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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:

ScottishPower Renewables

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?:

CfDs have been successfully deployed across a range of jurisdictions and provide the long-term certainty required to attract the necessary investment to deliver decarbonisation objectives and enhance energy security. The introduction of a CfD scheme is therefore a critical enabler for delivery of Northern Ireland's renewable energy ambitions.

Renewable 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. Hence, the very limited new capacity in recent years.

As has been widely seen in other jurisdictions, Contracts for Difference (CfDs) provide that confidence by guaranteeing a stable revenue stream over a significant portion of an asset's life.

This lowers risk and translates into investors and lenders requiring a lower rate of return, reducing the project's cost of capital. This is particularly important as financing costs make up a very large share of the overall cost of renewable projects, this translates directly into lower costs for consumers. [The 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%.] In effect, CfDs allow government to harness private capital to build renewable infrastructure at the lowest possible financing cost.

Not only do CfDs lower the cost of developing renewables, but they also lower the costs of the overall electricity system. By increasing share of renewables on the system, NI reduces its exposure to volatile wholesale power prices, with these prices largely set by global gas markets. This strengthens energy security and acts as a hedge against future gas price shocks, with the two-sided design of a CfD meaning that when wholesale electricity prices are higher than the agreed strike price, generators pay the difference back.

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

Yes

If yes, who should the counterparty be?:

Designing the CfD as a private-law contract with an independent counterparty has been a key factor in its success in Great Britain. Investors and lenders can take confidence that the contract, once awarded, is legally enforceable and cannot be unilaterally altered through future policy or political change. This significantly reduces political and regulatory risk, increases investor confidence and lowers financing costs, ultimately reducing the cost of delivering renewable energy to consumers.

We propose the Low Carbon Contracts Company (LCCC) act as this counterparty. The LCCC have an established and good track record administering CfDs in Great Britain. Its existing expertise reduces implementation risk and administrative costs and will provide investor confidence through familiar and proven frameworks.

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?:

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

clause 1:

To add further to our response to question 6:

Northern Ireland (NI) led the way with early onshore wind development from the mid-1990s, boosting clean, home-grown power and building an industrial base that provides skilled, well-paid jobs. This continued in NI through to the mid to late 2010s, with renewables making up 40% of electricity consumption in 2018 (Northern Ireland Assembly Research and Information Service Research Paper (June 2025)). However, since the end of the Northern Ireland Renewable Obligation in 2017, growth has significantly slowed. This is evidenced by the small increase in renewables' share of electricity consumption between 2018 and 2024, with it rising by only 3.4%.

Northern Ireland 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, then decommissioning of older assets seriously risks outpacing the deployment of new renewable capacity. Therefore, without swift action, NI may soon find it starts backsliding on its target of 80% renewable electricity consumption by 2030, rather than advancing it.

There is a significant opportunity to repower these old sites to greater capacity.
By replacing older turbines with today's (sometimes over 12x) more powerful, cost-efficient turbines, repowering at increased capacity:
• Maximises the generating potential of existing, wind-rich sites.
• Offers one of the fastest and most reliable routes for delivery.
• Supports efficient re-use of existing grid infrastructure.
• Builds on longstanding community engagement, providing ongoing community benefit.

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?:

However, regulations and contract provisions should be subject to consultation and published sufficiently in advance of allocation rounds to provide predictability for investors.

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

clause 2 :

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?:

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?

Yes

If no, how should this clause be amended?:

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?

Yes

If no, how should this clause be amended?:

It is important that allocation round notices, terms and conditions and rules are published with sufficient notice ahead of the allocation round so that developers have sufficient time to review and prepare for the allocation round. It may be useful for the secondary legislation to set timing requirements on the department to ensure this outcome.

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?:

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 broadly support the content of this clause. 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 agree that route to market schemes, such as the REPG, are well suited to providing locational signals to the market. Developers only seek route to market once a project is at a significantly advanced stage, e.g. with planning consent and a grid connection secured, after many years of project development and significant development expenditure (DevEx).

If the design of an allocation round incorporates a locational element, which may change round to round, competing projects have no ability to respond as locational decisions are made at the start of project development. Instead, projects in the “right” location are made more competitive by happenstance, and those in the “wrong” location will have had limited notice and may have to cancel their project with wasted DevEx. This would not, in

our view, support positive investor confidence in the NI market.

Locational signals should instead be provided through levers that can provide stable and long-term signals that can be communicated to developers from an early stage of development. Grid charging is typically a better vehicle for this, and therefore a more common method of locational signals in other jurisdictions.

Another risk with using a government run route to market mechanism, is the potential for political influence on locational design. Locational signals should therefore be set by an independent regulator or body.

Therefore, we do not support in the inclusion of locational targets as part of the REPG or other means for projects to be discriminated in REPG auctions on the basis of their location.

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

clause 6:

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?:

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?:

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

Yes

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?:

Clause 13 - Community benefit

38 Do you agree with the provisions of this clause?

No

If no, how should this clause be amended?:

Community benefit is an important means of ensuring that local communities hosting infrastructure share in the benefits of these projects. We therefore support mechanisms that ensure the realisation of this and for to be done in a way that helps create a level playing field between projects.

Given the character cap for responses, we have set out our views on REPG community benefit policy in response to question 48, which informs our view below.

It is unclear to us if the list of provisions in 13(2) are exhaustive or non-exhaustive, i.e. whether alternative means for delivering community benefits than are listed in 13(2) may be set in regulations. If the Committee considers that this list is exhaustive, we recommend that clause 13 is amended to enable a wider range of delivery methods.

This would prevent the Bill locking in a very limited route before a full range of options has been fully considered with community and industry consultation. The NI Executive and Assembly's view on the most appropriate approach may also change over time, in response to lessons learnt, and amending regulations to reflect this is more practicable than having to amend the Act via a new bill.

ScottishPower Renewables has been working with communities across the UK and Ireland for over three decades and is committed to being a good neighbour in the communities where we operate. One way we aim to achieve this is by working closely with communities from initial development and construction, to establishing and running community benefit funds during the long-term operation, and repowering of our windfarms.

In our experience, every community is different and what works for one may not work for another. We therefore support a community led approach that empowers local people to decide how funds are used, ensuring that funding meets the needs and ambitions of communities surrounding our windfarms.

Community benefit funds also create the opportunity for putting strategic solutions in place for issues spanning wider regional levels. Across the UK, in addition to some funds choosing to provide energy discounts via one off payments, our funds have been used to develop projects that improve local services, purchase of local halls for community use, strengthen resilience, improve the sustainability of assets, and enhance the wellbeing of local people helping to deliver real, lasting and sustainable value for all local residents.

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?

No

If no, how should this clause be amended?:

The powers in this clause are very broad, allowing the Department to require private companies to share information with them, with no scope specified. We believe the scope of this power should be narrowed, by amendment, to only information that is necessary for the Department to effectively administer the REPG. 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?

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?:

We support allowing preparatory consultation and drafting of regulations before enactment if the aim of this provision is to help accelerate delivery of the scheme without removing the need for consultation on the regulations before they are finalised.

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?:

Clause 22 - Short title

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:

Picking up from question 38, below we have set out our views on REPG community benefit policy, informing our proposal for that the bill enable a wider range of delivery methods.

The Bill sets out how regulations may specify how community benefit be delivered. This includes (13(2)(c)) that regulations may establish an approach whereby households in the locality of a project may receive annual payments. We understand that the Department for the Economy's current preference is for all community benefit spending to be made in this way. However, we believe that alternative approaches merit consideration.

In our experience, communities have a wide range of views on how they would like to direct 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. The use of funds would result in a legacy benefit for communities. The development of regulations under the Bill should also be informed by consultation with local communities and developers.

We would also encourage DfE to give early consideration to practical arrangements for administrating a scheme. For example, if a household-level payment approach is adopted, then it could create challenges in rural areas where there may only be a small number of households within a given radius of the project. This could end up leading to very high annual payments to these households, with the payments well exceeding their annual electricity bill. It is therefore important that the Department consider these sorts of administration challenges, and the views of local communities, as part of finalising the policy design for community benefits that will be set in regulation.

If household level payments were to be required, then we consider that this should only be for a portion of the community benefit spend. For instance, up to 50%, in a similar way to how the RESS scheme operates in the Republic of Ireland. This helps address the challenge of spreading significant funds across a small number of households and allows local communities to determine how the remaining funds are directed.

Setting up a household level payment approach is likely to be complex, with various design factors to consider and then set out in regulations and terms and conditions. There is therefore also a risk that developing, designing and implementing this approach ends up further delaying the introduction of the REPG scheme. We therefore propose that the Department avoid excessive complexity. Enabling greater flexibility in delivery is likely to support this.

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 will 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.

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:
