

21 October 2015

FIT Review Team  
Office of Renewable Energy Deployment  
DECC  
2<sup>nd</sup> Floor Area D  
3 Whitehall Place  
London SW1A 2AW

Dear Sirs,

### **Consultation on a Review of the Feed-in Tariff Scheme**

The Ulster Farmers' Union (UFU) are angered at DECC's intention not to extend the geographical scope of FITs to Northern Ireland.

The UFU is the largest representative of the farming/land-based sector in Northern Ireland with 12,500 members. Over the last 10 years, many of our members have committed themselves to small scale renewable projects; wind, hydro, AD and solar PV, vast sums of money have been spent not only on capital equipment and professional services but also grid connection costs.

Despite the dash to avail of the Northern Ireland Renewable Obligation (NIRO), many landowners have not managed to get their projects off the ground, mainly due to grid connection or planning permission problems. The NIRO was only introduced 10 years ago and in light of the structural problems, the small scale renewable sector in Northern Ireland is still very much in its infancy and for that reason it itself warrants continued support.

#### **1. The UFU wish to question the following DECC Statement on page 34 and the section "Geographical Scope of the FITs Scheme.**

"We have considered extending the scope of FITs to Northern Ireland, to take account of the lack of a support mechanism for small-scale renewables following the removal of the Northern Ireland Renewables Obligation from 2017 onwards. However, increasing the scope of the FITs to cover new geographical areas would be likely to increase the cost of the FITs scheme at a time when we are seeking to limit costs under the scheme. Extending the scheme at this point would require primary legislation and also trigger a requirement to re-notify the scheme to the EU Commission and impact on the implementation timeframe for any cost control proposals resulting from this consultation. The primary focus of the current review is to ensure generators are incentivised appropriately and to seek views on how to control future costs. We therefore do not consider it appropriate at this moment to extend the scope of the scheme".

#### **UFU View**

- **Early Closure of NIRO** - In the above statement DECC said that the NIRO will close from 2017. Since you published your consultation, DETI have announced that the NIRO closure will be brought forward by a year to 2016. Surely it is reasonable for DECC to take this into consideration when making a decision.
- **GB RO v NIRO** - We do not need to remind you that here in Northern Ireland, our Renewable Obligation was introduced THREE years after that in GB. The GB RO (Renewable Obligation) was introduced in 2002 and was subsequently replaced by a FIT in

April 2010. Hence GB has had constant support for small scale renewables for 13 years. The decision to not introduce a small scale FIT in NI is not only wholly unfair, but it leaves our sector at a competitive disadvantage compared to our counterparts in GB.

- **EU Commission Notification** – Have DECC or DETI even asked this question in Brussels? The UFU are currently speaking to our MEPs to query the impact of the new Environmental Aid guidelines on any future support for Small Scale Wind Generation in Northern Ireland.
- **Additional Costs** – DECC have not made any figures available as to what costs will be involved linked to extending small scale FITs to NI, so can you actually set out what costs are involved? These figures have not been forthcoming to date and we cannot understand how DECC can make a decision based upon figures which have not been released.
- **Need for Primary Legislation** – The UFU wishes to know why, at the 11<sup>th</sup> hour, this this being raised? Since early 2012, DECC and DETI stated their intentions to introduce a small scale FIT in Northern Ireland. Surely if this was the case, over 3 years down the line, why was the work primary legislation not started sooner? Note that we will be raising this with DETI directly as well.
- **Need for Continued Incentivised Support** - The UFU are on record stating that there needed to be a seamless transition from NIRO to further support for small scale renewables. During our meeting with DETI on 7 October 2015, DETI official John Mills said that the NIRO should not be seen as a means for a farmer to make money, the UFU believes that this comment is wide of the mark. Any future form of support does not need to match the current levels by any means, rather it needs to be an incentive to allow a farmer to integrate renewable energy generation into their farm business to allow them to embrace innovative technologies such as micro-grid and storage solutions, leading to them improving energy efficiency in their businesses. The DECC decision not to extend the small scale FIT to NI will halt this integration and mean that many farms will continue to rely upon costly fossil fuels.

**2. This is at odds with what was said by the Department of Enterprise Trade and Investment in Belfast.**

**20 January 2012 – DETI Proposed Changes to the NIRO Consultation** - It should be noted that this was the consultation when DETI mentioned that the NIRO could be replaced by a small scale Feed in Tariff. In this consultation, DETI stressed that generators and investors alike are assured of long term support and hence proposed that the NIRO should be extended to 2037.

**12 September 2012 – DETI Energy Bill Consultation** - In the UFU response to this consultation we highlighted the need for a cross over period between the introduction of a small-scale FIT and the ending of NIROs on 31 March 2017. We sought assurances that the new FIT will be in place before the ending of NIROs in 2017, highlighting that any gap in changeover could have an adverse impact upon the NI small scale renewable sector.

Consider the two emails the UFU received from DETI staff;

**15 October 2013** – UFU wrote to Olivia Martin in DETI requesting an update on the plans to replace the NIRO with a Small Scale Feed-in Tariff and this was the reply;

“Work to develop the small scale FIT continues. DETI hopes to publish later this month a study undertaken earlier this year which analysed the issues that need to be considered in adopting the GB FIT to the NI environment. Our original intent had been to introduce the FIT during 2015/16 however the legislative timescale and practical issues that need to be considered suggest that a more realistic

timeframe is 2016/17 or a seamless move from the NIRO to FIT in 2017. The exact date has still to be decided”.

**21 February 2014** – UFU wrote to Michael Blower at DETI requesting a further update as we were receiving a high volume of calls from UFU members requesting clarity on the future of support for small scale renewables projects;

Michael Blower said “Work is ongoing on the development of a small scale FIT for Northern Ireland and the powers for a FIT are being introduced in the forthcoming Energy Bill. It is the Department’s intention to introduce a small scale FIT in 2017 to coincide with the closure of the NIRO and DETI will hold a consultation prior to its introduction on issues such as the proposed tariff levels and technologies to be supported”.

**UFU View** - This calls into question the issue of “legitimate expectation”, especially when DETI clearly state “it is the Department’s intention to introduce a small scale FIT in 2017 to coincide with the closure of the NIRO”. We will address this again when we consider the grid connection raised later.

### 3. NIE Managed Connection Project

Connecting individual small scale renewable energy generation units to the 11kV electricity network in Northern Ireland has proved to be a major problem for our members. Normally, load matching for generation capacity on the grid would have been achieved by adjusting the throttle control in the central power station (ie through generation). However, the nature of small scale renewable generators (embedded and intermittent) joining the grid means that this equilibrium between demand and supply has to be met through the control of loads as well as a generation.

From the very early days, the UFU were inundated with calls from landowners complaining about very expensive connection quotes when applying to connect SSR units to the grid. It has since transpired that this was attributed to lack of capacity on the 11kV network. This congestion has been brought about by “circuit level” activity. In other words, embedded capacity of small scale generation currently connected to the 11kV network.

The situation worsened last year, with NIE identifying that capacity limitations are now arising on parts of the 33kV network. The main problem is that AD plants create permanent reverse power and this is unprecedented in network systems. This is being addressed by the work being undertaken under the banner of “Project 40”, a managed connection solution which NIE are currently consulting on.

The UFU has at least 300 grid connections applications (those which were once subject to “conditional offers”) now in a state of limbo, and this backlog only stands a chance of being cleared if progress is made in relation to the NIE-led Project 40 (managed non-firm grid connection). This possible way to avail of any additional grid capacity is proving to be a long shot, with no likely final outcome until late 2016/early 2017 at the earliest. However, the DECC decision to not introduce a Small Scale FIT will tender this work pointless as there will be no desire to proceed with renewable energy projects.

The emails from DETI to the UFU set out in the opening section were not the only examples of where DETI mentioned the intention to replace the NIRO with a small scale FIT. DETI staff attended numerous conferences and seminars and repeated their intention for this to happen. I have already mentioned the term “legitimate expectation”. In the context of the managed connection, many of the 300 or so developers caught in limbo, unable to connect to the grid, will have heard what DETI had to say and decided to stay in the grid connection queue. Up until 30 September 2015, they would have held out a hope for being able to connect their turbine in time to avail of the NIRO, yet the proposed early closure means that is unlikely, however, during this time they were led to believe that the NIRO would be replaced with a small scale FIT and committed time and money to remain in the queue.

#### 4. Energy Policy

The UFU believe that this decision, together with the early closure of the RO in GB and NIRO clearly illustrates both central Government and our own devolved administrations disregard for small scale renewable energy generation. To offer financial support as they have done up to now, for a relatively short period of time, and then to pull the rug from underneath it at such short notice will leave many landowners high and dry and many out of pocket. It will also represent an opportunity missed for our sector in terms of on-farm energy efficiency and hold back our efforts in reducing our reliance on fossil fuels.

The European Commissioner for Climate Action and Energy Arias Canete provided a speech on the new Renewable Energy Union in March 2015. During his speech, he set out how renewables fit into his vision for a sustainable energy and climate future stating that energy markets and grids have to be fit for renewables, not vice versa and that this has to be improved as a matter of urgency.

Mr Canete in his speech said that 'good intentions count for nothing if we don't get the policies right' and this pretty much sums up what is wrong with DECC/DETI policy towards Small Scale Renewable Energy in Northern Ireland.

U-turns as seen with the DETI decision to close the NIRO early and DECCs decision not to extend the small scale FIT to NI are clear examples of policy confusion and action is needed if smaller scale renewables are going have a sustainable future in local agriculture.

Energy policy at Westminster is at best unclear and at worst contradictory. The IMF recently published data highlighting the difference between Fossil Fuel Subsidies and those paid to Renewables. The UK's fossil fuel sector received more than £26 billion in subsidies this year, which over £400 per citizen, which accounted for 1.4% of UK GDP, interesting to note that UK defence spending is 2.1% of GDP. The cost of supporting renewable energy in 2014/15 was £3.5 billion, in other words a difference of £22.5 billion.

**UFU Position - The UFU are calling upon DECC to reconsider their decision not to extend the scope of Feed-in Tariffs to Northern Ireland.**

Yours faithfully,

**Chris Osborne**  
**UFU Senior Policy Officer**