



**GNI** (UK)  
Ltd.

**Utility Regulator Draft Forward Work Programme**  
**2024-2025 – GNI (UK) Response**



GNI (UK) welcomes the opportunity to provide comments on the Utility Regulator (“UR”) Draft Forward Work Programme 2024-2025 (“FWP”).

### Business Plan and Resources

Northern Ireland (“NI”) requires a best-in-class economic regulator with suitable staffing levels and expertise to meet the strategic challenges ahead. GNI (UK) therefore welcomes and supports the organisational transformation programme UR has been implementing over the past number of years as a positive step in this direction (which has seen in the order of doubling full-time equivalent staffing levels, and a restructuring to more specifically consider energy futures and associated network needs).

However, UR resourcing alone will not deliver on these strategic challenges. We believe it would therefore be prudent for UR to note in the FWP the acknowledgement that **delivery of the aims and objectives of UR’s Corporate Strategy and FWP will also likely require additional resources within and allowances for the organisations it regulates**. We believe this is consistent with UR’s acknowledgement of the “*need to be more pragmatic*”, and “*anticipate the changes that are required*”.

### Business Plan Projects

#### *Strategic objective 1: Supporting the Just Transition to Net Zero*

**Reference/Project description:** *1) Complete and publish an assessment of any gaps in the policy/ regulatory framework and evidence base needed to deliver net zero.*

GNI (UK) welcome and strongly support delivery of this action.

We suggest, however, that it is crucial that it considers the clear gap with respect to dedicated hydrogen (network and storage) infrastructure within DfE and UR’s Principle Objective in relation to Gas, pursuant to The Energy (Northern Ireland) Order 2003 (with reference to the definition of ‘Gas’ in The Gas (Northern Ireland) Order 1996). Additionally, specific detailed consideration needs to be given to the extent to which fulfilment by UR of the ‘designated regulatory gas objectives’ may benefit from clearer governmental policy context.

More generally, it is critical UR is given – as a matter of upmost priority – a statutory duty to support net zero and interim emissions reductions targets and carbon budgets, set pursuant to the Climate Change Act (Northern Ireland) 2022.

Consideration should also be given to providing greater policy clarity/direction with regard to the interests of consumers, including how action now to progress enablers for the long-term energy transition (e.g. innovation, research, trials and strategic whole energy system planning, etc.), while clearly benefitting ‘future’ consumers, are also in the interests of current consumers (and consumers over the nearer-term).

GNI (UK) suggests it may also be beneficial to explore a more dynamic means, outside of legislation, to direct future strategic priorities, policy outcomes and roles and responsibilities for energy policy in NI, to which UR would be required to have regard to. For example, a ‘Strategy and Policy Statement’, as is proposed in GB.

As final comments:

- while appreciating the breadth of matters to be considered and the need to conduct a robust assessment, we would encourage efforts to accelerate delivery (scheduled for Q4 2024) to the extent possible, and;
- suggest that timely and detailed engagement with stakeholders for their input and perspectives would add value to the deliverable, and that a plan for such should therefore be developed and communicated.

**Reference/Project description:** 4) *Develop and publish a policy framework with DfE for biomethane injection.*

GNI (UK) welcomes this action, recognising the ongoing collaboration between UR and the NI gas network operators (“GNOs”) to develop the regulatory framework for biomethane injection. We look forward to the development of the policy framework for same, and future development of the regulatory framework to account for this.

With regard to the anticipated outcome being to scope ‘day two’ issues and agree a timetable of work with the GNOs, the FWP should note that delivery of the plan will be subject to suitable regulatory resource allowances for the GNOs. GNI (UK) intends to liaise with UR on this in the near-term.

Additionally, there will be a need for projects (such as a Network Constraints Study, Future Billing Methodology, etc.) to inform future infrastructural and regulatory/market options. While a framework for such ‘Energy Strategy’ projects was provided for in GD23, the TSOs will also need to access funding mechanisms (within existing licence conditions / price control frameworks) to obtain suitable funding to participate in such projects.

**Reference/Project description:** 5) *Scope out with DfE the regulatory framework to facilitate offshore wind connections.*

GNI (UK) notes the commitment to “*progress any actions identified for UR in the DfE Offshore Action plan once finalised*”. UR was included as a Partner in Action 19 of the Draft Offshore Renewable Energy Action Plan (“OREAP”) to, “*establish a working group to identify policy necessary to maximise potential use of offshore wind energy with low carbon technologies, including green hydrogen*”.<sup>1</sup> We note, however, that UR was not similarly identified with respect to Action 21, to “*consider any regulatory changes necessary to enable the use of offshore wind energy with low carbon technologies, including green hydrogen*”, which we think is an oversight in the Draft OREAP. UR’s engagement in this action is clearly important, and it should plan to contribute to it, regardless of whether or not this is corrected prior to the Draft OREAP’s finalisation.

However, as a general point, we welcome the recognition that green hydrogen will be critical to economically/efficiently integrating offshore wind. This is also true of onshore renewables, most particularly wind. Therefore, UR needs to take a holistic, whole energy system view, in considering this. Being pragmatic, the due consideration of what is required

<sup>1</sup> [Consultation on the Draft Offshore Renewable Energy Action Plan for Northern Ireland \(economy-ni.gov.uk\)](https://www.economy-ni.gov.uk/consultation-on-the-draft-offshore-renewable-energy-action-plan-for-northern-ireland)

should not be limited by the ability (or inability) for UR to licence / regulate, at this time, the associated hydrogen infrastructure requirements (i.e. networks, storage, supply, etc.).

### **Strategic objective 2: Securing our energy and water supply**

**Reference/Project description:** 1) *Work with SONI to develop and publish a new National Resource Adequacy Assessment (NRAA) and develop framework to transition from existing Generation Capacity Statement.*

GNI (UK) broadly welcome the development of the new NRAA, subject to the specific comments relating to its methodology which we made in response on to SONI's recent consultation. The outputs of the enhanced dispatch modelling proposed could help in terms of planning the gas transmission network to ensure that it is capable of supporting electricity security of supply.

The workstream in the FWP 2023-24 to "*Establish enhanced monitoring arrangements for security of supply in Northern Ireland (electricity and gas)*" accorded to taking a more whole system view of security of supply. The proposed NRAA workstream should not be seen as equivalent to, or a replacement for, that wider whole system approach.

GNI (UK) therefore believe that UR should see the development of the NRAA in the wider context of whole energy system planning, and the link to the need for an enhanced (gas TSO-led) strategic gas system planning framework to sit alongside such electricity planning processes (please see '*Suggested Additional Projects to be added to FWP*' section below on this).

**Reference/Project description:** 3) *Commence a review of the approach to future network gas price control regulation.*

GNI (UK) welcomes initiation of looking ahead to future gas network price control regulation. We agree this will need to evolve with developing Government policy on net zero. Noting the timing of this as 'multi-year', it would be useful at the earliest opportunity to have a proposed outline timetable of the price control process. This will help identify those policy developments which can reasonably be expected to occur within the timeline and allow them be properly considered in the price control process. It will also help identify those which may be at risk / unlikely to occur, to give the earliest view on uncertainties the price control framework will need to be capable of accounting for in future.

**Reference/Project description:** 4) *Develop and complete an assessment in conjunction with DfE the need for future energy projects including interconnection.*

We note the specific focus of this action is reflected as relating to "*interconnection*" (which we take to be electricity interconnection only, given that cost benefit evidence for electricity consumers only is indicated as the intention).

In our view, the assessment of the merits of electricity interconnection, and the energy system in general, needs to take a whole energy system view (based on a range of credible

decarbonisation pathways and considering infrastructure alternatives) and needs to carefully consider the reliance on electrical interconnection for security of supply.

In our response to SONI/Eirgrid’s Tomorrow’s Energy Scenarios (“TES”) 2023 consultation, we noted the surprisingly high level of reliance on electrical interconnection for system adequacy across the scenarios. The Royal Society’s *Large-scale Electricity Storage Report* advocates for the design of the GB electricity system to cope when electricity imports are not available, given that imports to GB are, “vulnerable to pan-European wind droughts and cold periods, water shortages, and (potentially) political factors”.<sup>2</sup> Although this report focuses on GB, these points are also of relevance for NI/Ireland.

However, projects of strategic importance required to best facilitate NI’s energy transition include additional gaseous infrastructure investments (to facilitate greater levels of peak network demand and integrate distributed renewable gas injection, etc.). The need for large-scale (geological) storage of zero/low-carbon gases and/or further gaseous interconnection (including hydrogen readiness/repurposing/development) needs to start entering the scope of projects UR (and DfE) are giving critical thought and analysis to, including how such can be delivered (see also below, how the gas TSOs need to be supported to lend their expertise to this, through an enhanced strategic gas system planning framework).

### ***Suggested Additional Projects to be added to FWP***

As discussed at the Stakeholder Engagement Session, **a separate project to scope and establish an enhanced (gas TSO-led) strategic gas system planning framework should be added to the FWP.**

GNI (UK) foresee that this would provide for the gas TSOs to:

- (1) model supply and demand (in a market and physical sense) and consider infrastructural needs to develop an efficient and economic network on a 10-year outlook (including approaches to integration of renewable gases and to maintain security of supply), and;
- (2) conduct longer-term analyses (out to 2050) of a range of plausible decarbonisation pathways, and associated energy supply/demand dynamics and high-level system cost estimates (but perhaps not, from the outset at least, associated detailed infrastructure needs and options assessment), on an integrated basis with parallel electricity TSO equivalent deliverables (e.g. TES, System Needs Assessment, etc.).

Such an approach will require:

- supportive regulatory oversight of this collaborative joint electricity and gas assessment, which can provide objective and consistent quantitative and qualitative analysis of options to policy makers, and;
- suitable additional resource / funding allowances for the gas TSOs to conduct.

GNI (UK) intends to liaise, alongside Mutual Energy, with UR on this in the near-term.

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<sup>2</sup> [Large-scale electricity storage | Royal Society](#)