

# Proposed Reform of the Northern Ireland Renewables Order

## Preliminary Consultation on Proposed Banding of the Northern Ireland Renewables Obligation

**10 July 2008**

*Comments by*

**Northern Ireland Environment Link**

Northern Ireland Environment Link is the networking and forum body for non-statutory organisations concerned with the environment of Northern Ireland. Its 51 Full Members represent over 85,000 individuals, 262 subsidiary groups, have an annual turnover of £100 million and manage over 314,000 acres of land. Members are involved in environmental issues of all types and at all levels from the local community to the global environment.

These comments are agreed by Members, but some members may be providing independent comments as well. If you would like to discuss these comments we would be delighted to do so.

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Northern Ireland Environment Link (NIEL) welcomes the preliminary consultation on the *Proposed Reform of the Northern Ireland Renewables Obligation (NIRO)*. The consultation exercise will help refine the proposals and should ensure that stakeholders have an opportunity to share their concerns, expertise and experience.

NIEL believes that it is important that energy generators in Northern Ireland are required and facilitated to increase the amount of renewable energy they generate. Renewables could and should provide a significant proportion of Northern Ireland's energy needs with the added benefits of reducing the release of greenhouse gases and increasing the security of electricity supply by diversifying the numbers and types of sources.

Government will have to provide additional support to renewable technologies if they are to penetrate the market to the extent desirable. This may include investing in large scale projects, providing funding packages for smaller scale technologies (such as extending the Environment and Renewable Energy Fund), requiring energy companies to generate a percentage of their energy from renewable sources (through the NIRO) and/or by guaranteeing good long term prices for units of energy generated from renewable sources (feed-in tariffs). Feed-in tariffs have operated in Germany for a number of years and have been highly successful in developing a relatively high penetration of renewable energy (12%) and this has been achieved using diverse technologies (payments are banded according to technology).

We believe that the Renewables Obligation should be used as a tool not only to support the deployment of existing renewables technologies but also to develop and deploy emerging technologies. To best achieve these two objectives NIEL believes that banding should be introduced to the NIRO.

The level of the Obligation in Northern Ireland remains an area of significant concern to NIEL. While there may have been some justification for a lower Obligation in the past, the ever increasing cost of fossil fuels and the potential supply of renewable energy in Northern Ireland should lead to the recognition that a higher Obligation will bring long term economic benefits. The present Northern Ireland energy mix is not sustainable and the issue should be addressed urgently; a higher obligation is one way to stimulate this. We feel that it is essential that the NIRO target is set at 13% for 2012; which is the Government's 2012 renewable energy target plus 8% headroom. In the longer term the target should be set higher, for example, at 43.2% for 2025 (in order to meet Sustainable Development target and allow headroom).

NIEL does not support the decision by HM Treasury that any generating station which receives capital funding should not be eligible for ROCs or should only be eligible for a fraction of its output (depending on the percentage of funding it received). We do not interpret this as double funding as capital funding is entirely different from ROC support which is revenue based and paid by electricity supply companies, not from taxes. This decision is particularly damaging for the microgeneration market and should be reversed.

### **Banding**

We do not support co-firing of non-energy crop biomass as being eligible for ROCs. However, if it is to be eligible for 0.5 ROCs, the 10% cap must be retained initially but reduced with time, and the thermal efficiency of the included power plants should reach a minimum standard (the EU suggest 0.65 efficiency as the threshold for combustion plants to be considered 'energy recovery units' but to be classified as a Good Quality Combined Heat and Power plant a higher thermal efficiency must be demonstrated). ROCs from co-firing should only be given to the renewable fraction of the overall fuel mix.

The proposed 0.25 ROC/MWh band for Landfill Gas generation does not reflect the situation in Northern Ireland with regard to current utilisation of this technology. However, the technology is well established elsewhere and deployment in Northern Ireland is dependent on energy transfer rather than innovation so multiple ROCs would not be appropriate. NIEL suggests that a single ROC is offered for a fixed period in order to make deployment of this technology in Northern Ireland more attractive.

NIEL believes that small renewable energy generators have an important role to play in providing a significant proportion of Northern Ireland's energy needs and that their role should be recognised within the NIRO. Therefore, we welcome the decision to offer double ROCs for microgeneration. We must stress the importance of providing an administratively simple system for microgenerators to avail of these ROCs. In addition, we believe that the 'feed-in tariff' (based on total generation) system should be further explored as the support system most likely to encourage a diverse and significant microgeneration sector. This sector has the potential to be a significant aspect for renewable generation in Northern Ireland and appropriate support systems should be given high priority.

Northern Ireland Environment Link supports the proposals for the technologies that are to receive multiple ROCs as listed in Annex A. However, it is important to note that biomass projects utilising energy crops should only receive ROCs if they are able to demonstrate that the crops were produced in a sustainable manner. The assessment of sustainability must be strengthened by requiring that biofuels meet strict, externally audited, widely accepted and mandatory sustainability and greenhouse gas balance standards, including at least a 50% saving on greenhouse gases compared to fossil fuels, taking a whole life-cycle approach (including fertilizers, pesticides and effluent treatment). The proposal to exempt generators under 50Kw is not wholly satisfactory, and should be replaced by a requirement to provide basic information on the fuel source. If the fuel source is not appropriate the generator should not receive ROCs.

### **Grandfathering**

The Grandfathering conditions detailed in the consultation appear appropriate; however, we agree that special consideration may have to be given to existing 'dedicated biomass' or 'advanced conversion technology' projects.

### **Headroom**

Northern Ireland Environment Link supports the 'headroom' principle.