Innovation Technologies
(Ireland) Ltd
47 Manse Road
Ballycarry
Co. Antrim
BT38 9HP
Northern Ireland

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

1st October 2015

Dear Sir/Madam,

RE Early closure of the Northern Ireland Renewable Obligation

I wish to use the short consultation period announced yesterday (30th Sept.) to register my concerns about the Department's plans to close the NIRO scheme which came as a shock after the contrary assurances only weeks prior.

I am a company director of a small family engineering R&D services company established in 1998. Through the engineering services offered to one local small-scale wind development company, we have seen the importance of the sector to the local economy, and not least for my own business. If it were not for the small-scale wind sector - which was able to invest in employment, both directly and indirectly through the period since the onset of recession in 2008, I'm quite sure my business would have had to close due to the difficulties among my industrial clients. (As it was I had to let several employees go and would have had to close completely were it not for the new work supporting deployment and operation of small-scale individual turbines. I know of many local business – not just engineering - that are supported by the small-scale wind sector.)

In my view there is a crucial distinction to be made between large-scale (ie wind farm) schemes and the small-scale developments which focus on the deployment of individual turbines. The latter is a very different arrangement from the former, and provides much greater benefit to the local economy at every stage. Local businesses, not least farms, benefit from the revenue generated by individual turbines allowing them to invest for the future and remain sustainable and because of greater energy independence in the case of export businesses, compete on the global market thus safeguarding employment. In contrast, the developers of wind farms import the materials and expertise – by choice or otherwise – leaving little benefit locally. The profits from such wind-farm companies are readily taken out of the country to benefit individuals and investment funds elsewhere.

While it is apparent that the small-scale wind sector has developed quickly, this is only because the NIRO has enabled it. Loss of NIRO with such a knife-edge - counter to the assurances given on which investments have been made - risks devastating both the small-scale wind developers, their suppliers, and the individuals/businesses who have invested so

Tel: +44 (0)28 9337 3379
Fax +44 (0)28 9337 8039
Reg. No. NI33526
VAT No. 710302503
E: info@innovation-tech.co.uk
W: www.innovation-tech.co.uk

much in the projects underway. It is wrong to single out the single-turbine projects by setting eligibility criteria that exclude those already under development, often having had significant investments made, which may now be lost entirely or operate uneconomically (given the double whammy of very high rates valuations on turbines. The result of which may be a net reduction in installed onshore wind capacity over the next number of years due to poor economics.) It also seems wholly ill judged to do so at a crucial recovery stage for the local economy, agriculture and industry. As demonstrated with the Solar PV sector, tapering of the support with plenty of notice is the correct tried and tested approach as it focuses the sector on the need to aim toward self-sustainability in as far as that is possible.

The cost to the electricity bill payer of continuing the scheme for small-scale onshore wind is minor (≈£5/yr). It is in the gift of virtually every bill payer in the province to save considerably more – orders of magnitude more - than the £5/an through simply implemented energy-efficiency measures in their own homes and businesses. Why not be honest with the bill payers of Northern Ireland and help them be the best educated energy saving consumers in the UK? (In my opinion, it is the *Constraint Scheme* offered to wind-farms that is the 'elephant in the room', not the NIRO for small-scale onshore wind developments. This constraint payment – covered by the electricity bill payer – perversely offers significant payments to wind farms for <u>not</u> running. Addressing this is the priority.)

As regards the future for NI energy resources, I also believe the sudden loss of many planned projects through in-eligibility will leave the province poorly resourced for future energy needs – especially if as I believe there may be a net loss of capacity over the next few years. The Department should see the support of small scale on-shore wind sector as one of the means to catalyse distributed energy-storage schemes, thereby providing a more secure and efficient electricity network. This may well mean the proportion of renewables capacity exceeds the stated target of 20%, but that is simply because renewable availability, when averaged out by storage, ends up a lower overall percentage, yet results in a more efficient and robust network.

I would challenge the department to re-think this badly judged proposal and demonstrate that it is willing and able to use its devolved powers on energy to govern for local needs, and not simply knee-jerk react to what happens in GB (where the challenges/constraints/procedures facing small-scale wind are quite different). The DETI announcement suggests a foregone conclusion, as does the very short consultation and reversal of assurances to the sector, HOWEVER, this need not be so. (The announcement in GB to terminate the onshore support was an attempt at popularist vote grabbing for an ill-informed public, not aware of the proportion of their electricity bills due to constraint payments and supporting nuclear power generation.) The correct thing is that NI makes its own decision to support renewables as well as encourage development of storage technologies such that NI can be in the forefront of these solutions.

Thank you for considering my response.

Yours faithfully,

Ian Milliken
Director