



Welcome to

kineco
energy

Stakeholder Event



Mark Stevenson

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AFRY



Gas and electricity market update

LUCY FIELD – INTERNATIONAL GAS MARKET EXPERT

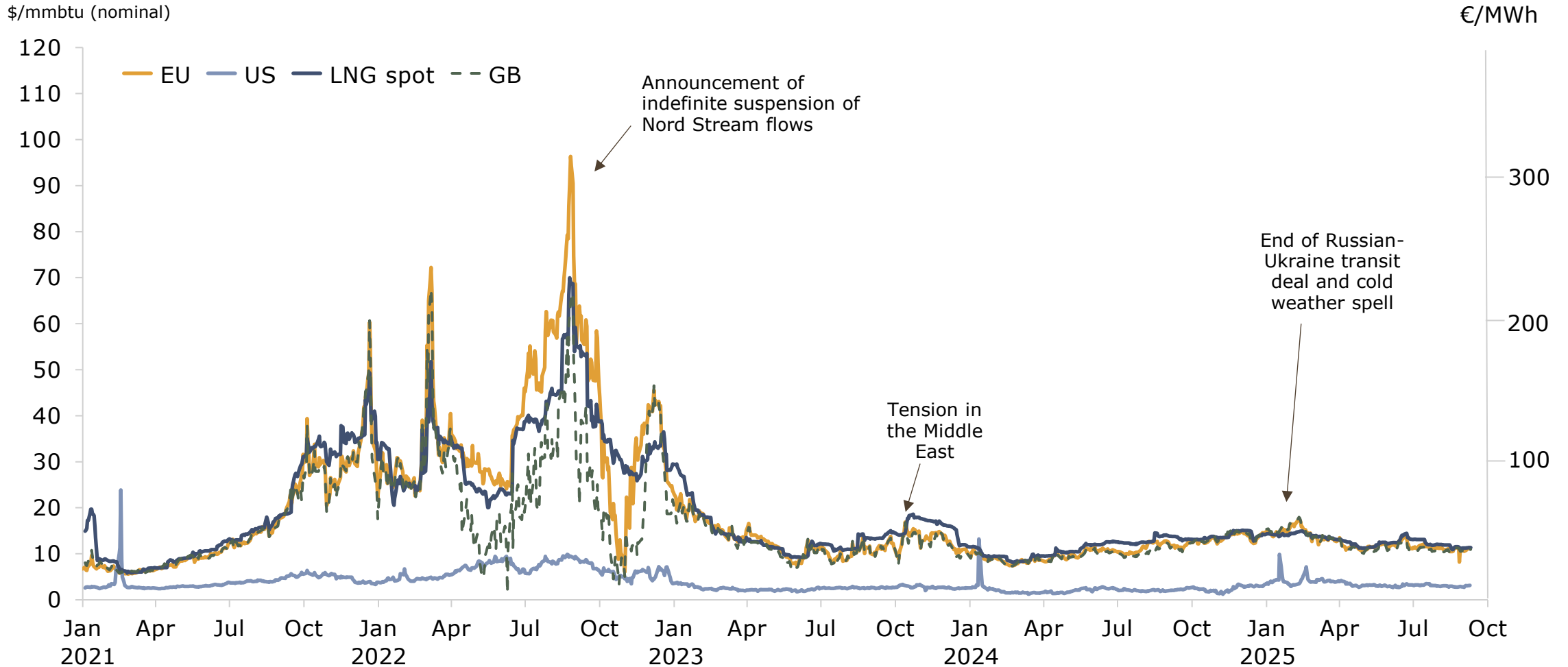


Agenda

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|---|---|
| 1. European gas market update | 2 |
| 2. Northern Irish electricity market update | 6 |
| 3. Decarbonisation of heat | 9 |

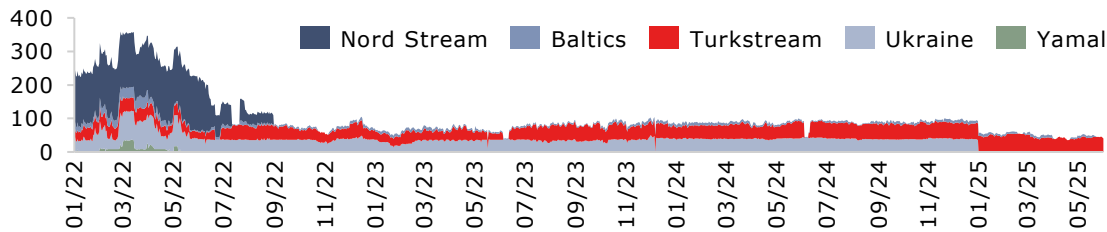


In the last two years, prices have returned to around summer 2021 levels, remaining sensitive to geopolitical tensions and weather

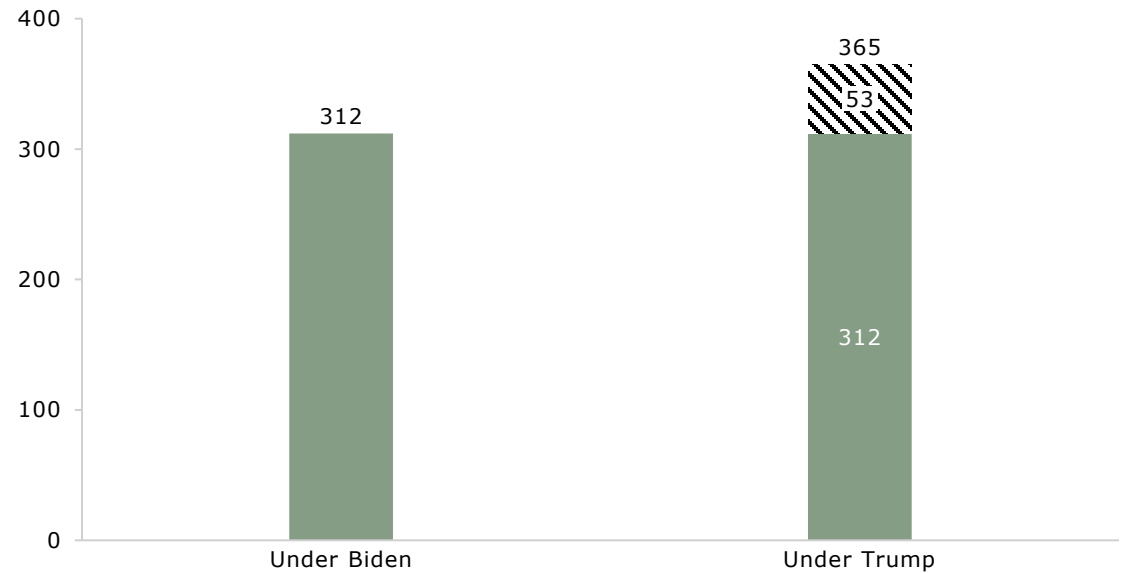


Limited Russian pipeline gas imports to Europe are expected to continue; US LNG developments have advanced rapidly under Trump's administration

RUSSIAN GAS SUPPLIES HAVE DECREASED EVEN FURTHER



2035 US LNG EXPORT CAPACITY EXPECTATIONS (BCM)



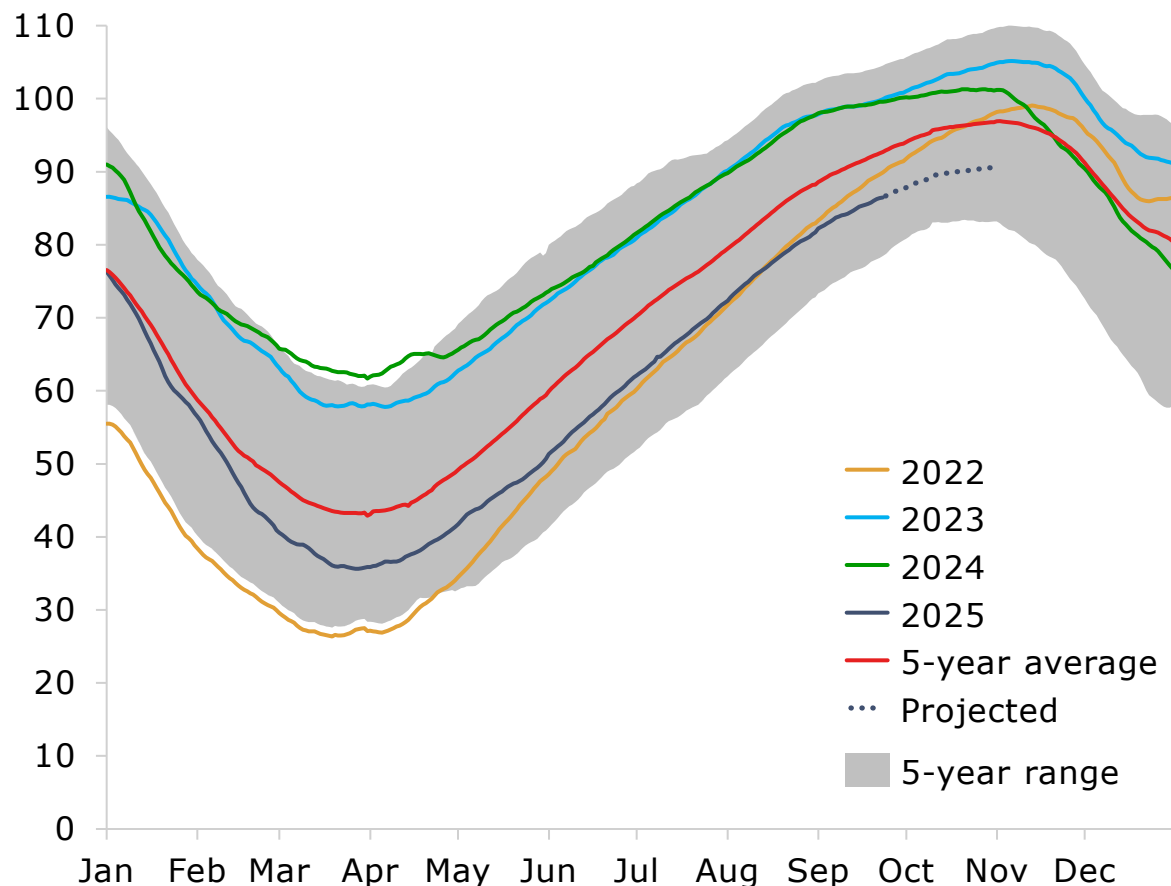
Large projects with significant progress:

- Port Arthur expansion (Trains 2-4) – 16 additional bcm
- Rio Grande expansion (Phase 2) – 24 additional bcm

Sources: IEA WDS, ENTSOG, AFRY analysis

EU storage levels will continue to be monitored; a cold spell or supply disruptions could deplete storage levels, and impact price

EU STORAGE LEVELS 2019-PRESENT (BCM)



Sources: GIE

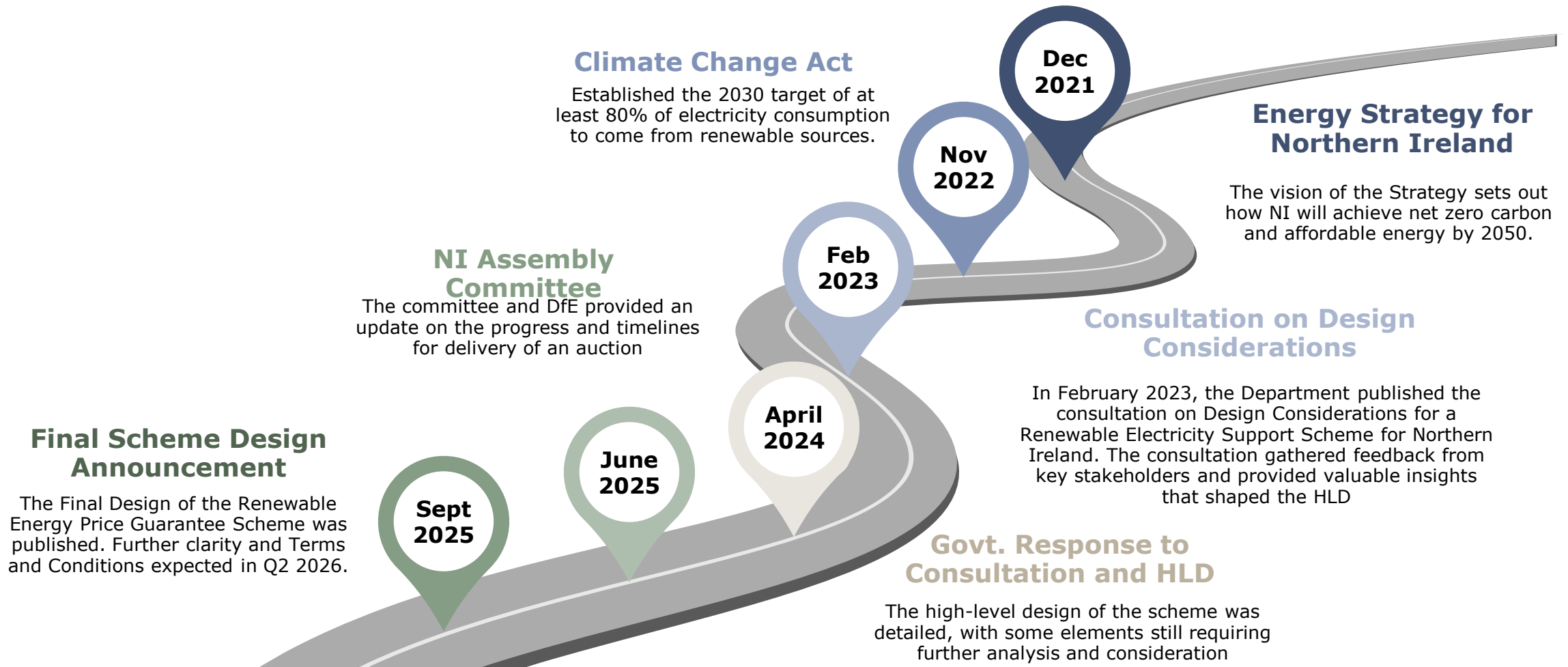
- EU storage inventories reached 80% of working capacity in the past week, ~6bcm below the 5-year average and at the lowest level since Russia's invasion of Ukraine
- At the start of 2025, storage levels were 10-15% lower than the past two years; however, the past two winters had very mild weather
- Since April 2025, 50bcm of gas was injected into EU gas storage facilities
 - If injections were to continue at the 5-year average rate, EU storage sites could reach 86% fill level by the end of October which marks the start of the heating season
 - This could incentivise more LNG imports through the winter, especially if temperatures are colder
- The EU Council has approved a 2-year extension of storage filling regulations, with some changes:
 - 2-month period to meet the 90% filling target every year (1 October – 1 December), replaces the current hard deadline of 1 November
 - A 10% flexibility is introduced in case of difficult conditions in filling the storages; with an additional 5% flexibility in case of persistent unfavourable market conditions

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The Renewable Energy Price Guarantee Scheme in Northern Ireland will succeed the NIRO and move towards renewable energy targets by 2030

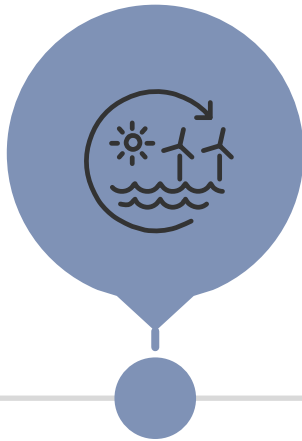


The Renewable Electricity Price Guarantee will be a two-way CfD fully indexed scheme over 15 years; first auction planned 2027



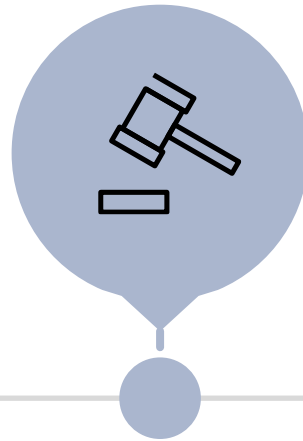
FULLY INDEXED SCHEME FOR 15 YEARS THAT IS PAY-AS-CLEAR

- + Potential for generators to earn economic rent as bid price will be uplifted to the clearing price
- + Indexation has been seen to improve engagement and lower pricing



TECHNOLOGY NEUTRAL POT STRUCTURE

- One technology neutral pot for solar, onshore wind and hybrid with intention to implement ECFs
- + Competitive bid pricing
 - Solar may find it hard to compete in a technology neutral pot with no recognition of non-cost benefits*



AUCTION 1 – 2027 AUCTION2 - Before 2030

- Procurement of 750–1250 GWh with delivery due 2 years post-contract and a long stop 1 year later.
- While the timeline is ambitious for generators, requirement for planning permission and grid connection reduce risk.
 - Presence of bid and performance bonds with no timeline flexibility indicated



NEGATIVE PRICING AND DISPATCH DOWN

- Compensation at the strike price for all constraints and curtailment events, unless compensated elsewhere.
- Support payments paused with DAM price is negative.



FUNDING OF THE SCHEME

The scheme will be funded through a structured payment mechanism applied via electricity suppliers. Consumers will contribute during periods of low market prices and will receive payments or bill reductions during periods of high prices when generators repay the difference.

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| 3.1 | Heat pumps | 10 |
| 3.2 | Biomethane | 12 |



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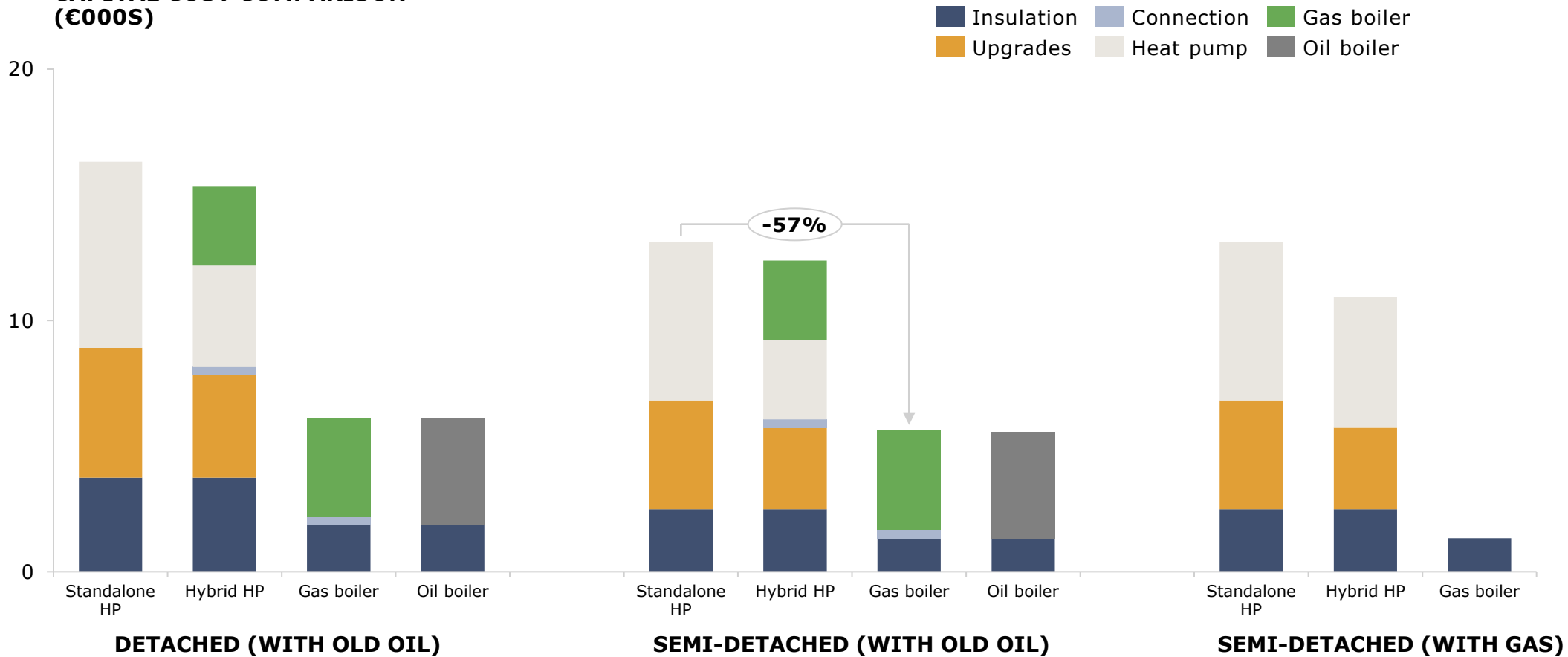
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DECARBONISING HEAT

Capital cost comparison including insulation grants and a 20%* discount on a hybrid system (synergy saving), and a £5k* heat pump grant

CAPITAL COST COMPARISON (€000S)



Upgrades include wiring, radiator upgrades and wet heating system removal (where required)

* The synergy saving of a new hybrid system is estimated at 20% - this depends on technology developments; and the £5k heat pump grant assumptions is similar to RoI €6.5k and lower than GB £7.5k

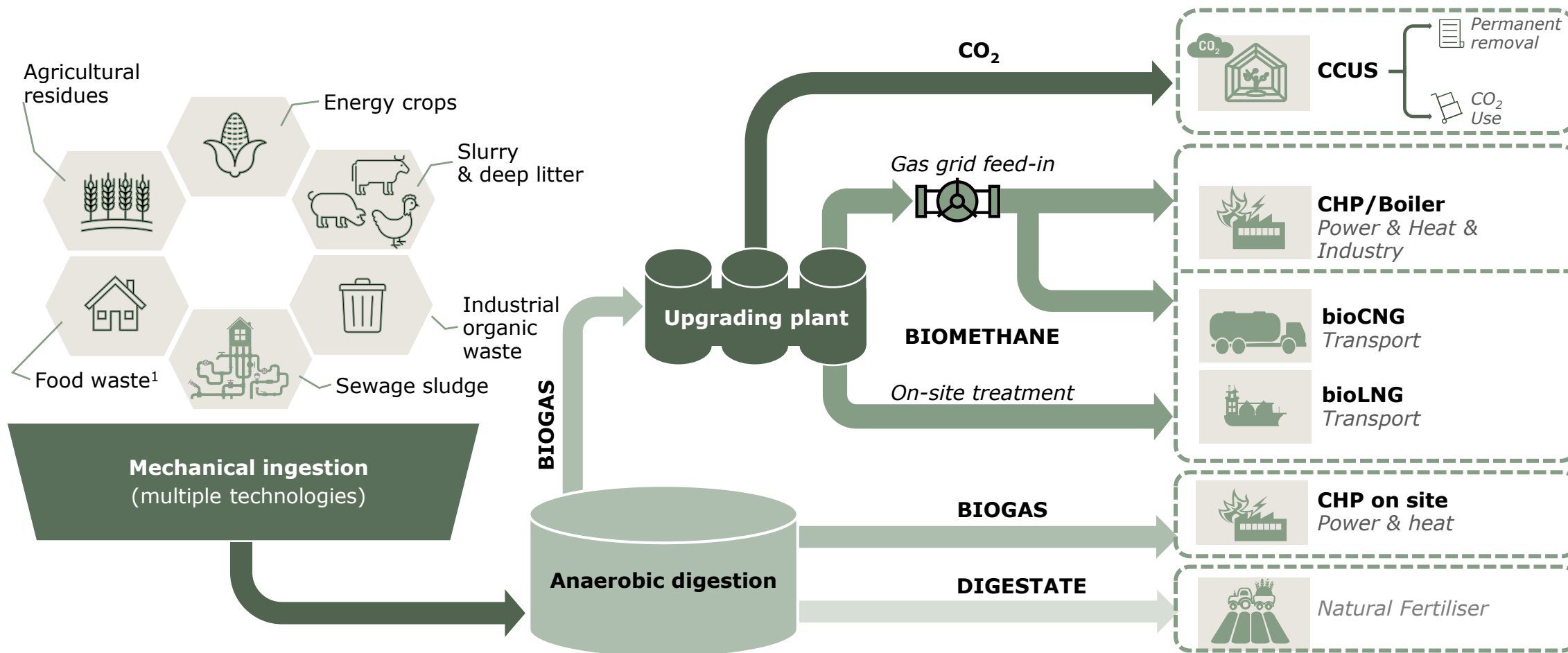
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BIOMETHANE

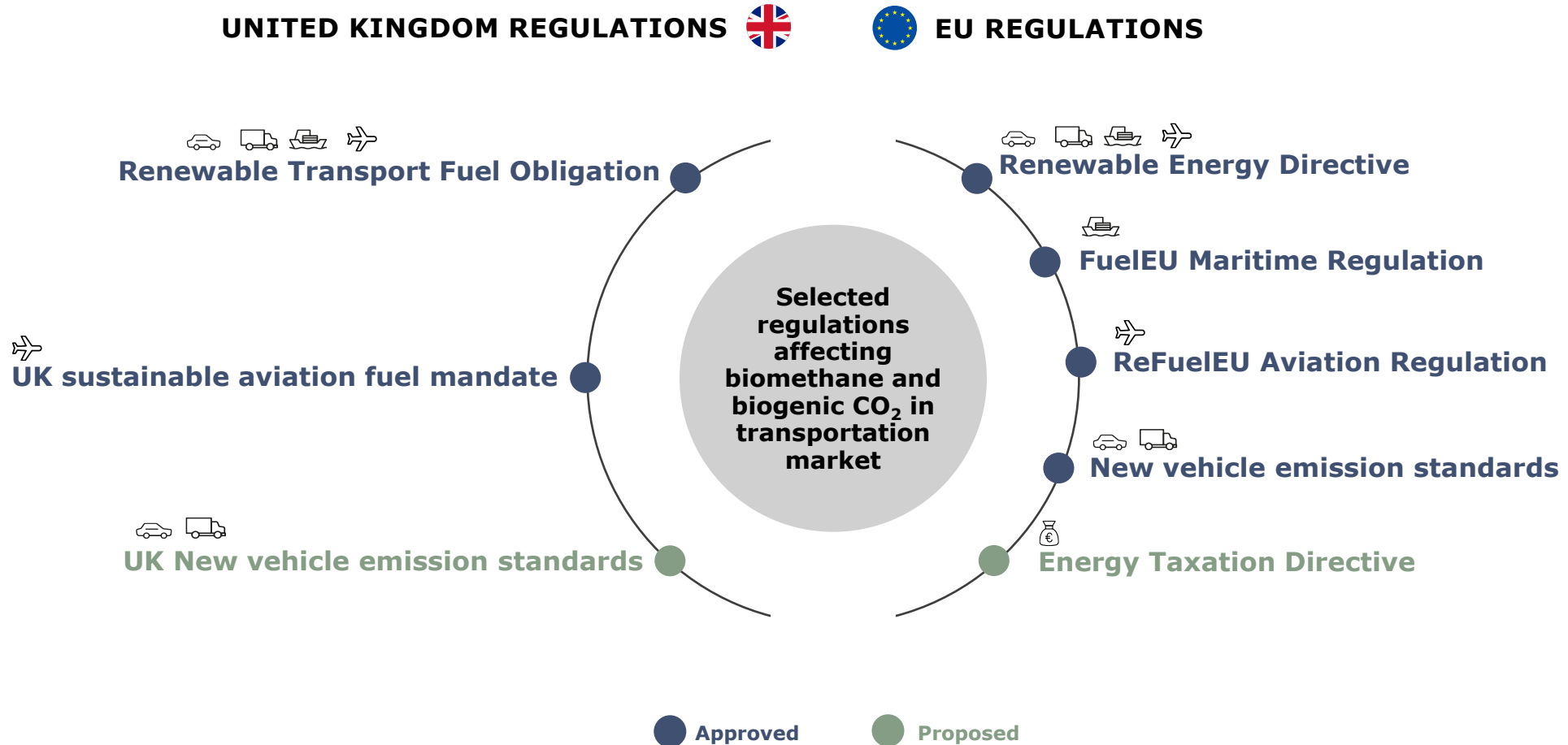
The biomethane value chain is complex due to its numerous components, but it offers many potential revenue streams



Notes: (1) County councils, restaurants, households

BIOMETHANE

Current EU RED and UK RTFO support the use of biomethane in road and the upcoming regulations will drive its future use across transport sectors



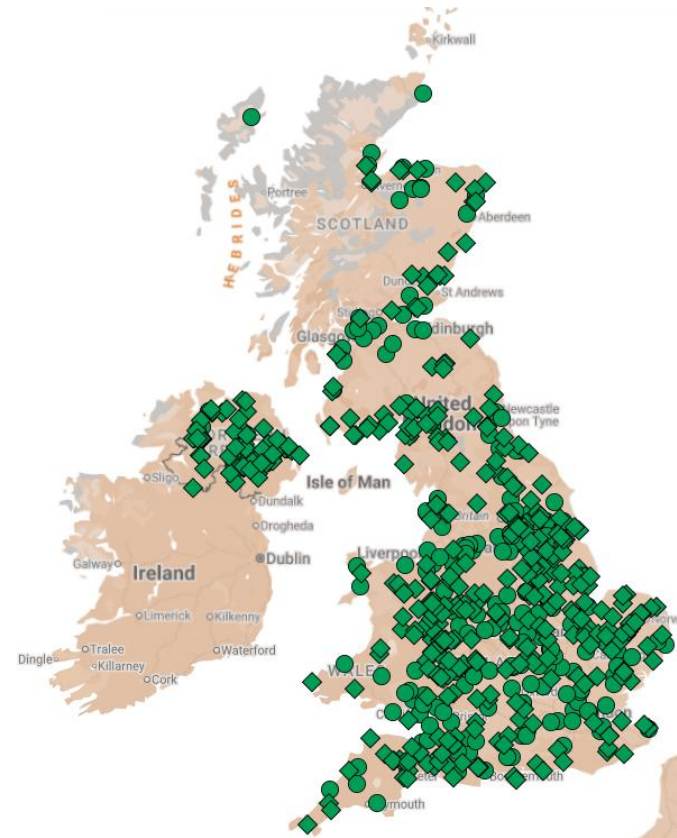
BIOMETHANE

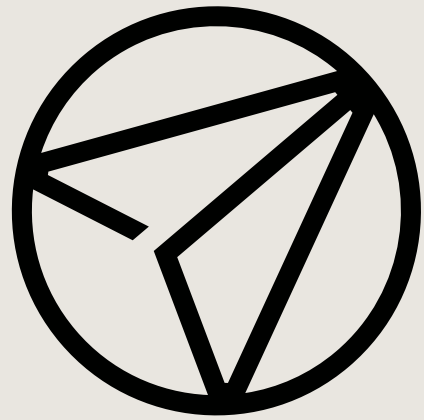
Biomethane plant locations are highly dispersed, and sites more likely to be close to a gas distribution network than transmission

CURRENT BIOMETHANE PLANTS' LOCATIONS (GIE)



CURRENT ANAEROBIC DIGESTION PLANTS (GOV UK)





AFRY



Richard Ramsey

Professor of Practice in Economics
& Policy



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NI economy in an increasingly uncertain world



Richard Ramsey

NI economy in an increasingly uncertain world

8th October 2025



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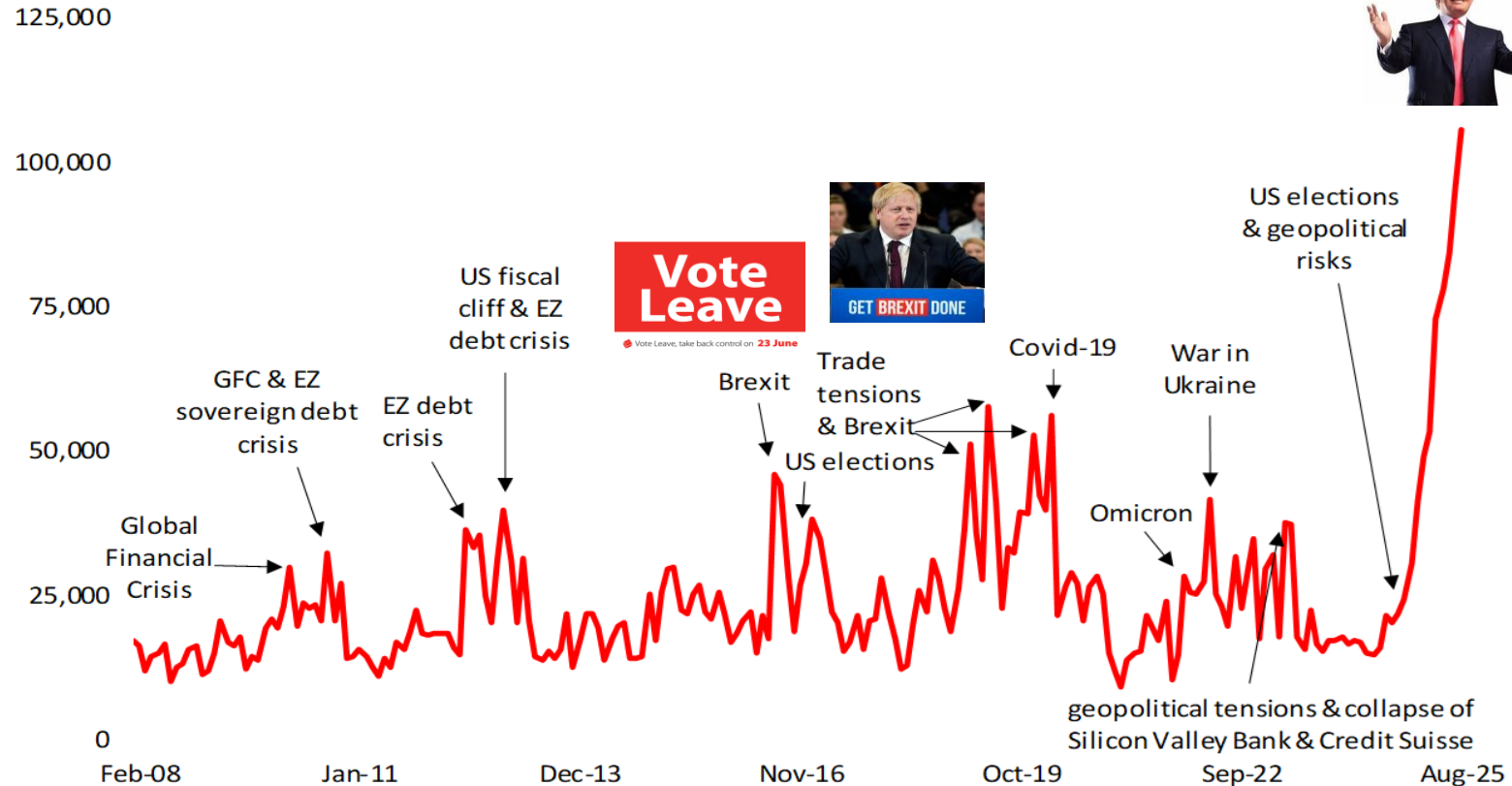
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**180
YEARS**

Making Uncertainty Rise Again

World Uncertainty Index, GDP weighted average

January 2008 to August 2025



Source: Ahir, H, N Bloom, and D Furceri (2022), "World Uncertainty Index", NBER Working Paper



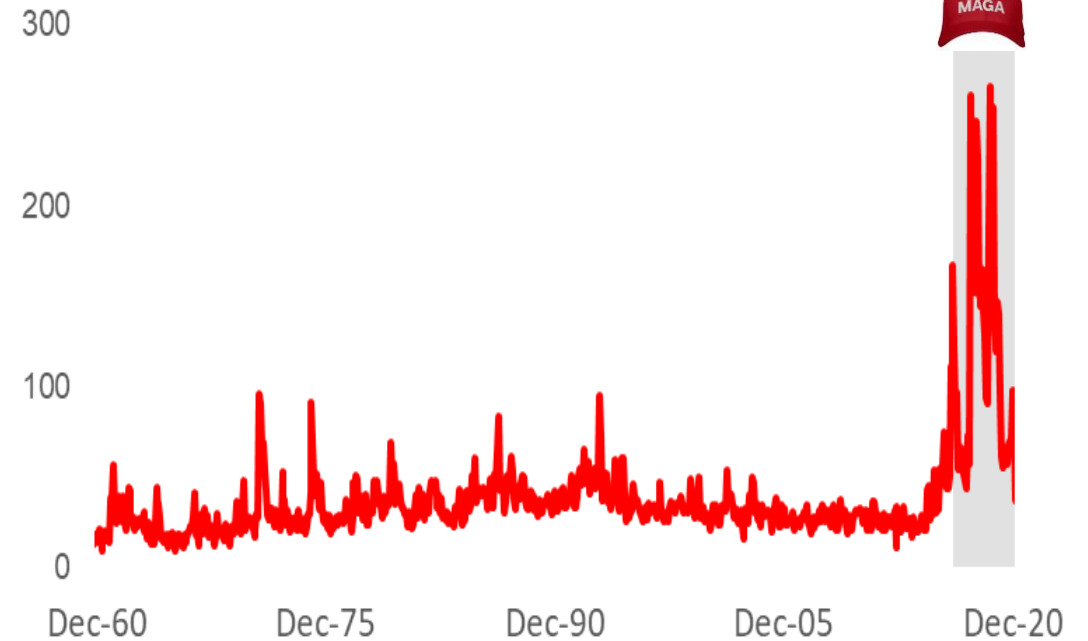
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Trade Wars – The Donald has form!



Trade Policy Uncertainty Index



Data downloaded from <https://www.matteoiacoviello.com/tpu.htm> on 12 May 2025



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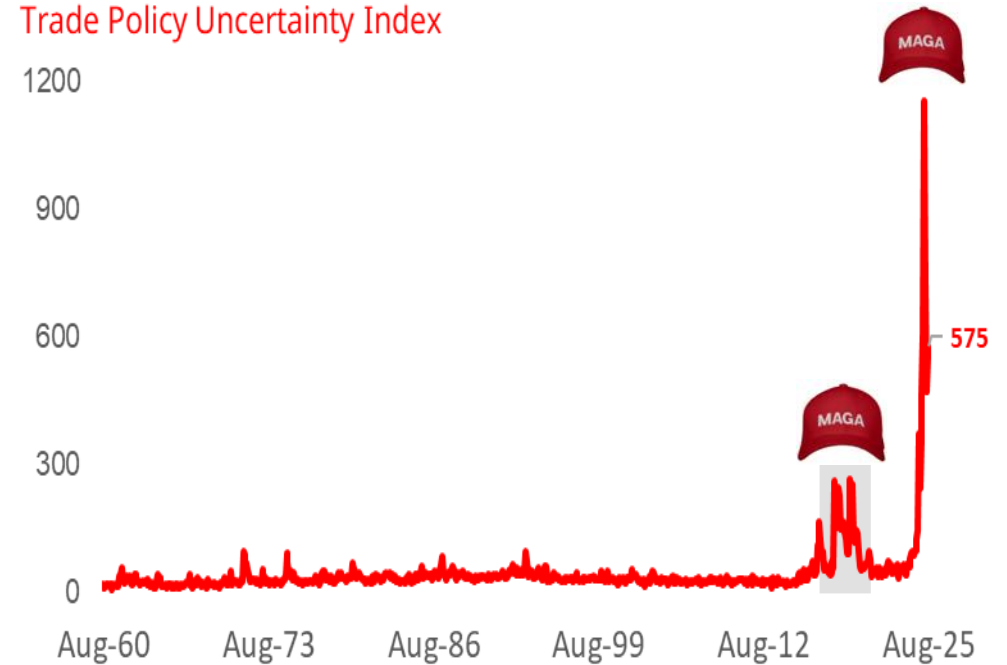
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Trump 2.0 – No country is safe from tariffs



Source: Kal Cartoons 30th January 2025

Trade Policy Uncertainty Index



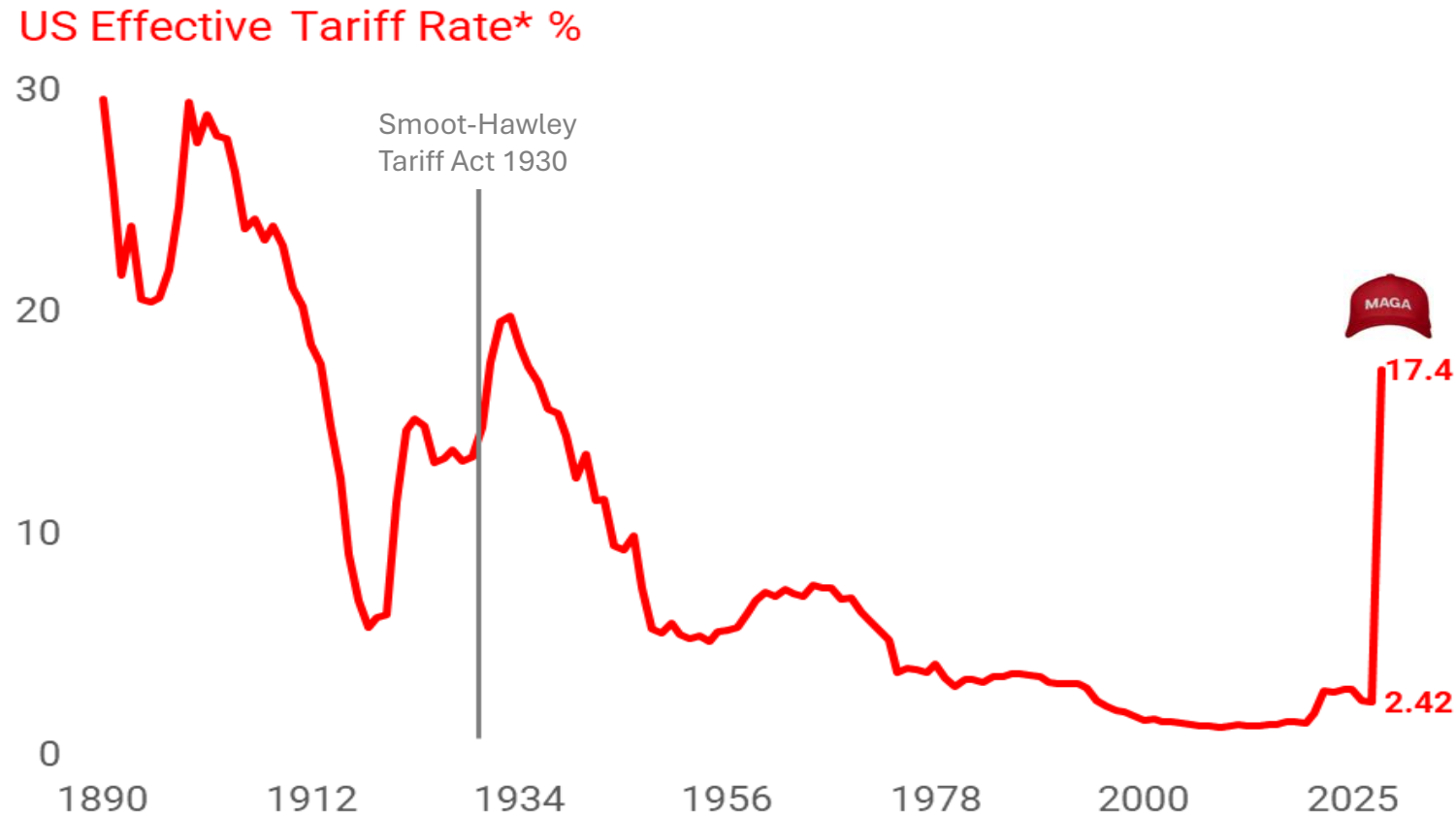
Data downloaded from <https://www.matteoiacoviello.com/tpu.htm> on 15 September 2025



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US effective tariff rate at a 90-year high



Source: Yale Budget Lab – Tariffs as of 4th September 2025,
* Customs duty revenue as a % of goods imports



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NI official growth in Q2 2025 versus sentiment?

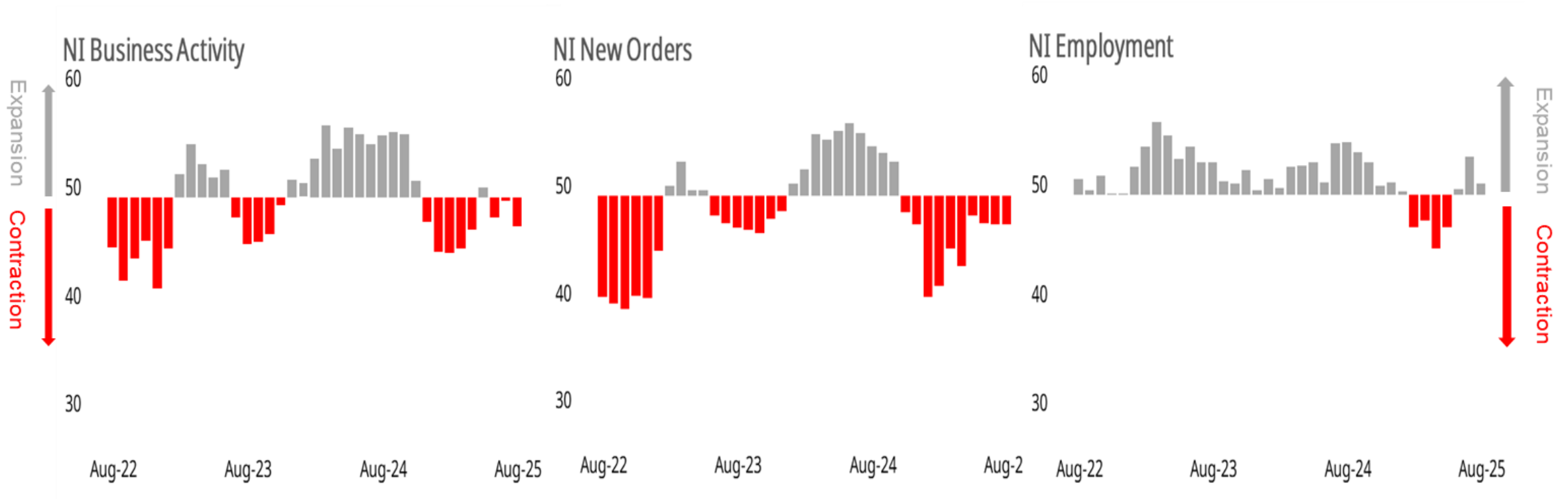
Growth Rates	NICEI	UK GDP	Scotland GDP	Ireland GDP	Ireland MDD
Q/Q	↑ 2.0%	↑ 0.3%	↑ 0.2%	↑ 0.2%	↑ 0.6%
Pre-pandemic Change	↑ 12.1%	↑ 4.5%	↑ 2.5%	↑ 48.7%	↑ 22.7%



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NI private sector growth falters in 2025

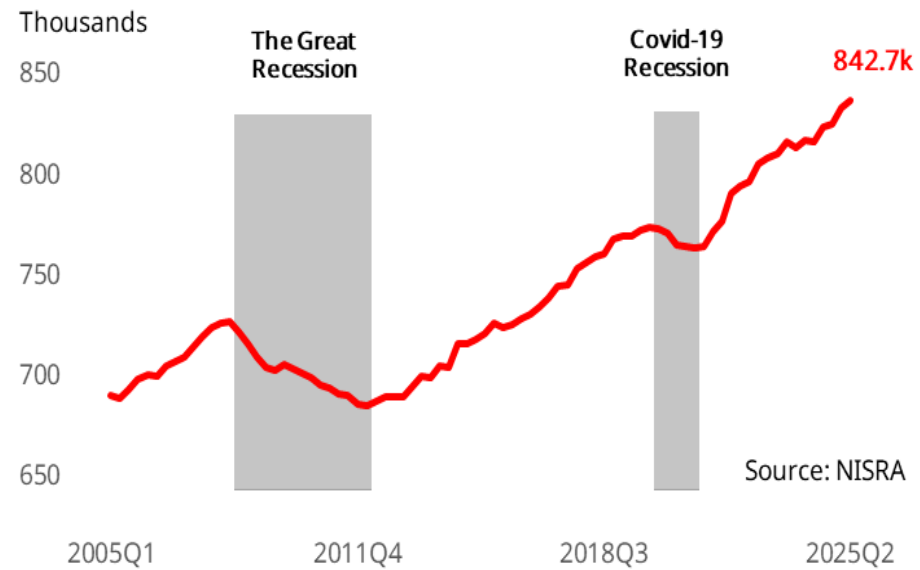


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Labour market looks healthy

NI Employee Jobs



Source: NISRA, QES

ILO Unemployment Rate
Rate %



Source: NISRA, Labour Force Survey

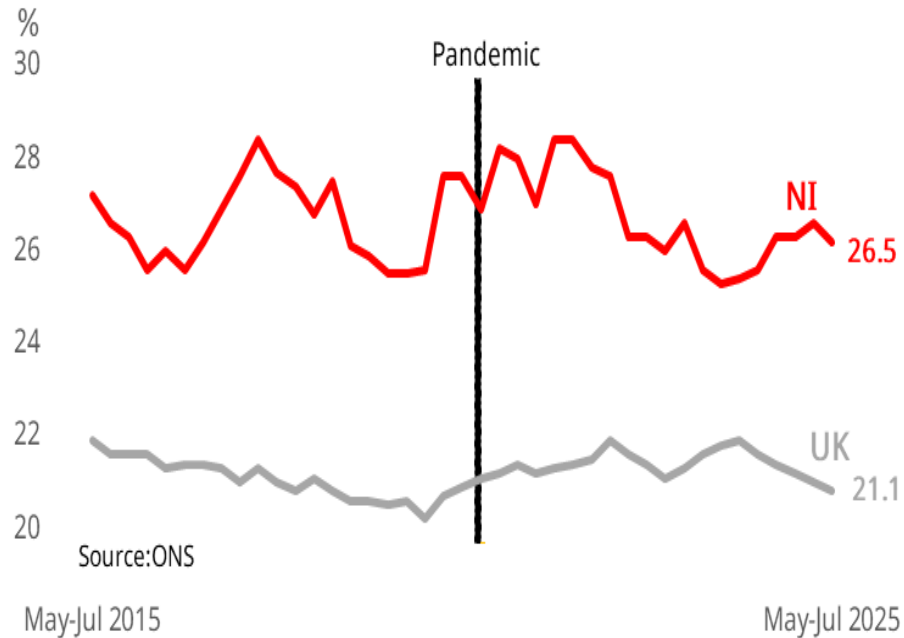


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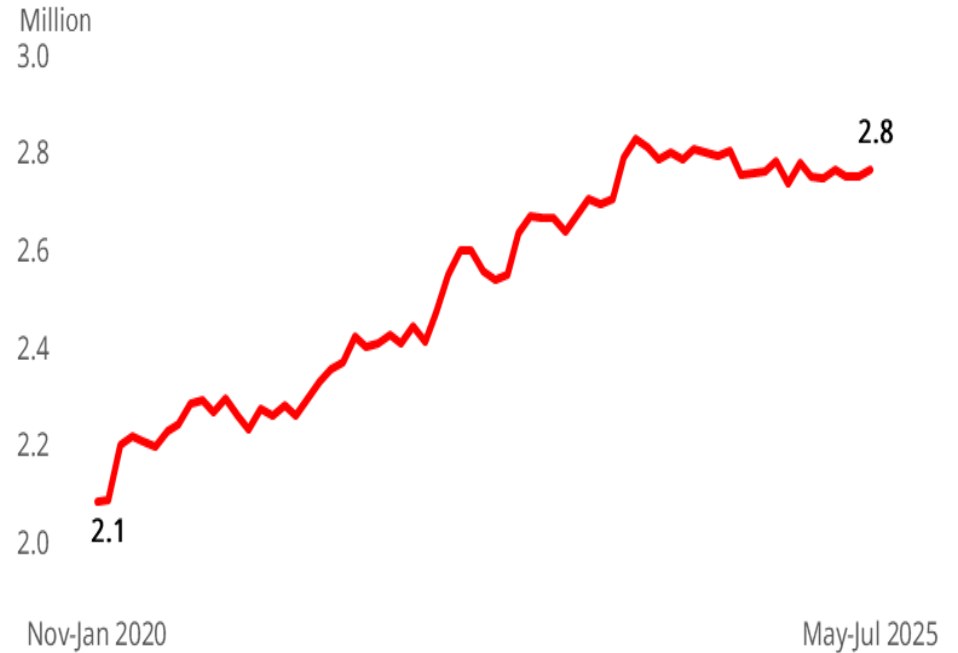
Sick note Britain...

Economic Inactivity Rates (16-64 yrs of age)



Source: ONS, Labour Force Survey

UK Inactivity Due to Long-Term Sickness



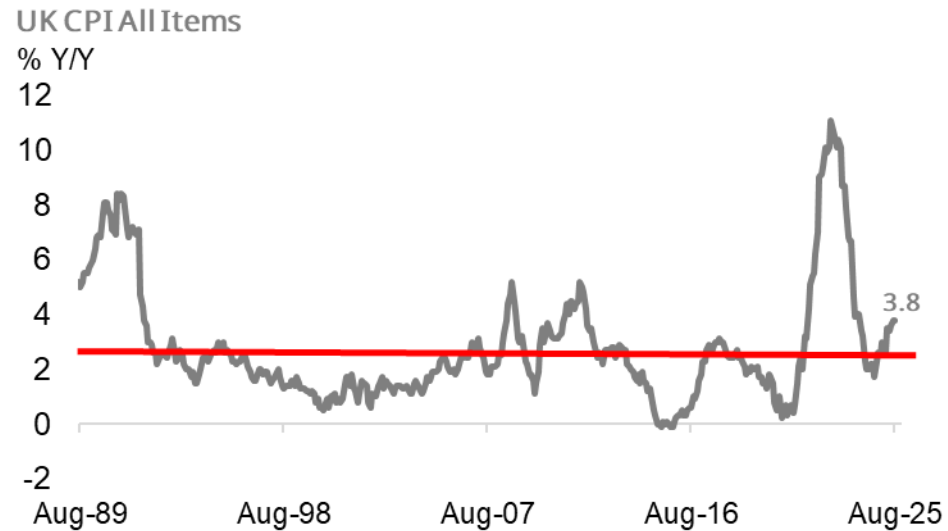
Source: ONS, Labour Force Survey



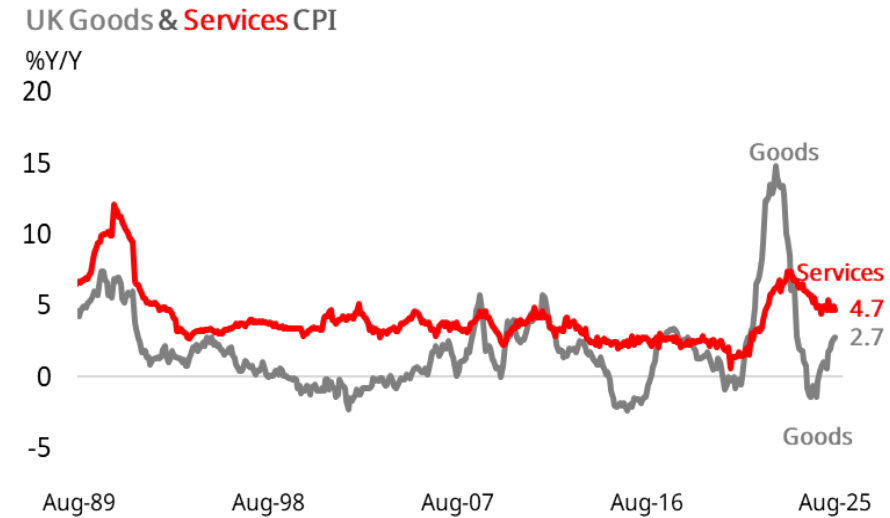
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UK inflation almost twice MPC's target



Source: ONS



Source: ONS



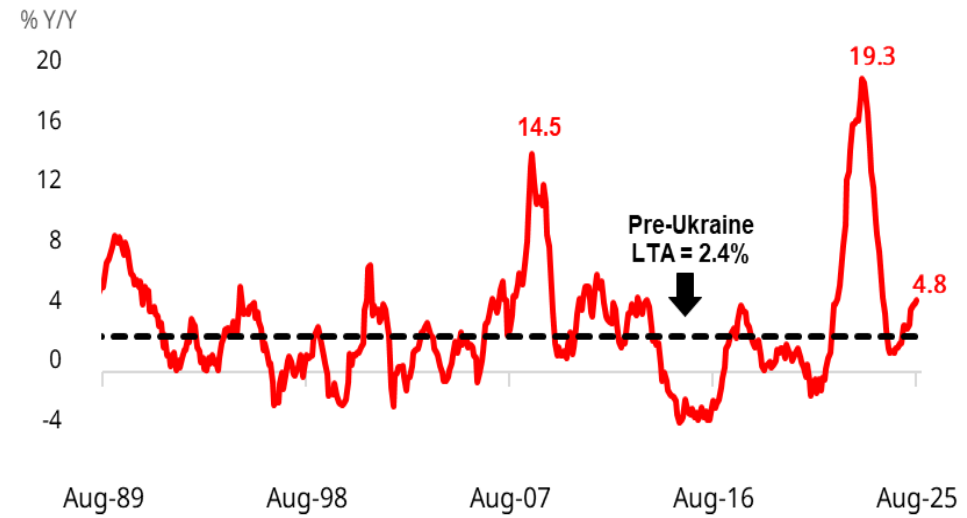
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Food price inflation causing concern



UK Food CPI



Source: ONS



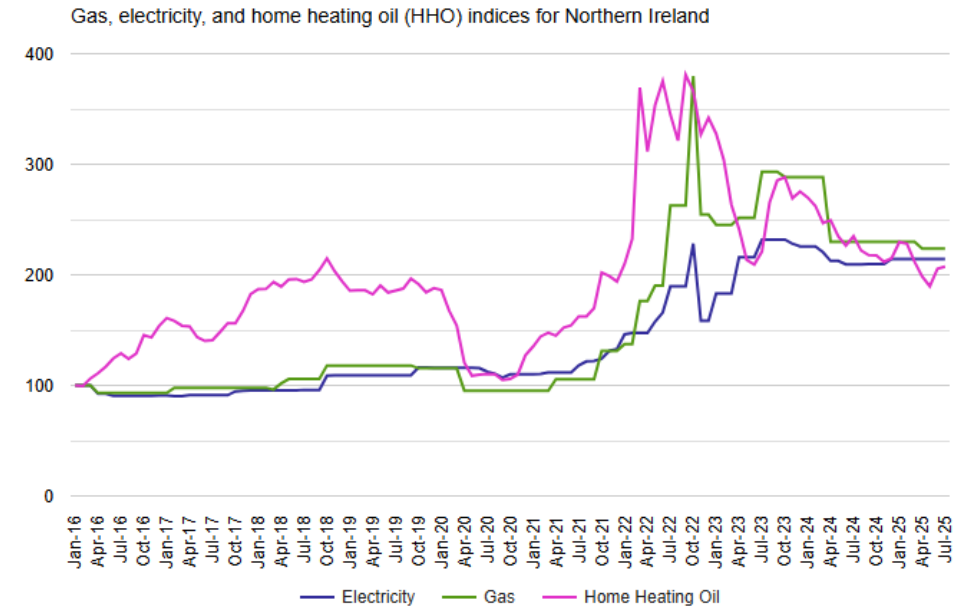
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Energy costs falling but utility bills still high



Source: Department for Energy Security & Net Zero



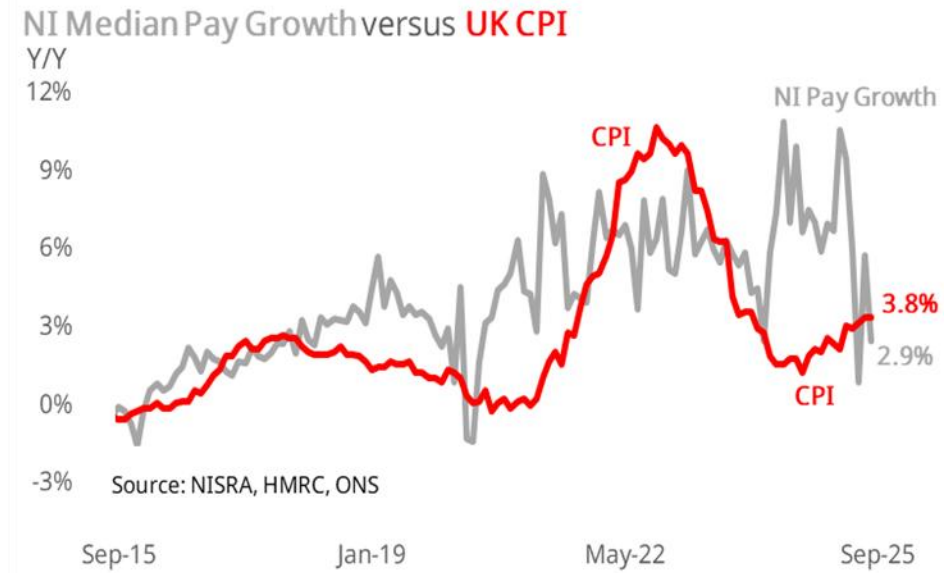
Source: Consumer Council for Northern Ireland



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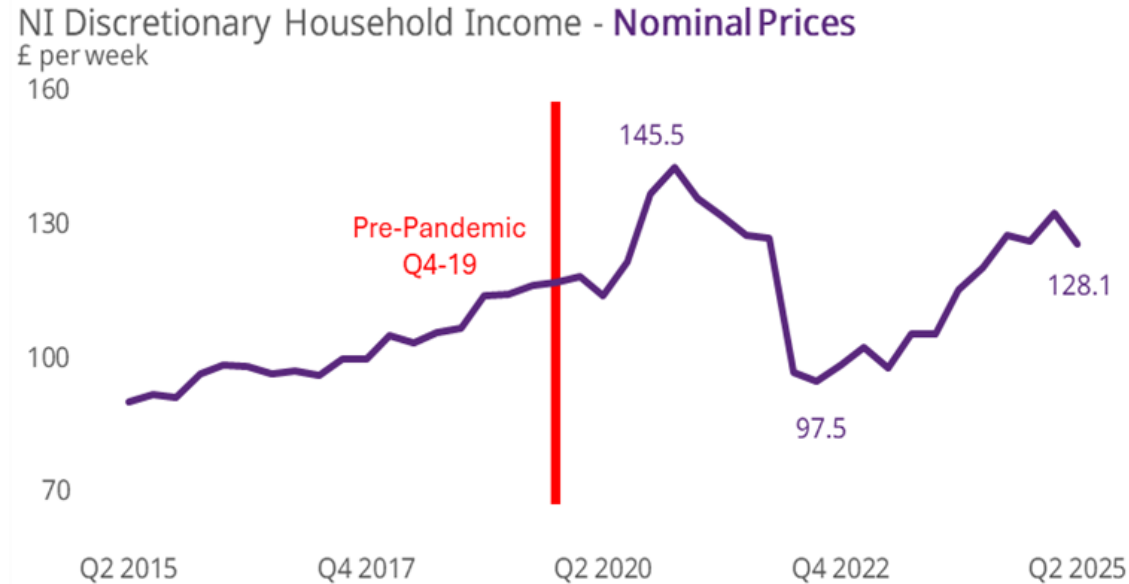
CPI outpacing wage growth...for how long?



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Squeeze on household incomes



Source: ASDA Income Tracker, Centre for Economics & Business Research

Average household Income Tracker, £ per week, current prices, excluding bonuses, by region, August 2025

North East	North West	Yorkshire & Humber	East Midlands	West Midlands	East
£163	£222	£210	£214	£193	£272

London	South East	South West	Wales	Scotland	Northern Ireland
£334	£220	£202	£206	£266	£131

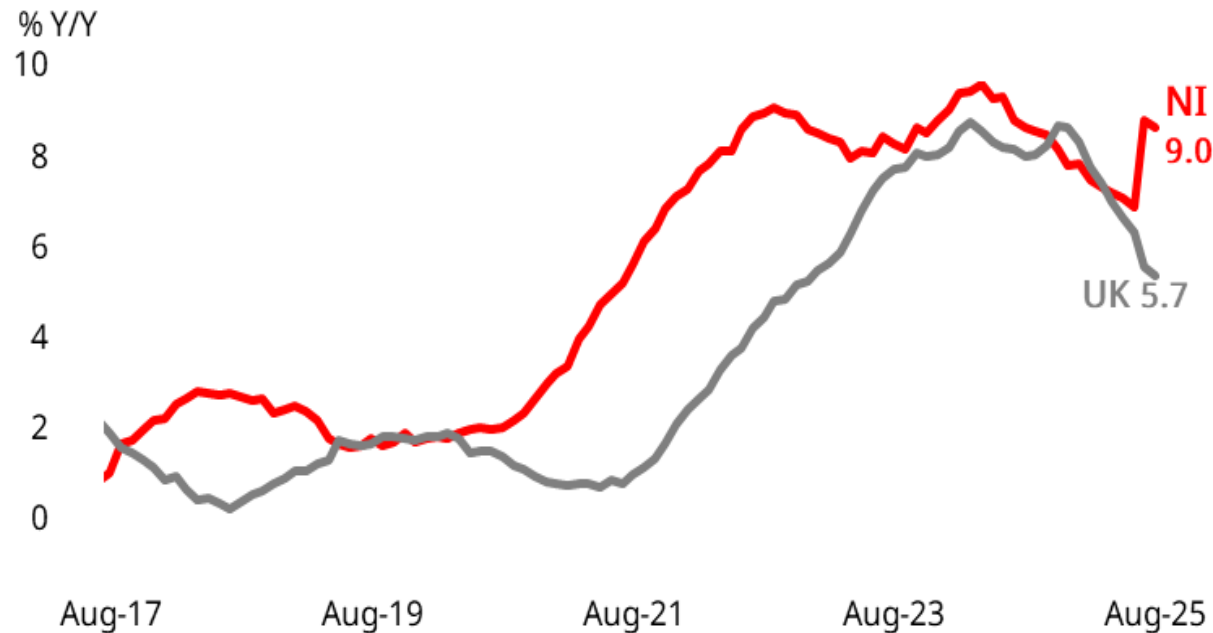


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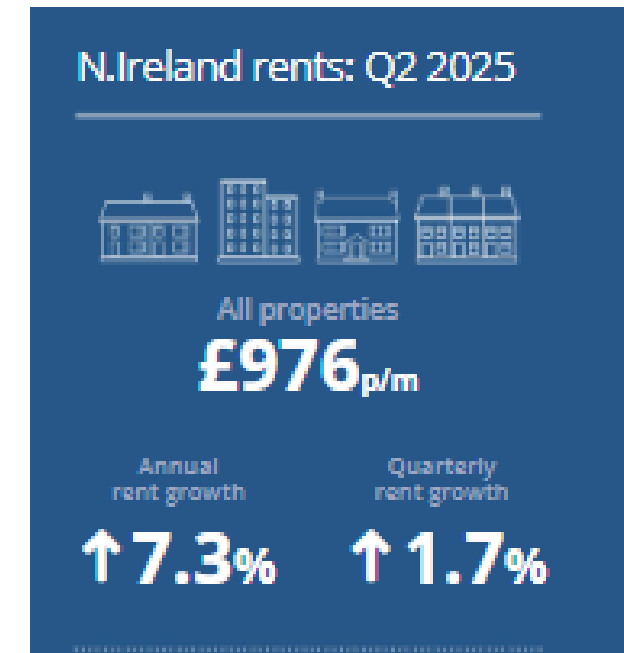
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Nightmare on Rental Street

NI & UK Private Sector Rents



Source: ONS



Belfast Average Rent (*All Properties*) £1,143 per month

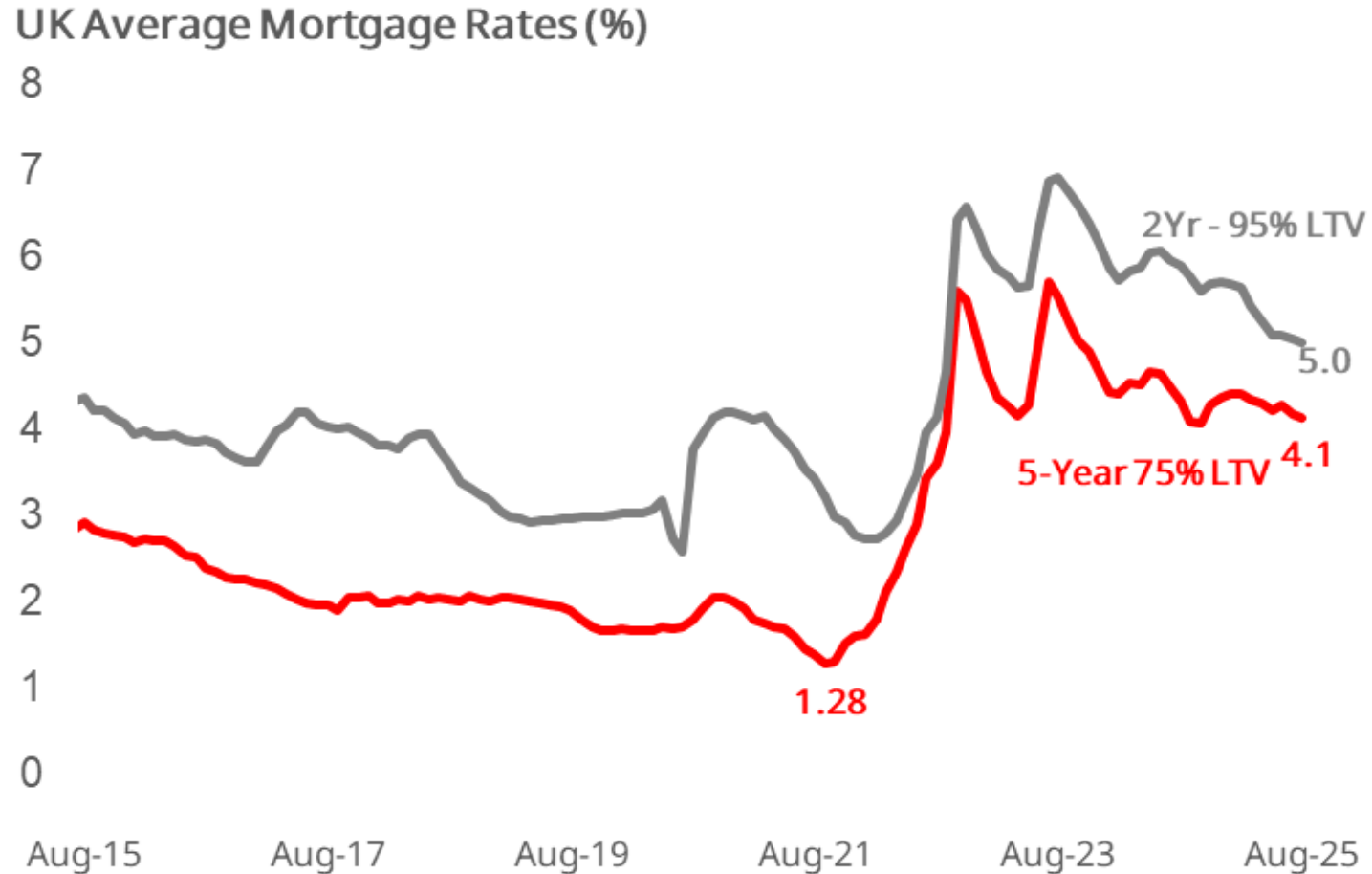
Source: PropertyPal



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Mortgage rates may edge slightly lower



Source: Bank of England

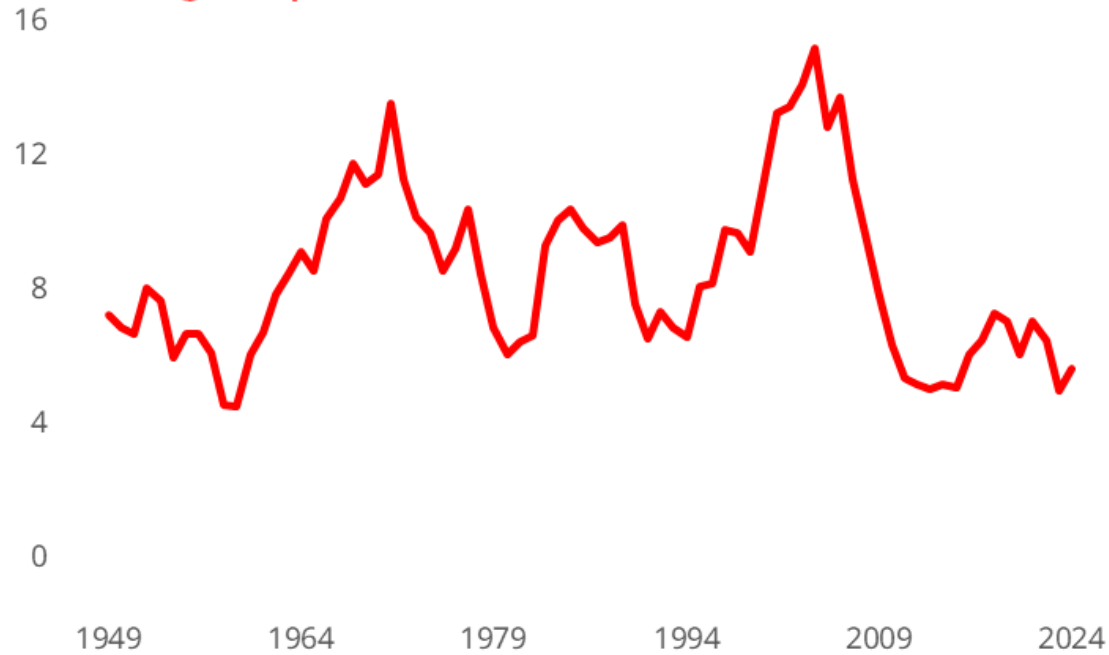


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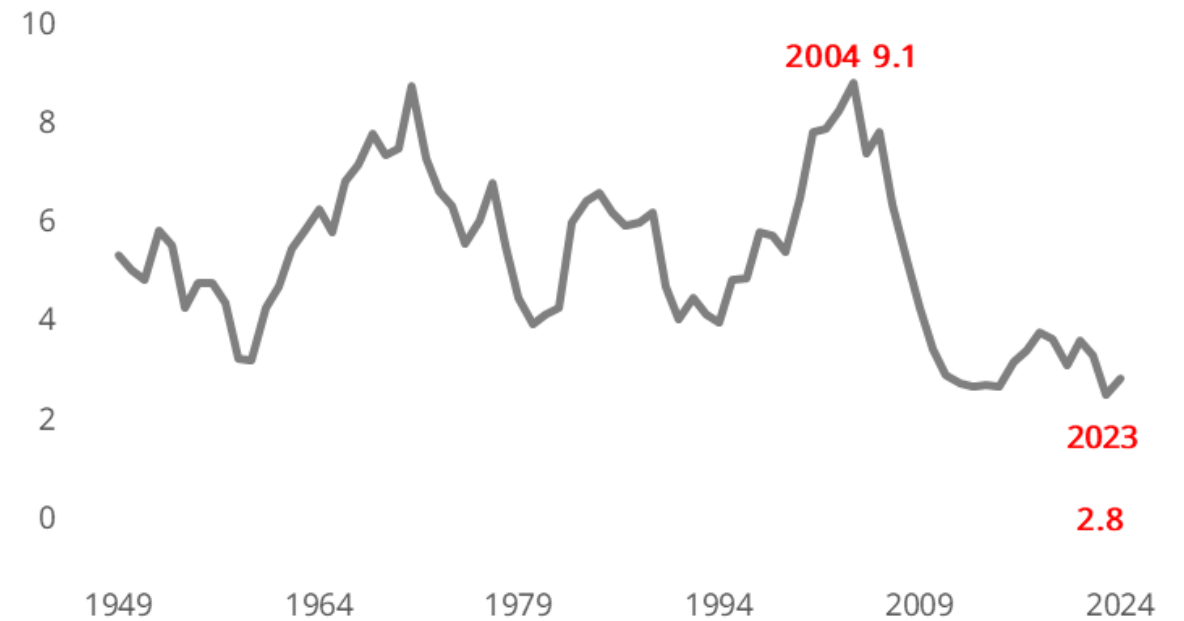
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Housing emergency continues to build

NI Housing Completions (k)



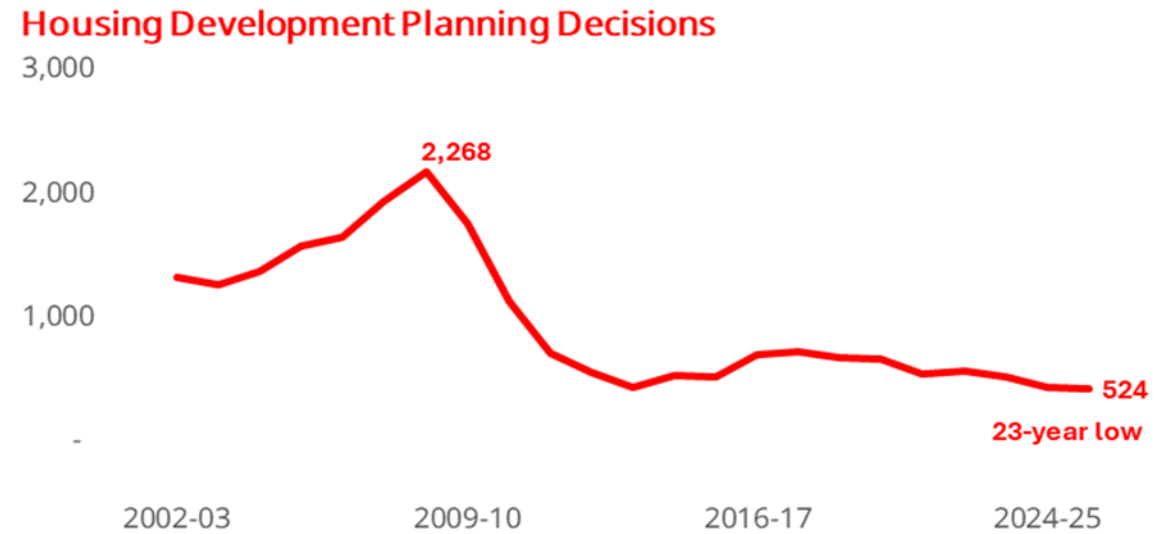
House Completions per (000) Population



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Housing supply disruption set to continue



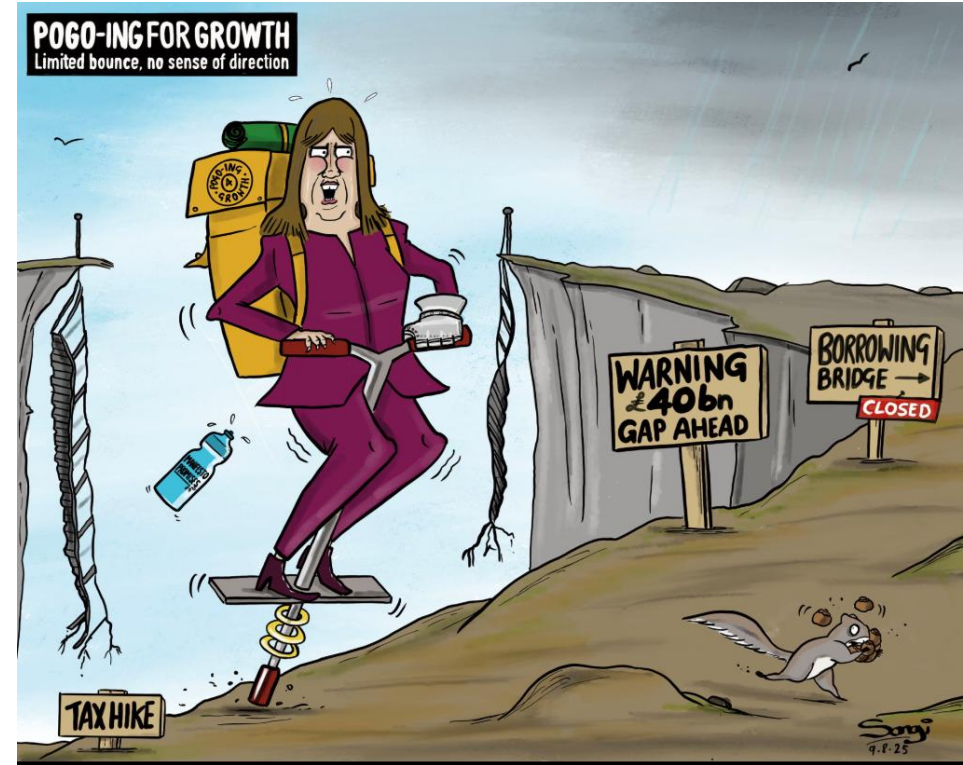
Source: NI Planning Portal



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Challenging outlook at home & abroad



Source: X @KeyesGraeme & @Cartoon4sale 3rd May 2025



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Dr. David Dobbin

Chairman



Thank you from the team at



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