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Submitted to Renewable Electricity Generation Bill
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Introduction

1 What is your name?

name:
[redacted]

2 What is your email address?

email address:
[redacted]

3 Are you providing a submission on behalf of an organisation or business?

Yes

If yes, please provide the name of the organisation or business below:

RES

Consent

4 Please confirm that you have read the Northern Ireland Assembly Committee's Privacy Notice by clicking the button below.

yes:
Yes

5 How would you like your submission to be published?

Yes. Publish but with my personal information and any content that could be used to identify me redacted.

Clause 1 - Overview of this Act

6 Do you agree that Contracts for Difference should be the basis for encouraging renewable electricity generation?

Yes

If no, how should this clause be amended?:

7 Do you agree that the generating contracts should be managed using a counterparty?

Yes

If yes, who should the counterparty be?:

Our preferred counterparty would be the Low Carbon Contracts Company (LCCC), given its experience administering similar contract schemes in GB.

If no, how should this clause be amended?:

8 Do you agree that the costs of the counterparty should be met by a supplier levy?

Yes

If no, how should this clause be amended?:

A supplier levy is a proven and known lever for funding CfD-style payments – mirroring GB's approach offers familiarity for suppliers, investors and the counterparty. We would encourage the question of funding to not become a source of delay in any case.

9 Do you have any further amendments that you would like to propose to this clause?

clause 1:

Clause 2 - Contracts for Difference

10 Do you agree that the Department should be able to make regulations in respect of the key terms and payments of the Contracts for Difference?

Yes

If no, how should this clause be amended?:

Our answer is yes, but noting that any key terms and payments of the Contracts for Difference need to be consulted on prior to being agreed.

11 Do you have any further amendments that you would like to propose to this clause?

clause 2 :

No amendment is proposed to the clause itself; however, contract duration will be one of the most consequential terms determined as a result of this clause. We would encourage the Department to use these powers to consider a 20-year term, as a longer length of contract lends itself to lower strike prices for consumers and reduces financing costs.

Clause 3 - Eligible generators and eligible generating stations

12 Do you agree that the Department should be able to make regulations in respect of the definition of eligible electricity generating activities?

Yes

If no, how should this clause be amended?:

It is important that the Department retains flexibility here. The Bill should be capable of doing its job without being so prescriptive that the definition of eligible generating activities cannot evolve as successive allocation rounds come and go. We would expect the detail to be settled through consultation on the secondary legislation and contract terms rather than fixed in primary legislation.

13 Do you have any further amendments that you would like to propose to this clause?

clause 3:

Clause 4 - Counterparty

14 Do you agree that the Department should be able to make regulations in respect of the designation of a counterparty?

Yes

If no, how should this clause be amended?:

15 Do you have any further amendments that you would like to propose to this clause?

clause 4:

Clause 5 - Allocation rounds

16 Do you agree that the Department should be able to make an allocation round for Contracts for Difference from time to time and at its discretion?

No

If no, how should this clause be amended?:

Allocation rounds should not be left totally to discretion. A fixed and clear auction timetable, aligned with the connections regime, gives the best visibility for investment certainty and project planning. Without it, developers and investors will price timing uncertainty into their bids, and the scheme will deliver poorer value for consumers than it otherwise could.

17 Do you agree that the Department should be obliged to publish related notices, issue terms and publish rules and thus make an allocation scheme, at its discretion?

Not Answered

If no, how should this clause be amended?:

18 Do you agree that the Department should make regulations in respect of how generators are to apply and how applications are to be adjudged as successful?

Yes

If no, how should this clause be amended?:

19 Do you have any further amendments that you would like to propose to this clause?

clause 5:

Clause 6 - Allocation scheme

20 Do you agree that the NI electricity grid system operator should determine the outcome of a Contracts for Difference allocation round?

Yes

If no, how should this clause be amended?:

Our answer is yes, but in principle. Mirroring how this works in GB with the National Energy System Operator (NESO) running the auction and passing through to the LCCC to manage, SONI should operate similarly. Our point here is one of capability rather than principle: we would welcome confirmation that SONI is appropriately resourced and prepared to take on this role, and that the learnings from the GB allocation process are being drawn upon. If that capability is not yet in place, it should be addressed ahead of the first allocation round rather than discovered during it.

21 Do you agree that the allocation scheme devised by the Department and at its discretion should specify the strike price, the setting of targets including how electricity is to be generated?

If no, how should this clause be amended?:

We read the reference to "the strike price" as the administrative (maximum) strike price for each technology, with the clearing price discovered through competitive auction as in GB. We would welcome this being made explicit. Administrative strike prices should reflect up-to-date, Northern Ireland-specific cost evidence.

22 Do you have any further amendments that you would like to propose to this clause?

clause 6:

We strongly encourage that the auction design should remain technology-neutral where possible. Where separate pots or ring-fences are used to meet specific targets, the rationale should be evidence-based and published in advance, so that the scheme continues to deliver decarbonisation at the lowest cost to consumers. Any non-price criteria should be separately consulted upon.

Locational restrictions are unwelcome, as network and planning constraints are already managed through the connections and planning regimes. Adding locational limits to the auction would narrow competition, shrink the pool of eligible projects and increase costs to consumers, at a time when every ready-to-go project is needed to meet the 80% renewable electricity target for 2030.

Clause 7 - Agreements to modify certain standard terms

23 Do you agree that the counterparty and the generator should be able to amend the terms of the Contract for Difference contract in the circumstances specified?

Yes

If no, how should this clause be amended?:

24 Do you agree that the Department should have the power to make regulations to specify how and when the terms of the Contract for Difference contract may be modified?

Yes

If no, how should this clause be amended?:

25 Do you have any further amendments that you would like to propose to this clause?

clause 7 :

Clause 8 - Contracts for Difference notifications

26 Do you agree that Contracts for Difference allocations should be sent to the counterparty?

Yes

If no, how should this clause be amended?:

Our answer is yes - we support this approach, which mirrors the established GB CfD process.

27 Do you agree with the proposed content of the notification?

Yes

If no, how should this clause be amended?:

28 Do you agree that the Department should be able to, through regulations, vary the content and circumstances of issuing for notifications?

Yes

If no, how should this clause be amended?:

29 Do you have any further amendments that you would like to propose to this clause?

clause 8 :

Clause 9 - Allocation: offer to contract on standard terms

30 Do you agree that the counterparty should be required to offer to contract with a relevant electricity generator subject to the terms of the notification?

Yes

If no, how should this clause be amended?:

31 Do you agree that the Department should be able to, through regulations, in respect of how the counterparty is to apply or complete the standard terms and in respect of timelines and failure to complete?

Yes

If no, how should this clause be amended?:

32 Do you have any further amendments that you would like to propose to this clause?

clause 9:

Clause 10 - Supplier levy

33 Do you agree that the Department should be able to make regulations to require electricity suppliers to pay a levy to the counterparty to cover the counterparty's costs of making payments to electricity generators under Contracts for Difference including covering losses as a result of insolvency or supplier default?

Yes

If no, how should this clause be amended?:

Our answer is yes, but only provided it follows GB: the levy should copy the GB supplier obligation, with collateral, a reserve fund and default losses shared among suppliers. That protects generators from one supplier's insolvency and gives investors a familiar framework.

34 Do you agree that the Department should be able to, through regulations, allow for the exemption of certain electricity supplies from the levy?

Not Answered

If no, how should this clause be amended?:

35 Do you have any further amendments that you would like to propose to this clause?

clause 10:

Clause 11 - Supplier levy: supplementary

36 Do you agree with the provisions of this clause?

Yes

If no, how should this clause be amended?:

Clause 12 - Payments to electricity suppliers

37 Do you agree with the provisions of this clause?

Yes

If no, how should this clause be amended?:

Our answer is yes but we would make one point on transparency. Where the reference price exceeds the strike price, generators pay money back and clause 12 provides for it to reach suppliers. Our concern is what happens next: a supplier can pass that money on simply by absorbing it into its unit rate or standing charge, so the customer's bill falls slightly but nothing identifies the reduction or its source. The consumer benefit of the scheme is then invisible, while the cost of the levy remains a visible line item. We would encourage the Department to require that CfD payback is separately identified on consumer bills, through the regulations or supply licence conditions, so that consumers can see both sides of the arrangement.

Clause 13 - Community benefit

38 Do you agree with the provisions of this clause?

Yes

If no, how should this clause be amended?:

Only if the mandated scheme is settled via consultation.

Our preference is for community benefit under the REPG to have a mechanism which allows community funds to be tailored to the locality of renewable energy developments. The approach taken under RESS in the Republic of Ireland provides near-neighbour payments based on distance and allows flexibility for funds to go to the wider community. At RES we have successfully supported local communities with direct funding to local groups or the opportunity to access funding by invitation and, in the majority of circumstances, such funding has been in combination with a local electricity discount scheme (LEDS). The wider community fund is often the key ask from communities and has the potential to leverage match funding, allowing community groups to undertake larger projects or those with longer timeframes; such projects may not otherwise be possible given that funding is hard to access. With LEDS, a discount applied directly to bills reaches every eligible household automatically, is recurring and visible, and carries very little administrative overhead. RES has direct experience of delivering discount schemes of this kind. Whilst LEDS has been very successful, a parallel fund matters for the reasons set out above and because take-up of discount schemes is never complete and residual sums routinely accumulate; that money is better directed to community initiatives than left unspent.
We would not support direct payments to individual households. Cash payments also risk interacting with means-tested benefits in a way that a bill discount does not, and are more readily characterised as payment for consent, which undermines the legitimacy of both the scheme and the planning process. A discount delivers the same value to the same households without any of these consequences.
Another factor that needs to be considered is that some projects will already have entered into community benefit agreements with particular groups. Any mandated scheme should therefore be cognisant of contractual commitments (where they arise) to ensure that the commercial viability and/or competitiveness of any auction is not unduly impacted by mandated and voluntary community benefit packages.
Whatever model is adopted, the detail should be set through consultation on the secondary legislation, and should include a per-household cap and a route for recycling unallocated funds. It should not be allowed to delay implementation of the REPG.

Clause 14 - Sums held by, and liabilities of, the counterparty

39 Do you agree with the provisions of this clause?

Yes

If no, how should this clause be amended?:

Clause 15 - Information and advice

40 Do you agree with the provisions of this clause?

Yes

If no, how should this clause be amended?:

Clause 16 - Oversight and resolution of disputes

41 Do you agree with the provisions of this clause?

Yes

If no, how should this clause be amended?:

Clause 17 - Further provision in connection with CfDs

42 Do you agree with the provisions of this clause?

Yes

If no, how should this clause be amended?:

Clause 18 - Making of Regulations

43 Do you agree with the provisions of this clause?

Yes

If no, how should this clause be amended?:

Our answer is yes. We support allowing preparatory consultation and the drafting of regulations to begin before enactment where doing so accelerates delivery of the scheme. The clause should not, however, reduce the opportunity for meaningful consultation on the final regulations and terms and conditions.
We would also propose one amendment. Subsection (1) names the Utility Regulator, the system operator, the distributor and electricity suppliers, but not electricity generators — the counterparties to the contracts these regulations will govern. Generators are captured only under paragraph (e), at the Department's discretion. We would propose that electricity generators, or representative bodies acting on their behalf, be named in subsection (1) alongside the other parties listed.

Clause 19 and Schedule 2 - Consequential and other provisions

44 Do you agree with the provisions of this clause and Schedule?

Yes

If no, how should this clause and schedule be amended?:

Clause 20 - Interpretation

45 Do you agree with the provisions of this clause?

Yes

If no, how should this clause be amended?:

Clause 21 - Commencement

46 Do you agree with the provisions of this clause?

Yes

If no, how should this clause be amended?:

Schedule 1 - Designation of other persons to be the counterparty

47 Do you agree with the provisions of this schedule?

Yes

If no, how should this schedule be amended?:

Additional Comments

48 Please provide any additional comments on the Bill you feel should be considered.

additional comments:

We welcome the Bill. It provides an important enabling framework and a significant milestone for the future of Northern Ireland's energy mix. Our overriding message is one of pace: the Bill, the secondary legislation that follows and the contract terms and conditions should all be progressed so as to implement the REPG as soon as possible, given the statutory requirement for 80% renewable electricity by 2030 and the risk of losing ready-to-go projects the longer implementation is delayed.
At the same time, a significant number of points remain unresolved and are expected to be carried into the terms and conditions. It is essential that this subsequent detail, whether introduced through secondary legislation or through the contract terms, is subject to meaningful consultation. Pace and proper scrutiny are not in tension here: getting the detail right, and being seen to do so, is what will give suppliers, investors and developers the confidence to commit to the scheme.

We would be happy to appear at the committee to give oral evidence on any of our points in more detail. As the world's largest independent renewable energy developer with international experience, we would be happy to give insight on how the new REPG scheme should run based on our experience

working in other geographies across GB and the world.

Submit your survey

49 If you provide an email address you will be sent a receipt and a link to a PDF copy of your response.

email: