RenewableNI response to Utility Regulator's Draft Forward Work Programme 2025-2026

RenewableNI (RNI) is the voice for the renewable electricity industry in Northern Ireland. Through the development of policy, best practice, and public communications, we represent those engaged in wind, solar, and battery storage development. Our members make up a majority of the renewable industry supply chain in Northern Ireland.

RNI welcomes the opportunity to respond to the Utility Regulator's (UR) consultation on its Draft Forward Work Programme for 2025-2026, which sets out the regulator's business plan for the non-routine projects it plans to initiate in 2025-26 and progress over the coming years.

Decarbonisation of the power sector is essential to delivering Northern Ireland's legally binding climate and energy targets. Achieving at least 80% renewable electricity consumption by 2030 is not only a statutory requirement, as mandated by the Climate Change Act (Northern Ireland) 2022, but also a critical milestone in the transition to a net-zero electricity system[1]. Security of supply and affordability remain key concerns, but they must not be seen as competing with decarbonisation. Instead, a holistic regulatory approach is required - one that supports investment in clean energy while ensuring a resilient and efficient electricity network that delivers for consumers.

The UR's recognition that Northern Ireland's energy system must evolve to accommodate low-carbon technologies and that regulatory frameworks must be agile enough to support this transition is welcome. The acknowledgment of the need to "attract investment in new types of energy generation" and modernise network infrastructure is a step in the right direction. However, urgency is required. The current lack of fair and equitable firm access policies, coupled with an absence of suitable compensation mechanisms for renewable generation that is dispatched down, is creating an uncertain investment environment and making projects increasingly unattractive to both new and existing developers. The KPMG *Accelerating Renewables* report highlights that even before the current constraints crisis, 82% of industry respondents did not see Northern Ireland as a good place to invest[2]. With just five years left to meet the 80% by 2030 target, regulatory delays and uncertainty must not be allowed to hinder progress.

The remainder of this response outlines the broader policy context in which the Forward Work Programme (FWP) sits and provides RNI's views on the timelines and prioritisation of key projects

[1] Climate Change Act (Northern Ireland) 2022
[2] RNI-Report-Accelerating-renewables-in-Northern-Ireland-online-version.pdf

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to ensure that regulatory action supports Northern Ireland's renewable energy and climate commitments.

Policy Context

The UK Government has legislated for a net-zero economy by 2050, with the power sector leading the transition. Decarbonising electricity is essential to enabling wider electrification of transport and heat, both of which will play a critical role in reducing emissions. The International Energy Agency has stated that all advanced economies must achieve zero-carbon power by 2035[3]. Recognising this urgency, the UK Government has reinforced its commitment by setting a goal of at least 95% clean power by 2030, accelerating the transition timeline for Great Britain[4].

While energy policy is a devolved matter, there is no caveat in the UK's net-zero ambition excluding Northern Ireland. Northern Ireland must not lag behind. RNI successfully advocated for an 80% by 2030 renewable electricity target (80 by 30), which is now a legal requirement under the Climate Change Act (Northern Ireland) 2022. However, this target is not an aspiration but a statutory obligation - one that requires urgent regulatory action to be met. Yet, industry confidence is eroding, with the *Accelerating Renewables* report revealing that even before the current constraints crisis, 82% of investors did not see Northern Ireland as a good place to invest. Persistent regulatory and System Operator delays in both Northern Ireland and the Republic of Ireland, coupled with inadequate investment in grid infrastructure, threaten to stall renewable deployment ahead of 2030.

Our position was based on the assessment that 80 by 30 is the minimum necessary to put Northern Ireland on a pathway to Zero by 35. RNI has always contended that 80 by 30 should be seen only as a staging post for a more ambitious long-term goal. The previous 40% by 2020 renewables target initially incentivised a surge in renewable generation. However, once this target was reached, it became a justification for failing to invest in the infrastructure needed to go beyond it. Northern Ireland is still emerging from this policy vacuum, with stalled progress in renewable deployment and a pressing need for infrastructure expansion.

Northern Ireland currently has approximately 1.8GW of renewable capacity, yet this must at least double to meet the anticipated rise in electricity demand. *Accelerating Renewables*, warns that under a business-as-usual scenario, Northern Ireland will fall well short of its target - only developing 725MW of the 1,900MW required to achieve 80 by 30[5]. A region that was once regarded as a renewable energy leader now risks being left behind.

[3] Net Zero by 2050 - A Roadmap for the Global Energy Sector
[4] Clean Power 2030 Action Plan - GOV.UK
[5] RNI-Report-Accelerating-renewables-in-Northern-Ireland-online-version.pdf

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In September 2024, the Department for the Economy (DfE) published its 2024/25 Business Plan & Three-Year Forward Look, identifying key actions to support the delivery of 80 by 30. These include finalising the Northern Ireland Renewable Electricity Support Scheme (NI RESS) and revising grid connection policy to better facilitate renewable installations and other low-carbon technologies, such as heat pumps and EV charging infrastructure[6]. However, these policy advances must be complemented by urgent grid infrastructure upgrades and clear policies - without them, Northern Ireland will struggle to realise its renewable ambitions.

Recent data from the Northern Ireland Statistics and Research Agency (NISRA) signals a concerning trend. In the 12-month period October 2023 to September 2024, renewables accounted for just 45.5% of electricity generation, a reduction of 2.9 percentage points from the previous 12-month period and down from a high of 51% in 2022[7]. Instead of accelerating progress, renewable deployment is stagnating, placing the 80 by 30 target in serious jeopardy.

Northern Ireland's progress toward 80 by 30 has been far too slow. Grid constraints, firm access barriers, and market uncertainty continue to delay investment in new renewable generation, creating a real risk that the region will fall short of its commitments. Meanwhile, governments are accelerating their transition - Great Britain is preparing for its seventh Contracts for Difference allocation round (AR7) in 2025, while the Republic of Ireland has already completed four Renewable Electricity Support Scheme auctions, with a fifth expected, and has also held its first offshore-specific auction (ORESS 1), with ORESS 2 planned for 2025. In contrast, Northern Ireland's first renewable electricity auction remains pending, leaving the region at risk of falling behind in attracting investment.

Northern Ireland must begin to catch up with neighbouring jurisdictions. A failure to decarbonise the power sector at a pace commensurate with the climate crisis will not only undermine climate and energy security goals but will also leave Northern Ireland exposed to higher energy costs, lost economic investment, and continued reliance on fossil fuels. Regulatory action must be decisive and immediate to remove barriers to renewable deployment and ensure that Northern Ireland plays its full part in the UK's transition to a zero-carbon electricity system.

The scale and complexity of this challenge should not be underestimated. It will demand innovation, investment, and, crucially, leadership and collaboration from all stakeholders across government and industry. RNI hopes that the UR's FWP will enable the regulator to play a proactive role in working together to meet these challenges.

[6] DfE Business Plan 2024-25 | Department for the Economy
[7] Electricity Consumption and Renewable Generation in Northern Ireland

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Supporting the Just Transition to net zero

The UR's acknowledgment of the need to "*be agile and adapt to the new strategic landscape*" as Northern Ireland moves towards its legally binding net-zero targets is a welcome admission. The regulator rightly recognises that "*to achieve these targets, a very significant increase in renewables and energy efficiency will be needed*." However, meeting these ambitions will require proactive regulatory action to remove barriers that are slowing down the energy transition and to introduce policies that will help accelerate it. Currently, Northern Ireland's current energy system is not sufficiently equipped to deliver the 80% by 2030 target.

The budgetary pressures and resource constraints faced by the UR are known and understood by RNI. However, it is essential that resources are allocated strategically to expedite projects that will enable the transition to net zero. Delays in key regulatory decisions - especially in areas related to grid infrastructure and technology investment, alongside firm access - will ultimately result in higher costs for consumers in the long run. Analysis in the *Renewable Rewards* report highlights that, through investment in renewables, consumers in Northern Ireland are estimated to save an additional £110m per year from 2030, after accounting for all associated costs - this equates to more than £55 per person. Additionally, the Baringa report highlights that new wind and solar projects could deliver further savings of £30 million in the capacity market by enhancing security of supply during peak demand periods[8].

Every additional wind turbine and solar panel contributes to lower electricity prices, reducing bills and strengthening energy security. Strategic regulatory decisions today will determine whether Northern Ireland can unlock these benefits or remain exposed to volatile fossil fuel costs. **The UR must adopt a forward-looking approach that considers not just the immediate financial impact on consumers but also the long-term economic burden of inaction.**

Deferring or deprioritising essential projects may offer short-term savings, but the long-term financial strain on consumers will be far greater if Northern Ireland remains dependent on fossil fuels due to delays in policy, regulation, and infrastructure investment. Every year that passes without urgent action increases the cost of the energy transition while prolonging reliance on an outdated energy system that does not serve the needs of consumers, industry, or investors.

We welcome the inclusion of feasibility assessments for a Northern Ireland Energy System Model in this FWP. The development of a 'Whole System' model will be crucial in ensuring that the energy transition is managed efficiently and cost-effectively while supporting the delivery of net zero. A robust and well-designed model has the potential to enhance the UR's modelling capability, provide valuable

[8] Renewable-Rewards-Baringa-Report-online.pdf

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insights into system planning, and help identify the most effective pathways for integrating renewables, ensuring security of supply, and minimising costs for consumers.

We are committed to actively engaging in the development of the Energy System Model to ensure it reflects industry needs and are keen to see the detail of this once work begins on it. **The success of this initiative will depend on meaningful stakeholder engagement and a regulatory approach that is ambitious, transparent, and responsive to industry concerns.** We would be happy to assist in whatever way possible in the development of the Northern Ireland Energy System Model, ensuring that it provides a clear, data-driven framework to guide decisions in the years ahead.

The timeline outlined in the FWP for a potential firm access review, which suggests work will not begin until 2026–2027, is deeply concerning for the industry. The language used and the associated delays create uncertainty. A review of firm access policy must be prioritised and accelerated to provide market confidence ahead of the first NI RESS auction.

The current framework ties a generator's firmness to specified system reinforcements, many of which face lengthy and uncertain timelines. Northern Ireland is facing a constraints crisis. According to Eirgrid's latest dispatch down statistics, wind generation dispatch down in Northern Ireland reached 29.6% in 2024 and constraints reached 26.4% during the same period, with some projects in Northern Ireland's renewable industry at risk of financial default[9]. High dispatch down levels not only threaten existing projects but also deter future investment, putting the 80% by 2030 renewable electricity target (80 by 30) at serious risk.

The DfE has indicated that the first NI RESS auction will take place in Q1 2026. Without certainty on firm access and compensation, bid prices in the auction could be higher than they should be, or there may be insufficient bids to meet capacity targets due to a lack of investor confidence. Additionally, DfE expects 20% of the capacity required to achieve 80 by 30 to come from merchant projects or Corporate Power Purchase Agreements (CPPAs). However, given the current uncertainty surrounding dispatch down and compensation, attracting merchant projects under these conditions is highly unlikely.

An urgent review of firm access policy is needed to ensure that generators receive a fixed date for firm access, rather than being tied indefinitely to uncertain system reinforcements.

Furthermore, current compensation rules only apply to generators with firm access and do not cover lost Renewable Obligation Certificates (ROCs). Article 13(7) of the Clean Energy Package legally requires compensation for all lost revenue, including foregone subsidies, yet its implementation in Northern Ireland remains delayed due to ongoing legal proceedings. Until this is resolved, generators face significant uncertainty, increasing financial risk and further deterring investment.

[9] DD_Summary_Report.xlsx

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Without a clear and fair firm access framework, developers may reconsider or abandon projects in Northern Ireland, shifting investment to more predictable markets.

Early clarity on firm access policy is critical. Without a definitive framework, investment confidence will suffer, driving up costs for both developers and consumers. The UR must shift from policy potentiality to policy certainty to ensure a stable and predictable market environment. Failure to act decisively will result in higher energy prices for consumers, higher bid prices in the upcoming NI RESS auctions, stalled deployment, and continued reliance on fossil fuels.

We are aware that SONI plans to consult on firm access in 2025 and would encourage the UR to work cooperatively with SONI as soon as possible to gather the necessary data needed to expedite its scoping process. RNI is ready to collaborate with both the UR and SONI to facilitate a fast-tracked firm access review process, ensuring that industry concerns are addressed in a timely and effective manner.

Securing our Energy Supply

RNI notes the UR's inclusion of interconnection regulation and the opening of an application window for TSO certification in its Forward Work Programme. While interconnection can play a role in supporting market integration and security of supply, careful consideration must be given to its impact on Northern Ireland's renewable energy industry. RNI members have expressed serious concern regarding recent trends in interconnector imports from Great Britain, which have contributed to high levels of dispatch down for wind generation and are undermining future investment in renewables at a time when capacity growth must accelerate to meet the 80 by 30 target.

The energy system we currently have is not fit for purpose in delivering the 80% by 2030 target. Grid constraints are severely limiting the ability of renewable generation to travel from where it is generated to where demand is located. As a result, Northern Ireland's renewable electricity is being dispatched down to levels which are unsustainable with levels in 2024 calendar year averaging 29.6%. The majority of dispatch down was due to system constraints, with wind generation in Northern Ireland experiencing an exceptionally high constraint level of 26.4% in 2024.

These figures highlight the severe limitations of the existing grid infrastructure, particularly the limited interconnection capacity between NI and RoI. The current North-South tie line is operating at a reduced capacity meanwhile, Northern Ireland is importing up to 400MW across the Moyle Interconnector, displacing domestic renewable generation.

RenewableNI welcomes SONI's Disptach Down draft Action Plan which proposes multiple interventions to alleviate constraints. The most impactful would be the connection of a second North-South interconnector which have the potential to reduce dispatch down levels by half and the

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lack of which SONI estimates is costing the NI consumer £55,000 per day. However, EirGrid's Q4 2024 Network Delivery Portfolio update has pushed back the indicative energisation date of the interconnector to October 2031[10]. If this timeline is not accelerated the four year delay that it represents will cost the consumer c. £80m in NI alone.

The proposed 700MW LirIC interconnector raises questions about the impact of additional interconnection with GB on Northern Ireland's renewable sector. While the cap and floor mechanism is designed to manage investor risk and ensure cost efficiency, the introduction of another interconnector will undoubtedly exacerbate existing grid constraints and further increase dispatch down. With grid capacity already insufficient to accommodate existing generation and with more renewable generation to be built out over the next few years, adding additional interconnection without addressing internal network limitations risks further dispatch down of domestic renewables.

When considering decisions on the cap and floor mechanism, it is crucial that the UR follow best-practice and consult on a methodology. Such consultation was undertaken by both CRU and Ofgem when developing their cap and floor assessments, UR should also do so in-line with regulatory best practice.

The recent trend of record interconnector imports, even during periods of high wind generation, demonstrates the urgency of addressing system constraints before further interconnection is considered.

When assessing the cost-benefit of increased interconnection with GB for Northern Ireland consumers, the UR must consider the long-term economic impact of continued constraint compensation, as well as the financial signals this sends to potential investors in renewable projects.

A cap and floor assessment in NI should consider the impact on the consumer, constraints and dispatch down. Further interconnection with GB while there are further delays to the second North-South Interconnector would only serve to exacerbate unsustainable levels of dispatch down in NI. Any assessment of future interconnection should be heavily dependent upon the construction of NS2. A landscape where projects are continually dispatched down will deter investment, ultimately preventing new developments from being built. While interconnectors import at times of lower prices in the corresponding market price benefits will be short-term. Failure to address internal grid bottlenecks will result in higher dispatch down compensation costs, deter renewable investment, and prolong reliance on expensive and polluting fossil fuels.

The priority must be on reinforcing Northern Ireland's grid, including the completion of the second North-South interconnector, improving cross-zonal trades, reducing minimum

[10] Network-Delivery-Portfolio-Publication-Q4-2024.pdf

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generation levels, and optimising the use of existing North-South interconnector before additional interconnection with GB is pursued.

It will be critical for the UR to engage with stakeholders to refine the modelling assumptions in the cap and floor assessment and RNI will be ready to collaborate with the UR on this. RNI will also closely monitor the interconnection certification process and calls on the UR to engage with industry stakeholders to ensure that any regulatory decisions on future interconnection are made with full transparency and consideration of their impact on renewable generation in Northern Ireland. Decisions that delay or deter investment in new renewable generation will result in unrealised consumer savings.

Enabling Best in class Energy Companies

RNI welcomes the UR's commitment to building on the lessons learned from RP7 and developing a structured programme of regulatory activities to support the growth and modernisation of Northern Ireland's electricity transmission and distribution networks. A well-planned and proactive regulatory approach is essential to ensuring that the network can accommodate increased renewable generation and meet the demands of a decarbonised energy system.

Given that the UR is currently consulting on extending the SRP20 framework for a further two years, RNI looks forward to engaging in the consultation process.

The next SONI price control must be structured to deliver the scale of grid reinforcement necessary to support the transition to net zero, ensuring that policy and regulatory delays do not continue to hinder renewable deployment. RNI looks forward to engaging in the consultation process and will work closely with the Utility Regulator to help shape a price control framework that supports investment, accelerates grid modernisation, and delivers long-term benefits for consumers and industry alike

As a closing note, we would like to highlight that we are disappointed by the absence of any mention of Long-Duration Energy Storage (LDES) in the FWP. LDES is vital to Northern Ireland's renewable energy ambitions, playing a critical role in integrating variable renewable generation, enhancing security of supply, and ensuring self-sufficiency in the electricity system. By storing excess renewable energy during periods of high generation and discharging it when demand is high, LDES can significantly reduce constraints on the grid, lower dispatch down levels, and improve overall system efficiency.

Investing in LDES is essential to maximising the value of Northern Ireland's renewable resources and reducing reliance on fossil fuels and interconnector imports. Without clear policy, regulatory frameworks and support mechanisms for LDES, Northern Ireland risks falling behind neighbouring jurisdictions in creating a resilient energy system that can adapt to future decarbonisation

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challenges. **The UR should prioritise the development of an LDES policy framework and collaborate with industry stakeholders to determine the most effective approach for integrating LDES solutions into the energy system.**

RNI and its members support a more proactive approach from the UR and look forward to deeper engagement in the collective effort to meet 2030 targets.

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