

12 February 2026

Utility Regulator

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Dear Consultation Team,

ERG Response: Consultation for Assessment on the Need for a Regulated Operating Revenue Regime for Future Interconnection

We are writing to express support for RenewableNI's response to the Utility Regulator's consultation on the *Assessment on the Need for a Regulated Operating Revenue Regime for Future Interconnection*.

The response makes clear that consideration of a regulated revenue regime is premature without an evidence-based policy position on the need for further interconnection. As the consultation itself notes, additional analysis is required to determine whether further interconnection is necessary. A clear system-need case and demonstrable consumer benefit must therefore be established before progressing any work on potential tariff arrangements.

RenewableNI highlights significant risks associated with LirIC, particularly the potential for increased constraint and dispatch-down within an already congested Northern Ireland system. Modelling undertaken for this consultation indicates that constraints could rise substantially if LirIC were commissioned ahead of essential grid reinforcements. Such outcomes would undermine renewable deployment and send negative investment signals.

It is particularly important to emphasise that renewable generation supported under the Renewable Energy Price Guarantee (REPG) scheme will be fully compensated for any dispatch-down. If LirIC leads to increased and more frequent dispatch-down, as current evidence indicates is likely, this additional REPG-supported capacity would incur regular compensation payments that flow directly onto consumer bills. The Utility Regulator must therefore assess the potential scale and frequency of these dispatch-down impacts, given the long-term financial consequences for households and

businesses.

Additionally, RenewableNI's response sets out well-founded concerns regarding the structural disadvantages faced by Northern Ireland generators compared with Great Britain counterparts, the risk of exacerbating market distortions, and the need to prioritise domestic grid reinforcement over new interconnection.

Given these issues, RenewableNI rightly advises that any development of a regulated operating revenue regime should not proceed in parallel with the needs assessment. The sequencing must remain grounded in evidence to ensure consumer protection and alignment with statutory decarbonisation commitments.

ERG supports the recommendations set out in the response and encourage the Utility Regulator to ensure that system need, consumer value, and the implications of dispatch-down compensation under the REPG scheme are fully integrated into all subsequent stages of analysis.

I would be happy to discuss these points further.

Yours sincerely,

Stephanie Conesa
UK Public Affairs