

PROPOSED FORM OF ELECTRICITY GENERATION LICENCE FOR SYNCHRONOUS CONDENSERS

**Consultation on the Synchronous Condenser
Licence Conditions**

23 July 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

Low Carbon Inertia Services (LCIS) is the procurement mechanism, approved by SEMC¹, and used by EirGrid and SONI to secure low-carbon sources of system inertia, primarily through technologies such as Synchronous Condensers (SCs). Through LCIS, the first standalone SC in Northern Ireland will enter the market in 2027. To participate in the market, SC will be required to hold a licence.

In acknowledgement of the fact that there is no licensing framework for the operation of SCs in Northern Ireland, in September 2022, the Utility Regulator (UR) made the policy decision to licence SCs through grant of an electricity generation licence as an interim solution. A similar approach is being applied in GB and Ireland. UR will continue to engage with the Department for the Economy (DfE) on an enduring solution.

In advance of the first grant of a licence to a SC, we are consulting on proposed modifications to the conditions within the standard electricity generation licence (the generation licence) for the purpose of licensing SC within Northern Ireland.

AUDIENCE

This consultation is likely to be of interest to electricity generation licensees, prospective electricity generation licensees, Synchronous Condenser operators, Synchronous Condenser developers, other regulated companies in the energy industry and the wider business community. Government departments, other statutory bodies and other stakeholders will also likely be interested given the significance of the development and operation of this technology in Northern Ireland.

CONSUMER IMPACT

As the importance of the activities carried out by SCs increases, by binding SC operators to this proposed modified generation licence, the UR will be able to obtain all relevant information necessary to promote security of supply and protect consumers.

¹ [SEM-23-002 LCIS Procurement - SEMC Decision Paper.pdf](#)

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Annexes

Annex	Description
Annex A	The SC Licence
Annex B	Tracked Version – The SC licence and the generation licence

Executive Summary

To ensure the facilitation and promotion of the transparent and non-discriminatory treatment of all SC operators who wish to participate in the Single Electricity Market, the UR has created a modified version of the standard electricity generation licence (the SC licence). This licence contains conditions suitable for this purpose which are described in more detail in Section 2.

The SC licence will aid UR in its various functions and allow for UR to obtain all the relevant information it requires for the effective regulation of the activities carried out by SC operators.

This consultation sets out a brief overview of the UR duties, a summary of the modifications proposed to the generation licence and a tracked version of the SC licence.

We welcome responses to this consultation and comments on the proposed changes are invited by 5pm on 1 September 2026, as detailed in Section 3.

1. Introduction

Purpose of this document

- 1.1 Our principal objective in carrying out the duties associated with our electricity functions is to protect the interests of consumers of electricity supplied by authorised suppliers, wherever appropriate by promoting effective competition between persons engaged in, or in commercial activities connected with, the generation, transmission, distribution or supply of electricity, as set out more fully in the Energy (Northern Ireland) Order 2003 (the Energy Order)¹.
- 1.2 UR must carry out its functions in the manner which it considers is best calculated to further the principal objective, having regard in particular to:
 - a) the need to secure that all reasonable demands for electricity in Northern Ireland or Ireland are met; and,
 - b) the need to secure that licence holders can finance the activities which are the subject of obligations imposed by or under Part II of the Electricity (Northern Ireland) Order 1992 (the Electricity Order) or the Energy Order.
- 1.3 UR must also carry out its functions consistently with a number of other duties set out in full at Article 12 of the Energy Order.
- 1.4 In line with these duties, we are consulting on modifications we propose to make under Article 14 of the Electricity Order to the conditions within the generation licence for the purpose of developing a SC licence in order to licence SC operators in Northern Ireland.
- 1.5 In the absence of a separate legislative framework for SC, the SC licence will allow the activities to be regulated in a more transparent way, and consistent with other market participants. The SC licence will also provide the mechanism by which UR can take appropriate action in the event of a licence breach.
- 1.6 Ideally the UR considers that in the long term it is desirable that the activities are regularised within the legislation. We will continue to work with DfE in this regard. However, given legislative timetables, it is likely that such a change is not imminent. The interim licensing arrangement and SC licence are intended to allow for market participation and effective regulation of these activities, until such times as an enduring solution is in place.
- 1.7 The proposed SC licence is set out in Annex A to this consultation paper.

2. Proposed Modifications to Licence Conditions

- 2.1 In creating the SC licence, the UR has made a number of modifications. These modifications to the generation licence can be clearly viewed by reference to the tracked version of the SC licence provided in Annex B to this consultation paper.
- 2.2 The below Table provides an overview of the proposed modifications to the generation licence which have been made for the purpose of creating the SC licence. For the avoidance of doubt, UR reserves its right to apply conditions where circumstances dictate and to make further amendments to the conditions under Article 14 of The Electricity Order.

Table 1: Overview of proposed modifications in the SC licence

Section of modification	Overview of modification
Page 1: Grant of the Licence	Removal of reference to location of generator.
Condition 1: Interpretation and construction	- Modification of the definition of “Department”. - Modification of the definition of “Generation Business”. - Modification of the definition of “Generation Set”. - Modification of the definition of “Separate Business”. - Inclusion of a definition of “Synchronous Condenser”. - Inclusion of a definition of “Synchronous Condenser Business”. - Inclusion of a definition of “Synchronous Condenser Operator”.
Condition 7: System Support Services	Amendment to Paragraph 1 to include “any generation set operated by the Licensee in its capacity as a Synchronous Condenser Operator”.
Condition 8: Compulsory Acquisition of Land	Condition is not used.
Condition 9: Powers to Carry out Road Works etc	Condition is not used.
Condition 14: Single Electricity Market Trading and Settlement Code	Amendment to Paragraph 1 to include reference to a “Synchronous Condenser Operator”.

Section of modification	Overview of modification
Condition 16: Provision of Information	Inclusion of a new Paragraph 2 imposing an additional requirement on the Licensee in relation to provision of information to a distributor.
Condition 17: Cost-Reflective Bidding in the Single Electricity Market	Amendments to Paragraph 1 and 3 to adapt the relevance of this Condition to Synchronous Condensers.
Condition 18: Prohibition on Generation Business	Condition is used and prohibits the Licensee from carrying on a business in the generation of electricity without obtaining UR's written consent to do so.
Schedule 1: Terms As To Revocation	Amendment to Paragraph 1(e) to change "Generation Business" to "Synchronous Condenser Business".

3. Next Steps

Consultation response

- 3.1 We invite stakeholders to express a view on the proposed SC licence. Responses should be received on or before 5pm on 1 September 2026 and should be addressed to:

Martina McKinley

Manager

Utility Regulator

Millenium House

Great Victoria St

Belfast, BT2 7AQ

Tel: 07887 300814

Email: ElecGenLicensing@uregni.gov.uk with cc to Martina.McKinley@uregni.gov.uk and Evan.Taylor@uregni.gov.uk

Our preference would be for responses to be submitted by e-mail.

- 3.2 Your response may be made public by us. If you do not want all or part of your response or name made public, please state this clearly in the response by marking your response as 'CONFIDENTIAL'.
- 3.3 If you want other information that you provide to be treated as confidential, please be aware that, under the FOIA, there is a statutory Code of Practice with which public authorities must comply and which deals, amongst other things, with obligations of confidence. In view of this, it would be helpful if you could explain to us why you regard the information you have provided as confidential.
- 3.4 Information provided in response to this consultation, including personal information, may be subject to publication or disclosure in accordance with the access to information regimes (these are primarily the Freedom of Information Act 2000 and the Data Protection Act 2018).
- 3.5 As stated in the GDPR privacy statement for consumers and stakeholders, any personal data contained within your response will be deleted once

the matter being consulted on has been concluded, though the substance of the response may be retained.

- 3.6 This document is available in other accessible formats, such as large print, Braille, audio cassette and a variety of relevant minority languages if required. Please contact Colin Walker on either 02890 316648 or email: ElecGenLicensing@uregni.gov.uk with cc to Martina.McKinley@uregni.gov.uk & Evan.Taylor@uregni.gov.uk
- 3.7 If appropriate, we can have individual discussions with interested parties. Please contact us if you consider this to be more suitable.

Timelines

- 3.8 This consultation period will close at 5pm on 1 September 2026. UR will issue a decision on this consultation within 3 months of the closing date.