Energia Response to Utility Regulator

Consultation for Assessment on the need for a Regulated Operating Revenue Regime for Future Interconnection

February 2026

Executive Summary

Energia welcomes the opportunity to respond to the Utility Regulator (UR) and this consultation on the need for a Regulated Operating Revenue Regime (RORR) for future interconnection. While recognising the value of existing interconnection for security of supply, Energia stresses that additional interconnector capacity presents significant systemic risks for Northern Ireland's highly constrained power system.

Energia's position is that the needs assessment for a RORR for future interconnection requires a holistic assessment that is founded upon a robust, detailed TSO-led system assessment, and takes account of the security of supply and dispatch down challenges that additional interconnection will introduce.

As part of the assessment, the impact of additional interconnection should be evaluated against realisable utilisation considering the limitations of the onshore network in NI. Energia notes a major network project is underway and due for completion in 2030 to enable the full utilisation of the full 500MW capacity of Moyle, 28 years after commissioning; the NI consumer should not underwrite assets for which the full benefit cannot be realised. It is crucial that the UR fully investigates the potential risks associated with an oversaturation of interconnection.

The system assessment must be comprehensive and informed by technical expertise determining the impact on the NI power system, and if there are any network limitations and stability requirements associated with further interconnection. Moreover, the addition of 700MW in the case of LirIC is systemically significant, the resulting frequency and voltage stability issues must be considered as a key part of the assessment. Crucially, the system assessment is a necessary pre-requisite for the market modelling, the two cannot be conducted at the same time, the market modelling must follow and be based upon the findings of the system impact assessment.

Once a regulatory framework is progressed, the development of an interconnector is irreversible. Energia emphasises that the regulatory assessment is designed appropriately; without a fully informed understanding of system capability the NI consumer is exposed to unnecessary risk through an inflation of the perceived Socio-Economic Welfare (SEW) of LirIC beyond what the system can actually deliver. Consider also the negative impact of further interconnection on security of supply, the displacement of indigenous generation, and increased dispatch down driving up consumer costs undermining existing and future renewable investment, the cumulative effect of further interconnection will undermine NI's energy transition and disadvantage consumers. Energia's key concerns raised throughout this response are as follows:

- **Need for sequential, not concurrent, criteria assessment** to ensure the market modelling is informed by the system impact and deliverability assessments. Crucially, a sequential approach prevents siloing and ensures market modelling is underpinned by realistic assumptions from the system impact assessment, accounting for operational constraints or system limitations required to operate the interconnector and thus reducing the risk of overestimating the modelled benefits.
- **Need for a detailed assessment and quantification of the impact on dispatch down.** Northern Ireland already experiences the highest levels of dispatch down in the UK and Ireland, averaging 29% in 2024. Additional

interconnection will seriously exacerbate this, the net effect of which will be to drive up consumer costs and undermine investment in NI renewables. The capacity required to meet 2030 targets will more than double NI's renewable capacity. Additional price driven imports on LirIC will displace a large portion of both existing and future capacity procured through the REPG scheme, with substantial dispatch down costs to consumers likely to be a multiple of the current level of c£100m p.a., which over a 20-year period could be in the range of £4bn - £8bn. The UR must consider this inevitable impact on dispatch down and the resultant effect on investor confidence and renewable development in NI, how this will bear costs unto the consumer and how this will impact NI's energy transition and legislative climate targets.

- **Consider the security of supply risks, displacement of indigenous capacity, the concentration of risk, and the vulnerability of overreliance on GB**. If LirIC is progressed, GB-SEM interconnector capacity would represent 62% of NI's forecasted peak demand in 2032. While existing interconnectors have contributed to security of supply in the SEM, this concentration is unprecedented, creating an oversaturation risk. The result will be the displacement of indigenous dispatchable generation, decreasing energy independence and increasing exposure to external TSO actions during scarcity events, such as NTC restrictions or withholding SO-SO trades.
- **Need for comprehensive market modelling and consultation on assumptions**. Simplistic or limited modelling risks materially overstating SEW benefits, it is essential to take account of a wide variety of factors including but not limited to; the findings of the system assessment; realistic generation, demand, fuel and carbon assumptions; a range of flow scenarios; and delay to the development of LirIC and/or critical transmission infrastructure. The UR should publicly consult on the assumptions before proceeding with the modelling to ensure robust and industry informed inputs.
- **The second North-South tie-line should be considered an absolute necessity but not solely sufficient condition for further interconnection.** In modelling scenarios with and without the planned 400kV North-South tie-line the UR will identify its critical role in helping to alleviate both current NI system constraints and increased constraints arising from REPG additional capacity (albeit further constraints and operational challenges will also need to be resolved with ROI interconnection considered). If this proves to be the case, then, given the project's history of delays and ongoing legal challenges, the UR should take a prudent approach and pause any assessment of a RORR for future interconnection until there is absolute certainty regarding the delivery of the second North-South tie-line.

The UR must avoid rushing this process and ensure the TSO has sufficient time and resources for a robust system assessment. Energia does not support accelerating Step Two or running a parallel workstream in Q3 2026. Given the systemic significance of LirIC for the small, constrained NI power system, a premature decision is not in consumers' interests. The implications of an incorrect decision are far greater in NI than in GB, and thorough due diligence is essential to protect consumers. Alignment with Ofgem's timelines is unnecessary. It would be prudent for the UR to pause all workstreams until the TSO's system assessment is complete.

Introduction

Energia recognises the benefits of existing interconnection, and the contribution GB-SEM interconnection has made to security of supply on the island of Ireland. However, as interconnector capacity increases, the yield of marginal benefit to security of supply significantly decreases or erodes entirely. Considering its relatively small size and sensitive energy system, Northern Ireland currently has a reasonable level of interconnection, moving beyond this incurs the risk of an oversaturation of interconnection, the associated risks of which are materially and systemically significant, notably the; dispatch down of renewables; risks to security of supply and increased operational complexity; deterrence of investment undermining development of indigenous generation; and the passing of undue financial burden onto the consumer.

Considering the irreversible risk of progressing further interconnection, Energia urges the Utility Regulator (UR) to prioritise a robust and objective TSO-led system assessment before progressing any further workstreams. Crucially in the context of the proposed 700MW LirIC interconnector, a system assessment must be undertaken to identify the impact of LirIC and the system capability to assess if any limitations or restrictions are required to be imposed to securely operate the system with such a large infeed. Any such operational restrictions or limitations would have a material impact on the cost-benefit analysis of LirIC, for example Net Transfer Capacity (NTC) restrictions required for system stability. In turn, these must be fully accounted for in the UR's assessment on the need for a RORR

Once a decision is made it cannot be undone, therefore it would be prudent for the UR to pause all other assessments in the Step Two Workstream to ensure the completion of a rigorous system assessment identifying the potential impact of further interconnection and the system's operational capabilities to facilitate it. This must then be used to inform and underpin all other assessments. Failure to appropriately sequence the assessment in this manner creates unnecessary risk for NI consumers through an overestimation of benefits beyond what the system can realistically achieve and could significantly undermine the regions renewable energy ambitions and security of supply.

Moreover, it is probable that in modelling scenarios both with and without the planned 400kV North-South tie-line the UR will identify the critical role this infrastructure will play in mitigating constraints. Without it, the negative impact of an oversaturation of interconnection will be significantly exacerbated. Therefore, if the second North-South tie-line is identified as a vital component to facilitate further interconnection to provide a substantial SEW benefit, then considering the track record of delay, the UR should act prudently and await absolute certainty of delivery of this transmission infrastructure, as a necessary pre-requisite alongside the mitigation of other challenges and constraints.

Consultation Questions

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

Energia strongly urges the UR to exercise caution in progressing additional GB-SEM interconnection without a holistic assessment considering the negative implications of an oversaturation of interconnector capacity. In the context of the proposed LirIC interconnector, 700MW is systemically significant and would materially impact NI's energy system.

Before further consideration is given to additional interconnection, it is essential that the UR rigorously test the simplistic assumption that interconnection helps to resolve the energy trilemma. In Energia's experience, the impact of interconnection is far more nuanced and complex than the *prima facie* benefits identified in the consultation.

Moreover, there is a material risk of further interconnection exacerbating the energy trilemma if there is an oversaturation of interconnected capacity; security of supply is challenged by increased operational complexity and the displacement of indigenous generation; a low-carbon future is undermined by increased dispatch down deterring indigenous renewables; and the cost of dispatch down and increased imperfections from operational constraints pass onto the consumer.

Security of Supply

Central to a holistic assessment of further interconnection is recognising that the impact and benefits of an interconnector are not the same as the impact and potential effect of a system oversaturated and dominated by interconnection. While existing interconnectors have contributed to security of supply, as interconnector capacity increases operational challenges emerge and strategic risks are amplified. Thus, any benefit to security of supply significantly reduces with each increase in capacity.

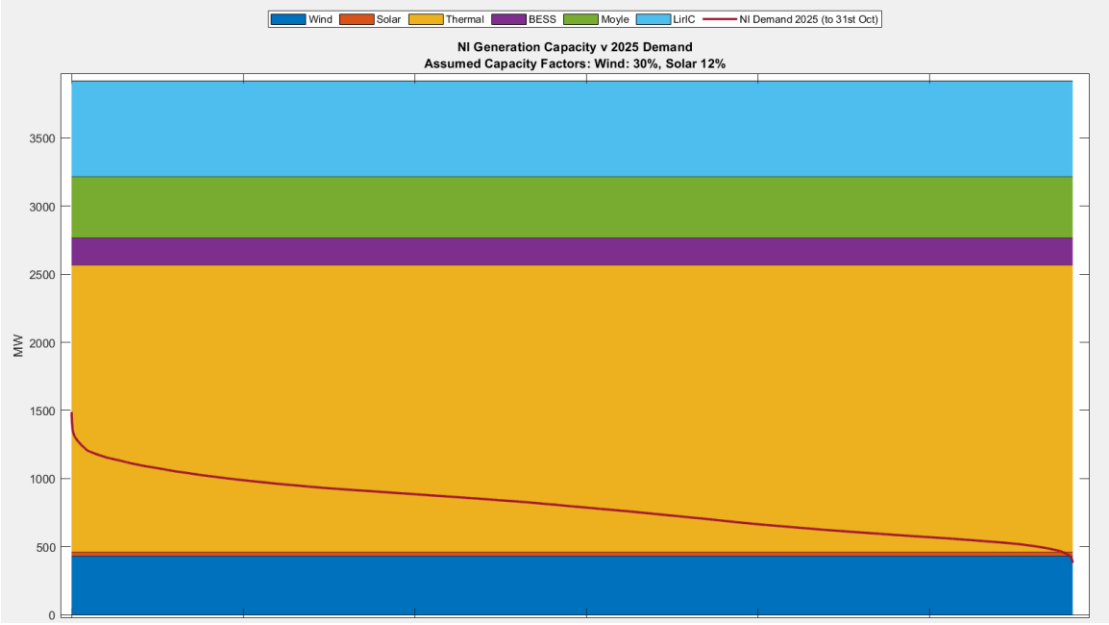
If progressed, LirIC would raise NI-GB interconnector capacity to 1200MW, around 62% of forecast peak NI demand in 2032[1], which represents an unprecedented level of exposure to a single external jurisdiction for a system of Northern Ireland's relatively small size.

A load duration curve for existing capacity (Figure.1) with the addition of LirIC demonstrates the level of oversaturation created by a further 700MW of interconnection. In that, taking Moyle at 450MW import and the addition of LirIC, GB interconnection could satisfy the first 10 months of NI demand in 2025 96.28% of the time.

[1] AIRAA 2025-2034

Further interconnection will therefore clearly dwarf NI's need and heighten the risk of overreliance on external TSOs and SO-SO trades. Recent actions by SEM TSOs during scarcity events, including the use of NTC restrictions to safeguard security of supply, demonstrate that such measures are both real and reciprocal, and similar constraints could plausibly be imposed by GB TSOs, an issue particularly acute if a scarcity event is impacting both jurisdictions. In such circumstance, NI would be exposed to a material adequacy risk due to the reliance on interconnection coupled with the displacement of indigenous capacity by the increased level of interconnection.

Figure 1



Displacement of indigenous capacity by interconnectors significantly reduces NI's energy independence. At 700MW, LirIC would contribute approximately 350MW de-rated capacity (MWdr) and thus displace the development of up to c.350MWdr of indigenous dispatchable generation clearing in the Capacity Market. This represents poor value in terms of a return for transmission access (a limited and valuable resource). Contrary to interconnectors, indigenous generation provides a better investment in security of supply by offering improved dispatchability, full domestic control reducing reliance on SO-SO trades, and mitigates the unknowns of interconnector behaviour during times of crises.

Moreover, to derive 60% of forecast peak demand across two subsea interconnectors, a technology acutely prone to physical disruption and sabotage, introduces additional risk, which is mitigated by a diversified portfolio of indigenous, dispatchable generation.

There are, in addition to the above, specific technical and operational risks that further interconnection could exacerbate. As recognised in the CRU's Risk Preparedness Plan[2], HVDC technology can be susceptible to sympathetic trips and interaction with cascading impacts on voltage and frequency. This was seen in the Irish power system

[2] Risk Preparedness Plan – CRU

with a 5-Hz oscillation event on 14 May 2024, when a large HVDC interconnector importing 530MW tripped resulting in a 20 second oscillation which led to the loss of a second HVDC interconnector and 380MW of imports. Voltage instability, and the subsequent cascading impact of generator disconnection is a material risk to system security.

An additional challenge to security of supply, the proposed Kilroot connection point introduces a concentration risk given its electrical proximity to existing generation, LirIC would be in addition to the 842MW of installed capacity at this node. A single contingency at this node could therefore result in a significant loss of infeed.

Additionally, increasing Northern Ireland's largest single infeed by 40% to 700MW in the case of LirIC, would necessitate materially higher reserve procurement and require revision of SONI's operational policy, which as per the latest SONI Transmission System Security and Planning Standards (TSSPS) limits maximum operational outfeed to 500MW[3] and this is the basis of calculations for fault ride through and rate of change of frequency (RoCoF) in NI.

Crucially, in the context of additional interconnection, the measures implemented by EirGrid in response to the challenge of balancing a system where the balancing requirement can be greater than the loss of the single in/out feed, include operational restrictions on interconnector exports alongside the enhancement of over-frequency support[4]. Energia is aware that in Northern Ireland, SONI have taken similar steps to address fault-ride through concerns by limiting interconnector exports to 200MW. Assuming similar restrictions are imposed on any additional interconnector for system security reasons, there would be a significant reduction in any supposed export benefits.

The UR must consider as part of the assessment for further interconnection the risks to security of supply and the operational challenges incurred from additional interconnection as outlined above. There must, as part of a robust system impact assessment, be an analysis of credible contingencies of sympathetic trips of electrically close devices, and a comparison of such trips versus the largest single infeed loss or N-1 contingency, and the required reserves to operate the system securely. Only after detailed technical analysis can the UR assess the impact of further interconnection to security of supply in Northern Ireland's sensitive energy system.

Facilitate low-carbon energy transition

The consultation outlines the role of interconnectors in facilitating a low carbon energy future, this relationship is far more complex than credited considering the negative impact of interconnection on dispatch down and renewable development.

Northern Ireland is currently facing a crisis of unsustainably high levels of dispatch down, the highest anywhere in the UK and Ireland. Drawing on experience as a developer and operator of renewable generation across the Island of Ireland, Energia strongly urges the UR to view dispatch down as a critical threat to existing and future investment in renewable generation.

[3] TSSPS - SONI

[4] Large Demand Facility Fault Ride-Through Issue and Proposed Solutions – EirGrid/SONI

Since 2022 and the onset of elevated levels of dispatch down, the existing NI-GB Moyle interconnector has become a net importer to NI, with notably high import volumes during curtailment events. In 2025, SEM interconnectors were importing on average 94% of the time. It is reasonable to assume that any future interconnection will operate in a similar manner. The outturn of this would be significant levels of imports into NI.

Given there is a clear correlation between high interconnector imports and elevated dispatch down, it is a reasonable concern that further interconnection would exacerbate the dispatch down of renewable generation. In the case of the proposed 700MW LirIC interconnector, this impact would be systemically material in NI.

Add to this the potential further, or even indefinite, delay of the planned 400kV North South tie-line, a very plausible scenario given the historical track record of slippage and ongoing legal challenges. Such an outcome would drastically impact the ability of the NI system to mitigate transmission congestion and thus further aggravate dispatch down from further interconnection. The second North South tie-line being fully commissioned and operational should be a critical, but not sole, condition which needs met before further interconnection is considered.

Ultimately, additional interconnection has the potential to increase the already hugely challenging levels of dispatch down in NI, and concerningly make these an enduring feature of the NI energy system. Dispatch down already threatens the viability of existing and future renewable investment, increasing it via additional interconnection to the magnitude of 700MW will significantly erode returns on investment, undermine developer confidence, and slow, or completely stop, the development of indigenous renewable generation.

Moreover, deterring investment in Northern Irish renewables threatens Northern Ireland's energy transition and energy independence by displacing domestic renewables. Progressing further interconnection is therefore to the detriment of the consumer in the long-term as less zero-marginal cost, clean renewable energy is generated domestically.

Further interconnection challenges NI's legislative climate commitments as energy imports do not count towards emissions or renewable targets. The UR must therefore consider that further interconnection, through increasing dispatch down of existing units and deterring investment in future development of renewables, will compromise NI's legislative commitments and renewable targets.

Cost to the consumer

Interconnectors are often considered beneficial in terms of supporting price convergence between markets. However, this is only on an unconstrained basis and does not take constraints costs into account. The impact of constraint costs can be highly significant and outweigh the perceived benefits of unconstrained price convergence. This is particularly the case in the small, highly constrained NI power system. As such a robust system assessment is critical (as will be discussed further) to fully understand system capability before the assumption is made that there is a significant benefit of price convergence with further interconnection.

A further challenge to additional interconnection for the consumer is the increased cost of imperfections, balancing actions and dispatch down. As outlined above, further

interconnection will materially increase levels of dispatch down and generators will require compensation for such actions. This cost is passed onto the consumer and thus, the higher the level of dispatch down, the more significant the burden to the consumer.

The current estimate to compensate existing firm access quantities is around £100m per annum. In order to meet 2030 targets, renewable capacity is required to more than double. The Renewable Energy Price Guarantee (REPG) scheme, anticipated to facilitate much of this doubling of capacity, includes compensation for dispatch down. Therefore, considering a doubling of renewable capacity, if dispatch down stayed at current levels, it would be £200m per annum, or £4bn over a 20-year period. Add to this the reasonable assumption that LirIC would double levels of dispatch down, this equates to a cost to the consumer of £8bn over a 20-year period to compensate dispatch down.

There is also a risk with additional interconnection that the NI consumer will have to pay three times for the same energy; once for the Interconnector DAM position; twice to compensate the wind dispatched down, and a third time if operational constraints require the dispatch of domestic thermal generation which did not previously clear in the market due to being displaced by interconnector capacity. Such an outcome is evidently contrary to consumer interest and NI's low carbon energy transition.

Of further concern, recent market experience indicates that interconnector contribution during coincident low-renewables conditions in Ireland and GB can be distortive. In these situations, the RO strike price acts as a *defacto* price cap in the ex-ante market. The result is a situation where an already stressed SEM exports to a higher priced GB in ex-ante time frames, only to have to buy back later and be exposed to high balancing market prices. An outcome that undermines both system resilience and consumer value.

Additionally, there is an opportunity cost to further interconnection. Energia advocates that the UR prioritise resourcing for domestic transmission reinforcement and development, which is critical to reducing levels of dispatch down, maximising the potential of NI's existing renewable generation and unlocking the full value of this for the NI consumer. Strengthening the transmission network will also help attract new investment in clean, indigenous energy sources, enhance energy security, and support continued progress toward a low-cost, sustainable energy future for consumers.

2 Do respondents have any additional considerations they believe should be considered in the step two workstream? If so, please provide details.

Energia strongly urges the UR to ensure that the criteria assessment for the Step Two workstream is undertaken in the correct sequence and is not unduly accelerated or tied to Ofgem or private developer timelines. The development of LirIC, or any future interconnection, will have substantial implications for NI's energy transition and its consumers. Given the magnitude of LirIC relative to system, the potential impacts of an erroneous decision are far greater in NI than they are in GB. There is no need to

accelerate the Step Two workstream, conversely there is need for the UR to exercise caution and undertake a prudent appropriately sequenced assessment.

As will be discussed in further detail in Q4, it is crucial that the assessments are not progressed concurrently, as doing so would isolate the workstreams from one another and prevent the market modelling from being informed by a comprehensive system assessment of system capability and likely operational conditions. Accelerating the Step Two workstream or failing to take this approach risks a significant overestimation of SEW, and could result in the UR committing, to the detriment of the NI consumer, to an interconnector that will not in practice deliver a positive SEW outcome.

Energia further notes that both GB and ROI had established regulatory frameworks for assessing interconnector revenue regimes before proceeding with the evaluation of interconnectors scheduled for commissioning in 2030. It would not serve the interests of NI consumers to rush the development of such a framework. The UR must ensure its assessment is fully informed by the technical nuances of NI's relatively small power system and that the workstreams progress at a pace tailored to NI's needs, not accelerated unnecessarily to align with external timelines.

3 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.

There is insufficient explanation given to the exclusion of other revenue models. Arguably, if there is a sufficient needs case for an interconnector, a developer would be willing to take a merchant model approach. The UR should first examine the potential for a merchant model approach, rather than defaulting to a consumer funded revenue regime. This would help avoid transferring unnecessary financial risk to Northern Ireland consumers, where that risk could instead be borne by the interconnector developer, rather than defaulting to a consumer-funded revenue regime. This would help avoid transferring unnecessary financial risk to Northern Ireland consumers, where that risk could instead be borne by the interconnector developer

NI has an existing sufficient level of interconnection; there are inherent risks to an oversaturation as highlighted in this response. It is not prudent for the UR to progress a regime where the consumer underwrites revenue for a project where the benefits are contestable, reliant on the mitigation of constraints and the delivery of the second North South tie-line, both of which are shrouded in uncertainty and unlikely to be resolved by the proposed commissioning date.

Moreover, the consultation inexplicably fails to consider a mutual model, which is already employed for the existing Moyle Interconnector. The UR has also not considered in the consultation the impact of the outlined potential models on existing revenue models. This is a particularly acute issue considering the mutualisation model employed by Moyle, whereby excess revenue lowers transmission tariffs associated with Moyle and thus lowers costs to the consumer. Therefore, as part of an assessment for further interconnection the UR must quantify and assess the impact of

cannibalisation and eroding revenues which are otherwise mutualised to the benefit of the consumer.

4 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.

The assessment approach outlined by the UR is broadly sound, however it is imperative that it is implemented effectively. The criteria assessment needs to be performed in a sequential manner rather than concurrently or in isolation, with a notable focus on the sequencing so that the system impact assessment can inform the market modelling. Moreover, the assumptions need to be credible, and contingencies such as non-delivery of critical grid infrastructure or delay or the interconnector itself must be modelled.

Ultimately, the assessment must be thorough and holistic, including a detailed assessment of the costs to the consumer of increased dispatch down and the impact of the potential displacement of new flexible and renewable capacity in NI. Transparency and engagement on assumptions through public consultations throughout the process is vital to ensure a robust and industry tested basis for the assessment.

Sequencing of assessments

As outlined throughout this response, it is vital that the system impact assessment precedes and directly informs the market modelling assessment. The system impact assessment must be TSO-led, undertaken objectively, assess the impact of further interconnection and crucially, drawing on technical analysis assesses the system capability and operational limitations for operating an interconnector of the proposed scale.

If the modelling is based on overly simplistic assumptions about system behaviour, or if it fails to reflect the sensitivities and security requirements of the small NI system, the resulting SEW benefit will be overstated. For example, if there are limitations on the flows of interconnectors or the dispatch of units required for N-1 contingency found to be necessary as a result of the system assessment, then these limitations must be included in the modelling.

As outlined previously, Energia notes the capacity limitations imposed on the Moyle interconnector, with transmission reinforcements to address system capability and facilitate the full 500MW of Moyle due for delivery in 2030, 28 years after its commissioning. Moreover, operational challenges impose limits on interconnectors, for example the current limit on interconnector imports to mitigate RoCoF and large demand fault-ride through concerns, must be understood as part of the system impact assessment.

Equally, if potential deliverability challenges arise during the deliverability assessment, such as unrealistic connection assumptions based on TSO experience, or over-

ambitious timelines compared with similar interconnector projects, these findings should also inform the market modelling. In such cases, appropriate sensitivity modelling, including delay scenarios, should be included.

Given that it is highly sensitive to the assumptions and inputs used, the market modelling must be undertaken last in the sequencing of the assessments. With the benefit of the findings of the assessments which precede. This enables the market modelling to be as fully informed as possible and avoids a siloed approach that risks overstating benefits or otherwise erroneously misleading the needs assessment for a RORR.

Market Modelling and dispatch down

Energia welcomes the UR's commitment to assessing whether a positive SEW exists for further interconnection. Considering the relatively small size of the NI energy system, further interconnection will have systemic significance impacting consumers, developers and the foreseeable future of NI's energy transition. It is therefore vital, that the market modelling is as robust and reliable as possible, to protect consumers from underwriting an interconnector that, in practice, does not deliver an SEW benefit.

Energia acknowledges the UR's commitment to the inclusion of the cost of dispatch down and emphasises that this must be quantified as accurately and comprehensively as possible, and that this assessment will need to be informed directly by the system impact assessment. This reiterates the need for the system impact assessment to precede the market modelling.

In the MaresConnect Initial Project Assessment undertaken by the CRU, Energia notes that the cost of constraints and dispatch down were not modelled within the SEW benefit. Energia engaged independent consultants NERA, and through basic assumptions, their findings were able to demonstrate that the cost of unmodelled dispatch down could entirely offset, or in some cases reverse the net SEW benefit. This clearly highlights the importance of a detailed modelling of locational and operational constraints to prevent an overestimation of SEW benefit.

Market modelling and assumptions/scenarios

The assumptions and scenarios used in the UR's market modelling should reflect realistic levels of Irish and GB ambition with regards to generation and demand with a modelling sensitivity included to further reflect policy ambitions. The input assumptions with regards to carbon pricing and fuel must also be realistic and supported by industry accepted forecasts. The UR must also consider the cost of the requirement to procure more reserves as a result of a 40% increase in the largest single infeed in NI, from 500MW to 700MW.

Also of note, the UR must model a variety of flow scenarios across the interconnector, not just simplistic net import or net export extremities. Capacity generation and supply forecasts are ultimately uncertain, so a variety of scenarios must be considered. This should include the plausible scenario where supply and demand evolve in tandem across both GB and SEM, where the resultant flows across the interconnector are more marginal and therefore will likely result in less SEW benefit.

The simplistic assumption that all trade is efficient and frictionless does not account for network limitations and is thus likely to overstate SEW benefits. In practice, interconnectors can flow contrary to market signals due to system operation limitations,

price volatility and balancing mechanisms. While complex to consider all of these considerations, the modelling should at least factor in a tolerance to reflect the potential for inefficient flows.

Market modelling and deliverability

As previously mentioned, it is important that the sequencing of the criteria assessment allows for the deliverability assessment to inform the market modelling to consider possible delays.

It is also important that the SEW benefit profile for LirIC is accounted for and factored into the UR's decision process. For example, if the SEW benefit is front loaded then any delay to delivery is likely to materially erode any projected benefit. Accordingly, to mitigate this, delay sensitivities should be incorporated into the market modelling to give the UR, and ultimately the consumer, protection from erroneous modelling.

Energia notes the UR intend to model scenarios both with and without the second north south tie-line and welcome the UR's decision to do so. The proposed 400kV north south tie-line will be a significant mitigant of constraints in Northern Ireland, therefore its inclusion or exclusion will be a significant material factor when considering the impact of further interconnection.

In the context of the historical track record of timeline slippage and the ongoing legal challenges facing the delivery of the second North South tie-line, it is highly probable the anticipated 2032 commissioning timeline will not be met, and there is a credible risk of indefinite delay or cancellation. Therefore, should the modelling show there is not a positive needs case for LirIC without the second North South tie-line, then the UR should suspend all consideration of further interconnection until there is absolute certainty on the delivery and commissioning of a second North South tie-line. That is to say, no further interconnection should be progressed until the second 400kV North-South tie-line is delivered and other operational challenges are resolved. Additional interconnection in the Republic of Ireland must also be considered.

The same logic applies to other major transmission reinforcements in Northern Ireland. Energia notes that in SONI's most recent Transmission Development Plan a number of other key reinforcements and upgrades have seen timelines delayed by up to 9 years into the latter half of the 2030s. Should the system impact assessment identify any of these projects as critical to the facilitation of further interconnection then the UR should also model a sensitivity of further delivery delays to these transmission reinforcements to understand the subsequent impact on dispatch down and the SEW profile for future interconnection, which if material, can inform a prudent decision not to progress further interconnection.

Energia notes comparable commissioned interconnectors have experienced longer delivery times from initial consultation to completion than the timelines outlined for LirIC. It is important the UR draw on these comparable projects, the TSO's experience, and consider relevant transmission reinforcement delivery in making the deliverability assessment.

Market modelling consultation

The UR should consult on the scope of the modelling, the scenarios and the assumptions/inputs to be used prior to the commencement of the market modelling, otherwise there is a risk of an incomplete SEW analysis. The UR should make every

possible effort to ensure the modelling is comprehensive, transparent and robust through engagement with industry and technical experts.

The UR should avoid a scenario where there are significant changes in modelling assumptions between initial consultation and final decision, as was seen with Ofgem's Window 3 Cap and Floor assessment. The assumptions and scenarios consulted upon should be the assumptions and scenarios modelled.

5 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.

Energia does not support the proposal to commence parallel work in Q3 2026, as doing so would represent an inefficient use of regulatory resources should a RORR ultimately be deemed not to deliver consumer benefit.

Furthermore, a commitment to progressing the process should not be set in advance of a comprehensive TSO system assessment that establishes the impact of further interconnection. To safeguard Northern Ireland consumers, the TSO must be afforded sufficient time and resources to undertake this assessment thoroughly and without unnecessary acceleration to meet Ofgem's timeline.

It is unclear why the UR would seek to expedite the development of a RORR in order to align with developer and Ofgem timelines. Given the potential risks associated with over-saturation of interconnection, the outcome of this process will have long-lasting implications for NI's energy transition and for the future costs borne by consumers. It is therefore essential that neither the needs assessment nor the framework design is rushed, as doing so could lead to a sub-optimal and poorly informed decision that would not serve the best interests of NI consumers.