

**ASSESSMENT ON
THE NEED FOR A
REGULATED
OPERATING
REVENUE REGIME
FOR FUTURE
INTERCONNECTION**

Summary of Consultation Responses

3 June 2026

About the Utility Regulator

The Utility Regulator is the independent non-ministerial government department responsible for regulating Northern Ireland's electricity, gas, water and sewerage industries, to promote the short and long-term interests of consumers.

We are not a policy-making department of government, but we make sure that the energy and water utility industries in Northern Ireland are regulated and developed within ministerial policy as set out in our statutory duties.

We are governed by a Board of Directors and are accountable to the Northern Ireland Assembly through financial and annual reporting obligations.

We are based at Millennium House in the centre of Belfast. The Chief Executive and two Executive Directors lead teams in each of the main functional areas in the organisation: CEO Office; Price Controls; Networks and Energy Futures; and Markets and Consumer Protection and Enforcement. The staff team includes economists, engineers, accountants, utility specialists, legal advisors and administration professionals.

OUR MISSION

To protect the short and long-term interests of consumers of electricity, gas and water.

OUR VISION

To ensure value and sustainability in energy and water.

OUR VALUES

ACCOUNTABLE:

We take ownership of our actions.

TRANSPARENT:

Ensuring trust through openness and honesty.

COLLABORATIVE:

Connecting and working with others for a shared purpose.

DILIGENT:

Working with care and rigour.

RESPECTFUL:

Treating everyone with dignity and fairness.

ABSTRACT

This paper provides a high-level summary of responses received to the December 2025 consultation entitled 'Assessment on the Need for a Regulated Operating Revenue Regime for Future Interconnection.'

AUDIENCE

This consultation response paper is of interest to a range of stakeholders, particularly those who responded to the consultation. It may also be relevant to stakeholders involved in various interconnector projects, or those undertaking assessments in this area.

CONSUMER IMPACT

The consultation outlined the approach proposed by the Utility Regulator to assess if there is a need for a regulated operating revenue regime in Northern Ireland for future interconnector projects. This paper provides insight into industry feedback on the proposed assessment approach.

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Executive Summary

Consultation Paper

The Utility Regulator (UR) published the 'Assessment on the Need for a Regulated Operating Revenue Regime for Future Interconnection' consultation on 3 December 2025.

The consultation outlined UR's intended approach for assessing the needs case for a regulated operating revenue regime for a prospective interconnector development project wishing to connect to Northern Ireland (NI).

UR granted an electricity transmission licence to TI LirIC Limited (TI) in December 2024 in respect of their Lir Interconnector project, known as LirIC. Granting the licence concluded step one of UR's two step approach. Step one entailed the grant of a licence to TI without any conditions pertaining to a regulated revenue regime.

The work required under step two is underway and includes UR's assessment on the needs case for a regulated operating revenue regime in respect of the prospective LirIC interconnector. The consultation paper outlined several aspects that we intend to consider during our assessment, including TI's request for a regulated Cap and Floor regime along with wider interconnector revenue arrangements.

Furthermore, the paper also outlined preliminary work UR intend to undertake in parallel with this process, with the objective of providing future process efficiencies, should the assessment find in favour of establishing a regime. Continuation of this preliminary work undertaken will remain subject to the outcome this assessment.

1. Introduction

Consultation

- 1.1 UR's consultation on the 'Assessment on the Need for a Regulated Operating Revenue Regime' opened on 03 December 2025 and closed on 12 February 2026.
- 1.2 UR received eleven responses during the consultation period. All responses were non-confidential.
- 1.3 We are publishing all individual responses alongside this document for transparency.
- 1.4 UR will continue to progress this work and will consider all feedback received throughout the course of the assessment.

Respondents

- 1.5 UR received responses from the following organisations:
 - Renewable NI
 - Consumer Council for Northern Ireland
 - Manufacturing NI
 - ESB GT
 - EPUKI
 - Electricity Association of Ireland
 - TI LirIC Limited
 - ERG
 - Mutual Energy Limited
 - Energia
 - SONI

2. Consultation Questions

Overview

- 2.1 The consultation sought stakeholder views across five questions and also invited open responses.
- 2.2 The paper posed the following questions:
- **Q1 - Do respondents have any views regarding additional interconnection in Northern Ireland that you would like to highlight? If so, please provide details.**
 - **Q2 - Do respondents have any additional considerations they believe should be included within the step two workstream? If so, please provide details.**
 - **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.**
 - **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.**
 - **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.**

3. Summary of Responses

Disclaimer

- 3.1 The responses have been summarised against each question posed for ease of review. One respondent provided a narrative response, a separate summary of this is presented in Section 3.4.
- 3.2 All individual responses are published in full alongside this document.
- 3.3 The summaries presented do not reflect, imply, or indicate the weighting, relative importance, or level of consideration attributed by the Utility Regulator (UR).

Question 1

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

Respondent	Response Summary
Renewable NI (RNI)	<p>RNI considers it premature to progress additional interconnection or related tariff arrangements without a clear, evidence-based system need and demonstrable consumer benefit.</p> <p>RNI notes that priority should be given to domestic grid reinforcement and cautions that further interconnection, particularly with GB, could exacerbate existing congestion and renewable dispatch-down, increase costs to consumers and undermine renewable investment, especially if delivered ahead of key network reinforcements.</p> <p>RNI state that any assessment of additional interconnection should be grounded in an objective, evidence-based system-need case that is informed by SONI’s system planning and operational realities of the NI network. Further, RNI state it is essential that the different assessment workstreams are sequenced correctly and not undertaken in isolation. It notes that the system impact assessment must be completed first and must explicitly inform any subsequent market modelling of socio-economic welfare impacts.</p>

Respondent	Response Summary
Consumer Council for Northern Ireland (CCNI)	<p>CCNI notes the potential benefits of interconnection, including improved security of supply, decarbonisation and lower generation costs, but highlights risks arising from NI's constrained grid.</p> <p>It cautions that a large new interconnector delivered ahead of grid reinforcement could increase curtailment of local renewables, deter investment and pass additional costs to consumers, while also potentially reducing the financial benefits currently delivered through the Moyle Interconnector.</p> <p>CCNI support UR's proposal for a detailed quantitative cost-benefit assessment of the TI project across a range of scenarios to inform decisions.</p>
Manufacturing NI (MNI)	<p>MNI encourages UR to continue this work to explore models which will benefit consumers, not only in terms of security of supply, but also affordability and protection from the costs of decarbonisation.</p>
ESB GT	<p>ESB GT does not support progressing additional GB interconnection at this stage and notes that interconnection between NI and ROI should be prioritised ahead of further GB interconnection to address persistent grid constraints and dispatch down of renewables.</p> <p>It cautions that additional GB interconnection, particularly under a regulated revenue floor, risks subsidising imports into an already constrained system, exacerbating grid congestion. Further, it states that dispatch down threatens new projects, erodes the value of existing generation, and damages investor confidence, calling into question the viability of the government's 80% RES by 2030 target.</p> <p>ESB GT stress the need for policy alignment, timely delivery of grid reinforcements (including the second North-South Interconnector), and thorough evaluation of alternative measures before considering any regulated revenue regime for additional interconnection.</p>
EPUKI	<p>EPUKI urges caution when considering the potential benefits of interconnection, noting that any assessment must reflect practical system conditions and historic information. It cautions that increased interconnection does not guarantee improved security of supply and may, in some circumstances, exacerbate system stress.</p> <p>EPUKI notes that additional interconnection does not guarantee increased operation of renewables and may in fact lead to an increase in dispatch down of wind and solar generation. It states that any benefit assumed in respect of the energy transition must take account of actual historic data and modelled future outcomes, rather than assuming that increased interconnection will facilitate greater volumes of wind and/or solar dispatch.</p>

Respondent	Response Summary
<p>Electricity Association of Ireland (EAI)</p>	<p>EAI cautions against an over-reliance on interconnection as a substitute for domestic generation and robust grid infrastructure. It notes that there is a material risk that the considered level of interconnection will displace indigenous generation and increase reliance on the GB TSO during scarcity events, decreasing energy independence and increasing exposure to Net Transfer Capacity (NTC) restrictions or the refusal of SO-SO trades.</p> <p>EAI challenge the narrative that interconnectors will facilitate renewable exports in the near future and also state that if additional interconnection is progressed, the challenge of dispatch down will increase substantially. It notes that a significant increase in dispatch down threatens the viability of NI's energy transition by eroding revenues for renewables, thus challenging investor confidence, and also brings considerable undue financial burden to the consumer.</p>
<p>TI LirIC Limited (TI)</p>	<p>TI state that additional interconnection will play a central role in NI's journey to net zero, helping balance electricity supply and demand between the connecting markets, enabling its renewable energy ambitions and improve security of supply.</p> <p>It notes that interconnection will support export of growing renewable generation, improve market resilience, reduce energy prices and contribute to carbon reduction targets under the Climate Change Act.</p> <p>TI acknowledges the current difficulties being experienced by operators of renewable assets in NI in the form of unrealised available energy (i.e. dispatch down). It notes that SONI has various network upgrade plans in process to alleviate local network constraints, including the construction of the second North-South Interconnector and the wider programme of network development under SONI's Transmission Development Plan.</p> <p>TI welcomes the continuing coordination and joint working of the Department for the Economy and UR on the implications and impact of interconnection with other jurisdictions, as noted in the 2024 Energy Strategy Action Plan Report.</p>
<p>Mutual Energy Limited (MEL)</p>	<p>MEL state that it engaged Frontier Economics and LCP Delta to complete an assessment of the economic impacts of investment in further interconnection between the SEM and GB. It sets out the approach adopted for the assessment and provides a summary of their key conclusions. Among these, MEL notes that one high-level conclusion from the analysis is that additional interconnection to GB is likely to reduce wholesale prices in the SEM.</p> <p>MEL also touch on aspects related to dispatch down, electricity storage, renewable generation capacity, system adequacy, consumer subsidies, transmission system capability and the North South Interconnector (NSI).</p>

Respondent	Response Summary
Energia	<p>Energia strongly urges UR to exercise caution in progressing additional GB-SEM interconnection without a holistic assessment considering the negative implications of an oversaturation of interconnector capacity. It notes that the impact of interconnection is far more nuanced and complex than the prima facie benefits identified in the consultation.</p> <p>Energia state that 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. It strongly urges UR to view dispatch down as a critical threat to existing and future investment in renewable generation. Additionally, it states that further interconnection challenges NI's legislative climate commitments as energy imports do not count towards emissions or renewable targets.</p> <p>Energia notes that there is also a risk with additional interconnection that the NI consumer will have to pay three times for the same energy and that such an outcome is contrary to consumer interest. Energia advocates that 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.</p>
SONI	<p>SONI highlight that legacy arrangements for funding interconnection in NI differ significantly from the Cap and Floor regime that is in place in GB and Ireland. It notes that NI contains only 2% of the UK's electricity customers but could end up funding 100% of the Moyle Interconnector and 50% of the LirIC Interconnector, and that these studies and assessments will need to consider the net impact on customer bills.</p> <p>SONI raise several aspects for consideration, including interconnector flows and ramp rates, dynamic stability, operational management and volumes of reserves. It also notes a recent Transmission System Security and Planning Standards (TSSPS) consultation which proposed to introduce a Largest Single Outfeed (LSO) definition.</p> <p>SONI state that an increase to the LirIC Connection Offer is contingent on the completion of the second North South interconnector project and requisite technical studies reaching satisfactory outcomes, as well as TSSPS considerations.</p> <p>In respect of security of supply, SONI highlight that it needs to be fully understood how much additional interconnection may be needed and whether this will alleviate security of supply concerns. It also highlights that the addition of LirIC raises questions about market competition, sequencing of interconnector availability and consumer benefits.</p>

Question 2

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

Respondent	Response Summary
Renewable NI (RNI)	<p>RNI notes that the step two workstream should extend beyond commercial considerations to fully assess the system, policy and consumer impacts of additional interconnection. It states that the assessment should model import and export scenarios including realistic assumptions about power flow direction. RNI also notes the importance of quantifying the impact on renewable constraint and curtailment costs, effects on investor confidence and delivery of renewable targets.</p> <p>RNI calls for a transparent, consultable cost-benefit methodology and assessment of cross-jurisdictional cost and benefit allocation, noting that the workstream must be driven by system need and demonstrable consumer value.</p>
Consumer Council for Northern Ireland (CCNI)	<p>CCNI believes the step two workstream should robustly assess the benefits of the project for NI consumers as part of the needs case for a regulated regime and supports ongoing engagement between UR and Ofgem to ensure aligned regulatory approaches.</p> <p>It agrees that the assessment should be joined up with wider work with the Department for the Economy to develop a robust regulatory framework, should interconnection be found to be in consumers' interests.</p>
Manufacturing NI (MNI)	<p>MNI cautions that alongside this work is a long overdue review to ensure that generators are not overly rewarded; that consumers are protected from supports in the market, such as the rising cost of imperfections.</p> <p>It also stresses the need to ensure that when electricity flows to GB, NI consumers are not burdened with higher cost as other forms of generation need switched on.</p>
ESB GT	<p>ESB GT asks UR to thoroughly consider whether a 50:50 cost-sharing mechanism is appropriate, noting the imbalance between the size of the NI and GB consumer bases. It adds that under such an arrangement, NI consumers may underwrite disproportionate risk.</p> <p>ESB GT also notes that the cost-benefit analysis would consider benefits across the SEM, whereas the cost of underwriting the interconnector would lie with NI consumers alone through network tariffs. It calls for clarity on the intended breakdown of the cost-benefit analysis to avoid the risk of NI consumers subsidising benefits elsewhere.</p>

Respondent	Response Summary
EPUKI	EPUKI welcomes the approach proposed by UR in the step two workstream, taking into account both the short-term and long-term interests of consumers.
Electricity Association of Ireland (EAI)	<p>EAI state that development of LirIC, or any further interconnection, will have substantial implications for NI's energy transition. It notes that it is important UR exercise caution and ensure the assessment process is properly structured and as comprehensive and robust as possible.</p> <p>EAI advocates for an appropriate sequencing of assessments, specifically, a comprehensive system impact assessment must precede the market modelling to ensure that physical grid limitations and operational constraints are accurately reflected in any economic analysis.</p>
TI LirIC Limited (TI)	<p>TI highlight the importance of close coordination with Ofgem to ensure that the separate regulatory approaches to interconnection in NI and GB are progressed in a holistic and co-ordinated manner.</p> <p>It notes that additional interconnection in NI will be key strategic infrastructure within the UK that would be in the short and long-term interest of consumers across all of the UK.</p> <p>TI encourage and welcome the continued consultation and co-operation between the Utility Regulator, Ofgem and relevant government departments and state this provides the opportunity to take a holistic view of the regulatory framework to maximise the benefits for all consumers in NI and across the UK, e.g. to balance the financial risks between the two ends of the interconnector. It suggests the Great British Energy Act 2025 could be considered, specifically in relation to the possibility of potential funding that may enable the balancing of costs and benefits associated with additional interconnection to ensure that cross-border costs are balanced fairly across the UK.</p>
Mutual Energy Limited (MEL)	<p>MEL state that sequencing of the two step approach imposes unnecessary risk on NI energy consumers and notes that it is possible that the project could proceed on a purely merchant basis on the NI side. It states it is essential that the 'needs case' assessment conducted by UR is transparent and robust and is not rushed.</p> <p>MEL comment in relation to the proposed approach, that the main objective seems to be to try to 'dovetail' the decision making process of UR into the timelines set out for GB Cap and Floor decisions being taken by Ofgem.</p> <p>MEL recommend that appropriate timeframes are set out to properly complete the assessment and suggest four steps under the 'step two' workstream.</p>

Respondent	Response Summary
Energia	<p>Energia urges 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.</p> <p>Energia states that 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. It notes that failing to take this approach risks a significant overestimation of SEW, and could result in UR committing, to the detriment of the NI consumer, to an interconnector that will not in practice deliver a positive SEW outcome.</p>
SONI	<p>SONI emphasise the need for a robust, consistent and workable legal and licensing framework, including corresponding modifications to both the LirIC licence and SONI's TSO licence.</p> <p>SONI highlights current inconsistencies between the licences and stress that corresponding updates are essential for the delivery of a robust licencing framework. It states that it is vital that both sets of licence modifications are delivered in parallel.</p>

Question 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.**

Respondent	Response Summary
Renewable NI (RNI)	<p>RNI does not identify alternative interconnector revenue models. RNI's position is that the choice of revenue model is secondary to the establishment of system need and consumer benefit.</p> <p>While acknowledging the success of the Cap & Floor regime in GB, RNI notes that NI's constrained system means similar arrangements could subsidise sustained imports, increase renewable dispatch-down and transfer risk from developers to consumers.</p> <p>RNI considers that no regulated, semi-regulated or merchant revenue model would be appropriate unless a robust system-wide cost-benefit analysis demonstrates clear net benefit to consumers and alignment with renewable deployment objectives.</p>
Consumer Council for Northern Ireland (CCNI)	CCNI stated it had no comment.
Manufacturing NI (MNI)	<p>MNI does not identify alternative revenue models but expresses concerns about the Cap and Floor model, noting that the model is influenced by data supplied by developers.</p> <p>It notes that market prices are much higher than they should be and that consumers require assurance that the model provides the best outcome for consumer bills, although these concerns should not be a barrier to continuing this work.</p>

Respondent	Response Summary
ESB GT	<p>ESB GT did not identify alternative revenue models but noted that a first-come-first-served assessment approach risks sub-optimal outcomes.</p> <p>It highlights Ofgem’s comparative project assessment process and encourage stronger scrutiny, potentially including cross-jurisdictional evaluation, to avoid siloed decision-making, which may end up imposing higher costs on consumers in both jurisdictions.</p> <p>ESB GT also raises concerns about the proposed duration of a Cap and Floor regime, pointing to shorter contract lengths faced by generators in other support mechanisms and the need to ensure a level playing field for all participants.</p>
EPUKI	EPUKI stated it had no views on other interconnector revenue models at this time.
Electricity Association of Ireland (EAI)	EAI stated it had no comment on additional revenue models currently.
TI LirIC Limited (TI)	<p>TI agree that the ownership and revenue models identified by UR represent the main available options however highlight that, from a consumer perspective, these models carry very different risk profiles.</p> <p>TI notes key distinguishing features between the fully regulated model and the Cap and Floor ("C&F") model, stating that under the C&F model (and merchant model), it is interconnector developers that take all development and capital expenditure risk, however under the fully regulated model, it is consumers that underwrite such expenditure.</p> <p>TI notes that Ofgem’s Cap & Floor regime has evolved to enable project finance solutions and that regime variations are in the interests of consumers. It also states that a government grant and/or a role for a public sector organisation such as Great British Energy may help support the funding arrangements for additional interconnection in NI.</p>

Respondent	Response Summary
Mutual Energy Limited (MEL)	<p>MEL recommend that the mutual model is carefully considered as an alternative approach to supporting interconnector development in NI, noting that mutualisation of the Moyle Interconnector has saved NI energy consumers over £100m to date, with surplus cash generated being used to benefit NI consumers, rather than paid to shareholders.</p> <p>MEL state that the approach employed to mutualise the Moyle interconnector is comparable to a Cap and Floor regime, except there is no requirement for a cap – or the cap can be considered to equal the floor. It notes that there is a very large range of potential consumer costs (or returns to interconnector owners) under different models and UR should carefully consider whether the risk taken (or not taken) by consumers and developers is commensurate with the cost.</p>
Energia	<p>Energia state that there is insufficient explanation given to the exclusion of other revenue models and notes that if there is a sufficient needs case for an interconnector, a developer would be willing to take a merchant model approach.</p> <p>Energia states that it is not prudent for 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. It notes that the consultation inexplicably fails to consider a mutual model, which is already employed for the existing Moyle Interconnector and state that UR must quantify and assess the impact of cannibalisation and eroding revenues which are otherwise mutualised to the benefit of the consumer.</p>
SONI	<p>SONI stated it is not aware of any other interconnector revenue models.</p>

Question 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.**

Respondent	Response Summary
Renewable NI (RNI)	<p>RNI considers the assessment premature in the absence of a clear policy position and system-level cost-benefit analysis, but broadly agrees with the assessment criteria proposed, subject to refinements.</p> <p>RNI calls for refinements to ensure market modelling reflects high-renewable conditions and net-import scenarios, is properly sequenced after the system impact assessment and tests overall system costs, including constraint and dispatch down impacts.</p> <p>RNI also highlight that deliverability should account for policy coherence and opportunity cost, including whether alternative investments such as domestic grid reinforcement would deliver greater long-term consumer benefit.</p>
Consumer Council for Northern Ireland (CCNI)	<p>CCNI welcomes the proposed assessment criteria however considers it important to establish that the project will be net beneficial for consumers. It also supports UR's plan to commission expert scrutiny of the costs and performance data submitted by TI.</p> <p>CCNI seeks greater clarity on the weighting and implications of the delivery assessment, expressing concern that a focus on delivery feasibility under a merchant model could expose NI consumers to higher prices compared with a regulated regime delivered on a longer timeline, particularly given potential market power risks.</p>
Manufacturing NI (MNI)	<p>MNI states that the proposed criteria does not go far enough. It emphasises that assessing on security of supply, environmental sustainability and technical and financial capability is not enough.</p> <p>MNI states that ignoring a fundamental leg of the energy trilemma stool such as “price” does not make for a fair, secure outcome for consumers.</p>

Respondent	Response Summary
ESB GT	<p>ESB GT broadly agrees with the proposed assessment criteria and provide a number of recommendations for consideration. It stresses that market modelling should reflect realistic assumptions, be aligned with GB methodologies and ENTSO-E guidelines and test a wide range of scenarios.</p> <p>ESB GT also emphasise the need to fully capture system impacts, including dispatch down, balancing and ancillary service costs, system operability risks and interactions with forthcoming policy and legal developments.</p> <p>ESB GT highlight the importance of transparent technical assessment, particularly regarding impacts on existing generators, interconnector performance and system services requirements.</p>
EPUKI	<p>EPUKI state that the criteria appear to cover the key areas which require consideration. It notes the importance of transparency and stakeholder engagement throughout the process. It states that it would be helpful to understand the assumptions and inputs underlying the outcomes of assessment.</p> <p>EPUKI request clarity on the proposed treatment of revenues above the cap, including whether excess revenues would be fully returned to the system.</p>
Electricity Association of Ireland (EAI)	<p>EAI acknowledges the proposed criteria but emphasise that the system impact assessment must take priority and precede the SEW analysis and states this is essential to avoid an overestimation of benefits.</p> <p>It states it is vital that UR includes robust dispatch down modelling and stochastic network analysis to accurately assess system security.</p> <p>EAI notes that the cost and technical assessment should go beyond developer connection costs to include deep transmission reinforcements. It also calls for a rigorous test of a 50:50 cost-sharing approach between jurisdictions to ensure it is equitable for NI consumers.</p> <p>EAI welcomed UR's commitment to model scenarios both with and without the North South Interconnector. It also notes the importance of consulting publicly on modelling assumptions and inputs.</p>
TI LirIC Limited (TI)	<p>TI agree with URs proposed approach, stating that it recognises there are several wider impacts of additional interconnection in NI. It notes that the multi-criteria approach put forward by UR is welcomed, as it does not solely focus on a socio-economic welfare analysis.</p> <p>TI are supportive of the System Impact Assessment to be undertaken by SONI, as it will provide an independent analysis of the project impact on the system. It also notes it will be important that the SONI analysis is completed on time and uses a common set of assumptions with the other analysis informing UR's decisions.</p>

Respondent	Response Summary
Mutual Energy Limited (MEL)	<p>MEL state the criteria outlined in Table 6.1 of the consultation paper constitute a high-level framework for the needs case assessment however it would not consider these to be assessment criteria. MEL notes that the criteria are more akin to a broad scope of works required to conduct the analysis and state that formal criteria and their relative weightings will need to be clearly defined in advance of conducting the ‘needs case’ assessment.</p> <p>MEL provide thoughts on important areas that the assessment criteria should consider.</p> <p>MEL state that, given the scale and complexity of the work that needs to be undertaken to properly consider these issues, it is concerned that the proposed process and timelines outlined in the consultation, conflating the needs assessment with the decision on regulatory support, are not sufficient, and impose a substantial, and unjustified risk, on NI energy consumers.</p>
Energia	<p>Energia state that the assessment approach is broadly sound but emphasises that it must be implemented effectively and needs to be performed in a sequential manner. It notes that the assessment must be thorough and holistic and include detailed assessments of the costs to the consumer in respect of dispatch down as well as the impact of potential displacement of new flexible renewable capacity in NI.</p> <p>Energia highlight that transparency and engagement on assumptions through public consultations throughout the process is vital to ensure a robust and industry tested basis for the assessment.</p> <p>Energia welcomes UR’s commitment to assessing whether a positive SEW exists for further interconnection and notes that, 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.</p>
SONI	<p>SONI agrees that it is best placed to undertake some of the analyses that UR will require, subject to funding and staff resourcing, and identify some of the questions that it thinks the investigations will need to answer.</p> <p>It highlights that, at a high level, the analyses will need to be structured to consider the difference between identifying if additional interconnection is needed and if this particular interconnector meets those needs.</p>

Question 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.**

Respondent	Response Summary
Renewable NI (RNI)	<p>RNI does not support progressing parallel work at this stage, noting that it risks pre-empting the outcome of the needs and cost-benefit assessment.</p> <p>RNI calls for a robust, system-wide cost-benefit assessment, demonstrating clear consumer and system benefit, should be completed first before any work begins on a regime design. It cautions that advancing regime design could divert regulatory focus from more pressing system priorities, such as domestic grid reinforcement and measures to reduce dispatch down. RNI state that any work on a regulated operating revenue regime framework should be paused until the final determination on system need and cost-benefit has been reached. It also notes that it expects any subsequent assessment of need or revenue arrangements to be subject to full consultation.</p>
Consumer Council for Northern Ireland (CCNI)	<p>CCNI supports UR's proposal to progressing parallel work, noting that this could support timely delivery if a positive benefits case is identified.</p> <p>CCNI believe that, if UR's assessment finds a positive benefits case, it would be in the best interests of NI consumers for a regulated revenue regime, as this would reduce their exposure to any potential excessive charging on the part of the operator. It also acknowledges the Cap and Floor model as a well-established framework providing consumer protection in GB & Ireland.</p>
Manufacturing NI (MNI)	<p>MNI supports progressing parallel work, viewing it as a necessity.</p>
ESB GT	<p>ESB GT does not support parallel work at this stage, in the absence of wider policy alignment and a DfE decision on interconnector policy. It urges UR to focus resources in other areas before commencing work on a regulated regime framework, stating it risks pre-empting the outcome of regime needs assessment.</p> <p>ESB GT reiterate that grid reinforcement and measures to reduce dispatch down should be prioritised to deliver concrete, long-term benefits for NI consumers.</p>

Respondent	Response Summary
EPUKI	<p>EPUKI agrees with the parallel work approach but states it is important that this should not divert resources from other workstreams which might provide more realisable benefits for Security of Supply and the energy transition. By way of example, EPUKI highlights the development of a policy for sharing of Maximum Export Capacity behind a single connection point would support investment in hybrid technologies.</p>
Electricity Association of Ireland (EAI)	<p>EAI urges the avoidance of making an irreversible decision. It states that a minded to position on the revenue regime cannot be fully determined until all core technical and economic issues raised are addressed.</p> <p>EAI notes that, given the small size of the NI market, an erroneous decision regarding a project of the scale of LirIC would be far more impactful than in a larger market like GB. It states that UR should not rush this process until the needs case is undeniably established.</p>
TI LirIC Limited (TI)	<p>TI believes that undertaking this work in parallel and the continued coordination and cooperation between UR and Ofgem is the common-sense way to ensure that the opportunity for additional interconnection for NI remains available.</p> <p>TI states that the needs-case assessment for a regulated operating revenue regime is crucial work to be progressed at pace given the interdependencies between the regulatory processes, wider development activities and material expenditure currently being progressed by TI (at no risk to the consumer) in order to meet the proposed operational date of 2032.</p>
Mutual Energy Limited (MEL)	<p>MEL outline their concerns with the parallel work proposed and state that given the potential significant long-term implications of the regulatory decisions being taken, it is essential that sufficient time is taken to carefully analyse, and to properly consider and consult upon the complex issues associated with the development of further electricity interconnection in NI.</p> <p>MEL state that consideration should be given to whether NI energy consumers should take the risk of providing regulatory support to LirIC ahead of the commissioning of the NSI. It notes that subject to the outcomes of the needs case assessment, including formal quantification of the potential impacts of the NSI, careful consideration should be given to whether any decision to grant regulatory support is made conditional upon the successful commissioning of the NSI.</p>

Respondent	Response Summary
Energia	<p>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 regime ultimately be deemed not to deliver consumer benefit. It states that the TSO must be afforded sufficient time and resources to undertake the system assessment thoroughly and without unnecessary acceleration to meet Ofgem's timeline.</p> <p>Energia state that it is 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.</p>
SONI	<p>SONI note references in the paper to the system operator being the collection agent for the Cap and Floor funding in GB and state that if this approach is adopted in NI, changes to SONI's licence will need to be made to facilitate it.</p> <p>It highlights that funding provided via SONI can, under certain circumstances, meet the definition of State Aid or a Subsidy. If the funding is to pass via SONI, it would welcome assurance from UR or DfE that either this does not constitute a Subsidy/State Aid under the relevant legislation or that all necessary permissions have been granted by the relevant authorities.</p>

ERG Response

- 3.4 ERG states its support for RenewableNI's (RNI) response, that clear consideration of a regulated revenue regime is premature without an evidence-based policy position on the need for further interconnection.
- 3.5 It adds that a clear system-need case and demonstrable consumer benefit must be established before progressing any work on potential tariff arrangements.
- 3.6 ERG highlights the significant risks identified by RenewableNI, including the potential for increased constraint and dispatch-down within an already congested NI system, structural disadvantages which risk exacerbating market distortions, and the need to prioritise domestic grid reinforcement over new interconnection.
- 3.7 ERG states that 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. It notes that if LirIC leads to increased and more frequent dispatch-down, additional REPG-supported capacity would incur regular compensation payments that flow directly onto consumer bills.
- 3.8 ERG confirm it supports the recommendations set out in RNI's response and encourage UR 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.

UR Next Steps

- 3.9 UR thank all respondents for their valuable contributions to the consultation.
- 3.10 We will continue to progress this work, taking into account all matters raised by respondents as part of our assessment on the need for a regulated operating revenue regime for future interconnection.