



Northern Ireland  
Assembly

Committee for the Economy

# OFFICIAL REPORT (Hansard)

Small-Scale Green Energy Bill:  
Northern Ireland Authority  
for Utility Regulation

1 December 2021

# NORTHERN IRELAND ASSEMBLY

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**Members present for all or part of the proceedings:**

Dr Caoimhe Archibald (Chairperson)  
Mr Matthew O'Toole (Deputy Chairperson)  
Mr Keith Buchanan  
Mr Stewart Dickson  
Mr Stephen Dunne  
Ms Claire Sugden  
Mr Peter Weir

**Witnesses:**

Mr John French	Northern Ireland Authority for Utility Regulation
Mr Kevin Shiels	Northern Ireland Authority for Utility Regulation

**The Chairperson (Dr Archibald):** I welcome via StarLeaf John French, who is the chief executive of the Utility Regulator, and Kevin Shiels, who is the director of retail and customer protection at the Utility Regulator. I hand over to you to make an opening statement, after which we can open up the meeting to members for questions.

**Mr John French (Northern Ireland Authority for Utility Regulation):** Good morning, Chair and members. Thank you for the opportunity to come to the Committee this morning to talk about the Small-Scale Green Energy Bill. We have a slide presentation; is it OK to share that with you?

**The Chairperson (Dr Archibald):** Yes, please

**Mr French:** We recognise that net zero energy prices and how we can make sure that the transition to that net zero future is fair and affordable to everyone are high on the agendas of many people. Yesterday, there was a Westminster debate on empowering community energy schemes that might be useful to members in the overall context of the discussion today.

I will move on to the slides. Members will have seen the first slide before. It highlights our statutory remit: we are a statutory organisation and have to fulfil that remit. On the new energy strategy, we are clear that regulations work best when we have a clear statutory mandate to carry out the role that we are being asked to undertake. We are making members mindful of that in terms of the energy strategy and the Small-Scale Green Energy Bill.

We previously briefed on the cost of energy at the moment. It continues to be of concern. The next slide shows a graph of figures taken at the close of Monday: the blue line shows the price of gas being bought out for the next 12 months; the green line shows the price of gas being bought out for the next 24 months; and the bottom orange line shows the price over the next 36 months. As I previously

highlighted to members and as you can see, gas prices are normally in the 40p to 60p range historically. We are concerned that gas prices remain significantly high this year and, looking forward, over the next three years. We need to take that into account when we consider any policy decisions that we make on small-scale energy generation, community energy schemes or any other schemes to make sure that they fully engage consumers and that we always look to see how we can reduce the cost of energy to those consumer bases.

As members are well aware, consumers in Northern Ireland are probably the most vulnerable in the UK. The margin for error is therefore slim in making sure that we keep energy affordable for domestic and business customers. Through the Bill and the energy strategy, we need to ensure that any scheme does not have unintended consequences and make energy unaffordable for households and businesses here. We are keen that research be undertaken to ensure that that does not happen.

The energy strategy needs to have a strategic focus on three key elements, as we have set out. The first is the affordability and cost of energy from now until 2050, making sure that it is fair and affordable for all. Secondly, as you know, we have had a year of low wind levels, which occurs every five to seven years, so, clearly, security of supply and the resilience of the system need to be looked at to make sure that the lights stay on as we undertake the transition to net zero. Finally, any policy measures and investments that are undertaken on that journey should reduce carbon consumption. Within that, we need a clear and focused mandate. We recognise that our statutory duties will need to evolve to support the strategy, enabling us to have a clear focus on net zero, on protecting current and future customers, on economic development and on maintaining security of supply.

On the Small-Scale Green Energy Bill more specifically, we recognise the potential for community and local energy schemes, but we are keen to see the evidence to prove the case and that, as I mentioned, there would be no unforeseen consequences of undertaking such a scheme. That can be done between the Bill's passage and the implementation of any scheme, but we are keen that any future energy policies be built on evidence, make a real difference to affordability, do not worsen security of supply and make a difference in reducing net carbon emissions.

There needs to be a coordinated approach across Departments, planning authorities, the Northern Ireland Environment Agency (NIEA) and Northern Ireland Electricity (NIE) Networks. Consideration needs to be given to where the Bill falls in the wider energy policy, because there are other measures, especially on energy efficiency, that need to be formulated. The Bill could form part of the energy strategy's proposal for a one-stop shop, helping consumers and communities to develop small-scale energy schemes. Behind the strategy and so that we can support any new regime effectively, there needs to be a clear and precise mandate for the role of the Utility Regulator.

I understand that you will receive a briefing soon from Northern Ireland Electricity Networks. I am sure that it will cover the work that it is undertaking. As you have seen from Power NI's evidence, there is already activity in this area, with 10,000 customers already providing electricity through microgeneration schemes in Northern Ireland.

One policy question that needs to be answered relates to connection charges. I know that the Committee has discussed that. The current policy in Northern Ireland is that the benefactor pays. Other jurisdictions, such as the Republic of Ireland, have decided to socialise the cost of connection across the whole consumer base. Both policy decisions are valid and logical, but there needs to be a policy agreement on the way forward, what is best for Northern Ireland and how we can support that.

We understand the intention of the Bill and the potential of the scheme, but we need to ensure that whatever is taken forward is built on solid research and evidence. We need to ensure that energy remains affordable, that the Bill does not weaken the resilience of the system for security of supply in Northern Ireland and that it reduces carbon consumption in Northern Ireland, helping towards our 2050 goal. There is quote from Dieter Helm that:

*"It is realism, not spin and fake optimism about progress and costs, that we need"*

going forward, and I think that that is right. Among other things, we need clarity on the legislative mandate of the Utility Regulator and on how it can actively support the transition. There needs to be discussion about how we will pay for the transition and whether that is through taxes or energy bills. We need greater clarity on how we will heat our homes, communities and businesses and on the role that different energy sources will play in that. We also need clarity on how we look towards transport and on the role that electric vehicles and other forms of energy will play in that.

This year, we have had the Dunkelflaute, which means "dark doldrums". How do we keep the lights on and maintain security of supply when there is a lack of wind every five to seven years? How do we protect consumers through the transition and actively reduce our carbon emissions?

That is an overview of where, we believe, we are. We are happy to take questions from members.

**The Chairperson (Dr Archibald):** Thank you very much for that, John. I suppose that where you finished and the context in which we are looking at the issue are important, particularly given the energy cost prices that we face. Part of the reason for that is continued reliance on fossil fuels. We need to have a pathway to decarbonisation, and we need to support people and communities to get there. I agree that realism is required and that there has to be a clear pathway forward.

You mentioned a number of things in your presentation. In relation to the specifics of the Bill, there is the potential to give ownership of the transition from fossil fuels to individuals and communities. We have been considering the potential for community energy projects, particularly in rural communities, where it may be more difficult to achieve the decarbonisation that can be achieved in more urban settings.

It is important to emphasise, as we have emphasised throughout our consideration of the Bill, that the Bill is very much the framework for any schemes that might follow. I appreciate that your comments related to potential. The Committee is mindful of the Bill having to sit within the energy strategy and the overall policy and direction of that strategy. We are not entirely sure when the energy strategy will be published but are hopeful that we will see it before Christmas. If you have any information about that beyond what the Committee knows, we would welcome it.

I will come to specific questions. Do you see the Utility Regulator as having a role in setting the minimum tariff for microgeneration that might come out of the legislation?

**Mr French:** Yes is the simple answer. As you will have taken from the evidence from Power NI, we already have a role. It is about how we ensure that that moves forward. It is a policy decision: either you leave it to the markets or you regulate it and enforce the support through regulation. I do not want members to think that we are against that; I am just trying to get across a sense of realism with the Bill and with what we are purporting. I can absolutely see the advantages of supporting community schemes through small-scale approaches. If it is clearly set out, regulation provides a mandate to achieve that.

**Mr Kevin Shiels (Northern Ireland Authority for Utility Regulation):** May I come in?

**The Chairperson (Dr Archibald):** Go ahead, Kevin.

**Mr Shiels:** It is just a comment on your question, Chair. It is useful to separate the policy issues of making sure that there is a route to market for microgenerators from that of whether we, as a jurisdiction, should incentivise a lot more microgeneration. Those are two different questions and policy areas.

We know that the route to market for microgeneration is already there. Power NI has a licensing condition that requires it to purchase microgenerated electricity and to put that on to the grid. Other suppliers are also involved in that business activity. Therefore, the route to market is there.

The wider question of whether Northern Ireland plc should incentivise more microgeneration as part of its move towards decarbonisation is very much a strategic one and should be dealt with and included in the context of the new energy strategy. To separate microgeneration and seek to move ahead with an incentivising scheme in advance of the strategy would probably be slightly putting the cart before the horse [*Inaudible owing to poor sound quality.*]

**The Chairperson (Dr Archibald):** That is useful. Last week, we heard from Power NI and SSE Airtricity. We heard about the different approach that is taken on microgeneration in the South. If I understand it correctly, the tariff for microgeneration there is market-driven. I know that we take a slightly different approach to the regulation of gas and electricity pricing in general compared with the South or Britain. We will need to consider that in more detail.

A number of those who gave evidence on the Bill to the Committee raised the percentage of the market share that constitutes whether a provider is a major provider. Do you have a view on that? Do

you think that not applying it equally to all providers could be a competition issue? That was raised with the Committee. Do you have any views on that?

**Mr French:** I think that —

**Mr Shiels:** Do you want me to take that one, John?

**Mr French:** Yes.

**Mr Shiels:** At this stage, we do not have particular views, Chair. Should DFE or government more widely decide to go ahead with the Bill and a resulting scheme, the suppliers involved will be a point of detail in that scheme. Based on the thresholds that have been discussed up until now, we might have three or four energy suppliers that would fall into the larger category. The important thing that the Assembly's Research and Information Service (RaISe) pointed out was that, in any event, smaller suppliers have the choice to enter the scheme should they want to. We can maybe leave the thresholds as a second-order issue if the Bill and the resulting scheme progress.

**The Chairperson (Dr Archibald):** That is useful.

This is my final question before I bring in other members. One thing that was raised consistently at Second Stage and in the evidence that the Committee has seen was the cost to consumers. From what you have seen so far and the consideration that you have given to it, do you think that there is potential for additional costs being passed on to consumers?

The target in the Bill is for 5% of electricity to come from microgeneration, although John O'Dowd, the Bill sponsor, stated that he is open to looking at that if it is thought to be too ambitious. Obviously, we will bear that in mind as well.

I take on board, John, your point about the broader considerations as to whether things are paid for via consumer bills or via general taxation. That is a separate question in terms of the energy strategy. Have you any concern about consumer costs?

**Mr French:** Whatever costs we are bringing forward to Northern Ireland consumers, we showed in the slide that we have one of the most vulnerable areas, if not the most vulnerable area, in the UK for consumers. There are consumers who can afford things, but a good number of consumers cannot. It is about making sure that any additional costs that we bring into the system, whether around the Bill or other energy measures in terms of the 2050 targets, do not unintentionally make energy less affordable for consumers here.

It is about making sure that, at the end of the day, there are no unintended consequences of the policies that are being set out. It could really help rural communities. It could help some other communities, but the overall consumer base will have to pay one way or another for those costs. It is a question of how they are fairly attributed.

**Mr Shiels:** Any move to a higher level of renewables in the next 10 to 20 years will require investment, whether in microgeneration, large-scale wind generation or greater biomass. Any move to a larger proportion of renewables in the system will cost money, and everyone recognises that. The Department recognises that in its strategy consultations. The Climate Change Committee (CCC) recognises that in its reports on Northern Ireland. In the light of the cost environment in Northern Ireland, what you really want to do is to make sure that you minimise the cost of the transition to decarbonisation. That is fundamental, and it is one of the fundamental points we have been making to the Department in terms of the strategy: how to minimise the cost of that transition.

The concern about microgeneration is that it may not be a cost-effective way of moving towards a much higher level of renewable penetration relative to other sources. For example, the Audit Office report on microgeneration a year ago implied clearly that microgeneration, for example, would be more expensive to procure and put on to the system than larger-scale renewable generation. That goes to the heart of what we said about needing to look at these issues in the wider context of the energy strategy. It is not just a question of microgeneration in isolation as the way to go. You really need to do the cost-benefit work as to whether that option makes sense relative to the other options to move to decarbonisation, particularly the relative benefits of larger-scale renewable generation versus microgeneration.

Microgeneration has benefits in terms of community participation and community benefits. We would like to talk to the Committee a bit more about that area. You brought that up, Chair, and we could probably talk about that in moving on from the context of costs per se, which, I think, we have covered.

**The Chairperson (Dr Archibald):** I guess that it is that community ownership. By "community ownership", I mean buy-in as well to encourage people to be part of the transition and to give people ownership. It is important that we focus on that because there could be huge benefits in the transition to net zero not only for consumers down the line in relation to costs and the move away from fluctuating fossil fuel costs but for the local economy. I guess that it is how we incentivise that conversation as well. That has a part to play in the broader conversation around the energy strategy. The Committee has been keen to look at that in more detail in its consideration of the energy strategy. If you have things that you want to add about that, we would be really open to hearing them.

A few members want to come in with questions. Do you want to take those now, Kevin, or do you want to respond to what I have just said? I am happy either way.

**Mr Shiels:** I will give you a brief response, and then we might come back to it later, if we have time. We agree on community participation in energy transition issues and in the sense of community buy-in. Community buy-in will be important in energy transition because there will be many more renewables, and individuals and communities will have to transform the way in which they use the energy system. Community buy-in will be key.

On community buy-in [*Inaudible owing to poor sound quality.*] We have been exploring with the Department and urging it to do more work on the area of citizen energy communities and active consumers. That work looks at how consumers can group their energy activity, whether that is self-generation, self-storage or selling back to the grid, and develop new ways by which communities at an individual level or as groups of consumers can participate in a new energy system. The Republic of Ireland has been doing a lot of work in that area and is probably a year or so ahead of us in developing the thinking on that, as are other parts of Europe. We totally agree that that is an important strand in developing the energy strategy and in the transition to decarbonisation. I flag up the fact that there is a lot of work to do because it will require new regulatory frameworks and new ways of working in the industry with communities. We have been pressing the Department to start work on that in the energy strategy and, to be fair to it, it has included it in the drafts that we have seen. That was a long short answer, Chair; sorry.

**The Chairperson (Dr Archibald):** That was helpful. The fact that the South is a bit ahead and that there are other examples across Europe means that there is potential to learn from those experiences and best practice to inform our energy strategy and any schemes or programmes that come out of it. That is useful. Perhaps, members will want to pick up on that as well.

**Mr K Buchanan:** Thanks, Kevin and John. You have picked up on almost every question that I have written down. I want to follow up on what the Chair said on your role, John, as a regulator. You talked about 10,000 customers. Have you any role — for example, with Power NI as a provider — in protecting the provider of solar-panel electricity? Have you any control over that?

**Mr French:** I want to be sure that I understand your question. Do you mean Power NI or the person who buys the solar panels?

**Mr K Buchanan:** Say, for example, 100 people with solar panels provide power to Power NI. Do you protect them in any way, or is it purely a commercial arrangement between Power NI and that person?

**Mr French:** It is a commercial arrangement between Power NI and that person. If they wanted to complain about the process, there are routes between us and the Consumer Council to take that complaint forward. The instance that you describe is a commercial arrangement between the consumer and Power NI.

**Mr K Buchanan:** So you have no regulation over that process.

**Mr Shiels:** John, I will add one thing that might help. One of the price protections that we give microgenerators is that we have a regulated price that Power NI must pay people who are "spilling" microgeneration onto the grid. Generation that they do not use — typically, about half of their generation — is spilled onto the grid. Going back years, Power NI has had a licence condition that

requires it to offer a price for energy that is spilled back onto the grid, and we regulate that price. That is a price protection in that they get a fair price for the energy that they spill back on the grid. We have other protections beyond price protections. John talked about the handling of complaints. More widely, we have no direct role in other forms of protection for microgenerators of which I am aware, other than for price and complaints, which we talked about.

**Mr K Buchanan:** Kevin, have you, as the regulator, ever had to step in and say to an electricity provider, "No, that price you're paying them is not good enough"?

**Mr Shiels:** Remember that the price that we require Power NI to pay is a regulated price. It has no choice but to pay it. It is reviewed annually. We do not have to step in, because it has to give that price to microgenerators.

Other suppliers in the market compete with Power NI, if I can put it like that, to offer a price for microgenerators that spill onto the grid. We do not regulate their prices because we do not need to; they are in competition with the regulated Power NI price. We have not had to step in because we regulate the basic price that Power NI has, and then there is competition. If the other suppliers want to beat that and offer more than Power NI, they can. Other suppliers in the market do that.

**Mr K Buchanan:** The Bill's sponsor refers to 50 kW as a maximum. Explain to me how that will work. You are going to export 50 kW from a domestic property with solar panels or whatever the method of microgeneration is. How do you do that in a community setting? If there is a maximum of 50 kW, that is not a lot to export. How will that happen in a small village? Give me the physics of how that will happen.

**Mr Shiels:** If you do not mind me saying, you are asking a crystal-ball question about the work that I talked about on how we would organise community energy systems. There is a lot of work to do, so yes, you are right. There is an engineering piece in how that happens, but there is also very much a commercial piece in how you group the activities of individual households, an estate or whatever and allow them to use the combined value of their demand or microgeneration as an asset to increase their bargaining power and sell their services to the grid in a decentralised way. It is very much the aspiration of energy markets across Europe to move to systems that can do that as a way of incentivising communities to get involved in energy transition. As I said, the Republic of Ireland has been consulting on that and thinking about it; it is probably a year or 18 months ahead of us on it. We have not started in Northern Ireland. It is one of the many things that are part of but tied up in the new energy strategy. I cannot give you an answer; all that I can say is that it is a known unknown and there is work to do on it.

**Mr K Buchanan:** What is your understanding of the Bill using the 50 kW figure? Is 50 kW the right figure? It is referred to in clause 1(5)(a). I assume it is the export figure. Let us say that we are talking about a small village that produces 50 kW in totality and uses all of it rather than exports it. What is your understanding of the Bill on the basis of 50 kW being the right figure? Is that purely the export figure, or is it the figure that is generated, with some of it being used?

**Mr Shiels:** I do not know the answer to that. Sorry, I do not know the detail of that.

**Mr K Buchanan:** To be fair, I am maybe getting into the detail of the Bill. It is just whether 50 kW is the right figure. I am not saying that it is the wrong figure; I am just asking whether it is the right figure for a community. I appreciate that you mentioned a crystal ball, Kevin. You also talked about the cart being before the horse. Maybe that is where we are. I am not running the Bill down, but maybe that is where we are a little bit — maybe the cart is before the horse.

**Mr French:** That is where we need the analysis and the evidence. It is essential that it is right and that it actively supports communities and meets the other targets that we set out on affordability, security of supply and reducing carbon emissions.

**Ms Sugden:** Good morning, John and Kevin. I will pick up on a point that the Chair and Keith made about what the Utility Regulator's role is, specific to the legislation. Are you confident that you can have a role? Do you feel empowered by the legislation in terms of the role that the Utility Regulator should or could have? Is there almost a suggestion that we need to add to the Bill in a way that would give you an explicit statutory backing or empowerment for what you need to do?

**Mr French:** As Kevin set out, there are certain things that we have already been able to do around microgeneration, but we definitely need clarity about our role. We want to do our job properly and correctly. There needs to be clarity about that role, and we need to be measured against that clarity. Yes, further clarity about the role of the Utility Regulator could be added to the Bill and the energy strategy.

**Ms Sugden:** OK. That is interesting. I know that it is a framework Bill, and perhaps that clarity could come afterwards. I am conscious that, as a Committee, we may need to look at that in order to empower you to do the role that, you feel, you need to have.

Keith made the point about the cart being before the horse, given that the Bill is potentially progressing in the absence of an energy strategy, which, in fairness to John, was not anticipated; he probably hoped that the energy strategy would be published before his Bill became law. Is there something we could do to ensure that we do not find ourselves in that situation again? I am not sure if this is even possible, but could there be some sort of time clause to ensure that we do not run ahead and that the two almost work in sync with one another? Would that be useful so that the potential effects you are concerned about do not come about?

**Mr French:** Potentially. Mostly, it is about having a clear vision of what we are looking forward to in 2050. All those things have a role to play in energy efficiency. I will go back to the point that Kevin made. From our perspective, when it comes to what we can afford, we have a fragile consumer base of business and domestic consumers. We just need to make sure that we try to bring forward the achievement of the 2050 targets with the least cost to consumers. We are not saying that that will not happen through community energy schemes; we are saying that it needs to be looked at in the round to make sure that that is the best way of doing it.

**Ms Sugden:** Yes, I —. Sorry, Kevin. Go ahead.

**Mr Shiels:** I just want to add a quick thought on both your questions. One of the key questions for the Utility Regulator's vires, as we call our statutory duties, will be what the Department decides to do about changing our statutory duties in decarbonisation, renewable energy and that area, because our current statutory duties are decades old now. One of the questions that the Department has to wrestle with is whether to elevate those duties in our statutory ranking. That is one thing, Claire.

The next thing is that we are sort of neutral at the minute. Whether it is microgeneration or other forms of renewables, the regulator is probably legislatively neutral in the sense that we have a duty to look after sustainability issues and to develop renewable energy. We are technology-neutral after that. One part of my answer is that, if the Department takes the view that we should focus on or prioritise certain forms of renewables, like microgeneration, biomass or, indeed, anything else, it needs to give us the statutory duties to prioritise that above other forms so that we are not unduly favouring one form of technology over another. Ultimately, the most important thing is that, as John reiterated, it is all about costs. We want to get the Department clear on *[Inaudible owing to poor sound quality.]* The evidence to date is that microgeneration is not the least cost way of doing that. That needs to be looked at fully.

**Ms Sugden:** I hear from that that some sort of update of the Utility Regulator's statutory powers is needed not only in the Bill but in the wider context. Even with my suggestion about us, as a Committee, looking at that, if we did that in the Bill without looking at it in the wider context, it may limit you or put a legal priority on you. I absolutely get what you say about the benefit of putting it on a statutory footing, as that ensures that the Department supports you, whether that be financially or otherwise.

Your point is interesting. I fully appreciate what John is trying to do with the Bill, and it is a great idea for empowering communities. However, perhaps it is too ambitious, given the context in which we find ourselves, because, frankly, the Department is not doing it. That is not to say that we should not do something else almost — I do not want to say this — to force the Department's hand, but is that not what legislation is about? I take your point. John is perhaps a few years ahead of where the Government are on this one.

**The Chairperson (Dr Archibald):** The statutory duties of the Utility Regulator in the context of decarbonisation is something we have consistently raised in our consideration of the energy strategy and in everything that we have been asking and putting to the Department. It is a really important issue.

**Mr Dickson:** Thank you both for your answers. This morning's session has been helpful to us.

I want to explore an issue with you. You rightly emphasised the fragility and the difficulty in terms of cost to consumers of making any change to energy policy. We have seen some fairly expensive disasters in the past, and we need to make sure that, in whatever we do — a lot of this is more to do with the energy strategy than the Bill — we are clear that either costs to consumers have to be held at a minimum or that we start to be in a position to reduce costs to consumers in carbon-neutral energy production.

In the context of the Bill, there has been discussion of how people might group together to take advantage and gain benefits. At a briefing last week, concern about the other side of the cost equation was expressed to us. It is not so much about the cost to the consumer but about those who might be in a position to provide the resource — in other words, a roof or a large field to provide a turbine, for example — but do not have the financial ability to deliver the energy themselves. That is ideal territory to allow people to move into things like cooperatives and other group schemes. A group scheme does not just have to be a village; it could be a group of interested people. It could be a teachers' trade union cooperative in which everybody buys into micro-energy production, and, if the limit is 50 kW, you just break them up into groups of 50 kW. Lots of imaginative thinking on how all this can be delivered needs to be done out there, and we should not confine ourselves just to a roof or a large space somewhere where people can do the microgeneration. Obviously, the microgeneration has to happen and has to be effective and efficient. It is about taking that next step to ensure that it is cost-effective, delivers value for money for people and everybody has equal access to its benefits.

**Mr Shiels:** Part of our conversation with the Department as it has been developing its strategy on community energy schemes and active consumers has been about the administrative arrangements that need to be put in place to help people and groups develop business plans, as well as the regulatory frameworks that need to be put in place so that they can then participate in the energy markets. Finally, one issue was left open, and the discussion was simply this: do community energy schemes need incentivised, or should they be left to rise or fall, if you like, on whether they are commercially viable? That is, thankfully, very much a decision for the Government and not regulators, but you are right: there is lots of work to do. The work splits into administrative arrangements and regulatory arrangements, and the key question is then whether they need incentivised to get them off the ground or whether they stand and fall on their own merit, and that is a policy question for government.

**Mr Dickson:** One comment in the information that we received from you is that, in other parts of the UK, there are some unsuitable installations. What role do you have or what role would you seek to have as a regulator to ensure that an installation can do what it says on the tin — in other words, if it says it will deliver x kilowatts, it will deliver x kilowatts?

**Mr French:** That goes back to setting out the role of the Utility Regulator in the proposal. If it was decided that we should take that forward, we would take it forward. This is all built around consumer confidence and making sure that people get a return from what they pay for. The DFE energy strategy mentioned the one-stop shop and how it would support consumers to make the correct investment decisions. There needs to be that wrap-around support for consumers and businesses to make the right and most cost-effective decisions, and there then needs to be a support and complaints mechanism in place to help consumers if they do not get what they paid for.

**Mr Dickson:** That has to be robustly policed by an organisation like yours.

**Mr Weir:** Thank you, gentlemen, for your presentation. A lot of the ground has been covered, but I want to touch on two or three things briefly. Keith asked about the 50 kW target. I appreciate that the Bill's sponsor has indicated that he is not, in a doctrinaire sense, tied in with a specific figure, but there is the specific requirement to have 5% of the electricity supply sourced from microgeneration. At this stage, are you in a position to comment on whether 5% is the right percentage or an adjustment is needed, or is that also in the realms of crystal-ball gazing?

**Mr French:** That is where research needs to be undertaken to make sure that that is the right figure. As with everything, it needs to make sure that it adds up and adds to what is being suggested for the move to 2050. I do not think we have a firm position on whether 5% or 50 kW are the right figures at this time, because I do not think there is the evidence to robustly support it.

**Mr Weir:** You mentioned this on a number of occasions, and, to put this in measured and diplomatic language, we have to ensure that we do not have unintended consequences. However, I suppose that an unintended consequence is not the same as an unforeseen or unforeseeable consequence. Is there a potential tension with microgeneration between what might be called "community benefit" and wider consumer cost?

**Mr French:** That is why we have to be clear about what the policy aim of this or any other energy Bill is. Energy policy has a history of having unintended consequences over the last 20-odd years. We need to be clear about what we are trying to attain. Is it to support communities? You might take different policy decisions on that. Is it about empowering consumers to play their part with the 2050 net zero targets? You might have different policy aims for that. If there is not that clarity, we sometimes end up with a policy or we do not look at the overall evidence on the impact that certain things could have.

As we have found this year, the lack of wind on the system has meant that we have had to use more conventional power stations to take the shortfall, and that has had cost implications. What does that mean for community energy? In five to seven years, if that windfall pattern is meant to occur, what does that mean for community energy wind systems? Does that mean that there needs to be backup from conventional power stations to support it? It is about having that holistic picture to make sure that, as we try to do what is possibly the right thing in one area, it has an overall impact and does not increase consumers' bills unintentionally, does not reduce security of supply and increase the likelihood of blackouts in Northern Ireland and makes a difference with carbon emissions.

**Mr Weir:** To summarise — this is more of a comment than a direct question — if we are to approach the legislation and, indeed, any way forward with our eyes open, we need a clear-cut policy context and an evidence base. The timing is no fault of the sponsor of the legislation. If I read it correctly, hopefully, we will have a much clearer picture relatively soon. To some extent, the Bill is a piece of the jigsaw, but we will not know whether that piece is configured correctly to fit until we see the rest of that jigsaw through a clear-cut energy policy context and we see whether the legislation is fit for purpose in its detail or will need some adjustment. Is that a reasonable enough summary of the issues?

**Mr French:** Yes. I think that that is where we are.

**Mr Shiels:** Yes, I think that that is right. The 5% figure is a good example of that. From an optimal point of view, you would want your 5% figure to be the result of having done that work and a clear view that microgeneration needs to be part of the mix. That 5% required purchasing by suppliers was the mechanism by which we were going to ensure that microgeneration was at the right level in that mix. However, you would want the 5% to be the outcome of that work rather than the initial stab in advance of the strategy.

**Mr Weir:** Again, through no fault of the proposer of the legislation, some of it is putting the cart before the horse until we really see the wider context of the energy policy.

**The Chairperson (Dr Archibald):** I do not have anybody else coming in for questions. Since we have you here and in the current context of rising costs and everything else, is there anything you want to add beyond the information that you previously gave the Committee on rising costs, the general outlook and your forecast today for the next three years and where that all fits in with the energy strategy work?

The Communities Minister announced yesterday at Question Time her plans to bring forward an energy support payment. I know that you have been involved in proposals on that with both Departments and the Consumer Council. Is there anything that you want to add to any of that?

**Mr French:** As I showed you on that graph, prices are, unfortunately, not weakening. They have come down from the £4.07 mark that occurred in the first week of October, but they closed last night at £2.40. As we showed you on those forward curves for 36 months, prices do not get down to the normal levels of 40p to 60p, so there are real concerns, and we are starting to see that more in other European countries and in the GB price.

It is a global issue, and we are thankful that the Communities Minister has brought forward that package for this winter. It raises a larger question. This is not a blip. All things being equal, Russia might not increase the flows into Europe, and some of the recent increases have been because Gazprom has decided not to take on future contracts. We have had the cold winter spell. We need to

have a discussion about what the wider energy policy context looks like. Some commentators are starting to ask whether this is a resetting of energy prices or whether we will potentially see them go back to the days when they were 40p to 60p. Both need a policy discussion, and we need to look at how we will support consumers and business in Northern Ireland over the next 36 months at least.

**The Chairperson (Dr Archibald):** That is helpful to us. We wait to see what the energy strategy brings, and then we can have a further conversation on the outworkings of all that. As you said, we would need a strategic and policy framework at that stage.

Thanks very much for being with us this morning and for your input to the Bill. It has been really helpful to us. I am sure that we will see you soon enough.

**Mr French:** Thanks, Chair and members.