Net Zero Energy. The proposed Bill will provide the Northern Ireland Authority of Utility Regulation (known as 'the Utility Regulator') with an explicit legislative duty to enable the organisation to provide advice, guidance, and support to the Department for the Economy (DfE) on those energy related areas it considers necessary to progress policy areas related to the Climate Change Act (NI) 2022.

The Bill has been drafted solely to support the Department in their energy related obligations and responsibilities detailed within CCA and to support delivery of the Executive's energy strategy. The Committee set out that the Department should reconsider the intent of the Bill and redraft provisions to ensure that the Utility Regulator can work in a similar fashion with all Departments.

The policy development work to reach this stage has been intensive. We have worked cooperatively with colleagues in the Utility Regulator for over 18 months to identify those urgent net-zero energy policy areas where there might be a gap in the organisation's ability to support DfE, ahead of further detailed legislation required to underpin the energy strategy. This development work considered the legislative framework governing the organisation's relationship with the department and the energy sector, identified where gaps might exist in relation to decarbonisation and

considered the implications of this on the delivery of net-zero targets. This has necessarily involved ongoing discussions with Departmental Solicitors Office and legal advisors representing the organisation. Finally, Office of the Legislative Counsel (OLC) was engaged to develop a solution to address the identified gap.

Widening the clause at this time, to include other Departments, would require a robust assessment by officials in those Departments of the Utility Regulator's role and how that role might relate to the requirements that the Climate Change Act (NI) 2022 places on them. This would impact on the timeline in bringing the proposed Bill to the Northern Ireland Assembly in 2024. Departments would need to consider whether there is indeed a gap in their relationship with the Utility Regulator resulting from CCA obligations, the implications of this on their work programme, and undertake a legal assessment to reassure themselves of the most appropriate course of action. Engagement would then take place with OLC to secure their agreement to draft an amended solution based on the identified policy problem.

As discussed with the Committee, subject to Ministerial agreement, the Department intends to notify the Executive of its intention to run a full public consultation exercise on the draft Bill at the earliest opportunity. At this point all Departments will have an opportunity to engage with DfE and this which would appear to be the appropriate step to consider any revisions to the clause that might be proposed.

Officials will write to the Committee, should Minister agree that a consultation should be launched, and will be available for an oral briefing should members find that useful.

Yours sincerely



Departmental Assembly Liaison Officer



Northern Ireland
Assembly

Committee for the Economy

[REDACTED]
Departmental Assembly Liaison Officer
Department for the Economy
[REDACTED]
[REDACTED]

Our Ref: [REDACTED]

8 March 2024

Dear [REDACTED],

Utility Regulator (Support for Decarbonisation Preparation) Bill

Please accept the Committee's thanks for the oral and written briefing provided by Departmental officials on the Utility Regulator (Support for Decarbonisation Preparation) Bill, at the meeting of 6 March 2024.

The Committee noted that the proposed Bill would in effect enhance the remit of the Utility Regulator in order to allow it to better support the path to net zero through the provision of appropriate advice and guidance etc. to the Department for the Economy.

Given the cross-cutting nature of the Executive's Energy Strategy, the Committee was surprised that the proposed Bill is to be restricted to those aspects of the Utility Regulator's remit associated only with the Department for the Economy.

The Committee believes that the Utility Regulator will have a pivotal role to play in the delivery of net zero objectives including the preservation of important protections for vulnerable energy consumers. The Committee therefore felt that the Department should reconsider the intent of the Bill and should redraft its provisions so as to ensure that the Utility Regulator can offer essential advice and guidance etc. to all departments in respect of the achievement of the Energy Strategy and to help to ensure compliance with the Climate Change Act (NI) 2022.

It is suggested that the Department should further written or oral briefing for the Committee in respect of the consultation for the proposed legislation, at a suitable juncture.



If you require further information or clarification in respect of the above, please do not hesitate to have officials contact the Clerk to the Committee for the Economy.

Yours sincerely,

Peter McCallion

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