Response ID ANON-4X6W-9X6Z-T

Submitted to Renewable Electricity Generation Bill
Submitted on 2026-10-21 09:29:40

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:

SSE plc

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?:

SSE agrees that Contracts for Difference (CfDs) should form the basis of support for renewable electricity generation in Northern Ireland.

CfDs are a proven mechanism for encouraging investment in renewable electricity while protecting consumers from unnecessary exposure to volatile wholesale electricity prices. They have been successfully used in Great Britain for over a decade, and Ireland since 2020, and are increasingly being adopted across Europe as governments seek to accelerate renewable deployment while improving energy security and affordability.

A CfD provides revenue certainty to investors through an agreed strike price. Where market prices fall below the strike price, the generator receives a top-up payment. Conversely, when market prices rise above the strike price, the generator pays the difference back to consumer’s bills. This two-way structure helps stabilise revenues for projects while ensuring consumers share in periods of higher market prices.

Importantly, CfDs can help reduce the impact of gas price volatility on electricity costs. Renewable contracts spread the cost of capital over a longer term, ensuring value for money. By facilitating investment in low-cost renewable generation and incorporating a payback mechanism when market prices are high, CfDs can support a gradual decoupling of consumer costs from fluctuations in international gas markets.

For Northern Ireland, a CfD-based approach also aligns with neighbouring markets in Ireland and GB. Alignment with established support models reduces regulatory risk, increases investor confidence and should encourage greater participation in future allocation rounds.

While SSE supports the use of CfDs, the success of the scheme will ultimately depend on the detailed design of the REPG, including auction parameters, eligibility criteria, contract terms and wider market arrangements. The framework should provide long-term policy stability while retaining sufficient flexibility for the Department to adapt the scheme as technologies, markets and system needs evolve.

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

Yes

If yes, who should the counterparty be?:

SSE agrees that generating contracts should be managed through an independent counterparty.
The purpose of a counterparty is to provide confidence that contractual obligations will be honoured for the duration of the contract. A credible and financially robust counterparty is essential to reducing investor risk and supporting competitive auction outcomes.

The precise identity of the counterparty is less important than ensuring it:
• Is operationally independent.
• Has the financial capability to meet its obligations.
• Has appropriate expertise and governance arrangements.
• Can be implemented quickly to support timely delivery of the first auction.
• Minimises administrative burden and costs.

SSE does not consider the Department for the Economy or SONI to be the most appropriate bodies to fulfil this role given their wider policy and system operation functions.

A model similar to the Low Carbon Contracts Company (LCCC) in Great Britain would be preferred, as they have expertise in the area and industry are familiar with the role and obligations of working with LCCC.

_____

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?:

Supplier levies are an established means of recovering the costs associated with operating the CfD mechanism.

Supplier-funded arrangements are well understood by investors, including in Northern Ireland under the NIRO scheme, and align with established CfD frameworks elsewhere. They provide confidence that contractual obligations can be met throughout the life of the scheme and avoid dependence on annual public expenditure decisions.

However, clarity should be provided regarding the costs intended to be recovered through the levy. There should be transparency regarding:
• Counterparty administration costs.
• Scheme management costs.
• Reserve requirements.
• Any insolvency or default protection arrangements.

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

clause 1:

n/a

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?:

SSE agrees that the Department should have the power to make regulations relating to the key terms and payment arrangements of Contracts for Difference.

Electricity policy is a devolved matter, and the Department is the appropriate authority to establish and amend the detailed scheme framework. If the Department feels certain aspects of the scheme should be facilitated through Westminster then those would need to be set out.

The renewable electricity market, technology costs and wider electricity system continue to evolve. The Department therefore requires sufficient flexibility to make adjustments where necessary while preserving investor confidence.

At the same time, significant changes to scheme design should be subject to transparent consultation and appropriate stakeholder engagement (i.e. introduction of non-price criteria). Changes should be proportionate, predictable and avoid creating retrospective impacts on existing projects or contracts.

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

clause 2 :

n/a

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?:

SSE agrees that the Department should have the power to define eligible electricity generating activities through regulations.

Technology eligibility may change over time due to market developments, technological maturity, system needs, decarbonisation objectives and future policy priorities. The legislation should therefore allow sufficient flexibility to adapt the scheme accordingly. Any non-material changes should still be communicated transparently to the Committee and industry.

However, any material changes to eligibility criteria should be subject to consultation and supported by a clear evidence base. Changes should be transparent and implemented in a manner that preserves investor confidence and provides sufficient lead-in time for project developers.

The Department should seek to maintain a stable and predictable investment environment while retaining the flexibility necessary to respond to future developments.

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

clause 3:

n/a

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?:

SSE agrees that the Department should have the power to designate a counterparty through regulations.

The Department is best placed to assess the most appropriate delivery vehicle and should retain sufficient flexibility to select a structure that reflects Northern Ireland's circumstances.

The key considerations should be credibility, financial robustness, independence and speed of implementation. The chosen approach should inspire confidence among investors and support the timely delivery of allocation rounds.

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

clause 4:

n/a

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?:

SSE agrees that the Department should have discretion to establish allocation rounds.

Auction design must respond to changing market conditions, system needs, technology costs and policy priorities. The Department should therefore retain flexibility over the timing and design of allocation rounds.

However, investors also require visibility over the future pipeline of opportunities. The Department should publish indicative auction schedules (i.e. annual, biannual auctions) wherever possible and consult on significant changes to auction design, eligibility criteria or procurement objectives.

Providing a clear route to market is essential to maintaining investor confidence and supporting competition within the scheme.

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?:

Same as above. Fully consulted on each round and associated terms.

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?

Not Answered

If no, how should this clause be amended?:

SSE agrees that the Department should establish the framework governing applications and the assessment of successful projects.

However, it is important that the legislation does not create unnecessary barriers to future amendments of auction rules and terms and conditions. Renewable support mechanisms must be capable of evolving in response to changing market conditions, technology developments and lessons learned from previous allocation rounds.

The Department should be able to amend auction rules through consultation-led processes without requiring unnecessary legislative interventions, provided changes remain consistent with the objectives set out in the primary legislation and applicable State Aid requirements.

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

clause 5:

n/a

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?:

Yes

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

clause 6:

n/a

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?:

SSE agrees that there should be limited circumstances in which a CfD contract may be modified.

Large infrastructure projects often span several years between award and commissioning. During this period, minor technical, engineering or operational changes may arise which do not alter the fundamental nature of the project.

Allowing carefully controlled modifications can ensure that projects remain deliverable while preserving the integrity of the allocation process. Any modifications should be transparent, proportionate and should not provide an unfair competitive advantage compared with the terms under which support was originally awarded.

This is in line with existing CfD mechanisms in neighbouring jurisdictions.

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?:

Yes, the powers should sit with Department, and regulations should be consulted on.

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

clause 7 :

n/a

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?:

The Department should ensure notification requirements remain proportionate, avoid unnecessary administrative burden and align with established practice in GB.

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

Yes

If no, how should this clause be amended?:

Yes, noting there will likely be multiple notifications. Additionally, publication of successful projects and key auction outcomes should be a core feature of the scheme.

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?:

The Department should retain limited flexibility to amend notification requirements through regulations where necessary. However, this should not reduce transparency regarding allocation outcomes or the awarding of public support. Recommendation to align with GB.

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

clause 8 :

n/a

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:

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?

Yes

If no, how should this clause be amended?:

SSE agrees with the principle that suppliers should contribute to facilitating funding arrangements necessary to operate the CfD scheme.
This approach is consistent with established CfD frameworks in Ireland and GB and provides confidence that payment obligations can be met over the lifetime of contracts
The rationale for the levy, the costs being recovered, and the methodology for calculating charges should be clearly explained and subject to appropriate transparency requirements.

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?:

Any exemption should be assessed against principles of fairness, transparency and affordability.
The Department should carefully consider the distributional impacts of any exemption and ensure that costs are not simply transferred to other consumers, particularly households, SMEs or non-exempt businesses. Where Government determines that particular users should receive support or relief from levy costs for wider economic or social policy reasons, consideration should be given to alternative funding mechanisms rather than concentrating additional costs on the remaining customer base.
The Department should also clearly articulate the policy rationale for any exemption and publish an assessment of the associated cost impacts to ensure transparency and stakeholder confidence in the scheme.

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

clause 10:

n/a

Clause 11 - Supplier levy: supplementary

36 Do you agree with the provisions of this clause?

Yes

If no, how should this clause be amended?:

We look forward to further details and the consultation process with industry.

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?:

As in Question 10, SSE agrees with the principle that suppliers should facilitate the two-way flow of the PSO levy necessary to operate the CfD scheme.
This approach is consistent with established CfD frameworks in Ireland and GB.

Clause 13 - Community benefit

38 Do you agree with the provisions of this clause?

Yes

If no, how should this clause be amended?:

Community benefit can play an important role in building trust, strengthening local support for the energy transition and ensuring that renewable projects contribute to the long-term wellbeing and prosperity of host communities.

SSE has a longstanding commitment to supporting communities across Northern Ireland. Since 2009, we have provided nearly £6 million in community funding, supporting local projects, education, skills and sustainability initiatives.

In 2025/26, SSE provided a record £1.09 million in community funding across Northern Ireland, supporting 72 projects and 66 scholarships.

SSE recognises that the Department may wish to introduce mandatory near-neighbour payments to ensure that households living closest to renewable energy developments receive a direct financial payment. It may be helpful, however, to recognise the distinction between direct payments to individuals and wider community benefit funding, which is typically invested collectively to support priorities across the wider community. Both approaches can play a valuable and complementary role, although they serve different purposes, beneficiaries and outcomes.

This mandatory requirement needs to be implemented in a way which ensures a level playing field between developers from a bidding perspective at auction i.e. all developers should be required to make the same level of contribution. Additionally, any proposed mandatory payment mechanism should therefore be designed carefully to ensure it does not unintentionally displace or diminish investment in wider community benefit. If a wider community benefit fund is not introduced through the scheme, the Department may want to consider a similar approach as the Scottish Government has taken through the Good Practice Principles for Community Benefits for Onshore Renewables, in order to align industry standards on a voluntary community benefit fund going forward.

The detailed arrangements for community benefit under the scheme have yet to be developed, and we welcome the opportunity for further engagement with the Department. While it is SSE's intention to continue to deliver voluntary community benefit funds under REPG, the overall level and structure of any mandatory near neighbour requirement will inevitably be a factor in determining the feasibility, scale and nature of any additional voluntary commitments that developers are able to provide.

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?:

SSE understands this process will mirror the GB system, in which case the Utility Regulator will need to have the statutory powers, resources and capability necessary to discharge any oversight responsibilities created by the legislation. Where the Regulator is expected to play a role in dispute resolution or oversight, it should also be subject to clear obligations and timelines to ensure that decisions are made efficiently and do not create avoidable delays to project delivery and/or result in lost opportunities.

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?:

SSE agrees that regulation-making powers are necessary to establish the detailed operational framework for the REPG scheme. However, it will be important that regulations and Terms and Conditions are developed and implemented in a timely manner to avoid unnecessary delays to scheme delivery.
SSE therefore encourages the Department to provide as much clarity as possible on the anticipated timetable for required regulations and to prioritise its development alongside the progression of the Bill. Regulatory certainty and timely implementation will be critical to maintaining investor confidence and supporting progress towards Northern Ireland's renewable electricity and decarbonisation targets.
Consideration should also be given to ensuring that relevant institutions, including the Utility Regulator and the System Operator, have the necessary statutory powers and duties to support delivery of the scheme. Roles and responsibilities should be clear, coordinated and aligned with the wider objectives of the Energy Strategy.

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:

SSE supports the Bill and considers it an important step towards delivering the Renewable Electricity Price Guarantee scheme.
First, the Committee should recognise that the Bill is largely enabling legislation. Many of the most important decisions affecting investment outcomes will be determined through secondary legislation, regulations and auction terms and conditions. Timely development of these arrangements will be essential if the scheme is to be delivered on schedule.
Second, successful delivery will depend upon wider system readiness. Support mechanisms alone cannot deliver renewable deployment without corresponding progress in planning, grid connections and State Aid approval.
CfDs have become the preferred renewable electricity support mechanism across the UK and are increasingly being adopted across Europe because they strike a balance between investor certainty and consumer protection. They provide confidence for developers to invest while ensuring consumers share in periods of high electricity prices through the built-in payback mechanism. Over time, CfDs help support a transition away from electricity prices being heavily influenced by gas price volatility, strengthening energy security and delivering better value for consumers.

If it is of value to the Committee, SSE is willing to meet and work through any issues of ambiguity in the committee's understanding of the scheme and/or share our experience from neighbouring jurisdictions.