NIRIG
NORTHERN IRELAND
RENEWABLES INDUSTRY GROUP
The voice of IWEA & RenewableUK in Northern Ireland

Forsyth House
Cromac Square
Belfast BT2 8LA

**Tel:** +44 (0) 28 90 511 220
**Mob:** +44 (0) 07837 291699
**Email:** ni-rig@ni-rig.org
**Web:** www.ni-rig.org

# NIRIG response to DETI consultation on closure of the NIRO to new onshore wind in 2016

## 14 October 2015

The Northern Ireland Renewables Industry Group (NIRIG) is a joint collaboration between the Irish Wind Energy Association and RenewableUK. NIRIG represents the views of the large and small scale renewable electricity industry in Northern Ireland, providing a conduit for knowledge exchange, policy development support and consensus on best practice between all stakeholders in renewable electricity.

This response reflects the large- and small-scale industry consensus on the DETI consultation on closure of the NIRO to onshore wind in 2016.

This consultation represents a challenging scenario for the wind industry. Developers here have invested significant financial resources into bringing wind farms through the planning and grid connection processes and are now left with no route to market and no sign of a follow on scheme supporting renewables from 2016. We note, however, that there has been some understanding of this challenging situation for NI developers and to a certain extent the consultation proposal recognises and responds to the NI renewables context.

Previous policy and government support for onshore wind have created the conditions for success in developing a more sustainable energy mix, with almost one fifth of our electricity needs now coming from onshore wind. Alongside this positive contribution to clean energy, the industry has also delivered jobs and wider economic benefits for Northern Ireland.

Each MW of large-scale onshore wind developed here contributes £1.18 million into the local economy. This is more local benefit per MW than other regions of the UK.[1] The impact of the DETI proposals will therefore be to reduce the potential economic benefits that could be gained locally from onshore wind development

Early closure of the NIRO combined with the current absence of support schemes for renewables post-2016 could lead to the loss of approximately 600MW of wind generation. This represents a loss to the local economy, failure to reach government targets, increased reliance on imported fossil fuels and reduced energy security. We believe that the decisions here will have a detrimental

[1] *Onshore Wind in Northern Ireland: Economic Impacts*. BiGGAR Economics, September 2015

impact on investment into the Northern Ireland economy more generally. Such investment requires as a minimum a supportive regulatory climate which provides certainty throughout the period of investment.

The best way for Northern Ireland to reduce energy dependence, keep the lights on and build a sustainable low-carbon energy system for consumers today and in the future is to support renewable energy. Onshore wind represents the lowest cost solution towards achieving this goal. It is now vital that the NI Executive reiterates support for renewables and sets out a vision and strategy for a sustainable energy future.

**Key issues**

- **NIRIG strongly urges DETI and the Assembly to enact as quickly as possible the proposals outlined within this consultation by approving the NIRO Closure order rapidly and progressing the further steps to enactment without delay. Enactment of the NIRO Closure Order is a pre-requisite for financial close for these projects. In order to qualify for and build out projects within the proposed grace periods members projects will be required to reach financial close within a very short time-frame.**

- **Given the emphasis on aligning this policy with GB, if there are any positive changes made to eligibility criteria or grace periods in GB as the Energy Bill moves to Royal Assent, then the NI Closure Order should be amended to reflect these positive changes. For example, we note the 9 month investment freeze provisions contained in the GB Bill and we request that a similar measure be included in the NI statutory instrument in due course. We also note the provisions that projects in planning appeal or that should have received a planning determination remain eligible once they receive positive planning decisions and request that this is mirrored in NI. <u>However, we reiterate our first point that the NIRO Closure Order legislation should be enacted as quickly as possible</u>.**

- **There should not, however, be any changes made to NI legislation, once passed, that could have a detrimental impact upon the renewable energy industry in Northern Ireland.**

- **Northern Ireland projects have all been impacted by the regulatory uncertainty relating to the closure of NIRO. The financial close for certain projects will be delayed until there is legislative certainty and this delay will impact on the capability of these projects in achieving NIRO accreditation**

- **NIRIG also requests that DETI quickly acts to provide a route to market for large- and small-scale renewables projects post-2016 to ensure continued investment in this sector. Support mechanism options such as a small-scale FiT and all-island large-scale support schemes should be considered as options**

Responses to specific aspects of the consultation can be found below.

**Commissioning and accreditation**

**1.6.** There is currently insufficient definition of accreditation and commissioning: regulatory clarity on this will be necessary in due course and the definition of both commissioning and accreditation needs to be appropriate for Northern Ireland. We urge that clarity is provided as quickly as possible on these definitions and that the process needs to be straightforward.

It is vital that the definitions do not lead to a 'gap' whereby the relevant grid works are completed on or before 31 March 2017 or 31 March 2018 (as appropriate); however, the project does not receive accreditation until after this cut-off date. We suggest that the Grace Period Criteria requirement for an NIE/SONI letter be extended to cover a situation where the generating station has been connected to the grid prior to the March 2017 or March 2018 deadline, but there has been insufficient time to commission and accredit that station. This is particularly important given that clusters are a uniquely Northern Ireland phenomenon and represent additional complexity in connections not experienced elsewhere in the UK. For example, a large number of projects will be planning to commission during the period leading up to 31 March 2017 and/or 31 March 2018. The majority of these projects will be connecting at the same nodes in the network which will create operational difficulties for the network operator to manage.

As a significant number of projects are likely to be energised within a relatively short time-frame NIAUR, SONI and NIE must ensure that appropriate resource planning takes place now to prepare for commissioning these projects.

**Proposal to close the NIRO to onshore wind on 1 April 2016**

**1.10.** This proposal has very negative ramifications for the onshore wind industry. This is compounded by the fact that there is currently no visibility on post-NIRO support for renewables. Closing the NIRO early for onshore wind will impact investment in this growing sector and leads to grave uncertainty about Northern Ireland's ability to decarbonise electricity.

There are significant benefits to the local economy through the development of onshore wind; a typical Northern Ireland wind farm will invest £1.18m per MW[2] into Northern Ireland over its development, construction and O&M stages.

For local Councils each MW of electricity generated from a wind farm represents business rate values of more than £400,000 over the average lifetime of a project. Given that approximately 600MW of wind energy development is in the planning process or has planning approval, the loss to the local economy is therefore very substantial.

However, notwithstanding industry concerns about early closure of the NIRO, <u>what is now urgently required is rapid conclusion of the consultation, decision and processes to achieve enactment without delay.</u> NIRIG urges rapid progress on the NIRO Closure Order in order to enable investment

[2] The figures for spend per MW are based on total spending and so are turnover rather than GVA figures.

decisions to be made that will allow projects to develop within the proposed timeframes. This clarity is required for both the large-scale and small-scale onshore wind sectors.

**Issues arising from the DECC onshore wind announcements**

**2.4.** The consultation refers to the benefits of onshore wind development, including greenhouse gas reductions, jobs, investment and wider economic benefits. We have already referred to the significant wider economic benefits of onshore wind. Continuing to ensure that all these benefits accrue to Northern Ireland requires a vision and a strategy to enable renewables development post-2017. NIRIG urges all key stakeholders to work together to enable renewables to play a growing part in reducing our energy dependence, keeping the lights on and decarbonising our energy system.

**Eligibility dates for NI projects**

**2.5.** If there are any positive changes made to GB eligibility criteria or grace periods before the Energy Bill receives Royal Assent, then the NI Closure Order should be amended to reflect these.

**Connections to NIE clusters**

**2.6.** This section specifies 30 October 2015 as the eligibility date for wind projects connecting to an identified NIE/SONI Cluster. DETI should confirm that a 30 October 2015 eligibility date applies to both NIE and SONI connections to an identified NIE cluster.

**Proposed eligibility and evidence criteria for grace periods for NI onshore wind**

**2.8 Planning Permission**

| | |
|---|---|
| To avoid sterilisation of viable projects which expect to progress and contribute towards both NI and UK targets DETI should allow these categories of planning determination: | A project which has planning consent before the eligibility date |
| | A project that has received a resolution to grant approval before the eligibility date but which still needs planning conditions to be determined or an Article 40 of the Planning (NI) Order planning obligation to be completed so as to enable the issuing of 'formal consent' |
| | A project that has planning consent by the eligibility date but where a variation or amendment to the planning consent is subsequently granted |
| | Projects that have secured planning consent but, as of the eligibility date, be subject to an on-going Judicial Review as the consent is valid until proven otherwise. |

**Land rights**

| | |
|---|---|
| Land rights should be defined such that a declaration by the operator of the station that, to the best of their knowledge and belief, as at the eligibility date a Developer of the station (or a person connected with the developer of the station within the meaning of section 1122 of the Corporation Tax Act 2010(a)): | had an option to purchase or to lease the land on which the station is situated, or, |
| | had entered into an agreement to lease the land on which the station is situated, or, |
| | was an owner or lessee of the land on which the station is situated, or, |
| | was a party to an exclusivity agreement in relation to the land on which the station is situated. |

**Grid connection**

Cluster policy has delayed development of a significant number of projects, many of which had original connection offers made in 2010.The progress of clusters will depend on a minimum amount of generation (56MW) being brought forward within each cluster. There is therefore a large degree of interdependency between these projects. These are unique factors for Northern Ireland.

| | |
|---|---|
| With regard to the additional grid and radar grace period DETI should: | Allow projects to qualify if a grid connection offer has been accepted by the eligibility date |
| | Allow projects to qualify where they are sharing a grid connection with an existing project |
| | Allow projects to qualify where they have accepted grid connection offers and at the time of the application for grid connection offer it was NIE's intention that they would be connected on or before 31 March 2017 |

**Additional comments**

Furthermore, DECC have recently included amendments to the Energy Bill such that where a project in GB was due to receive a decision on planning, or indeed was in a planning appeals process, by 18th June, these projects would remain eligible for the grace period. NIRIG request that this flexibility is extended to Northern Ireland also.

Northern Ireland generators however are subject to different rules in respect of grid applications. NIRIG urges DETI to ensure that this difference in treatment is recognised and Northern Ireland projects are treated on a level playing field to our GB counterparts.

In GB, projects can apply for a grid connection at any point in the development cycle. In Northern Ireland however, until 11th August 2015 projects were prohibited from applying for a grid connection until planning permission was in place.

It is our view that following the decision of NIE on 11th August 2015, a prudent developer would have made an application to apply for a grid connection by 31st August 2015. NIE are licence bound to provide a connection offer within 90 days following an application.

Given that the grace period criteria for stand-alone projects is 30th September 2015, at the very most a grid connection application would have been in process for between 4-6 weeks, i.e. not enough time for an application offer to be made and therefore not enough time for a Northern Ireland generator to satisfy the same conditions as outlined for GB projects (which require grid and land security by the relevant cut-off date).

NIRIG therefore propose the following amendments which will ensure NI projects and GB projects will be treated on a level playing field;

- Where a project was due to receive a decision for planning consent by 30th September but had not (either because it was in appeal due to an initial refusal by a planning committee or because of non-determination within statutory timetables), **and** made a grid application by 31st August 2015, **and** secured land as per GB criteria; these projects should be eligible for the early closure grace period.

It is worth noting that in Northern Ireland a decision for planning should be received within 16 weeks as per the Planning (General Development Procedure) Order (Northern Ireland) 2015, which states the following in Article 20;

*(1) Where an application is made to the council under Articles 3, 4 or 5 the council shall within the period specified in paragraph (2) give the applicant notice of its decision or determination or referral of the application to the Department under section 29 of the 2011 Act.*

*(2) The period specified in this paragraph is –*

***(a) In the case of an application for planning permission for development within the category of major development, a period of 16 weeks beginning with the date when the application was received by the council;***

**Implementation**

**2.10.** NIRIG urges rapid development and enactment of a Closure Order for onshore wind. The delays and uncertainties created over recent months now need to be resolved in order to allow projects to have any hope of delivering within the timeframes outlined in this paper. Enactment of the Closure Order will allow investment decisions to be finalised and development to continue.

We also note that this entire consultation is based on the premise that if NI falls into line with the rest of the UK then costs of the onshore wind NIRO are to be socialised across the UK. Should the Energy Bill receive Royal Assent with more advantageous grace periods for GB then NI legislation must be amended to reflect this and costs socialised across the UK.

## Annex A

**Grid**

| Evidence | NIRIG position |
|---|---|
| 1. Grid connection agreement consisting of: | |
| • A grid connection offer | No comment |
| • Acceptance of that offer | No comment |
| • A letter from the network operator (NIE/SONI) which confirms that at the date of receipt of the connection application for the proposed generating station it was the intention to complete the relevant grid connection works no later than 31 March 2017 | This letter should be from the party with whom the developer has a connection agreement i.e. NIE or SONI.<br><br>It is important to note that in order to give finance providers certainty this letter will be required upfront to give comfort that the relevant generating station will satisfy this criteria in the event that a developer makes an application for accreditation. |
| 2. A written declaration by the generator that to the best of their knowledge, the generating station would have been commissioned on or before 31 March 2017 if the connection had been made on or before the grid connection date. | No comment |
| 3. A letter from NIE/SONI confirming that the relevant grid works were completed after 31st March 2017, and, in NIE/SONI's opinion, the failure to complete the relevant grid works on or before 31st March 2017 was outside of the control of the generating station developer and was not due to any breach by a generating station developer of any agreement with the relevant network operator. | We reiterate here the need for appropriate definitions of accreditation and commissioning.<br><br>NIE/SONI should also provide a letter that in NIE/SONI's opinion although the relevant grid works were completed prior to 31 March 2017 that in their opinion there was insufficient time for the generating station to satisfy commissioning and accreditation requirements.<br><br>This accreditation gap could also occur under the grace period ending 31 March 2018 and NIE/SONI should also make appropriate provisions in this scenario. |

**Radar**

NIRIG has no comment to make on radar grace periods.