EXPLANATORY MEMORANDUM TO

THE ENERGY PRICES ACT 2022 (AMENDMENT) (NORTHERN IRELAND) REGULATIONS 2026

2026 No. 675

1. Introduction

1.1 This Explanatory Memorandum has been prepared by the Department for Energy Security and Net Zero and is laid before Parliament by Command of His Majesty.

1.2 This memorandum contains information for the Joint Committee on Statutory Instruments.

2. Declaration

2.1 Martin McCluskey MP, Minister for Energy Consumers at the Department for Energy Security and Net Zero, confirms that this Explanatory Memorandum meets the required standard.

2.2 Ben Pledger, Deputy Director for Energy Bills Delivery at the Department for Energy Security and Net Zero, confirms that this Explanatory Memorandum meets the required standard.

3. Contact

3.1 Bryn Francis at the Department for Energy Security and Net Zero, email: LowerBillsTeam@energysecurity.gov.uk, can be contacted with any queries regarding the instrument.

Part One: Explanation, and context, of the Instrument

4. Overview of the Instrument

What does the legislation do?

4.1 This instrument amends the period of time during which the Northern Ireland Department for the Economy (NI DfE) can exercise powers under the Energy Prices Act 2022 (EPA).[1] Among other things, these powers allow support to be provided for meeting the costs of energy, provide for that support to be passed through to end users, and allow the NI DfE to confer functions on other bodies to deliver that support.

4.2 The EPA previously provided for the NI DfE to exercise their powers for the duration of the first period of 26 months since the EPA was passed during which both the NI First Minister and deputy First Minister hold office, meaning their powers would cease to be exercisable on 3 April 2026. These regulations amend this period from 26 months to 6 years. This means that the NI DfE's powers are currently set to remain available from the time these regulations come into force until 3 February 2030.

Where does the legislation extend to, and apply?

4.3 The extent of this instrument (that is, the jurisdiction(s) which the instrument forms part of the law of) is Northern Ireland.

[1] https://www.legislation.gov.uk/ukpga/2022/44

4.4 The territorial application of this instrument (that is, where the instrument produces a practical effect) is Northern Ireland.

5. Policy Context

What is being done and why?

5.1 We are taking forward these regulations at the request of the NI DfE, to ensure they have the legal powers to deliver a comparable offer to the exchequer funding of 75% of Renewables Obligation (RO) costs on average domestic energy bills we are delivering in Great Britain.

5.2 In Great Britain, the government is relying on various EPA powers to fund 75% of the cost of the RO attributable to domestic energy supply from April 2026 in Great Britain. This RO to Exchequer policy was announced in the Autumn Budget 2025.

5.3 The UK Government is working with the Northern Ireland Executive as they consider developing a comparable offer to the RO to Exchequer policy, and the exact design of this comparable offer has not yet been finalised. However, the NI DfE has concluded that to deliver comparable support in NI, they would also need to use the EPA powers, as is being done in GB. There are separate regulations which have been introduced to extend the life of the section 13 EPA power in GB.[2]

5.4 Energy affordability is a transferred matter in Northern Ireland, so it is ultimately for the NI DfE to decide how to use these powers. This instrument is enabling in nature and does not itself provide financial support or determine the design, timing or announcement of any scheme in Northern Ireland. However, the UK Government will continue to work with the NI Executive as they develop their policy.

What was the previous policy, how is this different?

5.5 Without this instrument, Northern Ireland's relevant powers in the EPA would not have been available for the implementation of the NI DfE's comparable offer to the RO to Exchequer policy. Only the UK Government can extend these powers.

5.6 The Statutory Instrument (SI) amends the period in which the NI DfE's relevant powers in the EPA can be exercised, with the effect that these powers are currently due to expire on 3 February 2030. This extension is required to facilitate the NI Executive delivering a comparable offer to the GB policy to take 75% of Renewables Obligation costs off average domestic energy bills. The government committed at the 2025 Budget to work with the NI Executive if they chose to develop a comparable offer.

6. Legislative and Legal Context

How has the law changed?

6.1 Schedule 5 to the EPA sets out time periods in which certain powers under that Act are exercisable by the NI DfE. As amended by SI 2025/204, paragraph 7(1)(a) of Schedule 5 provided for certain NI DfE powers to cease to be exercisable after a period of 26 months during which both the First Minister and deputy First Minister in Northern Ireland held office (currently 3 April 2026).

[2] The Energy Prices Act 2022 (Extension of Time Limit) Regulations 2026: https://www.legislation.gov.uk/ukdsi/2026/9780348279634

6.2 Paragraph 7(3) of Schedule 5 provides for regulations to substitute the period of time specified above, as was done in SI 2025/204.[3] This instrument relies on this power to substitute the 26-month period in paragraph 7(1)(a) of Schedule 5 for a 6-year period.

Why was this approach taken to change the law?

6.3 This is the only possible approach to make the necessary changes.

7. Consultation

Summary of consultation outcome and methodology

7.1 No consultation was undertaken for this Instrument as it extends a deadline for the government to take action, so does not change policy affecting external stakeholders.

7.2 The UK Government has engaged with the NI Executive as part of the development of this SI, and further stakeholder engagement will be carried out by the NI Executive as they develop their comparable offer in NI. Any consultation or engagement on the detailed design of a Northern Ireland scheme would be a matter for the NI Executive.

8. Applicable Guidance

8.1 This instrument does not require guidance as it extends a deadline for the NI Executive to take action, so does not affect external stakeholders.

[3] The Energy Bill Relief Scheme and Energy Bills Discount Scheme (Amendment) Regulations 2025: https://www.legislation.gov.uk/uksi/2025/204/made

Part Two: Impact and the Better Regulation Framework

9. Impact Assessment

9.1 A full Impact Assessment has not been prepared for this instrument because this SI alters time limits on the NI DfE's exercise of powers in the EPA. This SI only extends existing powers which can be exercised by the NI DfE and therefore will not have any direct impacts. However, it will facilitate the NI Executive delivering a comparable offer to the GB policy which could have the below impacts.

Impact on businesses, charities and voluntary bodies

9.2 It is expected that there will be no significant impact on business, charities or voluntary bodies from a scheme comparable to that in GB. Additional processes for NI domestic energy suppliers, depending on the approach adopted, may lead to additional costs such as familiarisation and reporting.

9.3 The legislation does not impact businesses; it only extends existing powers which can be exercised by NI DfE. If NI DfE did deliver a comparable scheme to the one in GB, there may be some impacts to domestic electricity suppliers in NI as outlined above

9.4 The impact on the public sector from the SI are to NI DfE and other bodies in NI such as potentially the Northern Ireland Utility Regulator. The largest cost would likely to be to the Exchequer from funding the reduction in electricity bills for households. Depending on the design of the scheme adopted in NI, there may also be additional costs to public bodies from enforcing compliance and administering the scheme. However, as with the scheme in GB, these are expected to be relatively small.

10. Monitoring and review

What is the approach to monitoring and reviewing this legislation?

10.1 This is an extension of a statutory time limit by DESNZ that applies to the NI DfE. The extension is intended to cover the time-limited duration of the scheme in NI, and therefore we are not proposing a monitoring and review process for the legislation itself.

10.2 The instrument does not include a statutory review clause. The requirement under section 28(2) of the Small Business, Enterprise, and Employment Act 2015 to make provision for review does not apply to this instrument as it does not make regulatory provision.

Part Three: Statements and Matters of Particular Interest to Parliament

11. Matters of special interest to Parliament

11.1 The instrument amends primary legislation (the EPA) to extend the time period in which certain powers can be exercised, specifically the NI DfE's concurrent powers in the EPA. This extension is necessary to enable delivery of the NI DfE's comparable offer to the RO to Exchequer policy from 2026 to 2029.

12. European Convention on Human Rights

12.1 The Minister for Energy Consumers at the Department for Energy Security and Net Zero has made the following statement regarding Human Rights:

"In my view the provisions of the 'Energy Prices Act 2022 (Amendment) (Northern Ireland) Regulations 2026' are compatible with the Convention rights."

13. The Relevant European Union Acts

13.1 This instrument is not made under the European Union (Withdrawal) Act 2018, the European Union (Future Relationship) Act 2020 or the Retained EU Law (Revocation and Reform) Act 2023 ("relevant European Union Acts").