Economy Committee Survey – Utility Regulator (Support for Decarbonisation Preparation) Bill – GNI (UK) response

July 2026

Responses to Consultation Questions

Introduction

1. What is your name?

[redacted]

2. What is your 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

GNI (UK) Limited ("**GNI UK**")

Consent

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

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 (1)

6. Does this part of Clause 1 give the Utility Regulator sufficient power and/or responsibility in order to help decarbonise the energy sector in Northern Ireland?

No

If no, what powers / responsibilities should the Bill confer on the Utility Regulator in order to support decarbonisation, beyond the provision of advice?

GNI (UK) consider it of crucial importance that nothing in relation to the Utility Regulator ("**UR**") having a statutory role in advising or assisting the Department for the Economy ("**DfE**") in developing policies and/or plans, etc. for the decarbonisation of the energy sector ("**the core proposition**") through the Bill, as introduced (the "**proposed Bill**")[1] should take precedence over the need for UR to maintain, including protecting against what might reasonably be seen to compromise, their independence from government policymaking and delivery, or in relation to carrying out their regulatory functions.

GNI (UK) instead recommend that UR would better be given the powers / responsibilities to support decarbonisation, which GNI (UK) consider can be made at this stage, if the core proposition of the proposed Bill were replaced so as to introduce:

(1) a statutory duty for UR to support meeting Northern Ireland's ("**NI**")'s statutory climate obligations) in the full scope of its functions, and;

[1] Bill - As Introduced

(2) provision(s) enabling DfE to establish (and amend from time to time) an energy 'strategy and policy statement', outside of legislation, which UR would be required to have regard to the strategic priorities of and to carry out their regulatory functions to further the delivery of the specified policy outcomes of, in accordance with roles and responsibilities therein.

Please see our response to question 11 for further discussion on the need to maintain regulatory independence from governmental policymaking and delivery, and detail on the above amendments GNI (UK) recommend to replace the core proposition of the proposed Bill (where we show precedence for such measures within the energy legislative framework applicable for the Office of Gas and Electricity Markets ("**Ofgem**") in Great Britain ("**GB**")).

To the extent this core proposition is to be maintained, GNI (UK)'s view is that amendments to the Bill would be appropriate to better safeguard against certain risks and matters to improve the proposed Bill. See our response to question 11 for these, namely:

(i) safeguarding regulatory independence;
(ii) government to fund UR activity under the proposed Bill;
(iii) sunsetting provision, and;
(iv) cost recovery mechanisms for regulated parties.

Please also refer to our response to question 9 for discussion on certain other revisions to UR's statutory powers / responsibilities which GNI (UK) think are important, but may be premature to provide for at this stage, because DfE have not yet to fully establish the associated policy for the relevant subject matter. We discuss, by way of example, the need to appoint an economic regulator for hydrogen. This speaks to the importance of such underlying policy on this subject (and others where there may be cause to re-visit UR's vires) developing at the pace commensurate with meeting NI's decarbonisation goals commands.

Clause 1 (2)

7. Should the Utility Regulator's support for decarbonisation be restricted to the provision of advice to the Department for the Economy?

Yes

If no, who else should the Utility Regulator be able to provide decarbonisation advice to?

While GNI (UK) are answering 'yes' to this question above (as opposed to the only other option of 'no'), that is only to the extent the core proposition in the proposed Bill (i.e. UR having a statutory role in supporting energy policy development) is retained, which GNI (UK) suggest an alternative to in our response to questions 6 and 11.

To the extent that the core proposition is to be retained, GNI (UK) are of the view that it should be limited to DfE only, for similar reasons as outlined in our response to questions 6 and 11 (i.e. that the imperative for an independent economic regulator for energy not to have a significant advisory capacity in governmental policy development on other matters with an energy-related impact, in particular where the costs to do so are ultimately borne by energy consumers, via increased licence fee charges).

Clause 1 (3)

8. Do you support this aspect of Clause 1?

Yes

If no, please explain in the text box below.

n/a

Clause 2

9. **Should the relevant provisions be commenced immediately after Royal Assent?**

Yes

If no, what conditions or restrictions might be placed on commencement?

Yes

Additional Information/Comments

10. **Please provide information on any other potential amendments that you feel would enhance the Bill and the rationale for those.**

Please refer to our responses to questions 6 and 11 for GNI (UK)'s views on amendments we recommend would enhance the Bill and the rationale for those.

There are other revisions to UR's statutory powers / responsibilities which GNI (UK) think are important, but may be premature to provide for at this stage, because DfE have yet to fully establish the associated policy for the relevant subject matter. We discuss below, by way of example, the need to appoint an economic regulator for hydrogen. This speaks to the importance of such underlying policy, on this matter and others where there may be a need to update UR's vires, developing at the pace commensurate with meeting NI's decarbonisation goals commands.

Hydrogen legislative provision

In our August 2024 consultation response on the proposed Bill, GNI (UK) suggested, as a matter of priority to include in the proposed Bill, designating an economic regulator for hydrogen infrastructure in NI. We proposed that this could/should occur in parallel to a separate, more comprehensive review and update of hydrogen legislative and regulatory provision. GNI (UK) considered this necessary to meet DfE's commitment in the NI Energy Strategy that, *"to ensure we can maximise the potential use of hydrogen in the gas network, we will review existing legislative provision by 2025"*.[2]

While this wider review has not yet occurred, DfE's May 2026 'response report' to its consultation on a regional approach for hydrogen seemed to indicate an intention to appoint UR as the economic regulator for hydrogen in NI.[3] GNI (UK) are aware DfE have since indicated a potential option to do so may be by simply bringing hydrogen within the definition of 'gas' in Article 3(2) of The Gas Order (NI) 1996).[4] However, it is unclear to GNI (UK) if this can be done at this time, in lieu of a finalised hydrogen policy and action plan for the local hydrogen sector, which the response report committed to developing in the time ahead (although no timeline for this was specified).

Because NI has no economic regulator for hydrogen, the Department for Energy Security and Net Zero ("**DESNZ**") have explicitly excluded NI participants from eligibility to compete in the first

[2] The Path to Net Zero Energy. Safe. Affordable. Clean.

[3] Public Consultation Response Report - Consultation on a sustainable, regional approach for the production, storage, transport and use of hydrogen as a fuel

[4] Committee for the Economy Wednesday 10 June 2026

allocation round of the Hydrogen Transport Business Model and, therefore, implicitly excluded from the first allocation round of the Hydrogen Storage Business Model (these being – in principle, save for this lacuna in NI's legislative/regulatory framework – UK-wide funding opportunities to underpin investment in such strategic infrastructure) and this will remain the case for any future allocation rounds until this is addressed.

To overcome this and properly give UR the vires it will need for hydrogen, GNI (UK) agree with the suggestion in DfE's consultation 'response report' that further *"development of appropriate regulation"* would be necessary, which we anticipate may require additional legislative provision.

Proposed Additions and Amendments

11. Please provide information on any potential amendments that you feel would enhance the Bill and the rationale for those.

GNI (UK)'s response to this question comprises two sub-sections, as follows:

(a) A suggested alternative approach to core proposition of the proposed Bill, and;
(b) further amendments if core proposition in the proposed Bill is maintained (in addition to the above proposed alternative to the core proposition, which we consider can nonetheless still be made in such event).

(a) Suggested alternative approach to core proposition of the proposed Bill

Our response to question 6 outlines that GNI (UK) recommend UR would better be given the powers / responsibilities to support decarbonisation, which GNI (UK) consider can be made at this stage, if the core proposition of the proposed Bill were replaced so as to introduce (1) nt zero mandate, and (2) a 'strategy and policy statement'. These are discussed further below.

However, to the extent the core proposition in the proposed Bill is to be maintained, GNI (UK) recommend these measures can, and are, still added to the proposed Bill.

GNI (UK) consider these as only the initial revisions which can, and we recommend should, be made at this time to UR's vires. They would only be a starting point to a wider review and revision needed to UR's mandate necessary to enable UR to more fully support decarbonising the energy sector in NI.

(i) Mandate to support meeting NI's climate obligations)

GNI (UK) believe UR require a statutory duty, in carrying out the full scope of its functions – and not just in providing advice and assistance to DfE on policy, if this core proposition is to be retained – to support interim emissions reductions targets, carbon budgets and any Climate Action Plan(s) set pursuant to the Climate Change Act (Northern Ireland) 2022. In our August 2024 response to DfE's consultation, GNI (UK) had suggested this as *"a matter of upmost priority"* to see included in the proposed Bill.

In our consultation response, we referred to the Energy Act 2023, which gave Ofgem such a mandate (in quite limited provisions, which we believe would not be onerous to replicate the essence of in the proposed Bill, even at this stage).[5] This introduced a requirement that, in carrying out their functions in furtherance of their 'principal objectives and general duties', Ofgem *"must have regard to"*:

- *"the need to assist the Secretary of State's compliance with the duties"* under the Climate Change Act 2008 with respect to UK net zero by 2050 (section 1) and ensuring UK carbon budgets are met (section 4(1)(b)), and;

[5] Energy Act 2023 (legislation.gov.uk) – see sections 1(6) to 1(8)

- emissions targets set under the each of the Climate Change (Scotland) Act 2009, the Environment (Wales) Act 2016 and the Climate Change Act (Northern Ireland) 2022.

'The Path to Net Zero Energy' (the "**NI Energy Strategy**") recognised that;

> *"the current legislative and regulatory base is not sufficient to deliver on this Energy Strategy. New energy legislation is required to underpin the delivery of the net zero carbon pathway. [DfE] will identify where new powers are needed to enable strategy delivery and set out a framework for implementing these. As the Utility Regulator is a critical policy enabler [DfE] will develop an appropriate mandate to support a net zero carbon future, including reviews of licencing and regulatory regimes"*.[6]

Given the time which has elapsed since the recognition of this need and a commitment to act to address it, together with a replicable model as introduced for Ofgem by DESNZ in 2023, GNI (UK) would have preferred to see such a statutory mandate being included within the proposed Bill, as a fundamentally important point within UR's statutory duties. We recommend this is now realised through introducing an amendment to it, which would be a positive signal to industry on making explicit UR's remit to help support energy decarbonisation within its vires.

GNI (UK) appreciate that UR can have a beneficial contribution to NI's energy transition through bringing its expertise to evidence, analysis and technical advice to DfE, similarly to what the UK Government recently concluded in it's review of Ofgem, but where no statutory role has been considered necessary or appropriate.[7] GNI (UK)'s proposal to give UR a statutory duty to support meeting NI's statutory climate obligations would align with the findings of this Ofgem review, in that:

- UR would be able to (proactively) offer advice, etc. if it felt appropriate to support energy decarbonisation in furtherance of achieving NI's climate obligations, but that the *"leadership should routinely assess whether proposed interventions sit within its core regulatory purpose, or risk moving into policy in ways that are unhelpful for long term consumer interests and the regulator's effectiveness"*, and;
- it aligns with the finding that *"Ofgem's statutory duties should focus it on supporting policy goals, but a regulator like Ofgem does not have a role in setting energy policy or commenting on the impacts of energy policies"*.

(ii) Strategy and Policy Statement

In our August 2024 consultation response, we also suggested that it may be beneficial to provide for a means, outside of legislation, to direct future strategic priorities, policy outcomes and roles and responsibilities for energy policy in NI.

We referred, by way of example, to the Energy Act 2013,[8] which gave the power to designate a Strategy and Policy Statement ("**SPS**") for energy policy in GB. Amongst other things, Section 132(1) requires that Ofgem *"must have regard to"* it's strategic priorities and Section 131(2) provides that Ofgem must carry out their regulatory functions *"in the manner which [it] considers is best calculated to further the delivery of the policy outcomes"* specified therein.

DESNZ exercised that power, for the first time, in publishing such a SPS in May 2024.[9] This followed on from a recommendation in the House of Lords 2022 report to its 'Ofgem and net zero' inquiry, which, in recommending Ofgem be given a net zero mandate, further recommended that:

> *"adding net zero to Ofgem's remit would not offer sufficient guidance for making judgements regarding trade-offs. For this reason, we emphasise the urgency of publishing the promised*

[6] The Path to Net Zero Energy. Safe. Affordable. Clean.
[7] Ofgem Review 2026: final report
[8] Energy Act 2013
[9] Strategy and Policy Statement for Energy Policy in Great Britain

Strategy and Policy Statement. The Strategy and Policy Statement must provide further clarity on how Ofgem should make trade-offs between affordability, net zero, security of supply and the interests of current versus future generations in its regulatory decisions; these trade-offs are political in nature and the Government needs to clearly set out how Ofgem should approach these issues".[10]

For similar reasons, GNI (UK) believe such a SPS would be beneficial for NI energy policy and regulatory decision-making, for similar reasons. In addition, if similar were applied in NI, this could help avoid an inability to make such directions in the absence of an ability to make legislative changes (and would also be much quicker than having to do so).

(b) Further amendments if core proposition in the proposed Bill is maintained

In addition to the above, to the extent the core proposition in the proposed Bill is maintained, GNI (UK) consider there are certain amendments which should be introduced, as follows:

(i) Safeguarding regulatory independence

The Explanatory and Financial Memorandum ("**EFM**") associated with the Bill, as introduced, suggests that *"the UR needs to be able to support the Department on the development of low carbon policies essential to the energy sector. Currently it is restricted in its ability to fulfil its strategic role, as regulatory advisor to government on the energy sector"*.[11] It is unclear to GNI (UK) where this interpretation of UR's 'strategic role' or the supposed 'need' to support DfE energy policy development comes from, with reference to current statutory provision – it is inconsistent with GNI (UK)'s interpretation of The Gas (Northern Ireland) Order 1996 or The Energy (Northern Ireland) Order 2003, for example (including sections 3A and 3B of the Energy Order 2003 which require UR staff to "*not...seek or take any instructions that might compromise, or might reasonably be seen to compromise, the Authority's independence in relation to its functions as designated regulatory authority for Northern Ireland*").[12]

The UK Government's recent review of Ofgem found that it:

> *"has become more active in areas closer to public policy than independent regulation. Clearer boundaries are needed: government should set and own policy, while the regulator provides independent oversight, enforcement, and consumer protection. The regulator should avoid being drawn into contested political choices, especially as energy issues have become more polarised...Ofgem's priority should be on the implementing, delivering, and monitoring the regulatory framework, with policy being driven by government".*[13]

Therefore, to the extent the core proposition is to be maintained, provision (even if of a 'for the avoidance of doubt' nature) should be introduced to the Bill to clarify that if UR were to consider its provision of certain advice, information or assistance to DfE on any policy, strategy or plan might compromise, or might reasonably be seen to compromise, their regulatory independence (including unduly risking being brought in on policy choices of a political nature), or would detract from carrying out its regulatory functions, that these would be grounds to meet what would be considered 'unreasonable' or 'not reasonably practicable' under clause 1(2).

This would be in addition to UR having insufficient resources to fulfil a request, which DfE evidence to date on the proposed Bill has articulated as a reason within the meaning of clause 1(2).[14]

---

[10] The net zero transformation: delivery, regulation and the consumer
[11] Explanatory And Financial Memorandum – As Introduced
[12] The Energy (Northern Ireland) Order 2003
[13] Ofgem Review 2026: final report
[14] Minutes Of Evidence Report

(ii) Government to fund UR activity under the proposed Bill

The EFM suggests *"it is the intention of the UR that electricity and gas licence holder fees will be used to fund work associated with the Bill that falls within the UR functions under electricity and gas legislation"*, [15] and that UR estimates this as being £328k to provide for 4 no. full-time equivalent ("**FTE**") staff in the first year following the Bill.

GNI (UK) note DfE published an 'Addendum to Public Consultation Summary Document' in April 2026,[16] which suggested UR *"can"* resource costs for work associated with the proposed Bill from electricity and gas licence fees, when that work falls within functions under electricity and gas legislation. However, GNI (UK) question if it is appropriate do so (given the costs of such licence fees will ultimately be borne by energy consumers), when the purpose of the proposed Bill is to bring within UR's statutory functions the duty to provide 'advice, information or assistance' in relation to governmental policy development.

While GNI (UK) appreciate DfE finds itself in a position of constrained budgetary pressure, NI government being responsible for any such costs would avoid the potential perverse incentive foreseeable from possible outworkings of the proposed Bill of:

- an increasing number of staff working on decarbonisation policy being situated in the UR, rather than DfE, which is the appropriate place for staff performing work to further governmental policy development, and/or;
- expenditure on third party costs, such as expert consultancy support, to be channelled through UR and funded by licence fees rather than government resources.

For the avoidance of doubt, GNI (UK)'s position on this matter is not influenced by any commercial perspective (i.e. risk or benefit) for GNI (UK), as licence costs are a 'pass through' item in our price control framework, meaning there will be no net cost to GNI (UK) from any approach taken in this respect. Rather, our view is founded in considering the appropriateness of energy consumers (rather than taxpayers) ultimately bearing the cost of government's energy policy development.

Therefore, to the extent the proposition in the proposed Bill is to be retained, GNI (UK) suggest consideration be given to amendments which:

(i) make clear that funding of UR activity performed in relation to the proposed Bill should be borne by NI government and not recovered via licence fees, and;

(ii) require appropriate governance arrangements to be established, including transparency on advice/information/assistance delivered and cost allocation between UR's other (proper) regulatory functions and policy support to DfE under the Bill.

(iii) Sunsetting provision

A 'sunsetting provision' should would accord with the suggestions in DfE's Public Consultation Summary Report that *"the Bill is an interim step to maintain progress toward net zero"*, and that *"as future legislation is developed, to allow for regulation of new solutions, it will contain detailed guidance in relation to the roles and responsibilities of the Regulator and others, in that specific area"*.[17]

(iv) Cost recovery mechanisms for regulated parties

It will likely be the case that UR may benefit from 'advice, information or assistance' from entities which it licences/regulates. UR have significant licence and other regulatory mechanisms to

---

[15] Explanatory And Financial Memorandum – As Introduced

[16] Utility Regulator (Support for Decarbonisation Preparation) Bill – Addendum to Public Consultation Summary Document

[17] Utility Regulator (Support for Decarbonisation Preparation) Bill: Public Consultation Summary

request, and in some cases, require such parties, including GNI (UK), to provide information, etc. Doing so, may involve costs being incurred by such parties. Where a reasonable materiality threshold for this is realised (which vary across organisations), it would be appropriate that the costs of such are capable of being recovered by the regulated entity.

As with our position on UR costs, such (third party) costs of regulated entities should be borne by government, as it is in direct support to UR to fulfil a DfE need for UR to provide 'advice, information or assistance' in DfE's policy development.

Alternatively, to the extent this is not considered appropriate, a provision should be introduced to make clear that UR should establish regulatory mechanisms to provide for recovery of such costs through the regulatory framework.