



26 June 2014

Renewable Heat Incentive
Department of Energy and Climate Change
Floor Area 1C
3 Whitehall Place
London SW1A 2AW

Dear Sirs,

Northern Ireland Response to DECC RHI Biomethane Consultation

The Ulster Farmers' Union (UFU) is the largest farmer/land-owner representative organisation in Northern Ireland. With 12,500 members covering every aspect of NI agriculture and horticulture, including many farm enterprises which are intensive use of energy and heat, namely dairy, pig, poultry and mushroom sectors. Whilst the DECC consultation applies to GB, we welcome the opportunity to contribute to the process to ensure that the Northern Ireland perspective is taken into consideration.

RHI in Northern Ireland

The Northern Ireland RHI is run by the Department of Enterprise, Trade and Investment (DETI) that provides financial support to non-domestic renewable heat generators and producers of biomethane who are based in Northern Ireland. Domestic householders cannot obtain funding through the RHI, yet the Northern Ireland Renewable Heat Premium Payment (RHPP) scheme is specifically designed to provide funding for domestic householders seeking to have a renewable heat technology installed in their home. DETI consulted on the second phase of the RHI including domestic RHI last year and we are still awaiting details. Renewable heat installations commissioned since 1 September 2010 will be eligible to apply for accreditation under the RHI scheme.

The table below details the supported technologies and the tariffs at 1 April 2014.

- **Biogas injection**

In Northern Ireland this applies to installations using biomethane injection and biogas combustion, except from landfill gas.

<u>Size range</u>	<u>NI RHI tariff (pence per kWh)</u>	<u>Length of tariff</u>
Biomethane all scales, biogas combustion less than 200kWth	3.2	20 years

Biomethane Injection in Northern Ireland

The rush to produce electricity from AD plants is proving very difficult for many projects, in light of the continuing grid connection problems experienced by landowners when dealing with NIE. This means that the small scale AD industry needs to consider how best to proceed with many projects currently locked in the system unable to proceed. Biomethane injection on to the gas grid is the ideal outlet for these plants and the UFU would like to see this adequately supported in Northern Ireland.

Discrepancy between GB and NI

The UFU wishes to draw attention to the fact that the Biomethane RHI tariff in Northern Ireland is 3.2/kWh compared to 7.5p/kWh in GB. After reading the DECC consultation, under the proposed tiering and banding options, GB would appear to be still better off in terms of tariff levels of support.

The DECC consultation on biomethane has been issued to ensure value for money and a tariff structure which incentivises deployment, yet the UFU would make the point that in light of the current discrepancy in tariffs, here in Northern Ireland we are looking at the possibility of undercompensation as opposed to overcompensation.

NI needs a tariff for biomethane injection which is set an adequate level to ensure that this form of biogas utilisation is put to its optimal use, ensuring efficient on-farm energy use and for the benefit of the wider economy.

Consultation Questions

As far as the debate between the tiering and banding models is concerned and other GB specific details are concerned, we are prepared to leave it for the industry in GB to discuss. The UFU are not in a position to comment due to the flat rate currently in place in NI, however, we should be offered the opportunity to consider banding or tiering and gate fees in the future.

Aside from calling for parity with GB, we can make the following general observations;

Question One - Is it appropriate to set tariffs for all plant on the basis of waste plant costs, which assume a 20 year revenue from current gate fees? Is it appropriate to assume gate fees at all scales of plant? If not, please provide reasons why.

From an Agricultural point of view, the UFU have concerns about the DECC view that the model to assumes that a plant uses food waste for all of its feedstock. Here in Northern Ireland, slurry-silage/maize crop hybrid AD models are the norm. The UFU recommends that in analysing the tariff levels, a farm waste and crops model should be considered. We are commented on this to ensure that this is take into consideration when the Northern Ireland consultation is being drawn together.


Question 27 - In your view, how much potential is there for cost reductions or performance improvements in the components of biomethane plants? Please indicate any numerical estimates you have of either and the timescale over which you expect them to occur.

We believe there is potential for cost reductions over the longer term, and in particular according to ADBA the blending of methane is preferred to the propane enhancement of the Calorific Value (CV).

Small scale AD and biomethane needs to be supported beyond 2016. This vital to reducing costs associated with the technology. This would ensure a steady stream of new entrants will join the market and competition will be strong among different service companies. The issue of cost reduction is particularly relevant to the small scale on-farm AD plants. Technological advances are the only way that small scale (less than 30kW) will ever be viable for on-farm AD units.

If you have any further queries, do not hesitate to get in contact.

Yours sincerely,



Chris Osborne
Senior Policy Officer