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All-island Regulation Team
Utility Regulator
1st Floor Millennium House
Great Victoria Street
Belfast
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XX July 2026

Dear Sir/Madam,

Re: Network Imperfections Charges October 2026 – September 2027 SEM-26-29

Power NI welcomes the opportunity to respond to the proposed Network Imperfections Charges and supports the ongoing efforts of the Regulatory Authorities (RAs) and Transmission System Operators (TSOs) to improve the transparency of imperfections forecasting and reporting. Reducing imperfections costs is clearly in consumers' interests. Power NI considers that further improvements in transparency are required to enable suppliers to independently monitor the drivers of these costs throughout the tariff year and to assess the risk of material over- or under-recovery.

Power NI is particularly concerned that volatility in centrally levied market charges can lead to customer impacts and contribute to tariff instability. This is especially significant in Northern Ireland, where regulated tariff arrangements require careful planning and adherence to established approval processes. Power NI therefore encourages the RAs to place greater emphasis on forecast accuracy, enhanced in-year monitoring, timely identification of material deviations, and transparent reconciliation through the K-factor mechanism.

Specific reporting and transparency are essential. The 2024/25 backcast demonstrates that outages within a relatively small generation fleet can have a significant impact on system security costs. Where outages and local constraints give rise to market power concerns, bidding behaviour should be subject to robust monitoring, appropriate market rules, and effective enforcement to protect consumers.

With regard to the proposed recovery of costs, Power NI has significant concerns regarding the potential impact on consumers. In the previous tariff year, the RAs adopted a pragmatic

approach in recognition of the exceptional cost pressures faced by consumers and spread recovery of costs over a longer time frame where possible. Many consumers continue to experience financial hardship and remain sensitive to increases in electricity costs. Power NI therefore believes the RAs should again adopt a pragmatic approach and consider spreading these costs over multiple years to mitigate the impact on customers where possible.

Power NI further considers that costs associated with the Interconnector Net Transfer Capacity (NTC) Restriction should not be recovered within a single year but should similarly be apportioned over multiple years. In addition, Power NI requests a clear reconciliation between the amounts previously discussed at the Modifications Committee and the €56.68 million now included within the consultation. Given the materiality and historic nature of these costs, Power NI believes a significantly higher level of transparency is warranted than is currently provided.

Power NI requests that any future NTC reduction compensation costs be reported separately and supported by sufficient information to enable suppliers to monitor the underlying cost drivers throughout the year.

Finally, it is of vital importance that the decision on the level of imperfections cost for the tariff year is made in a timely manner. These costs are levied on Suppliers and ultimately are incorporated in end consumer tariffs. Suppliers are however subject to strict customer notification licence conditions and late publication of levies mean that it is impossible to reflect those costs on a like for like basis. This increases risks placed on suppliers and limits tariff transparency. Both are suboptimal outcomes. It is inequitable for the Regulatory Authorities to impose tariff notification requirements on Suppliers but not have reciprocal requirements in place in relation to important tariff components.

Yours sincerely

A handwritten signature in dark ink, appearing to read 'Neil Patterson', is positioned above the printed name.

Neil Patterson
Power NI