

Daniel McCrossan MLA
Chair
Public Accounts Committee
Northern Ireland Assembly

BY EMAIL

Dear Chair,

Thank you for the opportunity to contribute to the Committee's timely inquiry into the Northern Ireland Energy Strategy.

NI Chamber, is uniquely positioned, representing businesses from every sector of the economy, employing tens of thousands of people across Northern Ireland. Reliable, affordable and sustainable energy is fundamental to economic growth, competitiveness, inward investment and productivity.

Energy has been brought into sharp focus by climate change and the challenge of decarbonisation, while recent conflicts, including disruption linked to Ukraine and Iran, underline the importance of security of supply, affordability and competitiveness. Northern Ireland remains acutely exposed: it imports nearly 90% of its energy needs at a cost of more than £2.5 billion each year, leaving consumers and businesses vulnerable to volatile global fossil fuel markets.

What is more, NI Chamber and Queen's University Belfast's Quarterly Business Insights survey for Q2 2026 found that micro firms were also more than three times as likely to be just covering costs or struggling as larger firms, demonstrating how energy, fuel and wider cost volatility fall hardest on those with the least capacity to absorb it.

The context in which the Energy Strategy must now be delivered has changed materially since its publication in 2021. The principles remain valid but the challenge of balancing the three objectives of decarbonisation, affordability and security of supply has become more pronounced. For business, this is not a theoretical energy trilemma. It is a live competitiveness issue affecting operating costs, decisions to invest, confidence in electrification and Northern Ireland's attractiveness as a location for future industrial growth.

While NI Chamber continues to support ambition, we believe the success of the Energy Strategy should ultimately be judged by its ability to deliver practical outcomes for businesses and consumers, including lower energy costs, improved security of supply, greater investor confidence, stronger competitiveness and measurable progress towards decarbonisation.

Has the Energy Strategy had a positive, negative or mixed impact?

NI Chamber's assessment is that the Energy Strategy has had a mixed impact, with much of what was set out in the challenging NI Audit Office report resonating with the lived experience of members.

The publication of the Strategy in 2021 was an important and welcome milestone. It provided a long term vision and created greater certainty around the direction of travel for Northern Ireland's energy system.

The Strategy has helped establish broad consensus behind decarbonisation of the energy system, greater deployment of renewable electricity, increased electrification of transport and heating, development of indigenous energy resources, improved energy efficiency and modernisation of energy infrastructure. This includes the publication of the final scheme design for the Renewable Electricity Price Guarantee, supporting continued investment in renewable generation; and the Smart Meter Design Plan to name but a few.

However, the pace of implementation has been uneven and has fallen well short of the ambition contained within the Strategy. The NI Audit Office has already concluded that progress against key Energy Strategy targets is lagging considerably. The Strategy set ambitious 2030 objectives, including 25% energy savings across buildings and industry, doubling the low carbon economy to more than £2 billion and increasing renewable electricity consumption to 70%, subsequently increased to 80% under the Climate Change Act. Yet the mid-term position shows material gaps: energy savings are around 4%, the low carbon economy is valued at approximately £1.4 billion, down from £1.7 billion in 2024, and renewable electricity consumption is around 43%, substantially below the trajectory required to meet the 80% target.

Businesses increasingly express frustration that Northern Ireland remains strong on policy ambition but weaker on delivery. The gap between targets and implementation is creating uncertainty, weakening investor confidence and risking public and business support for the transition. There is also a question as to whether sufficient, proportionate focus has been given to the practical challenges of heat and transport. For example, the long-trailed absence of a biomethane strategy is cited by members as a clear cause of delayed investment and lost economic opportunity for the bio-economy.

Progress has been constrained by delays in infrastructure delivery, slow policy implementation, planning challenges and the absence of some key support mechanisms available elsewhere in Great Britain and Ireland. For many businesses, the primary concern is no longer the ambition of the Strategy but the pace at which it is being delivered.

What impact is the Energy Strategy having on investment decisions?

The existence of a long term Energy Strategy has provided a positive signal to investors. However, businesses ultimately invest based on confidence in proven delivery rather than policy aspirations alone.

Many investors view Northern Ireland as possessing significant natural advantages, including excellent renewable energy resources, strong potential for biomethane production, existing gas and electricity infrastructure, unique access to UK and EU markets and a highly skilled workforce.

These advantages are increasingly being offset by concerns around delivery timelines, policy certainty and an inadequate skills pipeline. Investment decisions are being affected by electricity network constraints, renewable project connection timelines, planning delays, lack of clarity around future support mechanisms, delays in implementing renewable electricity support schemes, uncertainty around heat decarbonisation policy and slow progress on enabling infrastructure. A 2023 investor survey found that 82% of renewable investors and developers considered Northern Ireland an unattractive investment location, although 100% said they would reinvest under a more supportive policy environment. That is a very clear signal that the issue is not a lack of resource or investor interest, but the absence of investable conditions.

The comparative picture is also stark. Northern Ireland has had no renewable electricity support mechanism for almost a decade (albeit that progress is now being made) and has added less than 10% of the renewable capacity delivered in the Republic of Ireland over the past five years. By

contrast, Great Britain and the Republic of Ireland have backed their ambitions with multi-year programmes for renewable electricity, grid investment, retrofitting and energy efficiency supports, electric vehicles and industrial decarbonisation. The result is a widening competitiveness gap, where Northern Ireland has strong natural advantages but a weaker policy and funding environment.

Businesses require confidence that infrastructure, policy and regulatory frameworks will develop at the pace necessary to support long-term investment.

Are there policy, regulatory or infrastructure barriers to investment?

Yes. The most significant barrier identified by many NI Chamber members is infrastructure capacity. Northern Ireland's future economic growth increasingly depends upon the ability to connect homes, businesses, renewable generators, industrial users and emerging technologies to modern energy networks.

Investment in electricity infrastructure should be viewed as an economic growth and affordability priority. Network capacity constraints are increasingly affecting renewable deployment, electrification and new investment opportunities. In 2024, 29.6% of available wind generation and 16.9% of available solar generation was dispatched down because the system could not fully use the renewable power available. This is a direct cost to consumers and businesses and a lost economic opportunity. The implementation of NIE Networks' RP7 investment programme, approving a £2.23 billion investment package for 2025 to 2031, is therefore critical and should continue to be delivered at pace with accountability. Progress has already been made during the first year, and maintaining this momentum, supported by strong coordination and partnership across stakeholders, will be essential.

The continued absence of the North South Interconnector remains another major constraint on the efficient operation of the electricity system. SONI has estimated that the Interconnector would save Northern Ireland consumers approximately £19 million per year, equivalent to around £52,000 per day. This reinforces a wider point: grid investment, interconnection, storage, smart systems and flexibility should be treated as competitiveness measures, not simply technical upgrades.

Northern Ireland continues to operate with a fragmented approach to infrastructure planning. Greater coordination is required between energy providers, government departments, utility regulators, planning authorities, housing providers, economic development bodies and infrastructure owners. A more integrated, plan-led approach would improve delivery and reduce delays.

The renewables sector strongly supports the introduction of the Renewable Electricity Price Guarantee and other mechanisms which can restore investor confidence and accelerate renewable deployment. Northern Ireland has effectively lost a decade of renewable investment relative to neighbouring jurisdictions and this trend must now be tackled with urgency.

Several NI Chamber members believe biomethane represents a significant economic and environmental opportunity for Northern Ireland particularly in respect of heat. Northern Ireland's agricultural base provides substantial feedstock potential, creating opportunities for rural economic development, industrial decarbonisation, improved energy security, nutrient management and greater use of existing gas infrastructure. Businesses would welcome greater policy clarity through the publication of an ambitious biomethane strategy which will play a key role in unlocking new opportunities in the bioeconomy.

Lack of access to support schemes for Industrial users on a comparable basis to Great Britain has also presented a competitiveness challenge. For example, the British Industrial Competitiveness

scheme (BICS) (a UK government support mechanism designed to reduce electricity costs for eligible UK manufacturers and other energy intensive businesses in their supply chain), was initially not available in Northern Ireland. It is acknowledged that earlier this year funding was provided to the NI Executive to deliver an equivalent scheme for NI in 2027, however, specific details of the equivalent scheme have yet to be confirmed. Nonetheless, a further energy intensive users “supercharger” scheme made available to sectors in Gb that are particularly exposed to the high cost of electricity including steel, metals, chemicals, cement, glass and paper remains unavailable to NI firms.

Does the current pace of delivery provide sufficient certainty?

The dominant message from business is that delivery is not keeping pace with ambition.

Many businesses support the overall direction of travel but require greater certainty regarding infrastructure build out, renewable support mechanisms, smart meter deployment, industrial decarbonisation pathways, heat policy and long term funding commitments.

Comparisons are increasingly being drawn with both Great Britain and Ireland, where governments have typically combined ambitious targets with significant financial support programmes and clearer implementation schedules. Businesses recognise Northern Ireland's fiscal constraints. The absence of delivery certainty risks slowing private sector investment and reducing competitiveness.

Implementation issues the Committee should consider

1. Infrastructure must become the top priority

The single biggest requirement for successful delivery of the Energy Strategy is infrastructure.

Today, grid network constraints are preventing consumers from accessing the full value of renewable power generation. Dispatch down has increased significantly, and the absence of the North South Interconnector remains a major barrier to a more constraint on the efficient operation of the electricity system. SONI has stated that the North South Interconnector would save Northern Ireland consumers around approximately £19 million per year, equivalent to approximately £52,000 per day.

Grid investment, interconnection, storage, smart systems and flexibility should therefore be viewed as affordability and competitiveness measures, not merely as technical upgrades. They will determine whether Northern Ireland can use the renewable power it produces, whether businesses can electrify, whether consumers to benefit from lower- cost generation and whether investors see Northern Ireland as a credible place to deploy capital.

A key enabler is the planning system, a system that should be reformed to bring it up to pace with neighboring jurisdictions through a planning reform bill in the next mandate. Ni Chamber is working actively with its members at present to determine what a vision for a planning reform act might encompass and will be in a position to share this in the coming months.

2. Energy policy must be aligned to an economic strategy

Northern Ireland needs a clear economic strategy to inform its energy strategy. We cannot effectively plan tomorrow's energy system without first understanding what kind of economy we want to build. Decisions on grid investment, renewable generation, storage and network capacity should be driven by the needs of future growth sectors and the businesses we want to attract. In a world where investors increasingly assess locations based on energy costs, security of supply and carbon credentials, economic policy and energy policy must move together. The absence of a long

term economic strategy makes future energy planning more difficult and risks underinvestment in the infrastructure required to support growth.

3. Energy policy should support economic growth

Energy policy and economic policy should be more closely aligned. Access to affordable, reliable energy increasingly influences investment decisions, industrial competitiveness and the attractiveness of Northern Ireland as an investment location. This includes ensuring Northern Ireland's manufacturers and energy intensive users have access to the same or equivalent energy support schemes as their competitors in Great Britain.

4. A technology neutral approach is required

Northern Ireland's energy transition will not be delivered through a single technology pathway. Electrification will be central, but policies should also recognise and act upon the potential contribution of renewable electricity, biomethane, hybrid heating solutions, heat networks, energy efficiency measures and flexible generation technologies. A practical pathway is particularly important for heat.

5. Existing assets should be utilised effectively

Northern Ireland has already invested significantly in electricity and gas infrastructure. Policy should seek to optimise existing assets where they contribute to affordability, security of supply and decarbonisation objectives. More than £1 billion has been invested in Northern Ireland's gas transmission and distribution network, which now serves approximately 67% of households and has spare capacity. That infrastructure could support transitional emissions reductions, targeted industrial decarbonisation and the integration of renewable gases such as biomethane and hydrogen where they are technically, economically and environmentally appropriate.

6. Delivery requires stronger cross-government ownership

Responsibility for the Energy Strategy extends beyond the Department for the Economy. Successful implementation will require coordinated action across multiple Executive departments (not least the Department for Infrastructure and the DAERA) and agencies, supported by adequate resources and clear accountability arrangements.

The next phase of the Strategy should focus on accelerating infrastructure investment, creating investable conditions for renewable energy, supporting indigenous energy solutions, improving cross-departmental coordination and aligning energy policy more closely with economic growth objectives. In practical terms, the Committee should press for clearer delivery milestones, stronger accountability for implementation, urgent progress on the Renewable Electricity Price Guarantee, delivery of RP7 at pace, publication of an ambitious biomethane strategy, progress on smart metering and a more plan-led approach to aligning energy infrastructure with housing, industrial demand and economic development.

Northern Ireland possesses significant renewable resources, substantial infrastructure assets and strong private sector expertise. But those advantages will not deliver themselves. With nearly 90% of energy still imported, renewable deployment stalled, substantial renewable generation being dispatched down and delivery against key targets lagging, the priority must now shift from strategy to implementation. With greater policy certainty and a stronger focus on delivery, the Energy Strategy can still play a central role in delivering a more competitive, resilient and sustainable economy.

Yours sincerely,

Stuart Anderson

Director of Public Affairs & International Relations
Northern Ireland Chamber of Commerce and Industry