



Department for the
Economy

An Roinn

Geilleagair

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Dear Peter

SL1 - To the Committee Clerk - The Renewables Obligation (Amendment) Order (Northern Ireland) 2026

The Department for the Economy proposes to make a Statutory Rule under powers conferred by the Energy (Northern Ireland) Order 2003. The Statutory Rule is subject to the draft affirmative resolution procedure before the Assembly.

Purpose of the Statutory Rule

The Statutory Rule will amend the Renewables Obligation Order (Northern Ireland) 2009 to replace the Retail Prices Index (RPI) with the Consumer Prices Index (CPI) for calculating annual adjustments to the buy-out price for obligation periods beginning on or after 1 April 2026. The Office for National Statistics has discouraged the continued use of RPI due to its statistical weaknesses, and it will be discontinued from February 2030.

Two options were considered at consultation stage:

Option 1: A simple switch from RPI to the CPI for buy-out price indexation from 1st April 2026.

Option 2: Freezing the buy-out price at the 2025/26 level (£67.06 per ROC), from April 2026 and applying CPI only to a 'shadow' price from 2002, annually adjusted using CPI instead of RPI. No further inflation-linked increases would be applied until the cumulative effect of CPI-based inflation on that shadow price matched the current RPI-adjusted buy-out price. At this point of realignment, annual indexation adjustments would resume using CPI.

Option 1 has been chosen on the basis that it is likely to achieve the best balance between managing costs to consumers and minimising damage to investor confidence.

Previous Engagement with the Committee

There has been previous correspondence via Committee Query "DfE CQ 306/25 – RO / FiT Indexation".

Financial Implications

There are no financial implications arising from this amendment.

Consultation

The Department for Energy Security and Net Zero (DESNZ) led a joint a public consultation with Scotland and Northern Ireland on changes to inflation indexation in the three Renewables Obligation schemes across the United Kingdom. This consultation was open to stakeholders across the United Kingdom including those in Northern Ireland.

Many representations from institutional investors, generators and trade bodies highlighted concerns with any change, highlighting that Option 2 in particular had

greater potential for damaging investor confidence, diminishing investor appetite for future UK investment.

Consumer groups were broadly supportive of the changes.

Compliance with Section 24 of the Northern Ireland Act 1998

The making of this rule complies with Section 24 of the Northern Ireland Act.

Consideration by the Executive

The agreement of the Executive is not required given the nature of the amendment.

Equality Impact

This policy has been screened out as it is purely technical in nature and will not have a direct impact on equality of opportunity for any of the Section 75 groups, nor is it likely to impact on good relations between people of any of the Section 75 groups.

Regulatory Impact

A Regulatory Impact Assessment was carried out. The impact is considered minimal as the change relates only to the inflation measure used for indexation and does not impose new regulatory burdens. Generators will continue to receive protection from inflationary increases using an inflationary measure produced in line with government and international standards. In addition, the existing measure of inflation used, RPI, is due to be discontinued in the coming years.

Rural Needs Impact

This has been screened out as the policy change is purely technical in nature and will have no bearing in terms of differing impacts between people in rural or urban areas.

Data Protection Impact

A data protection impact assessment is not necessary as this change in policy will not lead to any personal data or special category data being processed.

Child Rights Impact

A child rights impact assessment is not necessary as this change in policy will not impact children.

Position in Great Britain

Equivalent amendments are being made concurrently to the Renewables Obligation scheme in England and Wales, and the Renewables Obligation Scotland scheme in Scotland.

Proposed timing of consideration of the SL1

The Northern Ireland Renewables Obligation (NIRO) operates as a separate but complementary scheme within the UK-wide market for Renewables Obligation Certificates (ROCs). To maintain regulatory parity and avoid market distortion, these indexation changes must be implemented concurrently across all three jurisdictions.

DESNZ has confirmed publication of the joint consultation response on 28th January, and both DESNZ and the Scottish Government have confirmed their ability to implement this change before 1st April 2026.

Given the recent completion of a full public consultation and the circumstances outlined above, in accordance with provisions in the revised SL1 guidance, the Minister for Economy requests that the Committee shortens the SL1 consideration period as far as possible to enable timely implementation.

Proposed Operational Date

It is proposed that the rule will come into operation on 1st April 2026.

The draft of the proposed Statutory Rule and Explanatory memorandum are attached and you will wish to bring this matter to the attention of the Committee for the Economy.

Yours sincerely

[REDACTED]
Departmental Assembly Liaison Officer

cc: Assembly & Legislation Section (Executive Office)
Human Rights Commission
Equality Commission