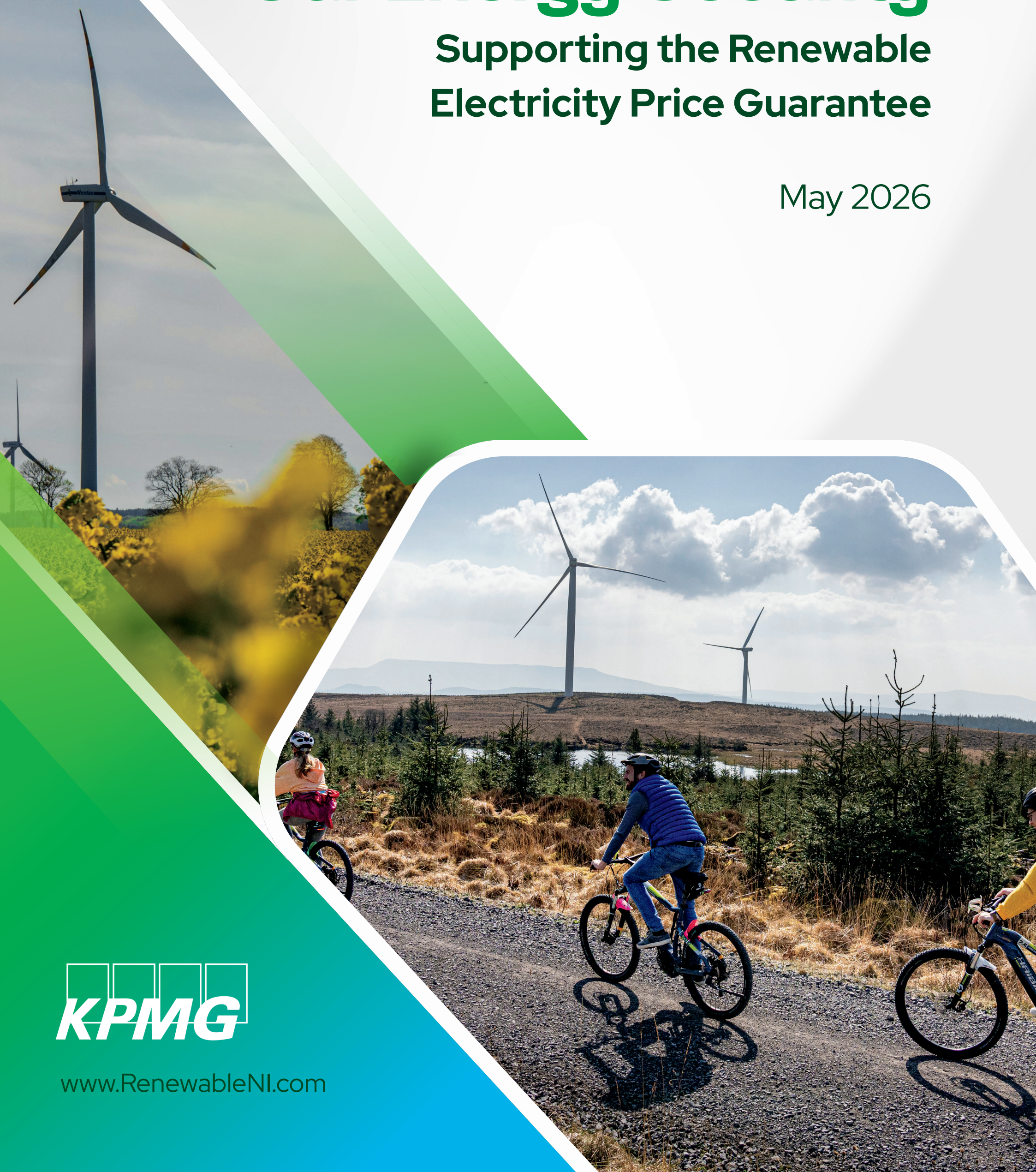


Renewable*ni*

Our Energy Security

Supporting the Renewable
Electricity Price Guarantee

May 2026



KPMG

www.RenewableNI.com



Restoring Energy Security and Price Stability

The decisions taken over the coming months will shape Northern Ireland's energy future for decades.



**Foreword by
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The absence of an appropriate policy framework here has left us heavily reliant on imported fossil fuels, meaning households and businesses are vulnerable to global price shocks driven by geopolitical events and decisions beyond our control. Recent global volatility has highlighted Northern Ireland's dependence and exposure to international energy markets and foreign fuel imports.

The Renewable Electricity Price Guarantee (REPG) represents a critical opportunity to address this challenge by stimulating new indigenous electricity generation which is decoupled from international energy pricing. It has the potential to restore confidence in our electricity market, support delivery of legally binding climate targets, reduce reliance on imported energy and insulate consumers from future energy price volatility.

Northern Ireland also has one of the strongest renewable energy resources in Europe, an experienced renewables industry, a strong pipeline of projects and capital ready to invest. What we have lacked over the past decade is the stable policy framework needed to unlock this potential.

Since the closure of the Northern Ireland Renewables Obligation, the region has been without a long-term support mechanism for renewable electricity. Over the same period, neighbouring jurisdictions have moved ahead with mature, competitive schemes that provide price certainty for investors and long-term protection for consumers.

While others are moving decisively to modernise their energy systems and secure economic resilience, Northern Ireland has been constrained by a prolonged absence of clear policy direction.

This report is intended to inform critical decision-making regarding REPG and the role it can play in strengthening Northern Ireland's long-term energy security, price stability for electricity and competitiveness for inward investment.

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1. Introduction

This report details the Renewable Energy Price Guarantee (REPG) scheme, its benefits, and some frequently raised questions.

1.1 Background to this report

Northern Ireland’s (NI) Department for the Economy (DfE) has proposed a new support mechanism, the REPG, to address the lack of long-term price certainty and investable signals in the NI electricity system and to support the delivery of legally binding climate targets. The scheme aims to deliver more stable and predictable energy prices and is a critical step towards achieving the Climate Change Act’s target of 80% renewable electricity consumption by 2030.

The DfE launched a public consultation on the proposed scheme in February 2023, published high-level design decisions in 2024, and set out the final scheme design in September 2025.¹ Primary legislation is expected to be required in 2026 to enable the scheme and facilitate the first REPG auction in 2027.

1.2 Objectives of this report

KPMG has been engaged by RenewableNI to undertake an independent assessment of the REPG, examining its design, the potential benefits it may deliver, and to address key questions raised by stakeholders.

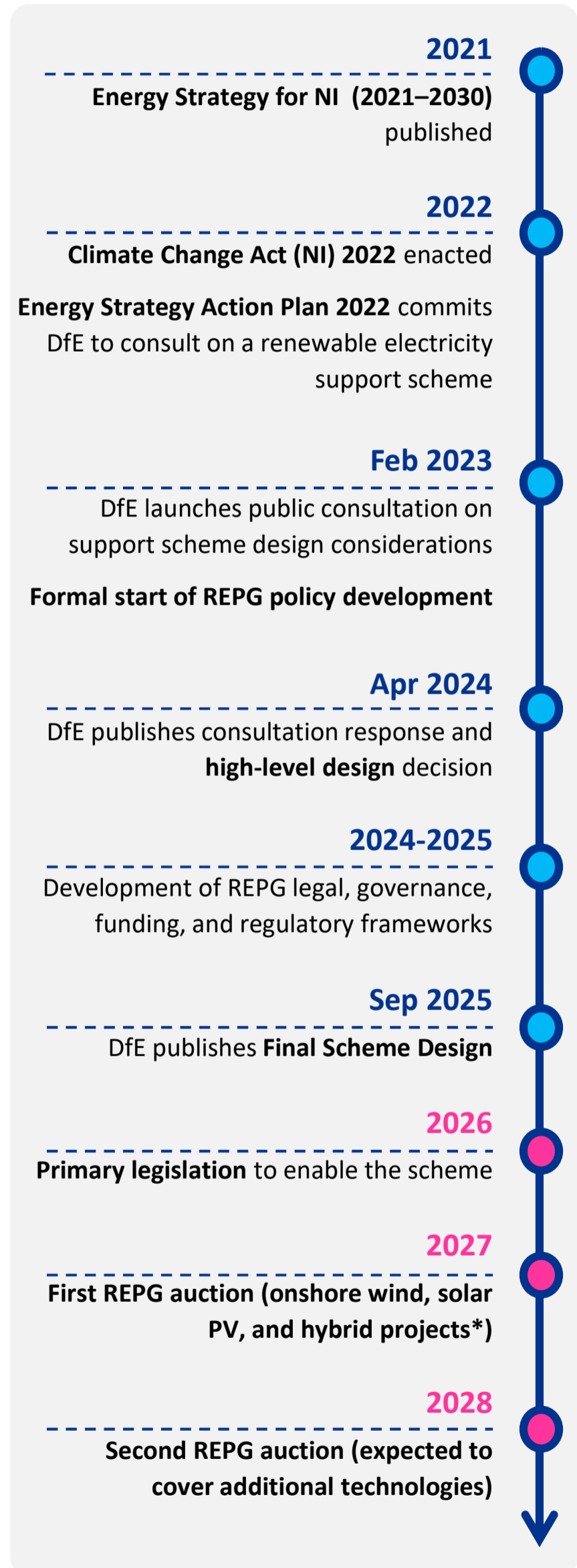
This policy briefing provides an overview of what the REPG is, how it is intended to operate, the issues it seeks to address, and the key considerations associated with the scheme.

1.3 Policy overview and context

The REPG is designed to align NI with established renewable electricity support schemes in Great Britain (GB) and the Republic of Ireland (RoI), notably the GB Contracts for Difference (CfD) and RoI’s Renewable Electricity Support Scheme (RESS). By using a competitive, auction-based, two-way contract model, the REPG reflects a proven approach to delivering renewable generation at least cost, providing investor certainty while protecting consumers from fossil-fuel price volatility.

The REPG is a strategic policy intervention that supports climate compliance, energy security and affordability. Delaying implementation risks prolonging exposure to volatile energy prices and undermining investor confidence at a critical point for the NI energy system.

1.4 REPG scheme development timeline



* Hybrid projects combine generation technologies (e.g., wind + solar PV) and/or include Battery Energy Storage Systems (BESS).

2. REPG scheme overview

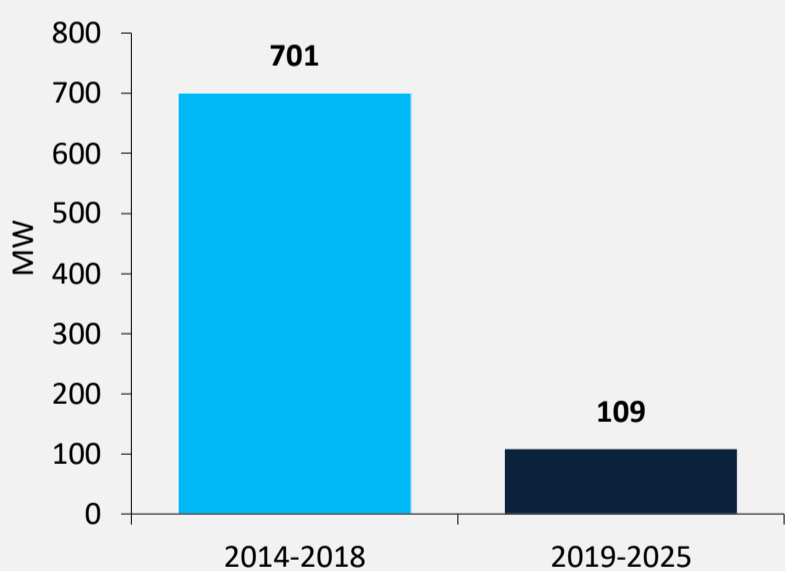
How the REPG will work and what it will deliver.

2.1 What is the REPG?

The REPG is a proposed government-backed support scheme designed to re-establish long-term price stability and investment certainty in the electricity system.¹ The scheme is at an advanced stage of development, with the first auction scheduled for 2027, subject to the passage of enabling primary legislation in the current legislative cycle.

The REPG is designed to incentivise renewable deployment as part of a wider move to stabilise the electricity market and reduce long-term system costs. The REPG will reduce long-term exposure to volatile fossil-fuel-driven electricity costs by increasing the share of fixed-price, domestically generated power. While NI has a strong historic track record of renewable energy deployment, progress stalled following the closure of the Northern Ireland Renewable Obligation (NIRO) support scheme in 2018. As illustrated in the graph below, the five years leading up to the closure of the NIRO in 2018 saw around 700 MW of renewable capacity come online, whereas only 109 MW has been delivered in the years since.²

Significantly less renewable capacity has come online since the closure of the NIRO in 2018



NI is currently one of the only countries across the UK and Europe without a renewable support scheme in place. As a result, deployment of large-scale renewable generation has declined significantly, with very few new assets built and energised since 2018. The proportion of electricity from renewable sources is falling year-on-year from a peak of 51.6% in 2022 to 47% as of 2025.³

When surveyed in 2023, **82%** of local and international renewable energy investors and developers considered NI to be an unattractive investment location.⁴

2.2 How does the REPG work?

The REPG is modelled on the renewable energy support schemes currently operating and proven in GB and RoI and incorporates learnings and best practice from these schemes. The REPG establishes a predictable, long-term investment pipeline of renewable energy supply through scheduled auctions and revenue certainty. Renewable energy projects which secure a contract will receive a 15-year, inflation linked offtake contract, which will establish a fixed-price benchmark for a portion of electricity supply, reducing exposure to wholesale price volatility. For consumers, this two-way structure stabilises electricity costs and delivers bill protection during periods of high wholesale prices. The scheme will be funded by a levy on consumer electricity bills.

The scheme is significantly more sophisticated than the previous NIRO scheme and incorporates a number of consumer-friendly changes:

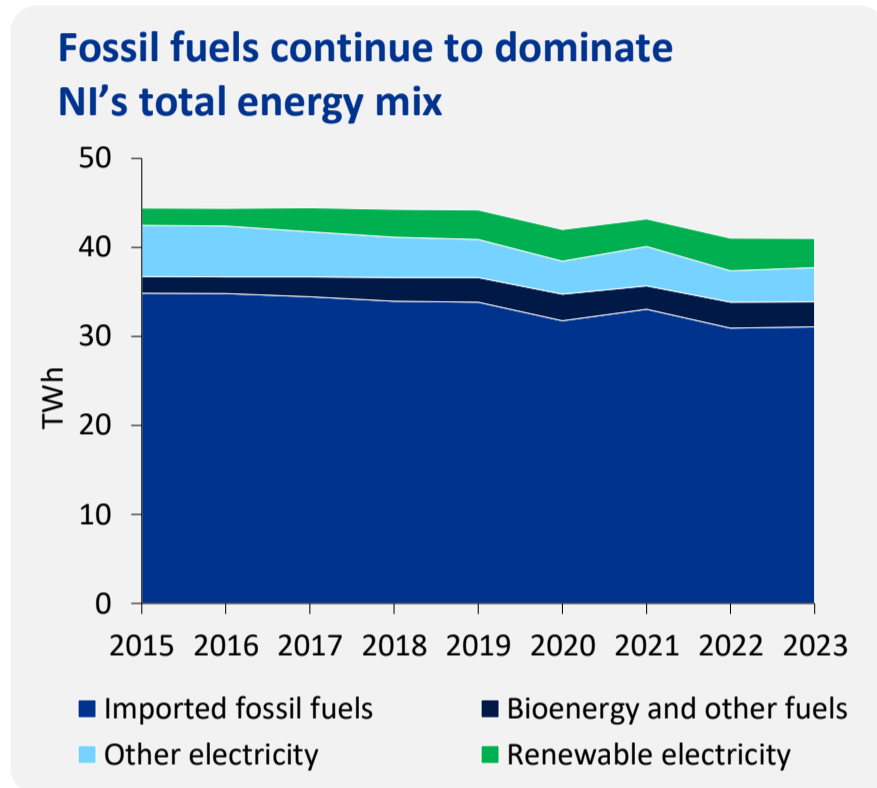
- 01** It will use auctions to secure the most competitive renewable electricity prices for consumers. Only the most cost-effective projects will secure contracts.
- 02** The scheme is funded through a system-level levy on electricity bills. When wholesale market prices are below the contracted price, the levy contributes to scheme costs; when prices are above the contracted price, generators pay back into the system, resulting in bill rebates for consumers.
- 03** The scheme intends to incorporate community benefit provisions for households located near supported projects, although the precise form of delivery is still being developed.

3. What are the REPG's policy objectives?

The REPG is being introduced to support a number of NI government policy objectives.

3.1 Energy Security

As seen in the chart below, NI currently imports almost 90% of its total energy mainly in the form of heating oil, transport fuels and gas.⁵ With increased geopolitical volatility, this reliance exposes NI to price shocks and supply risks that cannot be mitigated domestically.



Recent analysis by RenewableUK⁶ demonstrates fixed-price, domestically generated renewable electricity as a core element of energy security and economic resilience, because it reduces the share of electricity costs exposed to internationally traded fossil fuels. The Iran war has reinforced how disruptions to major oil and gas supply routes can quickly feed into price spikes, strengthening the case for reducing exposure to imported fossil fuels.

Scaling renewables provides a hedge against unpredictable fossil fuel prices because wind and solar do not require fossil fuel inputs, weakening the pass-through of commodity shocks into the economy.

The REPG acts as a structural hedge by increasing the volume of electricity procured on long-term fixed prices, limiting the transmission of fossil price shocks into consumer bills. Evidence from the Russia-Ukraine crisis supports this: Baringa analysis estimates renewables reduced NI household electricity bills by ca. £160 per consumer between 2020 and 2023 by displacing expensive gas generation.⁷

Without additional renewable generation, this exposure will persist as electricity demand grows and existing gas-fired plants retire. In addition, the decentralised nature of wind and solar generation improves system resilience by reducing reliance on single large assets and limiting the impact of both physical and cyber disruption to the electricity system.

£218m reduction in gas and carbon costs in NI last year due to renewables.⁸

As NI increasingly electrifies its heat and transport sectors, the REPG will provide a mechanism to support this growth in electricity demand. Furthermore, as a majority of NI's gas-fired generators are set to retire within the next decade, they will need to be replaced by another means of electricity generation.⁹

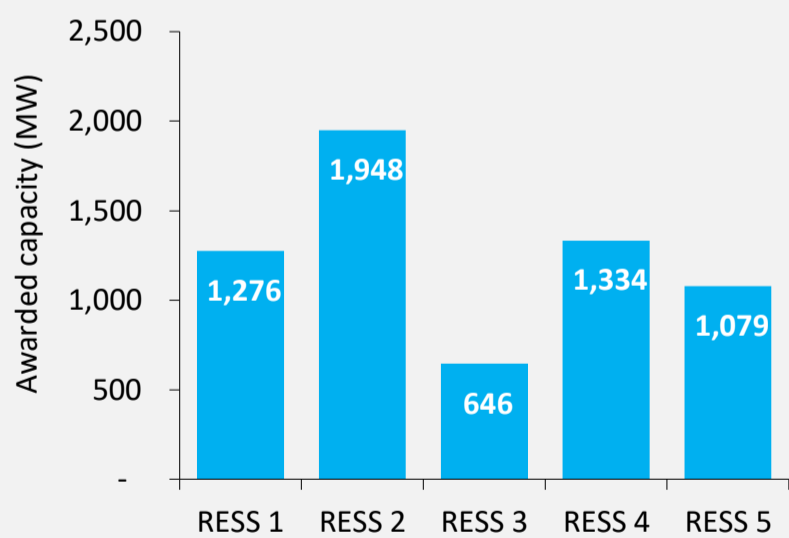
If no renewable support scheme is put in place, NI will be forced to continue paying for volatile fossil fuel imports. Through the REPG, NI could instead support cheaper wind and solar generation that have no ongoing fuel costs.

3.2 Economic growth

By supporting the delivery of NI’s 2030 renewable electricity targets, the REPG will stimulate significant economic activity. KPMG analysis shows that meeting these targets would see onshore wind and solar contribute up to £479 million in Gross Value Added (GVA) per year by 2030.^{10,11} Similar schemes have restored electricity market credibility, enabling long-term infrastructure investment, regional economic growth and industrial competitiveness.

The chart below shows that, since 2020, RoI has delivered five successful renewable energy auctions through its Renewable Electricity Support Scheme (RESS).¹² This has supported the deployment of up to €12.5 billion¹³ of renewable investment to over 200 projects, resulting in spillover benefits such as onshore wind generators accounting for up to 22% of commercial rates in some local authority areas.¹³ At a time of constrained local government finances, increased commercial rate revenues from renewable generation provide an important and dependable source of funding for local councils.

Over 6,000 MW of renewable capacity has been awarded contracts through RoI’s support scheme



The RoI support scheme provides long-term revenue certainty and has aided Ireland in attracting large international investors and large energy users, including data centres and pharmaceutical companies, many of whom increasingly demand access to local, renewable electricity. Over the same period, NI has had no active support scheme in place, leaving it unable to compete for comparable levels of investment or effectively attract mobile capital and energy-intensive industries.

If 2030 renewable targets are met, onshore wind and solar could together deliver the following annual benefits from 2030:^{11,12,*}

£479m

Gross Value Added (GVA) in 2030,

£118m

Labour income in 2030,

£27m

In business and commercial rates in 2030,

3,150 direct and indirect jobs

Supported across the onshore wind and solar value chains in 2030, and

£36m

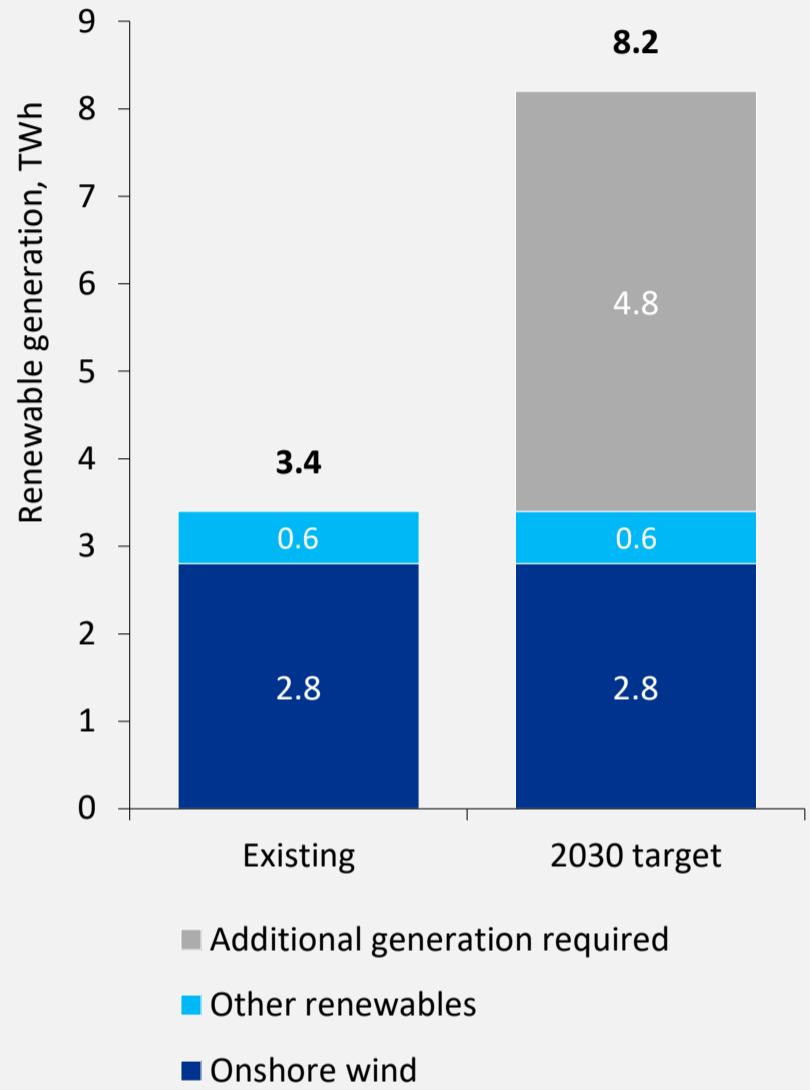
In employment-related taxes in 2030.

* All economic and employment figures are annual impacts in 2030.

3.3 Climate and renewable generation targets

The NI Assembly has legislated for a legally binding target to reduce greenhouse gas emissions by at least 48% by 2030, and to achieve net zero emissions by 2050.¹⁵ A core component of this pathway is a requirement for at least 80% of electricity consumption to come from renewable sources by 2030. Whilst 51% of NI electricity came from renewable sources in 2022, progress has since stagnated. Following public consultations and system analysis, DfE concluded that two rounds of the REPG will enable NI to deliver on its 2030 renewable electricity target. As seen in the chart below, almost 5 TWh of additional renewable generation will be required to meet climate targets.¹⁶

More than double today's renewable electricity generation will be required to meet 2030 targets



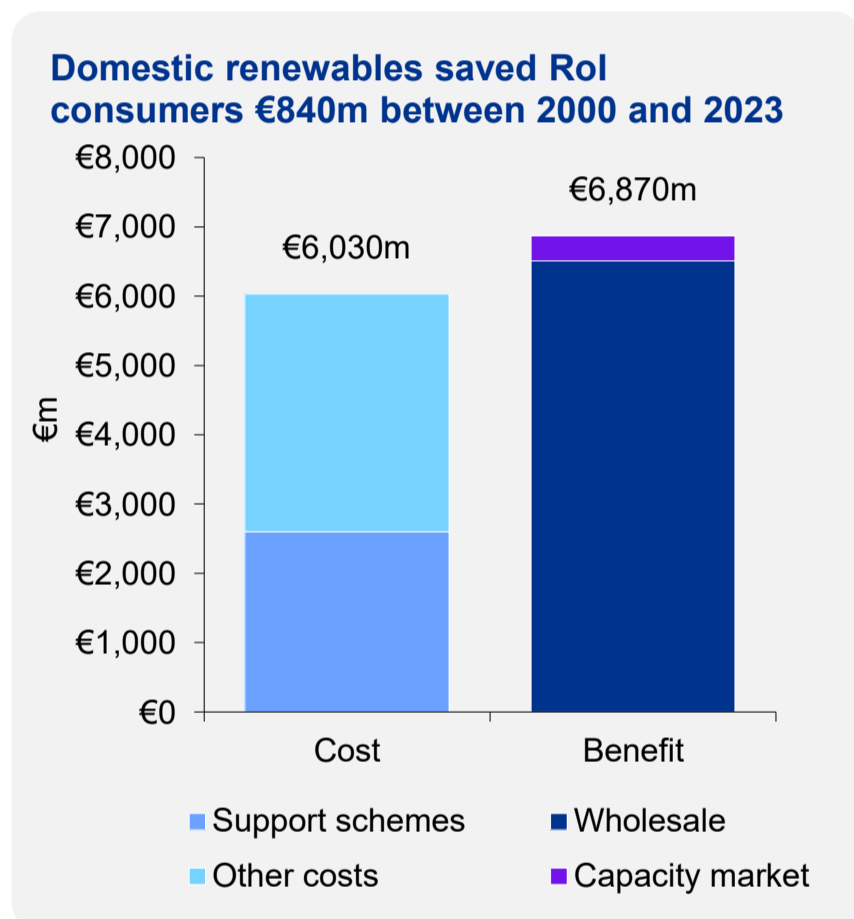
4. Frequently asked questions

Notwithstanding the benefits, legitimate questions have been raised regarding the REPG which policymakers are right to consider.

4.1 REPG and consumer bills

The REPG is designed to provide long-term price stability through fixed-price contracts, reducing consumers’ exposure to fossil-fuel-driven price shocks and volatile wholesale markets over time.

Any increased costs are expected to be fully or partially offset by a reduction in the purchase of more expensive fossil fuel generation for consumers going forward. The chart below shows results from an RoI study which found that, even when taking into account support scheme costs of over €2.6bn, domestic renewables reduced the cost burden on Irish consumers by a net €840m between 2000 and 2023.¹⁸







As more renewables are built, exposure to volatile gas prices and rising carbon prices are reduced. This will help reduce electricity bills and protect consumers. Baringa calculated that domestic renewables insulated RoI consumers from spiralling fuel costs between 2020 and 2023, cutting annual bills by an average of €320 per person.¹⁷

Whilst a modest initial cost may arise in the early years as capacity is delivered, the REPG is designed to act as insurance and reduce electricity bills over time, insulating consumers from fossil-fuel price volatility. Under a two-way structure, consumers benefit both when wholesale prices are high, through generator paybacks that reduce bills, and when prices are low, through long-term price certainty that lowers system risk and financing costs.

The overall impact on bills will depend on how quickly supporting infrastructure, such as grid upgrades and energy storage, is delivered alongside new renewable generation projects. Research by the Department for Business, Energy, and Industrial Strategy (BEIS) concluded that the GB renewable electricity support scheme, which is similar to the REPG, will save consumers £3 billion up to 2050 compared with the previous Renewables Obligation scheme, which was similar to the NIRO.¹⁸

4.2 Do other jurisdictions have similar support schemes?

As well as GB and RoI, many other jurisdictions are using, or are planning to use, schemes similar to the REPG¹⁹, for example:

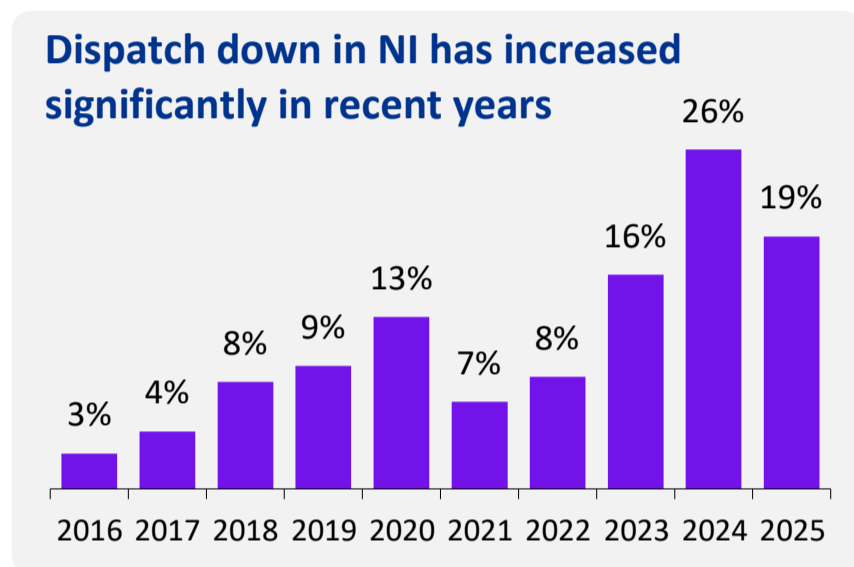
-  **Spain:** Introduced a two-way, fixed-price scheme in 2020.
-  **France:** Uses a two-way scheme for offshore wind.
-  **Denmark:** Moved from earlier models to a two-way system for 2024/2025 offshore wind projects.
-  **Netherlands:** Implementing a two-way support scheme by 2027.

4.3 Is NI not already having to switch off wind farms and other renewables?

Yes – this issue, known as *dispatch down*, is when renewables are instructed to turn off when there is insufficient demand or capacity to accept their output. As shown in the chart on the next page, around 26% of renewable generation was dispatched down last year², a trend increasingly seen across many other jurisdictions.

The REPG will also mitigate the financial impacts of dispatch down. Under a two-way contract structure, supported projects receive revenue stability when output is reduced for system reasons, ensuring that necessary system security actions do not undermine investment confidence. This allows renewable capacity to be delivered in parallel with grid reinforcement and flexibility measures, while dispatch decisions remain driven by system needs.

Whilst dispatch down has been high in recent years, recent SONI data indicates that it has eased from its 2024 peak down to ca. 19% in 2025, indicating movement in the right direction.² Dispatch down is a complex issue that requires multiple solutions acting together. SONI's action plan of measures, including grid investment, the roll-out of new technologies, and changes to how the grid is operated,²⁰ is already showing positive impact.²



Energy storage is one example of an innovative solution already in place – large-scale batteries are now being used to displace fossil fuel generation at peak times by exporting stored renewable electricity in its place. SONI's roadmap²¹ and Dispatch Down Action Plan set out system measures to manage network constraints – including enhanced operation of battery energy storage – which will coincide with the energisation of new REPG projects.

SONI, NIE Networks and the Utility Regulator (UR) have all been explicit that enabling significantly higher levels of renewable electricity is a core objective of ongoing system planning, grid investment and regulatory decisions.

The Regulator has already approved a £2.23bn investment programme for NIE Networks (RP7), stating that this investment “will facilitate the transition away from fossil fuels to renewable energy sources” and “future-proof Northern Ireland’s electricity network as we journey towards net zero” while “consumers benefit and are protected”.²²

The Regulator has further confirmed that RP7 allowances were increased specifically to “ensure Northern Ireland has the grid infrastructure it needs to meet net-zero targets and government statutory emissions and renewables targets”.²²

NIE Networks has similarly positioned RP7 as enabling higher renewable penetration, noting that the approved investment will “facilitate increased renewable generation and provide sufficient network capacity to support the transition away from fossil fuels”.²³

The REPG is aligned with ongoing grid investment, system operation reforms and flexibility deployment, so new renewable capacity is delivered in parallel with network reinforcement. The REPG aims to facilitate investment in renewable generators which will last 30 years. Asset construction needs to begin now, rather than waiting until every part of the system is fully optimised.

£2.23bn investment package approved by the Utility Regulator for April 2025–March 2031 to build and maintain the grid and add capacity/flexibility for more renewables²³ – a key enabler to reduce dispatch-down.

4.4 Can we hold off and do this later?

With no energy support scheme in place for almost a decade, NI has already lost valuable time to attract investment, deliver new renewable assets and protect NI electricity consumers against fossil fuel price volatility. While many jurisdictions are struggling to meet their renewable generation targets, their deployment trends are improving. In contrast, NI is currently regressing. This matters because renewable projects have long development lead times. Therefore, to achieve material growth, investor confidence must be rebuilt now. Investment in electricity generation is inevitable; further delay would simply defer required investment, prolong reliance on imported energy in the interim, and further erode NI’s credibility within the wider energy ecosystem.

5. Conclusion

The case for progressing the REPG through primary legislation.

In an increasingly unstable geopolitical environment, energy independence is best delivered by reducing exposure to imported fossil fuels whose price and availability are set outside of NI's control. The REPG achieves this by accelerating the deployment of fixed-price, domestically generated renewable electricity.

By fixing a portion of electricity supply prices over the long term, the REPG functions as an insurance mechanism for consumers, reducing exposure to volatile fossil-fuel markets while lowering the overall cost of capital in the electricity system.

The REPG represents a critical step in restoring NI's electricity system stability, energy security and investment credibility after almost a decade without a long-term renewable market framework.

By providing long-term revenue certainty through competitive, market-based auctions, the REPG aligns NI with best practice in GB and RoI, while reducing reliance on imported fossil fuels that expose consumers and public finances to volatile global markets.

The Department has said that the REPG is essential to meet legally binding climate targets. Furthermore, the REPG will strengthen energy security and create the conditions for inward investment, supporting a pipeline of renewable projects that deliver long term value to communities, councils and electricity consumers across NI.

Delaying implementation would prolong exposure to volatile fossil fuel prices, increase system risk and reduce NI's attractiveness as a location for clean energy investment.

The REPG should therefore be viewed not only as a climate and infrastructure investment policy, but as a strategic measure to strengthen NI's long-term energy resilience, affordability, and security of supply. Timely implementation therefore strengthens long-term affordability and resilience by reducing exposure to future energy price shocks.



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Below is a list of sources and documents used in the analysis and writing of this report.

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