

CBI Northern Ireland Response: The Northern Ireland Assembly Public Accounts Committee Inquiry on Northern Ireland Energy Strategy

20 August 2026

The CBI Northern Ireland (CBI NI) welcomes the opportunity to submit evidence to the Northern Ireland Assembly Public Accounts Committee Inquiry into the findings of the Northern Ireland Audit Office report Northern Ireland Energy Strategy, published 21st October 2025.

The CBI speaks on behalf of 170,000 businesses of all sizes and sectors, across every region and nation of the UK. This includes over 1,100 corporate Members, plus nearly 150 trade associations. Corporate Members alone employ over 2.3 million private sector workers. The CBI NI represents hundreds of local businesses (large, medium and small) across a full range of sectors. This includes indigenous companies in Northern Ireland, as well as those headquartered in other parts of the UK that have operations locally.

CBI NI has shared the request for input into the Public Accounts Committee Inquiry with our Energy and Large Energy Users Working Groups. It should be noted that, as the consultation period fell during the summer, we were not in a position to hold in-person meeting to discuss this topic and the following is a summary of the written responses from members operating across electricity and gas networks, renewable generation and development, construction, legal and advisory services.

Introduction

Members strongly support Northern Ireland's transition to a secure, affordable, flexible and low-carbon energy system. Their central concern is not the Strategy's overall ambition, but whether policies, programmes and institutional arrangements are sufficiently prioritised, coordinated and outcome focused to translate that ambition into investable projects and measurable progress.

Member evidence indicates that the Energy Strategy has had a mixed impact. Its long term direction, statutory ambition and recognition of renewable electricity, electrification and renewable gases are widely supported. It has helped network businesses frame long term infrastructure plans and has encouraged cross sector work on technologies such as biomethane. Those benefits have, however, been weakened by slow and uneven implementation, unclear delivery pathways and insufficient focus on outcomes.

It should be noted that the evidence is not uniform. One network operator assesses the Strategy's impact as positive because it has provided direction and greater confidence for long-term infrastructure investment. Other members, particularly renewable generators, developers and advisers, describe the practical impact as negative or limited because key delivery mechanisms and enabling infrastructure have not progressed at the required pace. This submission reports both perspectives and identifies the areas of common ground.

Response

The following is a summary of the responses to each of your questions.

Q1. Has the Energy Strategy and its implementation had a positive, negative or mixed impact on your sector? Please provide examples where possible.

1. **Overall, the impact has been mixed.** The Strategy was welcomed as an ambitious and forward-looking framework. It recognised Northern Ireland's renewable resources, the importance of electricity networks and electrification, and the potential role of renewable gases. It also created a common reference point for industry engagement with government, the Utility Regulator, academia, customers and investors.
2. For electricity networks, the Strategy has provided direction and investment confidence for infrastructure needed to connect renewable generation and support electric vehicles, heat pumps and wider economic growth. Members point to the final REPG scheme design, the Smart Meter Design Plan and reformed connection charging arrangements as tangible positive outcomes.
3. For the gas sector, recognition of biomethane potential helped to establish industry momentum, a market ready supply chain and work on regulatory frameworks. Members report broad cross-sector and cross-party interest because biomethane could contribute to industrial decarbonisation, energy security, rural jobs, farm diversification, nutrient management and the productive use of agricultural and organic wastes.
4. The principal negative has been the gap between strategic ambition and implementation. Members describe delivery as stop-start, lacking detail and too often focused on process rather than outcomes. The Northern Ireland Audit Office's findings on unclear deadlines, completion benchmarks and performance measures strongly reflect their experience.
5. In renewable electricity, members argue that insufficient attention has been given to the immediate constraints on project delivery and system operation. As one illustration, member evidence cites the System Operators' 2025 report showing that 22% of wind generation, or 662.6 GWh, was constrained or curtailed, including 562.5 GWh attributable to network constraints.
6. In renewable gas, progress towards a dedicated biomethane policy has been too slow. The re-establishment in early 2026 of an interdepartmental group involving the Department for the Economy and the Department of Agriculture, Environment and Rural Affairs is welcome, but members consider that timely policy, legislation and proportionate industry participation are now essential if the initial momentum is to be retained.

Q2. What impact, if any, is the current Energy Strategy having on investment decisions within your sector, including business confidence and future investment planning?

7. The Strategy helps businesses understand the intended direction of travel and supports long-term scenario planning. This is particularly valuable for regulated network investment, where

stable policy objectives can underpin multi-year programmes to reinforce the system and enable new demand and generation.

8. For many other investors, however, strategic direction without a dependable delivery timetable is insufficient. Members report that the lack of a public date for the first REPG auction has frozen or delayed renewable energy investment. Developers cannot confidently value projects, commit construction expenditure, retain consents and grid offers, or determine whether early works might affect auction eligibility.
 9. Members have carried additional personnel and spent time and money briefing potential investors in London and Dublin on opportunities that have subsequently been delayed. Investor confidence in Northern Ireland's ability to deliver is described as 'increasingly sceptical'. Some investment funds are considering selling Northern Ireland projects and reallocating capital to jurisdictions with clearer support mechanisms and delivery schedules.
 10. Biomethane investment is similarly affected. In the absence of a clear Northern Ireland market framework, proposed anaerobic-digestion facilities may sell renewable gas into neighbouring supported markets rather than use it to decarbonise Northern Ireland. Members also cite a local case in which biomethane is transported approximately 120 miles by road twice weekly to satisfy the design of an existing support mechanism rather than being conveyed through the gas network. This illustrates how policy gaps or misaligned incentives can produce inefficient outcomes.
 11. There is nevertheless a substantial prospective investment pipeline. Member evidence refers to research estimating 6,124 GWh of biomethane potential from agricultural manure and underused grassland, with 83% of that feedstock within 10 km of the gas distribution network; broader research indicates a theoretical potential approaching 8 TWh. Eight plants responding to a 2024 industry request for information reported combined potential output of approximately 3.5 TWh. Policy certainty is required to convert that technical and developer interest into final investment decisions.
 12. Business confidence also depends on credible and affordable pathways for customers. Gas-network members report that approximately 200,000 properties passed by the network remain unconnected and estimate that replacing an older oil boiler with a modern gas boiler and controls can reduce a household's annual heating emissions by up to 2 tonnes of CO₂ equivalent, or 48%, at an indicative conversion cost of approximately £3,500. They argue that this type of near term measure should be evaluated alongside energy efficiency, heat pumps and renewable gases, taking account of property suitability, public and consumer cost, cumulative emissions savings and the long term transition pathway.
- Q3. Are there aspects of the current policy, regulatory or infrastructure environment that are supporting investment or creating barriers to investment? (For example, grid capacity, planning, connection timelines or energy costs.)
13. Supporting factors include a clear statutory commitment to decarbonisation; the long term framework established by the Strategy; ongoing regulated investment in electricity networks; the final REPG scheme design; the Smart Meter Design Plan; recent connection charging reforms; the Transmission Development Plan 2025-2034; and renewed cross-departmental work on biomethane.
 14. The revised connection charging arrangements are particularly welcome because they should make connections more accessible and affordable. Several member applications have been

submitted, although it is too early to assess the effect because offers had not yet been issued when evidence was provided. Other members report substantial and unexpected increases in individual connection cost estimates, in some cases exceeding 150%. It has been suggested that greater transparency over the drivers of cost changes, earlier notice and constructive engagement with affected developers are required where increases threaten otherwise viable projects.

15. Grid capacity and connection timelines are the most consistently identified barriers. Members report developers being advised that it may take several years merely to receive a connection offer. Slow reinforcement, uncertainty over connection dates and the risk that consents or offers will expire make projects more expensive and difficult to finance.
16. Planning is also a material barrier, particularly when it operates independently of network and economic planning. Long planning timelines can leave otherwise mature projects unable to participate in support schemes. Members seek a coordinated system in which strategic planning, grid development, support mechanisms and major demand connections are sequenced against a common delivery plan.
17. Dispatch down (the reduction of renewable output because of network constraints or system requirements) is a major commercial risk. Members welcome network reinforcement but some argue that constraints, rather than curtailment alone, account for most lost output. The second North-South Interconnector is important, but its estimated completion in 2031 and uncertainty about its eventual effect mean that interim and complementary measures are required. It should be noted that the commercial impact is particularly acute for generators without firm access, which may not receive compensation when constrained. Firm access is often dependent on network reinforcements, some of which member evidence indicates have been delayed for more than a decade. This has materially changed the assumptions on which earlier investment decisions were made.
18. Members express differing views on the proposed REPG design. Some regard it as an essential step that can underpin renewable investment. Others are concerned that compensating constrained or curtailed generation without resolving the underlying system problem could impose disproportionate consumer costs and weaken incentives to find flexible users for electricity that would otherwise be lost. The Committee may therefore wish to examine scheme affordability, dispatch down incentives and the timetable for long term remedial action together.
19. For biomethane, the absence of an integrated policy, legislative and regulatory framework is the key barrier. Developers, network operators and large energy users require clarity on market support, network injection, treatment of environmental attributes, demand side access and the regulator's statutory powers.
20. More generally, the Utility Regulator and regulated businesses can act only within their legislative mandates. Where policy direction is not translated promptly into statute and regulatory duties, technical capability and market demand cannot readily be converted into approved investment.
21. Energy costs and affordability must remain central. Support mechanisms are often required to make emerging technologies investable, but their costs should be assessed alongside benefits such as energy security, reduced emissions, productivity, rural and green employment, nutrient management, improved air quality and valuable co-products. Transparent whole-system appraisal would help identify the interventions that deliver the greatest value for consumers and the economy.

Q4. Does the current pace of delivery under the Energy Strategy provide sufficient certainty for businesses to plan and invest? Please give reasons for your answer.

22. **No, not consistently.** The Strategy has established a credible destination, but members generally do not have sufficient certainty about the route, timing, sequencing and accountability for delivery. This prevents businesses from coordinating land, planning, grid, finance, supply chain capacity and customer contracts with confidence.
23. The absence of published milestones and a firm timetable for the first REPG auction is the clearest immediate example. Projects developed over several years may need to incur expenditure to preserve planning permissions or connection offers without knowing whether they will qualify for the scheme or whether the scheme will proceed in time. The progress on the Renewable Electricity Generation Bill is welcome but passage during the current Assembly mandate, followed by a firm auction timetable, is essential to avoid further extending the absence of a long term renewable electricity support mechanism since the closure of the NIRO in 2017.
24. Members also report projects approaching or reaching connection agreement longstop dates. Developers may face the choice of entering an uncertain merchant market with high levels of uncompensated dispatch down or withdrawing from the connection queue, potentially forfeiting substantial bonds and losing access to scarce export capacity.
25. Members also highlight the Northern Ireland Audit Office's concern that expenditure and activity are not sufficiently connected to measurable outcomes. The concern is not that consultation, research or programme administration lack value, but that the relationship between spend, completed actions and the Strategy's headline outcomes is not sufficiently visible.
26. Certainty requires more than target dates. Businesses need named delivery owners, clear dependencies, adequately resourced institutions, published progress measures, prompt decisions where delivery is off track, and coordinated signals from departments, the regulator, network operators and planning authorities.
27. Members recognise the commitment of officials working in a complex and rapidly changing sector. Their evidence nevertheless indicates that the next phase must be more strongly oriented towards implementation, near term constraint removal and the practical needs of investors and energy users.
28. CBI NI would like to put on record that it has previously written to the Department for the Economy to express members' interest in greater involvement in the Department's energy working groups. Members believe that, at a time when the Department faces resource constraints in the energy policy area, greater industry participation in these working groups could provide valuable expertise, help address capacity gaps and support the development and progression of policy.

Q5. Are there any particular implementation issues the Committee should be aware of when considering the effectiveness of the Energy Strategy?

29. **Whole Executive ownership.** The Strategy is led by the Department for the Economy, but delivery depends on responsibilities across the Executive, including planning, environment, agriculture, transport, skills, housing and public finance. Future action plans should identify cross departmental dependencies, accountable senior owners and escalation routes.

30. **Institutional capacity.** Departments, the Utility Regulator, planning authorities, the System Operator and delivery organisations need adequate long term staffing, technical expertise and resources. Ambitious programmes cannot be implemented at pace if policy teams and statutory decision makers lack delivery capacity.
31. **Outcome based governance.** Actions should have specific deadlines, defined completion benchmarks and explicit links to energy savings, renewable deployment, emissions, affordability, security of supply and green economy outcomes. Progress reporting should distinguish consultation and policy development from implemented measures and realised benefits.
32. **Whole system planning.** Electricity, gas, heat, transport, water, digital systems, planning and economic development should be planned together. Network reinforcement, new generation, storage, flexible demand and large energy user connections must be sequenced so that infrastructure is available when projects and customers are ready.
33. **Dispatch down and flexibility.** Northern Ireland needs targeted measures to reduce renewable energy lost through constraints while maintaining a secure system. Priorities should include network reinforcement, grid digitisation, storage, flexible tariffs, smart meters, demand response and policies that enable industrial and other large users to consume electricity when it is abundant.
34. **Renewable support design.** The REPG should be implemented to a clear timetable and reviewed in the context of connection availability, dispatch down incentives and consumer affordability. Scheme design should encourage generators and users to support system flexibility rather than treating compensation as a substitute for resolving infrastructure constraints.
35. **Biomethane delivery.** A suitably ambitious policy and supporting legislation should be completed promptly. The interdepartmental group should have clear deliverables and draw proportionately on industry expertise. Policy should seek to retain the economic and decarbonisation value of indigenous biomethane within Northern Ireland where this offers best whole-system value.
36. **Industrial and household transition.** An Industrial Decarbonisation Plan should provide realistic options for businesses with high thermal or electricity demand. Household policy should combine appropriate standards, incentives, practical advice and energy efficiency measures, with technology choices based on property suitability, affordability and whole system impacts. Network planning should include proportionate anticipatory investment based on credible future demand, electrification and economic development scenarios. Requiring demand to materialise before enabling infrastructure is approved risks creating a circular barrier in which investment is withheld because capacity is unavailable.
37. **Value for money and wider benefits.** Decarbonisation options should be evaluated consistently across public cost, consumer cost, carbon reduction, timing, security of supply and wider economic, social and environmental benefits. This would enable the Committee and the public to see why particular actions are prioritised and whether expenditure is producing the intended outcomes.

I trust that you find this input into the Inquiry helpful. Please feel free to contact me if you have any further queries.

Kind regards

A handwritten signature in dark ink, appearing to read 'Claire Sullivan'.

Claire Sullivan
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