# North Channel Wind (NCW) response to Utility Regulator's Draft Forward Work Programme 2025-2026

NCW 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.

North Channel Wind is wholly owned by SBM Offshore, who have identified Northern Ireland as a key market for deployment of floating wind technology and are active in the region in partnership with NMK Renewables (who are responsible for front end project development work). Following a detailed constraints analysis of Northern Irish territorial waters, we have identified two suitable sites in the North Channel of the Irish Sea. Development work for these sites has commenced, with a target capacity of 1,000MW.

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<sup>1</sup>. 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 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. 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 NCW's views on the timelines and prioritisation of key projects to ensure that regulatory action supports Northern Ireland's renewable energy and climate commitments.

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<sup>1</sup> Climate Change Act (Northern Ireland) 2022

## **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 (IEA) has stated that all advanced economies must achieve zerocarbon power by 2035 (Zero by 35)<sup>2</sup>. 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<sup>3</sup>.

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. NI Assembly have committed to 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 due to persistent regulatory and System Operator delays in both Northern Ireland and the Republic of Ireland, coupled with inadequate investment in grid infrastructure, which threatens to stall renewable deployment ahead of 2030.

NCW 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. As a consequence, Northern Ireland now faces a policy cliff edge, 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. The KPMG report, 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<sup>4</sup>. A region that was once regarded as a renewable energy leader now risks being left behind.

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<sup>5</sup>. 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

<sup>&</sup>lt;sup>2</sup> Net Zero by 2050 - A Roadmap for the Global Energy Sector States, Nicolas Diener & Cian Conroy Loging Company, Number: NI693306, | Directors: Ambroise Wattez, Nicolas Diener & Cian Conroy Sector States, BT6 8DD | www.northchannelwind.com

<sup>&</sup>lt;sup>3</sup> <u>Clean Power 2030, Action Plans- GOV UK</u> Court Business Park, Monaghan Street, Newry, Co. Down, Northern Ireland

<sup>&</sup>lt;sup>4</sup> RNI-Report-Accelerating-renewables-in-Northern-Ireland-online-version.pdf

<sup>&</sup>lt;sup>5</sup> DfE Business Plan 2024-25 | Department for the Economy

accounted for just 45.5% of electricity generation, down from 51% in 20226. 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 - with Great Britain aiming for at least 95% clean power by 2030 and the Republic of Ireland targeting 80% renewable electricity by the same year.

Northern Ireland must match this level of ambition. 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. NCW hopes that the UR's FWP will enable the regulator to play a proactive role in working together to meet these challenges.

#### 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 NCW. 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. **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 Company Number: NI693306 | Directors: Ambroise Wattez, Nicolas Diener & Cian Conroy fuels due to delayscin.policy, regulation, and infrastructure investment.nEvery.cyear that passes Registered Address; Unit 8, Monaghan Court Business Park, Monaghan Street, Newry, Co. Down, Northern Ireland

<sup>&</sup>lt;sup>6</sup> Electricity Consumption and Renewable Generation in Northern Ireland

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.

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

1.4 Northern Ireland energy system model: To assess the desirability and feasibility of developing a Northern Ireland energy system model. This work will seek to enhance the Utility Regulator's modelling capability and benefit the delivery of the energy transition. • Phase One: We will work with DfE to consider the desirability and feasibility of developing a 'Whole System' model for Northern Ireland (Quarter 2). • Phase Two: Should the feasibility work lead to a decision to pursue the development of a 'Whole system' model, we will commence an exercise to develop the buildout of a model for Northern Ireland (Quarter 4).

North Channel Wind (NCW) welcome's UREG's intention to develop a 'whole system' energy model. This should be a priority project which will have a significant influence on the network system development and the SEM. Particularly relevant in the modelling work will be the impact of the energy system on the NI Executive's renewable energy targets. Of similar importance will be the Just Transition to Net Zero which is completely dependent on DEARA's Carbon Budget calculations. The Northern Ireland DEARA Chief Scientist has indicated that the contribution from offshore wind is central in achieving the second carbon budget targets (2028-2032) and this should be acknowledged in the UREG modelling. SONI have also indicated in all their scenario modelling that the NI Executive's RES targets will not be met without OSW.

NCW feel that this work should be completed as a priority and that it should be advanced to complete by end of 2025 to anticipate NI's RE support scheme auction in Q1 2026 (and subsequently to inform any subsequent RES auctions). NCW 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 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. **The success of this initiative will depend on meaningful stakeholder engagement and a regulatory approach that is ambitious, transparent, and responsive to industry concerns.** NCW 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.

1.5 Preparation work for potential firm access review in 2026-2027. This project will scope out, set principles, and consider potential customer impacts, ahead of consulting on any amendments to the process for awarding firm access to large renewable generators. Should the scoping exercise demonstrate that changes could be considered, a Firm Access Review would be undertaken in 2026/2027 (Quarter 4). NCW also feel that firm access should be considered as a central element of the modelling work detailed in 1.4 above. The Department for the Economy (DfE) has signalled its intention to run an NI Renewable Electricity Support Scheme (NI RESS) auction in Q1 of 2026. With such high levels of dispatch down for RES in NI and uncertainty in relation to compensation, NCW fears that RES support auction bid prices will be unacceptably high, or there will be insufficient bids to meet the targeted capacity, if an administrative strike price is set too low. Even if constraints are compensated through the support scheme, there will remain a merchant tail risk which will be factored into bids. In addition, DfE has indicated that it expects 20 per cent of the capacity needed to achieve 80 by 30, to be met by projects outside of the support scheme i.e. projects that are merchant or subject to a Corporate Power Purchase Agreement (CPPA). NCW feels that this is incredibly unlikely in the current context.

NCW contends that it is essential that the current firm access policy be revised, perhaps as part of the modelling work (or as an additional, concurrent work stream), in advance of the first NI RESS auction, to give new generators a fixed date by which firm access must be granted. We note with concern that the Utility Regulator's draft Forward Work Programme, which outlines that preparation work for a potential firm access review will not take place until 2026-2027. NCW believes that this workstream must be accelerated or completed as part of the proposed modelling study.

NCW agree with RNI that 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. According to Eirgrid's latest dispatch down statistic, wind generation dispatch down in Northern Ireland reached 29.6% in 2024 and constraints reached 26.4% during the same period, Northern Ireland's renewable industry is at risk of financial instability<sup>7</sup>. 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.

As noted above, 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. 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. North Channel Wind, The Mount, 2 Woodstock Link, Belfast, BT6 8DD | www.northchannelwind.com Registered Address; Unit 8, Monaghan Court Business Park, Monaghan Street, Newry, Co. Down, Northern Ireland

<sup>&</sup>lt;sup>7</sup> DD Summary Report.xlsx

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

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 an increased 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.

### **Securing our Energy Supply**

2.2 Interconnection Regulation. To deliver a robust regulatory process to facilitate interconnection that promotes further market competition. • Deliver on two-step approach by regarding the future on interconnection, to assess the need for interconnection and associated subsequent need for a Cap and Floor regime (Quarter 1). • Progress work on the TSO Certification via the opening of an application window to potential interconnectors for certification (Quarter 4).

As noted above, understanding of the 'whole system', including new and potentially future interconnectors, is required as a matter of urgency. Trading on interconnectors is a key influence on RES dispatch down, how power trades and flows operate across markets and specifically within the SEM. NCW believes that these influences should be understood and modelled sooner rather than later, certainly ahead of the proposed RES auction and ahead of the proposed Q\$ 2026 set down in the UREG FWP.

NCW 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. NCW has 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 80 by 30 targets.

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 in the long run, while interconnector imports continue to provide cheaper electricity for consumers. Dispatch down for the 2024 calendar year reached 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% vin 2024 w Howevers this reliance continue to more interconnector imports is not a sustainable long-term solution, as it displaces local renewable generation and prevents

Northern Ireland from fully utilising its indigenous clean energy resources. Without decisive action to relieve grid constraints, these structural challenges will persist, jeopardising progress towards net zero and limiting Northern Ireland's ability to establish a secure, self-sufficient renewable energy system.

These figures highlight the severe limitations of the existing grid infrastructure, particularly in the North-South interconnector area – with concerns exacerbated now by SONI's recent announcement that the second N-S I/C has been delayed to July 2031.

Meanwhile, Northern Ireland is importing up to 400MW across the Moyle Interconnector, further displacing domestic renewable generation.

The 700MW LirIC interconnector raises further questions about the impact of additional interconnection 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 uses the same data set as Ofgem to ensure consistency in approach and avoid discrepancies in regulatory assessments. Alignment in methodology will help ensure that interconnection decisions are made with a full understanding of their long-term implications on both sides of the interconnector flows.

Existing interconnector policy has primarily focused on the potential for renewable exports, but modelling suggests a real risk that Northern Ireland could become over-reliant on imports in the short to medium term. 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 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 landscape where projects are continually dispatched down will deter investment, ultimately preventing new developments from being built. While interconnectors may provide short-term price benefits, failure to address internal grid bottlenecks will result in higher dispatch down compensation costs, deter renewable investment, and prolong reliance on fossil fuels.

The priority must be on reinforcing Northern Ireland's grid, improving cross-zonal trades, reducing minimum generation levels, and optimising the use of existing North-Company Number: NI693306 | Directors: Ambroise Waitez, Nicolas Diener & Cian Conroy South interconnectors, before additional interconnection projects are pursued. Registered Address; Unit 8, Monaghan Court Business Park, Monaghan Street, Newry, Co. Down, Northern Ireland NCW 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.

2.3 Security of Supply and Regulatory Tools. To monitor adequacy and engage with key stakeholders on any issues relating to the electricity and gas transmission systems to ensure that they are mitigated appropriately. • Develop or modify regulatory tools relating to fuel security across the electricity and gas industries (Quarter 1). • Develop/approve modifications to industry rules to implement any SEM related initiatives (Quarter 4).

NCW completely agree that accurate forecasting and balancing between the electricity and gas transmission and markets is essential. We completely agree that developing or modifying the tools should be a key element of the UREG work programme.

2.4. Governance arrangements for SEM All-Island Programmes. To review requests for funding of All-Island Programmes from Q1-Q4 within tailored governance structures in order to issue approvals for work to proceed and verify costs incurred on All-Island Programmes • Establish a Programme Management Office to coordinate and facilitate programme inputs and progress/expenditure reporting (Quarter 1). • Facilitate consultative stakeholder workshops in Q1 to assess a multi-year plan for All-Island workstreams. Publicly consult on proposed plan (Quarter 2).

NCW completely agree that requests for funding of All-Island Programmes from Q1-Q4 within tailored governance structures in order to issue approvals for work to proceed and verify costs incurred on All-Island Programmes should be reviewed. These all-island programmes are essential to ensure appropriate and equable treatment of system issues across the whole island.

NCW 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.

The next 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. NCW 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.

NCW concur with the industry position that the absence of any mention of Long-Duration Energy Storage (LDES) in the FWP is a disappointment. We agree that 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 Company Number: NI693306 | Directors: Ambroise Watter, Nicolas Diener & Cian Conroy the electricity systeman By istoring excess renewable energy during periods of high generation Registered Address; Unit 8, Monaghan Court Business Park, Monaghan Street, Newry, Co. Down, Northern Ireland 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 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.

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

Yours sincerely,

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