BALLYKEEL
WINDFARM

Closure of the Northern Ireland Renewables Obligation to new onshore wind in 2016

Response to Consultation Paper September 2015

This proposal represents an unforeseen and blunt change from what was previously agreed and it must be stressed that, as a result of Mr Bell's further assurances to the industry in July 2015, substantial investment was committed. As a wind farm developer, this poses a significant risk to our business model.

To provide a context, our proposed wind farm will consist of 7 turbines, with an estimated build costs of £20-25 million. It is estimated to generate over 46 million units of electricity each year; this would be sufficient to meet the demands of all 12,500 homes in the nearby town of Larne. This also represents a carbon saving of 18,000 tonnes of C02 annually, a major step towards delivering renewable energy targets.

The beneficiaries of this project will be widespread but specifically include local suppliers during construction, the local populous as we aim to establish a community fund, the landowners who would receive lucrative rental payments and the local economy as a whole. Also, the council would enjoy the additional rates income and we would inevitably require further staff to support this.

The community fund would specifically focus on households within 1km of the boundary of the wind farm; we intend to cover the equivalent of the average NI household electricity bill for the lifetime of the windfarm – in money terms, this is around £700 pa per household which will be index linked. Households outside this boundary will also receive benefits, as will community based projects that meet certain eligibility criteria.

In addition, it would be our intention that, within a few years of the windfarm being operational, an equity fund will be created to support the growth of local businesses and encourage such development. NI has a wealth of people talent and we wish to facilitate that. Also, a percentage of our profits would be donated to local charities and community groups.

Key elements within our objectives are to always engage local companies and develop our relationships with existing suppliers. Job creation is of crucial importance to us and we will always strive to recruit locally. Currently, we employ the services of 39 suppliers – 80% of whom are based in Northern Ireland. In total, we deal with 31 companies across Northern Ireland, the majority of which are based in Larne. The current proposal places these plans at risk and the uncertainty that exists on this issue simply adds to this.

Having reviewed the minutes of the Committee for Enterprise, Trade and Investment: Renewables Obligation Closure Order (NI) 2015 DETI Briefing, Tuesday 8th September 2015, it is clear that there is a considerable amount of doubt about the robustness of the decision making process, upon which this amendment to the NIRO, is being made. The stance that the early NIRO closure aligns us with GB policy is a fundamentally flawed argument. As highlighted in the Minutes, there does not seem to be any consideration by the Department, of the potential benefits that positive legislation could bring, in terms of job maintenance, revenue and investment coming into the economy.

Please find our response below that relate to the key points in the consultation document –

Point 2.2 – Although the GB eligibility date is earlier than NI (18th June 2015), the situation in NI is that we are being faced with a complete and abrupt cessation of all subsidies, which is not the case in the rest of the UK.

Point 2.3 – the estimation that around £5 would be added to an annual domestic bill and £10,000 approx. on a large user's energy bill, we believe, is inaccurate. These figures represent a 'worst case' calculation. This wrongly assumes all projects in the pipeline will actually go ahead but there are always projects that fall down because of issues with planning, grid, wind resource or financing. These must be factored into this calculation for it to have any meaning. Also, the statement about £10,000 extra on large energy user's bill is misleading and distorts the actual impact as it is based on the highest energy users of Northern Ireland and is not an average.

These costs are also based on historical usage and not forecast on the positive, future outlook which demonstrates that, within no more than 5 years, wind energy will be cost competitive with conventional energy sources, including coal. The cost issue can only be tackled if done so accurately.

Point 2.8.1 - It is unclear what "relevant planning permission" is. In the situation where an applicant has full planning approval, before 30th September 2015, but subsequently requires an amendment, or non-material change, to that Planning Permission, does this invalidate their application to the grace period extension?

Point 2.9 - What is the process for applying to Ofgem for Grace period approval?

- Is this an application form, or an informal process of negotiation/communication?

Point 2.12 - "Ofgem will only be able to assess eligibility for grace periods once it is content that all other eligibility criteria have been met and the project has been commissioned".

This implies that an applicant must carry out all of the work, right up to Commissioning, at risk, with no indication from Ofgem that the developer has satisfied the grace period criteria until after the wind turbine commissions. This is unreasonable. It would be judicious to expect Ofgem to assess the criteria, at an early stage, before additional expenditure has been incurred by the applicant.

As we've already highlighted, one very clear point, which cannot be stressed enough, is that the economic impact of this decision is colossal and will leave NI's onshore wind industry in crisis. The current proposal and uncertainty means we have to decelerate our project plans which places jobs, economic benefit, both local and across NI, as well as community support packages on hold.

We would like to see the issues of costs, consequences, energy security and sustainability to be fully considered and explained, before the final consultation is released.

To avoid any further uncertainties for those seeking to make decisions, when investing in renewable generation from Wind turbines in Northern Ireland, it is critical that the following is implemented as a minimum -

1. The proposed eligibility date for grace for agricultural scale wind turbines (250kw or less) is extended from Sept 2015 to April 2016.

2. A support mechanism is put in place post April 2016 which is currently available for all other regions of the UK except Northern Ireland.