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## **Consultation**

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# **Northern Ireland Renewables Obligation Supplementary Consultations on:**

- 1. Proposals for support for large scale solar PV**
- 2. Biomass Electricity and Combined Heat & Power plants – ensuring sustainability and managing costs**

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**Statutory Consultation on amendments to the Northern Ireland  
Renewables Obligation in 2013**

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# Contents

## **1**

**Introduction**  
Page 5

## **2**

**Proposals for support for large scale solar  
PV**  
Page 8

## **3**

**Biomass Electricity and CHP plants –  
ensuring sustainability and managing costs**  
Page 10

## **Annex A**

**Equality Assessment**  
Page 14



# INTRODUCTION

# 1

- 1.1 Further to the recent consultation on changes to the Northern Ireland Renewables Obligation (NIRO) in 2013 and the subsequent government response to that consultation, additional consultation is now being undertaken across all three Renewables Obligations (ROs) on:
- Renewables Obligation Certificate (ROC) support for large scale (above 5 MW) solar photovoltaic generating stations which accredit or add additional capacity on or after 1 April 2013.
  - Proposals to enhance the sustainability criteria that apply to the use of biomass for electricity generation under the ROs.
  - Proposals to ensure that support for biomass under the ROs delivers value for money and affordability for the bill-payer.
- 1.2 On 7 September 2012, the Department of Energy and Climate Change (DECC) published separate consultations on the solar PV and biomass proposals. DECC's proposals are for the England and Wales Renewables Obligation however given the complementarities of all three Renewables Obligations the Devolved Administrations in Northern Ireland and Scotland and the UK Government understand the benefits of a consistent approach.
- 1.3 Northern Ireland is therefore not proposing to differ on those proposals set out in the DECC documents as we are not aware of any significant differences that would require a different approach. However, it is expected that this consultation process will either confirm this view or produce evidence-based rationale for a different approach, where necessary.
- 1.4 Where Northern Ireland is proposing to differ is by offering a six month grace period for Combined Heat & Power (CHP) projects up to 30 September 2015 which intend to accredit under the NIRO and for which there is not yet a Renewable Heat Incentive in place.

## Proposed Changes

- 1.5 The proposed changes will come into operation from 1 April 2013. Changes will be made through the Renewables Obligation (Amendment) Order (Northern Ireland)

2012, contingent on obtaining State Aid approval, where necessary, from the European Commission and legislative approval of the Northern Ireland Assembly.

## Consultation Process

### Solar PV

- 1.6 The DECC consultation on solar PV proposals ran for six weeks and closed on 19 October 2012. DETI's consultation will run also for six weeks closing on **4 December 2012**.

### Biomass

- 1.7 The DECC consultation on biomass is split into two parts.
- 1.8 **Part A** contains proposals to enhance the sustainability criteria that apply to the use of biomass for electricity generation under the ROs. If you wish to respond directly to DECC, responses are required by 30 November 2012. If you wish to respond to DETI on NI-specific issues, responses are required to Part A by **15 January 2013**.
- 1.9 **Part B** contains proposals to ensure that support for biomass under the ROs delivers value for money and affordability for the bill-payer. DECC's consultation has now closed. Responses to DETI are required to Part B by **4 December 2012**. This date also applies to responses on the proposed grace period for CHP projects accrediting under the NIRO.
- 1.10 The shorter timescale for Part B reflects the aim to introduce ROC banding level changes for 1 April 2013.

## How to respond to this consultation

- 1.11 The DECC consultation documents set out how to respond to DECC. In responding to DETI, it would be helpful if you could use the response templates developed by DECC which are linked to in those documents. We will, of course, accept responses that do not use the DECC templates but it would be helpful if these responses attempt to answer the same questions. We would ask that if you do respond directly to DECC, please copy DETI into your response.
- 1.12 Responses to DETI should be e-mailed to:

[NIRO2012@detini.gov.uk](mailto:NIRO2012@detini.gov.uk)

Or, alternatively, by post to:

**Renewable Electricity Branch  
Department of Enterprise, Trade and Investment  
Netherleigh  
Massey Avenue  
BELFAST  
BT4 2JP.**

All responses should include the name and postal address of the respondent.

## **Confidentiality & Data Protection**

- 1.13 Your response may be made public by DETI and placed on the DETI website as part of the consultation process. If you do not want all or part of your response or name made public, please state this clearly in the response by marking your response as 'CONFIDENTIAL'. Any confidentiality disclaimer that may be generated by your organisation's IT system or included as a general statement in your fax cover sheet will be taken to apply only to information in your response for which confidentiality has been specifically requested.
- 1.14 Information provided in response to this consultation, including personal information, may be subject to publication or disclosure in accordance with the access to information regimes (these are primarily the Freedom of Information Act 2000 (FOIA) and the Data Protection Act 1998 (DPA)). If you want other information that you provide to be treated as confidential, please be aware that, under the FOIA, there is a statutory Code of Practice with which public authorities must comply and which deals, amongst other things, with obligations of confidence.
- 1.15 In view of this, it would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on the Department.

## **Copies of the Consultation**

- 1.16 This Consultation document is being produced primarily in electronic form and may be accessed on the DETI Energy website: [www.energy.detini.gov.uk](http://www.energy.detini.gov.uk) or may be obtained from the address above or by telephoning 028 9052 9240.
- 1.17 If you require access to this Statutory Consultation document in a different format – e.g. Braille, disk, audio cassette, larger font – or in a minority ethnic language please contact the Department on 028 9052 9240 and appropriate arrangements will be made as soon as possible.

# SUPPORT FOR LARGE SCALE SOLAR PHOTOVOLTAIC GENERATING STATIONS FROM 1 APRIL 2013



## Introduction

- 2.1 Solar PV is one of a number of renewable technologies supported under the NIRO. Although no stations greater than 5MW have been installed in the UK to date, there is some 120MW already consented. Work by Arup for the UK-wide banding review suggested a potential for around 115MW of installed capacity across the UK for projects larger than 5MW by 2017, which many of those who responded to the DECC RO consultation considered to be an underestimate.
- 2.2 The costs of solar PV have fallen dramatically in recent years and small and medium scale deployment has increased substantially over the last 12 months in Great Britain. The pace of cost reduction has been consistently underestimated and a cautious approach has therefore been adopted to support levels, based on the information that is available. Affordability and the need to ensure value for money for electricity consumers are important considerations when setting support levels under the NIRO.
- 2.3 The consultation on the NIRO Banding Review, which was published in October 2011, proposed maintaining support for large scale solar PV at 2 ROCs/MWh until 31 March 2015, stepping down to 1.9 ROCs/MWh for new accreditations and additional capacity added from 1 April 2015 to 31 March 2016, and 1.8 ROCs/MWh from 1 April 2016 to 31 March 2017. However, recent independent reports and evidence suggest that the costs associated with the deployment of medium-large scale solar between 250kW and 5MW have come down substantially since the consultation on the NIRO Banding Review was published. While evidence is limited on the deployment of large-scale solar above 5MW, it is expected that these costs have fallen significantly also.
- 2.4 While it is understood there is a need for market certainty and stability, it would not have been appropriate to proceed on the basis of the support set out in the initial RO Banding Review consultations given the risk that this would result in substantial overcompensation for new solar PV at excessive cost to consumers. Therefore, a lower rate of support for new solar PV under all three ROs is being consulted on.



- 2.5 The proposed new rates for solar PV above 5MW for new accreditation and additional capacity added from 1 April 2013 are:

	2013/14	2014/15	2015/16	2016/17
ROCs/MWh	1.5	1.3	1.1	0.9

- 2.6 The DECC consultation provides an overview of the evidence that is currently available, the GB Government's initial analysis of the costs and deployment potential based on that evidence, the proposed support rates and measures to maintain consistency between support schemes.
- 2.7 The changes proposed in the consultation would apply to generating stations accrediting, and additional capacity added, on or after 1 April 2013.
- 2.8 There does not appear to be any evidence to suggest that Northern Ireland should propose different rates to those in the rest of the United Kingdom. However, any verifiable evidence which suggests otherwise would be welcome.

#### **Link to DECC Consultation Document**

- 2.8 The DECC consultation document on proposals for the levels of banded support for solar PV can be viewed at:  
<http://www.decc.gov.uk/assets/decc/11/consultation/ro-banding/6338-consultation-on-proposals-for-the-levels-of-banded.pdf>

#### **Consultation Responses to Solar PV**

- 2.9 Consultees are encouraged to answer the questions in the DECC consultation document and to provide supporting evidence, using the templates provided on the DECC website. We will, of course, accept responses that do not use the DECC templates.
- 2.10 **Responses to DETI are required by 4 December 2012.**

# BIOMASS ELECTRICITY AND CHP PLANTS – ENSURING SUSTAINABILITY AND MANAGING COSTS

## 3

### Introduction

- 3.1 Biomass has an essential role to play in an energy supply that is secure, affordable and low carbon. It can also support significant employment and business opportunities, particularly in rural areas. Biomass suitable for electricity and heat generation can be drawn from a wide range of sources including forestry management, sawmill residues, perennial energy crops, agricultural residues such as straw, and wastes such as sewage. Imports, from the EU, North America and potentially from developing countries will also play a part alongside expanding homegrown supplies.
- 3.2 In April 2011, reporting against sustainability criteria for solid biomass and biogas was introduced under the Northern Ireland Renewables Obligation (NIRO), the Government's main support mechanism for renewables.
- 3.3 The sustainability criteria include a minimum lifecycle greenhouse gas emissions (GHG) saving compared to the use of fossil fuel and restrictions on land use. Biomass power generators above 50kW are required to report to the regulator on their performance against these criteria.
- 3.4 DECC recently published a consultation on Biomass Sustainability and Affordability. DETI is not proposing to consult separately as there is no evidence to suggest that the situation in Northern Ireland warrants a separate consultation.
- 3.5 **Part A** of the DECC consultation sets out the resulting proposals which are designed to provide the certainty that investors need and increased UK ambition looking to 2020, and out to 2050. These include formally linking the criteria with eligibility for support, adding sustainable forest management criteria for woodfuel use, tightening the GHG target for new dedicated biomass from 2013, and tightening the GHG targets for all biomass from 2020.
- 3.6 **Part B** includes a proposed cap on generation from new dedicated biomass (without CHP) that is accredited after 31 March 2013. This is intended to limit the long term growth of dedicated biomass as it is a relatively expensive form of carbon abatement compared to many alternative technologies.
- 3.7 It is also suggested that standard (now referred to as 'low range') co-firing is not grandfathered, reflecting that this technology does not require large sunk

investment and can be adjusted rapidly in response to changed market signals. Therefore, the proposal is to reduce its support to 0.3 ROCs/MWh from 1 April 2013 until 1 April 2015.

- 3.8 Finally, in the DECC Response to the RO Banding Review it was confirmed that the energy crop uplift would not be extended to the new conversion and enhanced co-firing bands. It is now proposed to remove the energy crop uplift from standard co-firing, but also to take some transitional measures to recognise that some generators have long-term contracts for the use of energy crops.

#### Part A: Sustainability Proposals

- 3.9 Part A of the DECC Consultation covers proposals to enhance the sustainability criteria that apply to the use of biomass for electricity generation.

3.10 Comments are sought on two main sustainability proposals:

- (i) Requiring power and CHP generators of 1MWe capacity and above to meet the sustainability criteria to receive support under the RO for solid biomass & biogas electricity from October 2013 and to provide a statement of independent verification; and
- (ii) Expanding the set of sustainability criteria for solid biomass and biogas from October 2013 to include:
  - a. sustainable forest management. It is proposed that solid wood-fuel will be required to meet the UK Government's public procurement policy for wood in order to demonstrate meeting the land criteria; and
  - b. tightening the limits on carbon emissions while also enabling investment across the supply-chain by fixing the sustainability criteria from October 2013 to April 2020, with the application of the proposed GHG trajectories of:
    - new dedicated biomass (with and without CHP) at **240 kg CO<sub>2</sub>eq per MWh**, potentially reducing to **200 kg CO<sub>2</sub>eq per MWh** in 2020 subject to the ability of the supply chain to deliver this reduction;
    - existing dedicated biomass accredited before April 2013, at **285.12 kg CO<sub>2</sub>eq per MWh**, potentially reducing to **200kg CO<sub>2</sub>eq per MWh** in 2020 subject to the ability of the supply chain to deliver this reduction, and
    - coal plant converting to or co-firing with biomass at **285.12kg CO<sub>2</sub>eq per MWh** reducing to **240kg CO<sub>2</sub>eq per MWh** in 2020 subject to the ability of the supply chain to deliver this reduction.

- 3.11 In addition, a set of other changes are proposed to improve how the sustainability criteria operate. These changes include improvements to the reporting and audit requirements, allowing the use of the mass balance approach to solid biomass supply-chains and better aligning our approach with national schemes that address sustainability issues, such as the Energy Crops Scheme. In some cases in the interest of consistency specified proposals would apply to bioliquids as well as solid biomass and biogas.

## Consultation responses to Part A: Sustainability Proposals

- 3.12 Consultees are encouraged to answer the questions in the DECC consultation document and to provide supporting evidence, using the templates provided on the DECC website. We will, of course, accept responses that do not use the DECC templates.
- 3.13 If you wish to respond directly to DECC, responses are required by 30 November 2012. If you wish to respond to DETI on NI-specific issues, **responses are required to Part A by 15 January 2013.**

## Part B: Value for money and affordability

- 3.14 Part B of the Consultation covers proposals to ensure that the support for biomass under the RO delivers value for money and affordability.
- 3.15 Three proposals are being consulted on to help ensure biomass power delivers value-for-money and affordability for the bill payer:
- i. Introducing a cap on the percentage of their renewables obligation that suppliers can meet with power generated by new dedicated biomass plant – i.e. plant accredited on or after 1 April 2013 and which are electricity only, i.e. excluding plants with good quality combined heat and power (CHP). **DETI is particularly keen to understand if this proposal has any unintended consequences for NI suppliers which tend to be smaller than those in GB.**
  - ii. Reducing support for standard co-firing to 0.3 ROCs per MWh from 1 April 2013 until 1 April 2015; and
  - iii. Removing eligibility for the energy crop uplift from standard co-firing.

## Consultation responses to Part B: Value for money and affordability

- 3.16 Consultees are encouraged to answer the questions in the DECC consultation document and to provide supporting evidence, using the templates provided on the DECC website. We will, of course, accept responses that do not use the DECC templates.
- 3.17 **Responses to DETI are required to Part B by 4 December 2012.** The shorter timescale for Part B reflects the aim to introduce ROC banding level changes for 1 April 2013.

## Link to DECC Consultation on Biomass

- 3.18 The DECC consultation document on Biomass Electricity & Combined Heat & Power plants – ensuring sustainability and affordability can be viewed at:  
<http://www.decc.gov.uk/assets/decc/11/consultation/ro-banding/6339-consultation-on-biomass-electricity-combined-hea.pdf>

### Grace Period for Combined Heat & Power stations

- 3.19 The recent consultation on changes to the Northern Ireland Renewables Obligation<sup>1</sup> (NIRO) included a proposal, in line with the other two Renewables Obligations, to introduce CHP transition arrangements which would see the ending of the 0.5 ROC uplift for CHP projects after 31 March 2015. Instead, projects accrediting after this date would be required to take the relevant ROC level for electricity only generation together with the relevant Renewable Heat Incentive (RHI) tariff in place at that time.
- 3.20 Work is currently underway in Northern Ireland to determine an appropriate RHI tariff for biomass over 1MW and whilst this is intended to be in place by 1 April 2015, the Department is unlikely to be in a position to consult on the proposed tariff before mid 2013. This presents a difficulty for large scale biomass CHP projects which are already in development or nearing financial close which may accredit after 1 April 2015 but do not have a clear indication of the appropriate RHI support level.
- 3.21 Given the longer lead in time to introduce a RHI tariff for large scale biomass in Northern Ireland, we are therefore proposing to introduce **a six month grace period until 30 September 2015 for CHP projects accrediting under the NIRO**. In order to be eligible for the grace period, projects must be commissioned and accredited under the NIRO by 30 September 2015.
- 3.22 It is proposed that the 20 year period of NIRO support for a grace period generating station will begin on the date of full accreditation.

**We would welcome comments on the proposal to introduce a six month grace period for CHP projects seeking the 0.5 ROC uplift under the NIRO which are accredited under the NIRO and commissioned by 30 September 2015? If not, please say why with evidence.**

**We would also welcome suggestions on what reasonable eligibility criteria should be used for projects seeking to avail of the grace period**

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<sup>1</sup> [http://www.detini.gov.uk/deti-energy-index/deti-energy-sustainable/northern\\_ireland\\_renewables\\_obligation\\_.htm](http://www.detini.gov.uk/deti-energy-index/deti-energy-sustainable/northern_ireland_renewables_obligation_.htm)

# Annex A

## Equality Assessment

## Annex A – Equality Assessment

Under section 75 of the Northern Ireland Act 1998, the Department is required to have due regard to the need to promote equality of opportunity:

- between persons of different religious belief, political opinion, racial group, age, marital status or sexual orientation;
- between men and women generally;
- between persons with a disability and persons without; and
- between persons with dependants and persons without.

In addition, without prejudice to its obligations above, the Department is also required, in carrying out its functions relating to Northern Ireland, to have regard to the desirability of promoting good relations between persons of different religious beliefs, political opinions or racial group.

We have carried out an equality screening exercise for the Draft Renewables Obligation (Amendment) Order (Northern Ireland) 2012 and found that it does not have any significant equality impact. A full Equality Impact Assessment, therefore, is not required. If you would like a copy of the screening form, please contact us.



Department of

**Enterprise, Trade  
and Investment**

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Your views on this  
document are welcome.

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