

DRAFT PROGRAMME FOR GOVERNMENT CONSULTATION RESPONSE

NIE Networks

November 2024

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ABOUT NIE NETWORKS

Northern Ireland Electricity Networks (NIE Networks) is the owner of the electricity transmission and distribution networks in Northern Ireland, transporting electricity to 929,000 customers, including homes, businesses and farms.

There are 2,300 km of transmission network, 47,000 km of distribution network and 340 major substations, including 60 serving large wind farm sites in Northern Ireland.

Our role is to maintain and extend the electricity infrastructure across Northern Ireland, connect demand and generation customers to the network, and ensure that our equipment is safe and reliable. We also provide electricity meters and metering data to suppliers and market operators.

To do this we directly employ more than 1,500 people and we sustain many hundreds of jobs through our contract and supply chain. Through employment, taxes and supplier contributions, we contribute over £150 million annually to the local economy in Northern Ireland.

NIE Networks does not supply electricity. Customers receive their electricity bill from their chosen electricity supplier, of which there are currently five operating in Northern Ireland.

NIE Networks is a regulated company and our business activities are overseen by the Northern Ireland Authority for Utility Regulation (the Utility Regulator). Our business plan for delivering our services to customers is approved for a number of years ahead, with the current price control period set to run until 2025. Our next price control period will run from 2025 to 2031.

EXECUTIVE SUMMARY

NIE Networks appreciates the efforts that have gone into preparing the draft Programme for Government. This presents an opportunity to make meaningful progress for People, Planet and Prosperity.

Delivering clean, secure and affordable energy systems will be central to making the Programme for Government's ambition a reality for consumers and local businesses. We also have an opportunity to demonstrate to investors that ours is an important economy with unique appeal.

As the owner of the transmission and distribution networks, bringing electricity to 929,000 homes, businesses and farms, NIE Networks has the potential to be a key enabler of positive change.

With the right legislative framework, we can maximise the value drawn from our upcoming investments in the networks. In terms of What Matters Most Today, the Northern Ireland Executive's ambitious 2030 renewable targets can only be delivered with immediate action on:

- **Planning improvements:** Planning processes should be improved to accelerate renewables deployment and the development of associated infrastructure.
- **The UR's statutory powers:** The Utility Regulator for Northern Ireland should be granted appropriate powers to fully factor climate into their decision making while continuing to protect consumers.
- **Vision:** A clear picture of what Net Zero will look like is required. This would positively influence investor confidence and stimulate the economy. A holistic vision would include the projected future energy mix, projected numbers of low carbon technologies (LCTs) and delivery of carbon budgets.
- **Connection charging:** NIE Networks supports the need for a review of Connection Charging policy to ensure it aligns with the ambitions of the Climate Change Act.
- **Accelerated network investment:** Urgent policy changes are required to deliver significant increases in electricity network capacity to facilitate the connection of additional renewable generation prior to 2030. To this end, amendments are required to NIE Networks' substation cluster connection charging methodology, as set out in our Statement of Charges for Connections. This is urgent because the existing network and current charging arrangements do not provide the capability to connect the volume of renewables required to meet 2030 targets.
- **Building the workforce:** Developing the means to build the future workforce needed in Green Skills, green jobs and transversal skills, where 28,000 direct and 58,000 indirect jobs are expected in the next 10 years, is also crucial. Progress on this front would be supported by: a ringfenced levy for apprenticeships, a new independent Workforce Development Agency for Northern Ireland, and, the establishment of an All-Island Mobility Task Force.

We appreciate the broad efforts of the Executive and Assembly on many challenging fronts and look forward to continued constructive engagement with policy makers to deliver for the people of Northern Ireland.

DOING WHAT MATTERS MOST TODAY:

‘Grow a Globally Competitive and Sustainable Economy’

Please provide any other comments you have in relation to the ‘Grow a Globally Competitive and Sustainable Economy’ priority:

Energy affordability is paramount to growing a globally competitive and sustainable economy. Urgent progress towards the legislative requirements of the NI Climate Change Act (in particular the 80% renewables by 2030 target) will help deliver energy affordability and drive a globally competitive and sustainable economy. A report from global consultancy firm Baringa, commissioned by RenewableNI, found that the development of renewables in Northern Ireland have reduced consumer power bills by around £305 million since 2020¹. This reduction has been driven by the low cost of renewable power generation. This means that the average cost of electricity over this period would have been £160 higher per person, if wind and solar projects had not been developed. If Northern Ireland continues to invest in wind and solar generation to achieve 80% renewable electricity, new renewables could pay additional dividends of £110 million per year by 2030.

This draft Programme for Government 2024-2027 states that the “Energy Strategy for Northern Ireland is continuing to create the right market conditions to deliver investment in our low carbon and renewable energy economy.” The ambition of the Energy Strategy is welcome, but progress against the outlined actions continue to be delayed and as such do not currently unlock the full potential of investment in our low carbon and renewable energy economy. In 2010 the Strategic Energy Framework (SEF) for Northern Ireland set an ambitious target to increase the level of demand supplied from Renewable Energy Sources for Electricity (RES-E) from 10% to 40% by 2020. Northern Ireland was successful in achieving this one year in advance of the target date with support from financial incentives and the establishment of routes to market for renewable generation developers. Consequently, the percentage of total electricity consumption generated from indigenous renewable sources increased year on year and in the 12-month period January 2020 to December 2020 this totalled 49.2% of total electricity consumption². Since 2020, renewable generation connecting to the network has decreased significantly. In the 12-month period January 2023 to December 2023 the total electricity consumption from renewables had decreased to 45.8%. This is clear evidence the Energy Strategy is currently not providing the right market conditions for a low carbon and renewable economy³.

Urgent policy action is required today to achieve the Executive's legislative targets. Below we outline some steps that must be taken and should be included within the Programme for Government under “Doing What Matters Most Today”.

Vision: A clear picture of what Net Zero will look like would positively influence investor confidence and stimulate the economy. It should lay out a wholistic vision for the future energy mix, projected numbers of low carbon technologies (LCTs) and delivery of carbon budgets.

Connection charging: Connection costs paid by the customer connecting to the distribution network in Northern Ireland are much higher than in Great Britain (GB) or the Republic of Ireland (ROI). This is a barrier to meeting 2030 NI Energy Strategy targets. Overall distribution connection costs in NI are comparable to those in GB and ROI; however, the way in which the overall costs are attributed to the connecting customer and the wider customer base are different. For customers connecting to the distribution network in NI, total connection costs are chargeable to the customer (including connection assets and reinforcement required at the connection voltage and one voltage level up). In other jurisdictions the reinforcement costs are socialised across the wider customer base and are not chargeable to the connecting customer or only a portion is chargeable. A shift to a shallower connection charging methodology would facilitate the adoption of renewable generation as well as Low Carbon Technologies (LCTs) such as heat pumps and EV charging infrastructure. NIE Networks have seen connections, particularly of LCTs, being abandoned due to high costs. An appropriate charging methodology is essential to facilitate the achievement of all aspects of the new Energy Strategy and Climate Change Act.

¹ <https://renewableni.com/wp-content/uploads/2024/09/Renewable-Rewards-Baringa-Report-online.pdf>

² <https://www.nienetworks.co.uk/documents/future-networks/networks-for-zero-net.aspx>

³ <https://www.economy-ni.gov.uk/news/electricity-consumption-and-renewable-generation-northern-ireland-year-ending-december-2023#:~:text=For%2520the%2520year%2520ending%2520December%25202023%2520C%252045.8%2525%2520of,previous%252012%2520month%2520period%2520%2528year%2520ending%2520December%25202022%2529>

Any move away from NI's current connection framework must be in the best interests of all NI consumers, including vulnerable customers. A shallower charging approach would help facilitate a fair and just energy transition, by breaking down cost barriers for the connection of LCTs. With existing and future planned changes to policy and legislation, many consumers will no longer have a choice on whether or not to adopt LCTs. Moving to a shallower charging regime would also contribute to improving the competitiveness of Northern Ireland as a place to do business. Adoption of a shallower connection charging methodology in Northern Ireland could be supported by learning and experience gained in GB, which moved to a shallow charging approach on the 1st April 2023.

Accelerated network investment: NIE Networks is currently running a consultation⁴ to deliver significant increases in electricity network capacity to facilitate the connection of additional renewable generation prior to 2030. It is our belief that amendments are required to the substation cluster connection charging methodology, as set out in our Statement of Charges for Connections. Ultimately it is NIE Networks' view, that the existing policy arrangements being consulted on do not provide the capability to connect the volume of renewables required to meet 2030 targets in time without a level of change or investment. While these consultation proposals alone will not enable the 2030 targets to be met, they aim to be a step towards addressing the stagnation that currently persists.

We are currently awaiting a joint consultation from the Utility Regulator and the Department for Economy on Connections Charging and look forward to working with key stakeholders in delivering any decisions post consultation.

Planning improvements: The planning system plays a key role in meeting Northern Ireland's renewable energy targets and the obligations of the Climate Change Act (Northern Ireland) 2022. Meeting the 2030 renewables goal will require more than doubling existing renewable generating capacity in under 6 years, yet planning processes for regionally significant infrastructure have frequently surpassed this timeframe. Moreover, RenewableNI have reported that it takes 1,136 days on average for onshore wind project planning permission to be secured in NI (2020-2023) compared to 217 days in England and 413 days in RoI. We understand this will be considered by the Department for Infrastructure, together with local government and stakeholders through a Planning Improvement Programme (PIP) with the objective of improving the effectiveness and efficiency of the regional planning system. In the context of the extent and urgency of infrastructure required to achieve the obligations of the Climate Change Act, we strongly encourage that the PIP is released as soon as possible. We welcome the work carried out by the Northern Ireland Chamber of Commerce, published earlier this year with respect to Planning Improvement and Reform. We encourage the Department for Infrastructure to give due consideration to the recommendations included within this report as part of the PIP with the objective of improving the effectiveness and efficiency of the regional planning system. In particular, we consider the greatest improvement can be achieved by ensuring that the whole planning system is properly funded and resourced to help deliver against statutory planning timelines and consideration is given to prioritisation of major planning applications, economic development and renewable energy projects, including the enabling of electrical infrastructure.

The UR's statutory powers: The Utility Regulator for Northern Ireland should be granted appropriate powers to fully factor the climate emergency into their decision making while continuing to protect consumers. The regulator's remit should allow for the accelerated development of the electrical transmission and distribution networks to facilitate net zero. We believe these legislative changes should be supportive, where justified, with respect to statutory targets⁵. The Utility Regulator itself recognises the need to broaden its statutory powers to further enable the transition to net zero and that it would take several years to pass a new Energy Bill⁶. NIE Networks therefore believes that the Executive should change existing legislation immediately or risk missing the targets set within the Climate Change Act 2022. For more detail on the changes we have proposed please see our response to the proposed Utility Regulator Bill 2024 and inputs from NIE Networks and the Utility Regulator during the NI Select Committee Hearing of 17/01/24.

Building the workforce: To leverage the full potential of Green Skills employment (estimated to total almost 60,000 jobs in the next 10 years) we are calling for a ringfenced levy for apprenticeships, a new independent Workforce Development Agency for Northern Ireland and the establishment of an All-Island Mobility Task Force. We have had a number of successful recruitment campaigns following the introduction of the Skill Up Fund which promoted many STEM and green skills related courses. As a growing sector which is critical to driving productivity in Northern Ireland, we would ask the Executive to continue to be mindful of helping people transition into the utility and energy sectors to help with the Net Zero challenge.

⁴ [cluster-substations-oct-24.aspx \(nienetworks.co.uk\)](https://www.nienetworks.co.uk/documents/future-networks/proposed-utility-regulator-consultation-doc-aug24.aspx)

⁵ <https://www.nienetworks.co.uk/documents/future-networks/proposed-utility-regulator-consultation-doc-aug24.aspx>

⁶ <https://committees.parliament.uk/oralevidence/14117/pdf/>

‘Deliver More Affordable Childcare’

Please provide any other comments you have in relation to the ‘Deliver More Affordable Childcare’ priority:

We appreciate the recent introduction of a 15% childcare subsidy; however, we continue to recognise that childcare costs can be significant enough for employees to question whether continuing in work is economically feasible. Not only may this impede the Executive’s Net Zero requirements but may also perpetuate the existing diversity and gender gaps within the engineering industry. Worryingly, the percentage of women working in engineering and technology occupations across the UK dropped from 16.5% in 2022 to 15.7% in 2023, representing a fall of 38,000 women. This is despite the overall proportion of engineering and technology occupations within the UK workforce remaining consistent at 19.2%. In stark comparison, women made up over half (56.1%) of all other occupations combined⁷. We see this as a risk as Northern Ireland needs a skilled, diverse and experienced workforce to meet our Net Zero targets. We are also concerned that the recent 15% subsidy is due to expire in March 2025 and childcare costs continue to rise, therefore, we would welcome a long term and sustainable affordable childcare solution.

‘Provide More Social, Affordable and Sustainable Housing’

Please provide any other comments you have in relation to the ‘Provide More Social, Affordable and Sustainable Housing’ priority:

NIE Networks welcomes the launch of a new Fuel Poverty Strategy and are at hand to inform the Executive on how the energy sector will change. With regards to improving energy efficiency of homes, NIE Networks strongly support the universally recognised “Energy Efficiency First” approach but would encourage the Executive to act on the wider housing stock in Northern Ireland and not just NIHE buildings. This commitment is outlined within the Energy Strategy which aims for 25% of energy savings in homes and business by 2030⁸. We believe that urgent policy progress is required and should be considered a priority for Doing What Matters Most Today.

‘Protecting Lough Neagh and the Environment’

Please provide any other comments you have in relation to the ‘Protecting Lough Neagh and the Environment’ priority:

NIE Networks welcomes the publication of the Environmental Improvement Plan and is keen to see improvement in conditions at Lough Neagh and in the wider environment. We also welcome the commitment to set Climate Budgets, noting that the first three carbon budgets should have been set by the end of December 2023. These budgets will provide industry with greater certainty regarding the pace of decarbonisation and likely uptake of various low carbon technologies which are ultimately key to delivering on the “Grow a Globally Competitive and Sustainable Economy”.

‘Doing What Matter Most Today: Priorities’

Are there any other priorities that should be included in the Programme for Government?

As outlined under “Grow a Globally Competitive and Sustainable Economy”, NIE Networks would draw the Executive’s attention to simple but effective measures that would greatly enhance progress on the objectives of the Programme for Government. These are: planning improvements, the UR’s statutory powers being expanded, a clear vision for Net Zero, a review of connection charging policy, accelerated network investment, and building the Green Skills workforce.

⁷ <https://www.engineeringuk.com/media/bryloncz/women-in-engineering-2024-update-engineeringuk-may-2024.pdf>

⁸ <https://www.economy-ni.gov.uk/sites/default/files/publications/economy/Energy-Strategy-for-Northern-Ireland-path-to-net-zero.pdf>

BUILDING NEW FOUNDATIONS

Please provide any other comments you have in relation to the plans for investment in infrastructure:

NIE Networks believes that some aspects related to planning and net zero should be dealt with as priorities under What Matters Most Today. These points are outlined in more detail in our response to the first section of this document 'Grow a Globally Competitive and Sustainable Economy'.

SHAPING A BETTER TOMORROW

Is there anything else that should be included under the Planet Mission?

Please refer to our previous comments in the 'Grow a Globally Competitive and Sustainable Economy' section where we outline the need for changes to the Utility Regulator's remit, anticipatory development mechanisms as well as efforts on distribution and substations cluster connections charging which we feel will facilitate the development of Net Zero Infrastructure to provide significant amounts of affordable renewable energy. We also feel that the Executive should reconsider their stance on limiting retrofitting efforts to NIHE housing stock.

UNDERSTANDING MISSIONS BY TRACKING WELLBEING

Please provide any further comments you may have in relation to your response

We agree with the development of a set of metrics for tracking the quality of life in Northern Ireland. We would welcome a discussion on this to help bring to light some other useful metrics which could be included and help show the full picture, for example, tracking of numbers for electric vehicle chargers, heat pumps, solar panels and battery storage systems.

ADDITIONAL INFORMATION

Do you have any further comments relevant to this consultation?

Please enter any additional comments below

NIE Networks greatly appreciates the efforts of The Executive Office to prepare the draft Programme for Government. We understand that this comes at a time of many serious societal challenges that need attention.

In terms of the contribution we can make towards net zero, stability, and opportunities for businesses and investors, we see many policy areas that are already progressing. These range from the review of the Utility Regulator's remit to the Good Jobs Bill. Urgent action on the issues we have outlined within this response would deliver significant early successes and help build new foundations for the future.



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