



Utility Regulator Consultation on proposal to grant an electricity transmission licence to TI LIRIC LIMITED (in respect of a proposed interconnector between Scotland and Northern Ireland) – GNI (UK) Response



## **Introduction**

GNI (UK) welcomes the opportunity to respond to the Utility Regulator (“UR”) Consultation on proposal to grant an electricity transmission licence to TI LIRIC LIMITED (in respect of a proposed interconnector between Scotland and Northern Ireland (“NI”).

GNI (UK) is one of two gas transmission system operators (“TSOs”) in NI and one of five gas network operators (“GNOs”) (to include the three gas distribution network operators (“DNOs”). We are committed to playing our role in NI’s energy transition, including employing a ‘whole energy system’ approach aligned to the interests of NI energy consumers and meeting NI’s ambitious decarbonisation targets.

## **Question Responses**

- Q1) Do respondents have any objections to the UR's proposal to grant a transmission licence (which includes the terms and conditions set out in a draft of the proposed licence) to TI? If so, please set out the basis and reasons for any such objection.**

While we have not reviewed in detail the terms and conditions set out in the draft proposed licence, we note that an electricity transmission licence, rather than an interconnector licence, appears to be proposed. We understand this is the approach employed for the Moyle Interconnector.

- Q2) Do respondents agree with the UR's proposed two-step approach UR. Please provide any supporting information.**

Yes, this is a pragmatic approach. We welcome the regulatory precedent this may set for all energy infrastructure development, where the business model for such has yet to be determined. We agree, in such circumstances, the proposed approach can possibly assist with regards planning, development, and construction of proposed infrastructure (including, for example, securing greater investment in the project and making compulsory purchase powers possible).

- Q3) What are respondents’ views pertaining to consumer impact, or any other impact, in granting a licence without specified operational revenue regime licence conditions? Please provide further information which lends support to the views expressed.**

No response.

- Q4) What are respondents’ views on the risks and benefits of the proposed approach?**

No response.

- Q5) Are there any additional risks or benefits regarding further interconnection? If so, please provide supporting evidence.**

Given its mutualisation ownership model, the impact of revenues on the Moyle Interconnector is a key consideration with regards the potential impact to NI consumers.

Also, the prospect of locational pricing within the wholesale market in Great Britain (“GB”), as being considered as part of GB’s Review of Electricity Market Arrangements (“REMA”), is a crucial matter affecting the future cost-benefit of (existing and) future interconnection to the Single Electricity Market (“SEM”).

**Q6) Do respondents have any views regarding the anticipated timelines outlined?**

We note that UR say (at paragraph 4.12) they are currently working with DfE to develop the project to establish, *“the needs case for interconnection in parallel with the assessment of whether or not a Cap and Floor regime is appropriate for Northern Ireland”*, and intend to share the timelines on this upon publication of the decision of this licence consultation, which is indicated (at paragraph 2.11(a)) as expected to be in Q4 2024. However, paragraph 2.11(b) also indicates UR expect such needs case assessment for interconnection to conclude in March 2025.

We believe it is crucial such analysis is on a ‘whole energy system’ basis and that we – given our expertise and recognising the important role we have in strategic planning of NI’s energy system – have potential to add significant value to this, including with respect to electricity interconnection and in particular the reliance placed in it (and/or alternatives) for security of supply in long-term energy pathways.

We observe with interest, in this respect, the statement in SONI’s Tomorrow’s Energy Scenarios (“TES”), that:

*“Future hydrogen interconnectors may also offer a route to market for exports of green hydrogen and could therefore lead to higher levels of hydrogen production than we have forecast in these scenarios with hydrogen exports potentially becoming an economically advantageous energy export opportunity.*

*If the international market for green hydrogen develops this will have important interactions with international markets for electricity, potentially reducing the quantity of electricity exports forecast in this study. Understanding this relationship will require a more detailed review of future interactions between the electricity and gas systems in Ireland, Northern Ireland, Great Britain and Europe”.<sup>1</sup>*

We would, therefore, welcome further engagement on the contribution we can make to considerations on the needs case.

**Q7) Are there other provisions that stakeholders consider should be included in the licence conditions and/or the revocation schedule? Please provide details and supporting rationale.**

No response.

**Q8) What are the specific issues of further interconnection that are most likely to need specific regulation? Please provide your reasons.**

No response.

---

<sup>1</sup> [Tomorrow’s Energy Scenarios 2023 Final Report \(soni.ltd.uk\)](https://soni.ltd.uk/tomorrow-energy-scenarios-2023-final-report)

**Q9) Do respondents have any views on the proposed approach in relation to a potential regulated Cap and Floor operating revenue regime?**

The consultation indicates (at paragraph 2.20) that UR “*may*” consult in the future on its findings in relation to the appropriateness of a Cap and Floor regime and seek stakeholder views as to the benefits and risks associated with this regime, specifically focussing on consumer interests and benefits. We suggest this should, instead, be a commitment that UR ‘will’ consult on such.

We suggest that a joint-up assessment with Ofgem of the needs case and merits of cap and floor regime (including potential to be underpinned by both GB and NI consumers) should be explored.