



Licence Team
Utility Regulator
Millennium House
Great Victoria Street
Belfast
BT2 7AQ

06 February 2026

Dear Sir / Madam,

Re: Consultation for Assessment on the Need for a Regulated Operating Revenue Regime for Future Interconnection.

I am writing regarding the above consultation.

The Consumer Council

The Consumer Council is a non-departmental public body (NDPB) established through the General Consumer Council (Northern Ireland) Order 1984. Our principal statutory duty is to promote and safeguard the interests of consumers in Northern Ireland.

The Consumer Council has specific statutory duties in relation to energy, postal services, transport, water and sewerage. These include considering consumer complaints and enquiries, carrying out research, and educating and informing consumers.

The impact on Northern Ireland consumers

TI LirIC Limited (TI) intend to build a 700MW interconnector between Northern Ireland and Scotland, which is currently planned for completion in 2032. TI have requested a regulated revenue regime arrangement, similar to the process implemented by Ofgem. This is the first such request received by the Utility Regulator (UR) for a prospective interconnector development project and this paper seeks representations from stakeholders with regard to UR's proposed approach for this assessment.

In summary, the Consumer Council is supportive of the UR's approach, which seeks to establish the merits of the TI's proposed interconnector (the TI project') using a multi-criteria approach. We agree with the UR's joined-up approach whereby this assessment will incorporate the findings of Department for the Economy (DfE) work to develop a wider interconnector policy in 2025/26.

We welcome the UR's proposal to commission detailed analysis of the market and system impacts of the project. While interconnectors have the potential to generate significant consumer benefits in the markets they serve, the current circumstances of the energy system in Northern Ireland need to be taken into account in the UR's decision making.

If the UR's assessment finds the TI project to be net beneficial for Northern Ireland, the Consumer Council believes that some form of regulated revenue regime will be necessary to protect consumers in Northern Ireland from high prices.

The Cap and Floor model which Ofgem uses for GB interconnectors, and which the Commission for Regulation of Utilities (CRU) uses in Ireland, provides a model for the UR's regulatory design work, which has provided value for money for consumers. We would expect the modelling to assess whether similar cost and social welfare benefits would accrue to Northern Ireland consumers.

Below are our responses to the individual consultation questions:

Q1. Do respondents have any views regarding additional interconnection in Northern Ireland that you would like to highlight? If so, please provide details.

As the consultation document notes, interconnectors have the potential to bring significant benefits to consumers by connecting energy markets in the form of increased security of supply, a smoother transition to a low-carbon future and lower costs of generation. However, the specific market characteristics of Northern Ireland mean that increased interconnection may create additional costs as follows:

- Capacity on the grid in Northern Ireland is already constrained, with high levels of constraints/curtailment for native generation. A new 700MW interconnector, if completed before grid capacity is increased, could drive more constraints and curtailment, which could make local renewables projects less attractive for investors and see costs passed through to Northern Ireland's consumers through increased compensation for dispatch down.
- Northern Ireland is already served by the Moyle Interconnector with Scotland. The mutualisation structure has driven significant financial benefits for Northern Ireland consumers, and another interconnector may reduce Moyle's revenues and profits.

We support the UR's proposals for in-depth quantitative assessment of the costs and benefits of the TI project under a range of scenarios to provide data to support decisions on the trade-offs between interconnection and local generation.

Q2. Do respondents have any additional considerations they believe should be included within the step two workstream? If so, please provide details.

The Consumer Council believes the Step Two workstream should provide a robust assessment of the benefits of the TI project for Northern Ireland's consumers as part of its analysis of the needs case for a regulated revenue, and that the UR should continue to engage with Ofgem to ensure that the two regulatory approaches on either side of the interconnector are complementary.

Our views on the detailed criteria the UR will use to conduct its assessment are set out in our response to Q4 below. We agree that the assessment should be joined up with wider work with the DfE to develop a robust regulatory process to facilitate interconnection if this is in the best interests of consumers.

Q3. Are respondents aware of any other interconnector revenue models outside of those listed above? If so, please provide details for any other models considered to be available. - No comment.

Q4. Do respondents agree with the criteria and principles to be applied during this

assessment? If not, please provide details of other criteria/principles that may also warrant consideration.

We welcome the UR's proposal to conduct a market modelling assessment (Criteria A) and a system impact assessment (Criteria B), with a high-level cost assessment from TI feeding in (Criteria C). It is important to establish that the TI project will be net beneficial as part of any decision concerning a future regulatory regime.

With regard to the Cost and Technical Assessment (Criteria C), the Consumer Council supports the UR's plan to commission expert scrutiny of the costs and performance data submitted by TI, to mitigate the risk to Northern Ireland consumers from a needs case based on unduly optimistic early-stage cost and technical assessment.

The Consumer Council would like to understand the implications of the Delivery Assessment (Criteria D) as it is unclear whether this part of the analysis attracts more weight than the others. We are concerned that if the results of the analysis under Criteria A-C suggest a positive benefits case for a new interconnector, and the Criteria D analysis suggests that the 2032 target completion date is only feasible under a merchant model; then this would imply that the project would be allowed to proceed on a merchant basis. However, the outcome for NI consumers may be better under a regulated revenue regime at a slightly later target operating date.

We are concerned that operating the interconnector on a merchant basis could expose Northern Ireland consumers to higher prices due to a position of market power (see Q5 response below).

Q5. Do respondents support the proposed parallel work to be commenced in Q3 2026 regarding the development of a regulated operating revenue regime framework? If not, please provide supporting details.

The Consumer Council supports the UR's proposal to conduct parallel work in Q3 2026 to develop the regulated operating revenue regime. If the outcome is a positive benefits case for the TI interconnector, we recognise the importance of leveraging any efficiencies in the timeline to support the proposed commissioning date.

We believe that if the UR's assessment finds a positive benefits case for investment in the TI interconnector, it would be in the best interests of Northern Ireland's consumers for a regulated revenue regime, as this would reduce their exposure to any potential excessive charging on the part of the operator.

The Cap and Floor model is well-established in GB and Ireland and provides a well-understood model for revenue regulation with appropriate levels of consumer protection (through Ofgem's consumer interest duty, and the public interest test which the CRU applies).

The Consumer Council looks forward to working closely with the UR to ensure that future interconnection works in the best interest of Northern Ireland consumers.

Yours faithfully,



Raymond Gormley
Head of Energy