NI Chamber Response to the Utility Regulator (Support for Decarbonisation Preparation) Bill

NI Chamber welcomes the opportunity to respond to the Committee for the Economy's call for evidence on the Utility Regulator (Support for Decarbonisation Preparation) Bill. As the representative body for businesses of all sizes and sectors across Northern Ireland, NI Chamber supports the objective of strengthening the institutional framework required to deliver decarbonisation. However, this must be done in a way which is practical, investable, affordable, competitive and reflective of the diverse needs of the whole Northern Ireland economy.

The transition to net zero is both an economic necessity and an opportunity. NI Chamber is clear that decarbonisation policy must protect competitiveness, support security of supply, manage costs for households and businesses, and recognise that different sectors will decarbonise at different speeds and through different routes.

Overall position

NI Chamber supports the intent of the Bill. Enabling the Utility Regulator to provide advice, information and assistance to the Department for the Economy is a sensible and necessary step, particularly given the complexity of energy policy and the technical expertise required to support effective decision making.

However, the Bill should be viewed as a limited first step rather than a complete solution. Further legislative and policy development will be required to ensure that the Utility Regulator's statutory duties, powers and resources are aligned with Northern Ireland's decarbonisation objectives, while continuing to protect consumers and maintain confidence for investors.

NI Chamber's position is that the regulatory framework should support a balanced energy transition based on four principles: affordability, security of supply, competitiveness and decarbonisation. These objectives should not be treated as competing priorities.

Properly designed, a more secure, locally generated, lower carbon energy system can reduce exposure to volatile imported fossil fuels, improve resilience and create new investment opportunities. Poorly designed, it risks adding cost, uncertainty and delay for businesses already operating in a challenging environment.

Scope of the Utility Regulator's role

NI Chamber agrees that the Utility Regulator should be able to provide advice, information and assistance to support the development of energy proposals, policies, strategies and plans. The Bill should, however, provide greater clarity on the scope and operation of these powers. In particular, it should be clear what types of requests may be made, how they will interact with existing licence obligations and information gathering powers, and how duplication or uncertainty will be avoided.

Several member respondents to the consultation have raised this issue, including the need to avoid ambiguity around the phrase "advice, information or assistance". NI Chamber shares that concern. Businesses need a stable and predictable regulatory environment. If the Regulator’s advisory role is unclear, there is a risk of delay, duplication or inconsistent expectations being placed on regulated companies and wider market participants.

Affordability and competitiveness

For NI Chamber members, energy affordability remains a critical competitiveness issue. Businesses across manufacturing, agri-food, hospitality, retail, logistics, construction, professional services and the wider economy continue to be exposed to high and volatile energy costs. The transition must therefore be delivered in a way that supports long term affordability and avoids unnecessary cost burdens.

The Department and the Committee should therefore ensure that any additional costs arising from the Bill are transparent, proportionate and subject to robust evidence based assessment. Consumer bodies, business representatives and licence holders should be engaged on the cumulative impact of these costs.

At the same time, we would caution against a narrow interpretation of affordability which focuses only on immediate costs. Delayed investment can also impose costs, including continued exposure to imported fossil fuel volatility, constrained renewable generation, network congestion, lost investment and reduced competitiveness. The regulatory framework should therefore support cost-benefit assessment which properly reflects whole system, long term and economy wide impacts.

Security of supply and a whole system approach

Energy security must remain central to policy and regulatory decision making. Northern Ireland needs a system which can integrate more renewable electricity, support flexible generation and storage, maintain resilience, and enable decarbonisation of heat, transport and industry. That requires a whole system approach, rather than separate treatment of electricity, gas, heat, transport, planning and infrastructure.

NI Chamber notes the points made by electricity and gas stakeholders that decarbonisation will require coordinated action across networks, regulated utilities, market participants and government departments. The Bill focuses on the Department for the Economy, but many of the decisions required to deliver the energy transition sit across other departments, including planning, infrastructure, housing, agriculture and the environment. NI Chamber recommends that the Bill, or accompanying guidance, should clarify how the Regulator’s advisory role will support cross cutting coordination.

Representation of all sectors

NI Chamber represents businesses across the full breadth of the Northern Ireland economy. Our response therefore emphasises the importance of sector-sensitive transition. Renewable electricity will be central to decarbonisation, but it will not be the only route. The policy and regulatory framework must also consider energy efficiency, demand flexibility, storage, grid reinforcement, low carbon heat, renewable gases, hydrogen, biomethane, sustainable fuels and other solutions where they are evidence based and economically viable.

This is particularly important for sectors where electrification may be more complex, costly or slower to deliver. Agri-food, manufacturing, heavy industry, logistics and rural businesses may require different pathways and transitional solutions. The Regulator's role should support the development of policies which are inclusive of these realities and avoid a "one size fits all" approach.

Investment, planning and delivery

Northern Ireland's ability to meet its energy targets will depend on attracting significant private investment. Businesses and investors need confidence that policy, regulation and planning are aligned. NI Chamber is concerned that regulatory uncertainty, slow decision making, asymmetrical targets, constrained network capacity and planning delays could undermine delivery and weaken Northern Ireland's competitiveness as an investment location.

The Bill should therefore be part of a broader programme of reform aimed at improving delivery. This includes timely grid investment, effective price control decisions, clarity on market arrangements, a planning system capable of supporting strategic infrastructure and a regulatory approach which gives appropriate weight to decarbonisation, resilience and economic opportunity.

Resourcing and implementation

The effectiveness of the Bill will depend on implementation. If the Utility Regulator is to take on an enhanced advisory role, it must have the expertise, capacity and funding required to do so. Equally, regulated companies may need to provide additional technical input, data and analysis. That has resource implications which should be recognised and managed transparently.

NI Chamber recommends that the Department sets out how requests for advice, information or assistance will be prioritised, how costs will be assessed and recovered, and how the process will avoid placing disproportionate burdens on regulated entities or consumers. A clear governance framework would support confidence and accountability.

Conclusion

NI Chamber supports the Utility Regulator (Support for Decarbonisation Preparation) Bill as a useful and necessary step in strengthening Northern Ireland's energy governance framework. However, it should not be regarded as sufficient on its own. To deliver decarbonisation in a way that supports economic growth, competitiveness and consumer interests, further reform will be required to provide clarity on its advisory role, ensure adequate resourcing, and support whole system delivery.

NI Chamber urges the Committee and the Department to ensure that the final legislative and policy framework enables timely, proportionate and evidence based decisions. The transition must work for all sectors of the Northern Ireland economy: large energy users and SMEs; urban and rural businesses; renewable developers and network operators; manufacturers, agri-food producers, service firms and consumers. With the right framework, decarbonisation can strengthen energy security, reduce long term costs, attract investment and support a more competitive Northern Ireland economy.