

RenewableNI response to Utility Regulator draft Forward Work Programme 2024-25

RenewableNI (RNI) is the voice of the renewable electricity industry. 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 large majority of the renewable industry supply chain in Northern Ireland.

RNI welcomes the opportunity to respond to the draft Forward Work Programme 2024-2025.

Decarbonisation of the power sector is vital to reaching the NI Executive's climate goals, and it can only be achieved by looking holistically to all areas within the Utility Regulator's (UR) remit. It is critical that decarbonisation be included alongside security of supply and a just transition, to best serve the needs of the customer, both today and in the future. RNI supports the updating of the UR's vires so that the regulator has a statutory net zero duty, and hopes that the necessary legislation will be advanced as a matter of priority.

RNI welcomes the UR's acknowledgement that in order to drive decarbonisation, there is an important need to "attract investment in new types of energy generation" and that the scale of the net zero challenge means that the UR must "adapt and become more agile". RNI sees an ambitious Forward Work Programme as an opportunity for the UR to help facilitate the most conducive market, policy and regulatory conditions to meet 2030 and 2050 targets.

Policy Context

The UK Government has set in legislation a requirement for a 'net zero' economy by 2050. As the leader in decarbonisation, the power sector will have to achieve zero-carbon first, with heat and transport expected to significantly rely on electrification as the main way of cutting emissions. The International Energy Agency has stated that all advanced economies must achieve zero carbon power by 2035¹ (Zero by 35) and the UK Government has made a commitment to decarbonising the electricity system by 2035².

There is no caveat in the UK ambition excluding NI. While Zero by 35 is not explicit in any NI policy documents it must be considered implied. Furthermore, the UK will face a general election this year. The Labour Party, which could form the next government, has committed to bringing forward the UK target for zero carbon electricity to 2030³.

RNI successfully advocated for an 80% by 2030 renewable electricity target (80 by 30), which is now a legal requirement of the [Climate Change Act \(NI\)](#).

¹ Pg 20, [Net Zero by 2050](#)

² <https://www.gov.uk/government/news/plans-unveiled-to-decarbonise-uk-power-system-by-2035>

³ Pg 10, [5 Missions for a Better Britain](#)

Our position was based on an assessment that 80 by 30 was the minimum necessary to put us on a pathway to Zero by 35. RNI has always contended that the 80 by 30 target should be seen only as a staging post for the longer term ambition. The previous 40% by 2020 renewables target, initially incentivised a huge upsurge in renewable generation, but once achieved, became an excuse to not invest in the necessary infrastructure to go beyond it. As a result, having connected c. 400MW in 2017 alone, NI has only connected 86MW this decade, due to the resultant policy cliff edge once we achieved the 2020 target.

Lessons must be learned from this failure. RNI is greatly concerned that we are not on track to meet the ambitious 80% by 2030 target for renewable electricity. The UK Parliament declared a Climate Emergency in 2019, with the NI Assembly following suit in 2020. We saw in the response to Covid that government and its agencies can deliver at pace when necessary. Climate change represents an existential threat to life and RNI contends that emergency measures are needed and are justified.

The recently restored Stormont Executive has multiple priorities to tackle. RNI sees 2024, as we approach the mid-point of the decade, as a critical juncture in the net zero transition and a timely opportunity for a renewed and ambitious focus on delivering our renewable energy and climate change targets. There is no time for continued inaction and a business as usual approach is simply not sufficient.

Newly appointed Minister for the Economy, Conor Murphy has set his economic vision for the future of Northern Ireland and it is heartening for the renewables' industry to see net zero included as one of his four critical objectives⁴. 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 Forward Work Programme will enable the regulator to play a proactive role in working together to meet these challenges.

Supporting the Just Transition to net zero

RNI welcomes a holistic and anticipatory approach to facilitating the government's decarbonisation and renewable energy targets and is pleased to note that the Forward Work Programme includes explicit reference to adopting a more "pragmatic" approach that can better equip the UR to "anticipate the changes that are required." A just transition means that decarbonisation, security of supply, and affordability for consumers must be assessed and supported as equally important goals, and not as competing priorities.

To that end, RNI would urge that the UR's resources be directed towards increasing the speed of and focus on decision-making for dependency workstreams which are vital to enable the energy transition. IT projects, for example, needed to enable proper functioning of scheduling and dispatch

⁴ [Minister sets out his vision for the economy | Department for the Economy \(economy-ni.gov.uk\)](https://www.economy-ni.gov.uk/minister-sets-out-his-vision-for-the-economy)

for batteries, non-priority wind and new technology must be put in place before other systems can properly run (i.e. Future Arrangements for System Services).

Putting the upfront cost of these IT projects in the context of the overall transition will ultimately result in lower cost to the consumer by facilitating proper utilisation of renewables and low carbon technologies. When NI introduces its forthcoming renewable electricity support scheme, the cost of not implementing the requisite systems to optimise renewables will more than likely pass to the consumer, so any amount the UR hopes to save by scrutinising IT proposals and pairing them back, is likely to be insignificant in the context of the cost to the consumer of these systems being delayed.

RNI notes that as part of its future work in supporting the just transition to net zero, the UR, in efforts to develop the Northern Ireland Renewables Obligation policy, plans to work with the Department for the Economy to implement the proposed Fixed Price Certificate (FPC) regime. RNI would propose that the UR collaborate closely with the Department for Energy Security and Net Zero (who issued the initial call for evidence) as bespoke arrangements will be necessary to design a scheme which is suitable for the Northern Irish energy market. The initial call for evidence did not provide solutions as to how FPCs would operate in Northern Ireland and the regime cannot be implemented without sufficient consideration being given to the NI context.

RNI would draw the UR's attention to the significant differences between the renewables' support scheme in Northern Ireland to that in England, Scotland and Wales. Northern Ireland did not introduce a Feed-In-Tariff, and generators here, instead receive Renewables Obligation Certificates (ROCs). NI has a higher proportion of small scale generators who rely on analogue meters, and any new system which would require generators to submit monthly meter readings would be too onerous a requirement.

Comparative to neighbouring jurisdictions, NI has been a late starter in terms of progressing policy to support the delivery of 2030 targets. Four years have elapsed in this decade with no operational support scheme for renewables. This inaction now necessitates significant strides being made in the next six years to enable NI to possibly achieve its legally mandated climate targets. The timeframe by which electricity network infrastructure has been delivered is also likely to pose challenges for NI in meeting these targets.

While it is a given that the current list of network reinforcement projects must be delivered on time, it is imperative that we maximise the utility of the existing network in the interim. This must be a focus of regulatory policy, otherwise there is a material risk that projects will not be delivered until such a future point as the network is able to facilitate them. We would, therefore, urge the UR to consider additional ways to leverage the existing network infrastructure to alleviate existing NI system constraints.

Consideration should be given, for example, to providing Firm Access to battery and storage technologies to allow them to take a more proactive role in alleviating network congestion at times of high renewable output. Removing impediments to co-location and hybrid connections would, likewise, aid the maximisation of existing renewable investments, whilst we await the delivery of new

grid infrastructure. The pathway to Firm Access for a number of existing renewable generators in NI, is heavily reliant on network reinforcements that in a number of instances have been significantly delayed. The commencement of a new support scheme in NI in the coming years, provides an imperative to clarify the means by which Firm Access is provided to new and existing renewable units. A potential consequence of not providing clarity on Firm Access for new units, is higher prices in forthcoming auctions. Working in partnership with DfE, the hope would be that a sensible approach can be achieved which allows developers to predictably price the cost to their project of lost output, whilst also enabling the benefits of completed reinforcements to be delivered to the end consumer.

Securing our Energy Supply

RNI notes that the UR has prioritised scoping the requirements for increased interconnection and analysing the cost benefit for electricity consumers in Northern Ireland as part of achieving its security of energy supply objective. RNI members have expressed serious concern regarding recent GB interconnector trends and the impact high levels of interconnector imports are having on dispatch down levels and future renewables' investment in Northern Ireland at a time when we need to expedite growth of our renewable energy capacity.

Northern Ireland wind generation has been experiencing unsustainably high levels of dispatch down. 2023 saw indisputably worrying figures developing with regard to constraint levels in Northern Ireland. Based on SONI's Wind dispatch down reports, NI wind constraints have increased almost fivefold from SONI's own figures from 5.8% constraints at the end of 2022 to 25.6% in Q4 2023.

2023 and the early months of 2024 have also seen record levels of interconnector imports, even during periods of high wind and sometimes corresponding to when wind is being curtailed. Displacing the domestic renewables industry in NI will have a profound and detrimental impact on both the government's climate targets and the cost to the NI consumer.

NI is regularly importing 400MW across Moyle Interconnector, and this is contributing to dispatching down renewables, together with severe constraints on the north-south interconnector. Existing interconnector policy and corresponding assumptions thus far have focused on the positive export potential of renewables through increased interconnection, but modelling indicates a danger that NI will become dependent on imports. There is an urgent need to relieve the severe constraint levels in NI and steps can be taken in the form of cross-zonal trades, reducing min-gen levels of NI dispatchable generation, and better use of the existing North-South interconnectors.

When the UR is considering the cost benefit to NI consumers, RNI would propose that the regulator consider how the current level of constraints, which is likely to continue in the immediate future, is risking the economic viability of existing investments, diverting needed renewable energy investors and, ultimately, raising costs to consumers in the form of dispatch down compensation.

Underpinning RNI's position is the acknowledgement that NI is always competing for global investment, and is unfortunately already a laggard in developing the types of policies and financial

supports that attract developers, investors and companies active in the renewable energy supply chain. Without change, there is a considerable risk that NI remains unattractive to developers, imperilling our target of 80% by 2030.

Enabling Best in Class Energy Companies

RNI welcomes and recognises the importance of prioritising the needs of both current and future consumers. The energy transition has the potential to bring significant and positive transformation to our economy, environment and society and help the consumer by boosting local green growth and increasing the amount of clean energy at least cost. As detailed, grid capacity and constraints in NI remain a primary concern for renewable developers. While decisions can be made in isolation that benefit the *current* consumer, it is certain that without holistic thinking in investment and innovation, these are unlikely to yield benefit for future consumers.

Making decisions regarding future supply and demand, including anticipatory build out of the grid so that it can better facilitate increased levels of renewables' penetration, will help ensure reliable energy at least cost in the future. Therefore, RNI fully welcomes the UR's stated commitment to protecting the "short- and long-term interests of consumers."

In order to facilitate thriving and best in class energy companies, RNI would urge the UR to accelerate determination of its next steps document as part of the ongoing review of electricity connections cost allocation. This project is to be delivered at an indeterminate point in 2024/2025, which RNI would argue is not only too vague, but also does not recognise the need to urgently address the issue of charging connection policy, which is putting Northern Ireland at a stark and persistent competitive disadvantage to our neighbours.

Providing the Highest Level of Consumer Service and Protection

As new technologies emerge to support renewables and the energy transition, it is vital the regulator's work programme is designed to facilitate the fast-changing nature of what is required for the energy transition. RNI welcomes the UR's own admission that it must develop a more agile and pragmatic approach to low carbon technologies.

As a final comment, RNI would add that it would like to have seen consideration given to repowering policy development in the UR's planned programme of work. At present, the policy is overly cumbersome, requiring decisions to be made on an individual basis by the UR to determine if a modified connection agreement is required. RNI would welcome review of this policy and a streamlining of the process being included in the UR's Forward Work Programme.

RNI and its members welcome a more proactive UR and look forward to increased engagement as we work to 2030.