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Peter McCallion
Clerk to the Committee for the Economy
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Our ref: CQ DfE 428 & 434/26
Your Ref: EC2026:1045 & 1079

Date: 20 October 2026

Dear Peter

UTILITY REGULATOR (SUPPORT FOR DECARBONISATION PREPARATION) BILL PROPOSED AMENDMENTS AND LETTER FROM ECONOMY COMMITTEE

Thank you for your letters of 25 September and 8 October 2026 on behalf of the Committee for the Economy seeking Departmental views on proposed amendments for the Utility Regulator (Support for Decarbonisation Preparation) Bill and an update on the Guaranteed Standards of Service regulations.

I will respond to the proposed amendments detailed in the letter from 25 September 2026 first.

The Committee has indicated that it is minded to propose an amendment to the Bill to allow the Utility Regulator to provide advice to all Executive Departments and Arm's Length Bodies.

The Utility Regulator is a body of statute and the advice that it is able to provide is constrained by its functions under law.
The Utility Regulator was established by Article 3 of the Energy (NI) Order 2003 https://www.legislation.gov.uk/nisi/2003/419/contents

Its principal objectives and general duties in relation to electricity and gas are set out in Articles 12 (electricity) and 14 (gas) of the Energy Order. The Utility Regulator's principal objective in carrying out its statutory electricity and gas functions is to protect the interests of consumers of electricity and gas and the manner in which functions are to be undertaken are set out in detail in Articles 12 and 14.

The Utility Regulator also carries out the functions conferred by the Water and Sewerage Services (NI) Order 2006 - see Article 3 in particular https://www.legislation.gov.uk/nisi/2006/3336/contents

The Utility Regulator's current statutory functions are therefore limited to electricity, gas and water and sewerage functions, in accordance with the 2003 Order and the 2006 Order.

The Minister for the Economy has lead responsibility for energy policy. She is responsible for delivery of the Energy Strategy and is accountable to the Executive and Assembly for its outcomes. Working through the Department for the Economy, other Departments can already access advice from the Utility Regulator. This approach is underpinned by well established procedures of communication and accountability.

The Bill as drafted builds on the already collaborative relationships the Department has across government. It is integral that the Minister for the Economy is sighted on all requests for information to ensure development of coherent policies and strategies to lead the decarbonisation of the sector. The proposed committee amendment brings with it risk of a disjointed approach that has the potential to confuse Executive governance arrangements, leaving the Minister responsible for the energy sector unsighted on advice provided to other bodies.

As noted in the evidence session on the 14 October, the advice that the economic regulator will provide under the Bill is necessarily constrained by its statutory functions. We would like to reassure the Committee that the Bill will allow the Minister with responsibility for the energy sector to provide fully developed advice and assurance to the Executive as required on this important matter.

The powers in the Bill are designed to allow the economic regulator of the electricity and gas sectors to provide advice to the Department for the Economy to meet its requirements under the Climate Change Act (NI) 2022. This includes supporting the Department to produce sectoral plans for the decarbonisation of the energy sector and increase NI's renewable energy consumption by 2030.

Funding Utility Regulator costs from electricity and gas licence holders is only lawful if the work associated with the Bill falls within licencing conditions. While it would need to be tested on a case-by-case basis, it is likely that work for other Departments would fall outside of the scope of the Utility Regulator's statutory electricity and gas functions, so could not be funded by licence fees. Work for other Departments would therefore need to be funded by the public purse and require consideration by the Department of Finance.

As previously noted, the Department for the Economy holds lead policy responsibility for the energy sector and already provides a range of analytical services to other Departments. This approach reduces risks of inefficiencies in the government system, including duplication of requests and aligns with Executive functions. The Department is also mindful of functions of other statutory bodies essential to the energy transition, such as the Consumer Council for Northern Ireland and the Just Transition Commission.

For all of the reasons provided above, the Department is not supportive of the proposed amendment to facilitate the provision of advice by the Utility Regulator to other NICS departments and Arm's Length Bodies.

The Committee has also sought Departmental views in respect of revising the role and vires of the Utility Regulator to include the regulation of home heating oil, protection for vulnerable customers and price regulation.

The Department does not intend to change the vires of the Utility Regulator to enable it to regulate home heating oil.

The Competition and Markets Authority (CMA) report does not call for price regulation of home heating oil. It indicates that competition in the home heating oil market is strong, particularly in Northern Ireland, and that as a result consumers here pay less for their home heating oil than their counterparts in Britain and the south of Ireland. It also indicates that the vast majority (83%) of price increases to the cost of home heating oil at times of crisis is directly related to the wholesale cost of crude oil.

The economic or price regulation of any sector brings with it a requirement to monitor that sector, ensure compliance and bring forward effective enforcement when set rules are not followed, which of course comes at a cost which would be borne by the consumer.

The Department wants to ensure that implementation of recommendations is done in the most cost-effective way for heating oil consumers, ensuring that any measures taken are proportionate and build upon, rather than duplicate, existing statutory functions and processes. It is important therefore to recognise the statutory role of the Consumer Council and the enforcement powers within the Trading Standards Service. The CMA report also highlighted existing measures which can be built upon, such as the Consumer Council's Home Heating Oil Price Checker, and the voluntary Domestic Customer Charter agreed between the Consumer Council and the Northern Ireland Oil Federation.

Any framework must recognise the characteristics of the Northern Ireland Home Heating Oil market, existing arrangements, and the need to avoid disproportionate burdens on consumers or undermine competition within the sector. This will provide the most effective and efficient use of resources resulting in maximum benefit for the consumer at least cost.

This proportionate approach is consistent with the way the UK Government is approaching the CMA's recommendations. In its response, they accepted the CMA's findings but have not committed to immediate implementation of every recommendation, recognising the need for further consideration of costs, deliverability and proportionality before introducing additional regulatory measures. The Department considers that a similarly measured approach is appropriate for Northern Ireland, given the characteristics of the market and the need to avoid imposing unnecessary costs on consumers.

The Economy Minister held a productive meeting with the CMA last week to discuss her planned implementation of the recommendations in their report and has subsequently corresponded with the CMA. The Minister plans to articulate her intentions to the Assembly through her Oral Statement following Assembly recess.

I will now refer to the issues raised in the letter from 8 October 2026.

This letter also seeks clarity on the resourcing implications of extending the Utility Regulator’s vires to provide advice to departments in addition to the Department for the Economy.

No accurate estimation can be provided as to the potential cost to the public purse of this amendment, although it could be significant. The Department has no way of estimating the number, type or complexity of request that might come forward from other departments.

The Regulatory Impact Assessment details that the resourcing of the Bill, as drafted, would lead to costs of £328,000 from gas and electricity licence fees in the first year following implementation. This cost will ultimately be passed onto consumers. It is within this context, that the Department exercises caution when considering if additional powers for the Utility Regulator are proportionate and can be funded. If the proposed amendment was to proceed the Regulatory Impact Assessment would need to be revisited to assess its impact on resource funding. For a request for advice from another government department to be resourced via licence fees, the request must relate directly to the Utility Regulator’s remit under those licences. That remit is regulation of electricity and gas, the policy responsibility for which sits with the Department for the Economy. Therefore, it is unlikely that a request from another department could be funded in this way.

It is therefore likely that work for other Departments would require agreement by the Minister of Finance and potentially the Executive on implications for government budgets.

The third element of that letter sought an update on the work the Department is progressing on the Guaranteed Standards of Service regulations. The Economy Minister was clear in her Statement to the Assembly in July. She wants customers to receive payments when left without electricity for a period of time due to severe weather events. As such, she has asked the Department to develop policy options to deliver this objective. Running in parallel with this work is the significant investment programme by NIE Networks aimed at improving network resilience, thereby reducing the impact of severe weather events.

You also ask the extent to which the Guaranteed Standards of Service regulations might provide a legislative vehicle for the extension of home heating oil market measures, including protections for the vulnerable and those addressing breach of contract issues. Given the Department's planned response to the CMA report, articulated above, we suggest that they do not represent appropriate vehicles to take these issues forward.

The Department does not need *new* legislation to implement most of the CMA recommendations. We plan to utilise existing powers through the Consumer Council and Trading Standards Service to keep costs for heating oil consumers down. We will monitor our implementation of the recommendations and will assess if legislation is required to strengthen the consumer redress powers. We will update the legislation in this regard, if required. We agree with the CMA that our regulatory response should be proportionate.

I have attached the Call for Evidence table with our views at Appendix 1.

I trust this information is helpful.

Yours Sincerely

DEPARTMENTAL ASSEMBLY LIAISON OFFICER

Northern Ireland
Assembly

Committee for the Economy

Departmental Assembly Liaison Officer
Department for the Economy
[redacted]

Our Ref: **EC2026:1045**

25 September 2026

Dear DALO,

Utility Regulator (Support for Decarbonisation Preparation) Bill
Proposed Amendments

At its meeting on 16 September 2026, the Committee for the Economy received oral and written evidence from the Utility Regulator in respect of the Utility Regulator (Support for Decarbonisation Preparation) Bill and discussed a number of issues raised by stakeholders in the response to the Committee's call for evidence.

At its meeting of Wednesday 23 September 2026, the Committee agreed to write to the Department to advise that it is considering amendments and seeking the Department's comments and views on such amendments. These are set out below.

Firstly, several respondents to the Call for Evidence and as has been previously indicated by the Committee, it is suggested that the advisory role of the Utility Regulator set out in the Bill should not be restricted to engagement with a single Department – namely the Department for the Economy – in order to support the wider delivery of objectives under the Climate Change Act.

As you are aware, the Department previously advised that as the Department for the Economy has lead responsibility for energy policy in Northern Ireland, that this remit will provide the Utility Regulator with access to the full range of information, analytical and data services in relation to the energy sector. The Department further advised the Bill as drafted allows the Department to act as a broker to other Departments who may require advice or assistance regarding energy related policies.

The Utility Regulator indicated that as decarbonisation is a cross-cutting area which can engage a range of Departments and public bodies, he would likely welcome

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the extension of the advice provision function to include other Department and that commensurate resourcing would be required.

The first proposed amendment is therefore in respect of broadening the provision of advice to allow the Utility Regulator to provide such advice to all Executive Departments and perhaps ALBs not be restricted to the Department for the Economy alone.

Secondly, Members expressed concerns in respect of fuel poverty and recent substantial and unregulated changes in home heating oil pricing. The Utility Regulator indicated that new legislation would be required to be introduced for the Utility Regulator to have a role in the regulation of home heating oil.

The Committee therefore agreed to give further consideration to a second proposed amendment in respect of revising the role and vires of the Utility Regulator in order to include the regulation of home heating oil including protection for vulnerable customers and regarding price regulation.

A written response before the informal clause by clause session scrutiny of the Bill, scheduled for 14 October 2026, would be greatly appreciated. The Committee would also greatly appreciate any related background policy information that the Department can provide.

If you require further information or clarification in respect of the above, please do not hesitate to contact me.

Yours sincerely,

Peter McCallion

Peter McCallion
Clerk to the Committee for the Economy

Northern Ireland
Assembly

Committee for the Economy

Departmental Assembly Liaison Officer
Department for the Economy
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Our Ref: **EC2026:1079**

8 October 2026

Dear DALO,

Utility Regulator (Support for Decarbonisation Preparation) Bill

At its meeting of 7 October 2026, the Committee for the Economy received a briefing from the Assembly Bill Office in respect of the Committee Stage of the Utility Regulator (Support for Decarbonisation Preparation) Bill.

The Committee agreed to write to the Department seeking:

- clarity on the resourcing implications of the extension of the vires of the Utility Regulator to provide decarbonisation advice to departments in addition to the Department for the Economy;
- an update on its work in respect of the regulation of the home heating oil market as regards vulnerable customers and breach of contract issues; and
- clarity on the development of Guaranteed Service Standards and the extent to which these might provide a legislative vehicle for the extension of home heating oil market measures including protections for the vulnerable and those addressing breach of contract issues.

A written response on or before 14 October 2026 would be greatly appreciated. The Committee would also greatly appreciate any related background policy information that the Department can provide.

The Committee has also written to the Utility Regulator seeking formal confirmation that an extension of its vires to provide decarbonisation advice to departments in addition to the Department for the Economy would not likely present a resourcing issue.

If you require further information or clarification in respect of the above, please do not hesitate to contact me.

Yours sincerely,

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