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

Action Renewables welcomes the opportunity to respond to DETI's consultation paper on closure of the NI Renewables Obligation to new onshore wind in 2016.

Lack of evidence for decision

It is evident from the minutes of the Executive Committee Business, Monday 28 September 2015, 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. In particular:

- On 30th June 2015, the cost of supporting the NIRO, for an additional year, could add up to £16 a year, to an average domestic consumer electricity bill. That figure is now in the Consultation document at £5, but we are not aware of how this figure was arrived at.
- On 30th June 2015, the cost of supporting the NIRO, for an additional year, could result in the top electricity-consuming companies in the North paying around an additional £30,000 per annum for their electricity. The figure is now in the Consultation document at £10,000. Again, no evidence has been produced to justify this figure, and it is also misleading as this figure, if correct, is only likely to apply to the highest energy users and an average increase has not been provided.
- As highlighted in the Minutes, there does not seem to be any consideration by the Department, of the potential benefits that the legislation could bring, both in terms of job maintenance, revenue and investment coming in to the Northern Irish Economy.
- There seems to be a considerable amount of confusion and a lack of clarity about the legal advice that the Department has sought, before reaching the current position.
- Again, as highlighted in the Minutes, there is a lack of understanding what the support will be for Renewable electricity generation in Northern Ireland, post 2017. It has been stated that the closure of the NIRO will align us with the situation in GB. This is not correct, as the Feed in Tariff system will continue to operate in GB for on-shore Wind Turbines below 5MW. We understand that there is no intention to operate a Feed in Tariff system in Northern Ireland.

Lack of clarity within consultation

With regards to the Consultation document itself, our major concerns are associated with the vagueness of the terminology, in section 2.8, the 'Proposed eligibility and evidence criteria for grace periods for NI onshore wind' section.

Section 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?

Section 2.8.2.

What is the meaning of "no grid connection is required"?

- Who determines that no grid connection is required?
- Can this be done by a consultant, or external expert, or must it be done by NIE?
- If done by NIE, what would be the process for NIE to do this? Because if the subject intends to operate without a grid connection they will not submit a Grid Connection application to NIE.
- Does the following situation fall within the meaning of 'no grid connection required'? Where electricity is being generated by a wind turbine and sold entirely and directly to a local load (e.g. a business), so no electricity whatsoever will export to the grid, and therefore no grid connection capacity additional to the business's existing capacity is required.
- Does the grid connection offer and acceptance of that offer have to be specific to a particular technology to be able meet criterion (ii)? For example, if a 500kW connection was applied for, accepted and paid, for an AD plant several years ago, but the AD plant was never developed, does this mean that that connection agreement offer can be used to meet criterion (ii), to apply for the grace period for a 250kW wind turbine? (As it has been paid for and demonstrably exists before 30th September 2015 and the connection capacity is not breached).

Section 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?

Section 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.

Summary

It appears that this decision to close the NIRO, in advance of what was previously intended, has been taken without due consideration for the costs (on electricity consumers bills), and consequences (on jobs, revenue and investment into Northern Ireland), and how these costs and consequences balance out. It is Action Renewables opinion that this proposed decision will create consequences which have greater net cost to the Northern Irish economy than the anticipated costs of keeping the ROC banding open until 2017.

Furthermore, there has been no public discussion of how the elements of the Energy Trilemma; Energy Security, Sustainability and Cost, have been prioritised. There seems to be a tacit assumption that Cost (even though not established) is now the over-riding criterion. It is also foolhardy to abandon support for Renewable Electricity, at short notice, with no clear understanding of how our 40% Renewable Electricity target will be met.

The speed at which the consultation proposes the change, shortly following the declaration of confidence that the NIRO banding for wind would continue until 2017, has caused a significant number of individuals and companies to potentially lose considerable amounts of money. This type of swing in regulatory support creates an environment which considerably harms Northern Ireland's reputation as a secure place to do business, and therefore damages our potential to gain international investment, which further inhibits Northern Irelands growth and development.

Action Renewables would like to see the costs, consequences, energy security, and sustainability to be fully considered and explained, before the final consultation is released. Also, Action Renewables believes the manner in which the Grace period criteria are currently proposed, and how they are defined, is unacceptable. Within the final consultation document, we would expect these (highlighted above) to be reconfigured and fully and explicitly defined, to avoid any further uncertainties for those seeking to make decisions, when investing in renewable generation from Wind turbines in Northern Ireland.