RenewableNI Response to the Call for Evidence on the Renewable Electricity Generation Bill

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Prepared by: RenewableNI

[redacted]

Clause 1 – Overview of this Act

6. Do you agree that Contracts for Difference should be the basis for encouraging renewable electricity generation? (Y/N)

RNI RESPONSE: YES

RenewableNI (RNI) supports the use of Contracts for Difference (CfDs) as the primary route-to-market mechanism for renewable electricity generation in Northern Ireland (NI). CfDs have been successfully deployed across a range of jurisdictions and provide an effective mechanism for supporting investment in renewable electricity generation.

A CfD provides revenue certainty by agreeing a fixed "strike price" for electricity generation. When market prices fall below the strike price, the generator receives a top-up payment; when market prices rise above it, the generator pays the difference back.[1] This two-way mechanism limits support costs when market prices are high while giving investors the confidence needed to finance new renewable generation. Two-way auction-based support mechanisms are now established in our closest neighbouring markets, Great Britain (GB) and the Republic of Ireland (RoI), through the CfD and Renewable Electricity Support Scheme (RESS) respectively.[2] They are increasingly being adopted across Europe because they can attract investment at lower financing costs and support the deployment of renewable generation at scale. By providing stable revenues for low-cost renewable generation, while requiring paybacks when market prices are high, CfDs help reduce consumers' exposure to fossil fuel price volatility and deliver long-term value for them.

The introduction of a CfD scheme is a crucial enabler for delivery of Northern Ireland's renewable energy ambitions. The scheme should be designed to provide a simple, investable and bankable route to market, avoiding unnecessary complexity that could delay deployment or discourage participation.

Renewables accounted for 40% of NI's electricity consumption in 2018.[3] "However, following the closure of the Northern Ireland Renewables Obligation to new generation in 2017, growth in renewable electricity generation has significantly slowed. This is evidenced by the small increase in renewables' share of electricity consumption between 2018 and 2024, rising by only 3.4%.[4]

[1] Contracts for Difference - GOV.UK
[2] Renewable Electricity Support Scheme (RESS)
[3] Northern Ireland Assembly Research and Information Service Research Paper (June 2025) - Renewable electricity in Northern Ireland: a primer
[4] IBID

NI is now approaching a point where its earliest projects are reaching the end of their asset lives. If NI does not act to support investment in new projects, including both greenfield developments and the repowering of existing sites, the decommissioning of older assets risks outpacing the deployment of new renewable capacity. This creates a risk that the retirement of existing assets could begin to offset new renewable deployment, making progress towards the 80% renewable electricity target more difficult.

Renewable electricity generation is characterised by high upfront capital costs and low operating costs. Most of the costs of a wind or solar project are incurred before a single unit of electricity is generated. As a result, investors need confidence that they will be able to recover those costs over the long term.

For most renewables' developers and investors, the wholesale market is too unpredictable to provide sufficient confidence of cost recovery. As has been widely seen in other jurisdictions, CfDs provide that confidence. This lowers risk and translates into investors and lenders requiring a lower rate of return, reducing the project's cost of capital.[5] This is particularly important because financing costs make up a large share of the overall cost of renewable projects, meaning lower capital costs can translate into lower costs for consumers.[6]

In addition to lowering the cost of financing renewable generation, CfDs can support greater deployment of renewable electricity, reducing exposure of consumers (both domestic and non-domestic) to volatile wholesale energy prices which are largely driven by gas prices due to marginal pricing.

Electricity prices rise when gas prices spike because of marginal pricing. This means the cost of the last unit of power needed to meet demand sets the wholesale electricity price for that trading period. In the Single Electricity Market, gas generation is frequently the price-setting unit because of the current generation mix. The more renewable electricity we have on the system, the less often gas is needed to meet demand, meaning it sets the price less frequently. Over time, that begins to weaken the link between gas price spikes and wholesale electricity prices, insulating consumers from the worst of that volatility.

This has wider benefits for NI's energy security by reducing its exposure to imported fossil fuel prices and the volatility associated with them. Greater deployment of indigenous renewable generation can support both decarbonisation and a more resilient electricity system.

For these reasons, RNI view CfDs to be the most appropriate basis for NI's renewable electricity support framework, providing a proven mechanism capable of balancing the revenue certainty required to unlock investment with protections for consumers when market prices are high.

If no, how should this clause be amended?

N/A

[5] Aurora Energy Research estimates that reducing wholesale price risk results in a ~300bps lower Weighted Average Cost of Capital (WACC) than merchant.

[6] The International Energy Agency (IEA) identifies financing costs (WACC) as a significant component of wind generation costs and a material contributor to changes in renewable electricity costs. Whilst International Renewable Energy Agency (IRENA) notes that even small differences in the cost of capital can materially affect the cost of electricity from onshore wind, offshore wind and solar projects – for a representative solar or onshore wind project, the total cost of electricity/LCOE increases by 80% if the cost of capital/WACC is 10% rather than 2%.

7. Do you agree that the generating contracts should be managed using a counterparty? (Y/N)

RNI RESPONSE: YES

Designing the CfD as a private-law contract with a designated counterparty provides investors and lenders with confidence that, once awarded, the contract is legally enforceable. This reduces political and regulatory risk, increases investor confidence and lowers financing costs, ultimately reducing the cost of delivering renewable electricity to consumers.

RNI's preferred counterparty is the Low Carbon Contracts Company (LCCC). The LCCC has an established track record administering CfDs in GB. As the existing GB CfD counterparty, LCCC is responsible for issuing and managing CfD contracts and making payments.[7] RNI supports alignment with wider UK CfD arrangements where appropriate, with recognition that elements of the scheme should be tailored to NI's specific circumstances, including community benefit arrangements and technology eligibility. LCCC's existing expertise reduces implementation risk and administrative costs and will help to boost investor confidence through familiar and proven frameworks.

If no, how should this clause be amended?

N/A

8. Do you agree that the costs of the counterparty should be met by a supplier levy? (Y/N)

RNI RESPONSE: YES

A supplier levy is an established mechanism for funding CfD payments and is the approach currently used in GB.[8] While the levy is imposed on electricity suppliers, its costs are ultimately reflected in electricity bills paid by consumers.

While RNI agrees that a supplier levy remains an established and appropriate mechanism for funding CfDs such as the REPG at this stage, the Executive should continue to monitor developments in neighbouring markets and consider the implications of how energy policy costs are recovered for consumer costs, competitiveness and electrification objectives over the longer term.

If no, how should this clause be amended?

N/A

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

No amendment proposed.

RNI supports the overall CfD framework and establishment of a route-to-market mechanism. Greater clarity on the timetable for implementation, including secondary legislation and Terms &

[7] Contracts for Difference - GOV.UK

[8] Electricity Market Reform: CFD Supplier Obligation - GOV.UK

Conditions (T&Cs), will be important to support investment decisions. However, these are implementation matters and do not require amendment to the Bill itself.

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? (Y/N)

RNI RESPONSE: YES

RNI agrees with the aims of Clause 2. However, key regulations and contract provisions should be subject to consultation and published well in advance of allocation rounds. RNI members believe the appropriate contract duration should be determined through the detailed scheme design and T&Cs rather than prescribed within the primary legislation.

Within this framework, consideration should be given to a 20-year CfD term. A longer contract term would provide greater long-term revenue certainty and reduce developers' exposure to market price risk over the operational life of projects. This would also align with recent developments in GB, where CfD contract terms for relevant technologies have been extended from 15 to 20 years.[9]

If no, how should this clause be amended?

N/A

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

No amendment proposed.

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? (Y/N)

RNI RESPONSE: YES

If no, how should this clause be amended?

N/A

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

RNI does not propose any amendment to this clause. These matters relate primarily to the subsequent design and implementation of the scheme rather than requiring amendment to the primary legislation.

However, further clarity will be required through ongoing engagement with the Department for the Economy, secondary legislation and the CfD T&Cs regarding project eligibility. RNI welcomes the Department's Notice of Intention published on 14 October 2026, which provides some clarity on

[9] Contracts for Difference and Capacity Market Scheme Update 2025

the treatment of projects progressing ahead of the first allocation round.[10] Additional clarification would be helpful on the application of the CEEAG "start of works" definition to particular project circumstances, including projects that undertook limited site activities before 14 October 2026 to commence or preserve an existing planning permission, and the treatment of significant grid-related financial commitments.

RNI also considers it important that the initial allocation rounds provide a clear route to market for established renewable technologies such as onshore wind and solar, given their role in supporting near-term delivery of NI's renewable electricity targets.

Clause 4 – Counterparty

14. Do you agree that the Department should be able to make regulations in respect of the designation of a counterparty? (Y/N)

RNI RESPONSE: YES

If no, how should this clause be amended?

N/A

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

No amendment proposed.

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? (Y/N)

RNI RESPONSE: YES

If no, how should this clause be amended?

RNI does not propose a specific amendment to this clause. However, it is important that the Department provides as much visibility as possible regarding the anticipated timing of allocation rounds and future route-to-market opportunities. RNI would therefore welcome the publication of an indicative forward programme of allocation rounds, providing developers with reasonable visibility of anticipated auction timings and future route-to-market opportunities.

While we agree that some flexibility will be required to respond to changing market conditions as the scheme becomes established, this need for flexibility supports retaining Departmental discretion over the timing of individual allocation rounds, but should be balanced against the need for sufficient forward visibility to support project development and investment decisions. A clear

[10] Renewable Electricity Price Guarantee scheme - Notice of Intention | Department for the Economy

and predictable pipeline of allocation rounds will be important to supporting investor confidence and long-term investment decisions.

The detail of any forward programme should not be prescribed in primary legislation and should instead be provided through further policy and/or regulations. Without sufficient visibility of future opportunities, there is a risk that investment and capital will be directed to competing markets with more established and transparent frameworks.

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? (Y/N)

RNI RESPONSE: YES, with comments

Publication requirements are appropriate. However, appropriate notice periods and transparency should be built into the process. This should ensure that prospective participants have sufficient time to understand the terms and prepare for an allocation round. Appropriate notice requirements could be established through secondary legislation, giving participants more certainty while retaining sufficient flexibility for the Department.

If no, how should this clause be amended?

N/A

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? (Y/N)

RNI RESPONSE: YES

If no, how should this clause be amended?

N/A

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

No amendment proposed.

RNI supports the Department making regulations governing the application and assessment process. The detailed application requirements and assessment criteria should be clear, transparent and published sufficiently in advance of allocation rounds to provide prospective

participants with certainty over the process. These could be provided through regulations or policy statements.

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? (Y/N)

RNI RESPONSE: YES

If no, how should this clause be amended?

N/A

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? (Y/N)

RNI RESPONSE: YES, with caveats and wording amendment

RNI broadly supports the content of this clause, including the Department's ability to set allocation parameters such as maximum strike prices and generation targets. However, auction design should remain technology-neutral wherever possible, and any non-price criteria should be subject to separate consultation and careful assessment of the additional cost and complexity they may introduce, particularly in early allocation rounds.

However, we note that the bill proposes to allow an allocation scheme to specify targets relating to (among other things) the geographical location of generating stations in respect of which CfDs are to be allocated.

We do not support the inclusion of locational signals within the REPG or the use of project location as a factor in determining eligibility or competitiveness within allocation rounds. Renewable energy projects are largely determined by the location of the underlying resource, such as wind speeds or solar irradiation, and developers typically make location decisions many years before seeking route-to-market support. By the time a project enters an allocation round, significant development expenditure will normally have been incurred and planning and grid milestones secured. Introducing locational criteria at that stage would not provide an effective signal to developers, as projects have limited ability to respond. Instead, it risks creating uncertainty, stranding development expenditure and discouraging investment.

If locational signals are required, they should be delivered through mechanisms capable of providing clear, stable and long-term signals from the earliest stages of project development, such as network access and charging arrangements. We also consider that further clarity is required

regarding the Department's power to "specify strike prices", and that consideration should be given to referencing maximum strike prices within the allocation framework.

If no, how should this clause be amended?

N/A

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

We would propose that the wording in the clause be amended from 'strike price' to 'maximum strike price' and remove reference to locational elements.

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? (Y/N)

RNI RESPONSE: YES

If no, how should this clause be amended?

N/A

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? (Y/N)

RNI RESPONSE: YES

If no, how should this clause be amended?

N/A

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

No amendment proposed.

The Bill appropriately limits modification agreements to designated standard terms where the counterparty is satisfied that the effect of the modification is minor and that the modification is necessary. Further clarity should be provided through subsequent regulations on how these

requirements will operate in practice, with the detailed provisions developed transparently and subject to consultation.

Clause 8 – Contracts for Difference notifications

26. Do you agree that Contracts for Difference allocations should be sent to the counterparty? (Y/N)

RNI RESPONSE: YES

If no, how should this clause be amended?

N/A

27. Do you agree with the content of the notification? (Y/N)

RNI RESPONSE: YES

If no, how should this clause be amended?

N/A

28. Do you agree that the Department should be able to, through regulations, vary the content and circumstances of issuing for notifications? (Y/N)

RNI RESPONSE: YES

If no, how should this clause be amended?

N/A

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

No amendments proposed.

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? (Y/N)

RNI RESPONSE: YES

If no, how should this clause be amended?

N/A

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? (Y/N)

RNI RESPONSE: YES

If no, how should this clause be amended?

N/A

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

N/A

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? (Y/N)

RNI RESPONSE: YES

If no, how should this clause be amended?

N/A

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

RNI RESPONSE: TBC

There may be circumstances when the Department feel exemptions from the levy are appropriate. However, we seek clarification on:

- Which consumers may qualify as exempt supplies.
- Whether exempt supplies were reflected in consumer impact assessments.
- Potential implications for domestic and SME consumers.

Any exemptions should be assessed carefully to ensure costs are not disproportionately transferred to domestic, SMEs or non-exempt consumers.

RNI notes recent developments in GB regarding the recovery of energy policy costs through electricity bills. From 1 April 2026, the UK Government funds 75% of the domestic cost of the legacy Renewables Obligation through general taxation. This change does not

apply to CfDs, which continue to be funded through the Supplier Obligation on electricity suppliers.[11][12]

If no, how should this clause be amended?

N/A

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

N/A

Clause 11 – Supplier levy: supplementary

36. Do you agree with the provisions of this clause? (Y/N)

RNI RESPONSE: TBC

If no, how should this clause be amended?

N/A

Clause 12 – Payments to electricity suppliers

37. Do you agree with the provisions of this clause? (Y/N)

RNI RESPONSE: YES

If no, how should this clause be amended?

N/A

Clause 13 – Community benefit

38. Do you agree with the provisions of this clause? (Y/N)

RNI RESPONSE: YES, with amendments

RNI supports delivering benefits to the local communities hosting renewable electricity infrastructure and our members have an established history of voluntarily providing these community benefit funds. With that experience of delivering for communities in mind, our members believe that the legislation should have flexibility to allow community benefit to be delivered in different ways, which may differ community to community to suit the needs and priorities of individual communities. Our members, through their experience administering community benefits, understand that communities have a wide range of views on how they would like to direct

[11] RO and ECO costs schemes direction 2026 (HTML) - GOV.UK
[12] Electricity Market Reform: CFD Supplier Obligation - GOV.UK

community benefits and sometimes they do have a preference for direct household payments, but regularly this is not the case.

We, therefore, would welcome a policy approach, and Bill drafting, that enables communities to have flexibility to determine how community benefit is directed i.e. to enable the delivery of a traditional community benefit element, whereby community groups could apply to fund long term sustainable projects within the local area.

RNI's preference would be for an approach similar to the approach taken within the RoI's RESS. This would combine payments to households within the designated proximity with a wider community benefit fund, as opposed to requiring all community benefit to be delivered through household-level payments.

If community benefit is mandated and if that mandate requires household-level payments, the household payments should account only for a proportion of the overall community benefit amount, as is the case under RESS, where direct household payments are limited to 50% of the total annual Community Benefit Fund contribution, with the remainder being made available for wider, more traditional approaches, to community benefit.[13] A requirement to distribute a large proportion of funding directly to households could have unintended consequences which run contrary to the aim of this provision, particularly in rural areas where there could be a handful of eligible households within the radius. This could result in disproportionately large payments to a small number of households, which would reduce the funding available for wider community-led projects.

A mandatory household payment model could create further complexity around how eligible households should be defined, payment boundaries, unallocated funding, ascertaining who is responsible for administering, making and processing payments, and administration costs. The framework should avoid complexity that could delay implementation of the REPG.

There are level playing field considerations too. Developers of projects will be of varying size, resource and capability. To enable a level playing field and to support effective delivery, it would be important to allow projects to execute their delivery requirements via contracted third parties, with a portion of the fund to be used for administrative costs for both a traditional community benefit approach or household level payments.

If no, how should this clause be amended?

RNI recommends that Clause 13 be amended to make clear that regulations may provide for a range of community benefit arrangements, including direct payments to eligible households and wider community benefit funds. The detailed design, including the balance between different forms

[13] https://assets.gov.ie/static/documents/Rulebook_for_CBFs_under_RESS_branded.pdf

of benefit, should then be determined through consultation and subsequent regulations rather than prescribed in primary legislation.

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

39. Do you agree with the provisions of this clause? (Y/N)

RNI RESPONSE: YES

If no, how should this clause be amended?

N/A

Clause 15 – Information and advice

40. Do you agree with the provisions of this clause? (Y/N)

RNI RESPONSE: NO

If no, how should this clause be amended?

RNI recognises that appropriate information-sharing powers will be necessary for the effective administration of the REPG. However, our view is that the power in Clause 15 is too broadly framed.

While the Bill identifies the parties that may request information, it does not sufficiently define the information that could potentially be requested, the purposes for which it may be required or the circumstances in which the power may be exercised. RNI's view is that the power should be more

clearly limited to information that is necessary for the effective exercise of functions under the REPG scheme.

The regulations should also provide appropriate safeguards for confidential and sensitive information.

Clause 16 – Oversight and resolution of disputes

41. Do you agree with the provisions of this clause? (Y/N)

RNI RESPONSE: YES

If no, how should this clause be amended?

N/A

Clause 17 – Further provision in connection with CfDs

42. Do you agree with the provisions of this clause? (Y/N)

RNI RESPONSE: YES

If no, how should this clause be amended?

N/A

Clause 18 – Making of regulations

43. Do you agree with the provisions of this clause? (Y/N)

RNI RESPONSE: YES

RNI supports the ability for preparatory work, consultation and drafting of regulations to take place before the Bill is enacted, where this can help accelerate delivery of the Bill and scheme.[14]

However, the clause should not reduce opportunities for meaningful consultation on the final regulations and T&Cs.

If no, how should this clause be amended?

N/A

Clause 19 and Schedule 2 – Consequential and other provisions

44. Do you agree with the provisions of this clause and schedule? (Y/N)

RNI RESPONSE: YES

If no, how should this clause be amended?

N/A

Clause 20 – Interpretation

45. Do you agree with the provisions of this clause? (Y/N)

RNI RESPONSE: YES

If no, how should this clause be amended?

N/A

Clause 21 – Commencement

46. Do you agree with the provisions of this clause? (Y/N)

RNI RESPONSE: YES

If no, how should this clause be amended?

N/A

Schedule 1 – Designation of other persons to be the counterparty

47. Do you agree with the provisions of this schedule? (Y/N)

RNI RESPONSE: YES

If no, how should this clause be amended?

N/A

Additional Comments

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

RNI welcomes the introduction of the Renewable Electricity Generation Bill and supports its overall objective of establishing a route-to-market framework for renewable electricity generation in NI.

The Bill provides an important enabling framework. However, many of the issues most relevant to investors and project developers will be determined through the T&Cs and secondary legislation. It is essential that these are developed transparently, consulted upon fully and promptly.

Priority areas for industry include clarity on the application of the REPG State aid and eligibility framework to individual project circumstances, alongside auction design, community benefit arrangements, allocation round frequency and implementation timelines.

RNI encourages the Department to maintain ongoing engagement with industry as regulations and T&Cs are developed to ensure the scheme remains investible, deliverable and capable of attracting strong participation in future allocation rounds.

[14] Renewable Electricity Generation Bill