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10 April 2015

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

Dear Sirs

Consultation on Transition from the NIRO to Contracts for Difference and Grace Periods

The Ulster Farmers' Union (UFU) is the largest farming/landowner representative organisation in Northern Ireland with a membership of over 12,500 households. The farming community is the main stakeholder in the small scale land-based renewable energy sector (wind, solar PV, AD <250kW) and we welcome the opportunity to respond to this consultation.

Due to the lower generating capacity of our members, we will not be answering any parts of the consultation relating to Contracts for Difference (CfD). Instead, we will focus on Section 3; Grace Periods. In particular, we will focus on the ending of NIROs and subsequent detail on the proposed Grace Periods.

The UFU position relating to the closure of NIROs, has been consistently set out in a number of previous DETI/DECC consultation responses. On 20 January 2012, in response to the DETI consultation, "Proposed Change to the Northern Ireland Renewable Obligation" we set out and clarified our reservations about the ending of NIRO support for small scale renewables, stating that the sector was still in its infancy and many structural barriers to their uptake was meaning that this change could halt the progress in establishing a sustainable small scale renewables industry in Northern Ireland. In addition, it could hinder meeting the renewable electricity targets set by the ETI Minister.

During this consultative process, we stressed the need for a continued support for small scale renewables and any grace period should ensure a seamless transition from NIRO to its replacement, whatever that may be.

Our position in relation to any changes to a continuous support mechanism has been vindicated by the current state of play in relation to grid connection of small scale renewables in Northern Ireland. There are at least 400 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. Concurrently the entire grid continues to be congested and this will only get worse whilst the number of grid connection application increases whilst would-be small scale renewable generators dash to submit grid connection application before the demise of NIROs in 2017. This is indicative of a long standing problem in relation to grid connection in Northern Ireland.

Consultation questions 8-12 are answered on the next page.

Consultation Questions – UFU Response**8. Do you agree with the proposal to offer a 12-month grace period for NIRO accreditation delays due to radar and grid connection?**

Grid connection delivery timescales for small scale renewables are getting longer, aside from the projects impacted by Project 40, with some being quoted as long as 2 years to get connected. In light of this the UFU opinion is that 12 months grace period is too short. Consideration should be given to a 18 month grace period at the very minimum, in light of the evidence that we have detailed above. In addition, the UFU would wish to see G83 installations subject to Grace Periods.

9. Do you agree with the proposed grace period criteria and proposed forms of evidence for radar and grid connection?

The UFU have concerns about the mirroring of grace period provisions introduced specifically for the large scale Banding Review. Instead, the focus should be on the higher set-up costs and differing circumstances facing small scale renewable generators. As far as small scale renewable generators are concerned you need to consider the grid connection application process in Northern Ireland;

- NIE does not provide the connection date in the actual connection offer
- It is impossible to establish a firm connection date (in fact when the final offer is completed and sent to the generator, they are only given 28 days to pay the final balance, which is often £000,000s. But what this illustrates is the flimsiness of the timescale for providing a firm connection date, NIE themselves only know 28 days before it is connected.
- Radar Solution – there is no radar solution for small scale renewables, the UFU receive regular calls from members who have been affected by this and this has led many to abandon their grid connection applications, however, the problem only comes to light months after the grid connection application is submitted.
- The majority of grid connections take 18 months to be completed, but when problems are encountered, this can be as long as 2 years and endorses the UFU position that the proposed Grace Period is too short.
- When considering delays which are outside of the developers control, there is one which we would urge DETI to consider; the role of NIE in the NIRO accreditation required by OFGEM. NIE are required to sign off the Schedule 1A and we are hearing that there are unexplained and unnecessary delays created by the administrative processes within NIE.

10. Do you agree with the proposal to offer a 12-month grace period to ACT projects which participate in a notification process targeted at developers making investment decisions between now and 1 October 2015?

The UFU would make the case this Grace Period is too short and should be longer. The primary accreditation cut off should be changed from 31 March 2015 to 31 December 2015 for reasons stated above.

UFU Proposal – when considering a small scale renewable grid connection application, the project should have an accepted connection offer by 31 March 2017. With a stipulation that the project should be operational by the end of grace period.

11. Do you agree with the proposed forms of evidence are appropriate to the purpose of the above grace period, as defined in paragraphs 3.20–3.21?

The proposed forms of evidence seem to be appropriate, however, our only point would be that the dates would need to change in line with our proposal that the Grace Period should be extended and the wording relating to an accepted connection offer stated above should be amended.

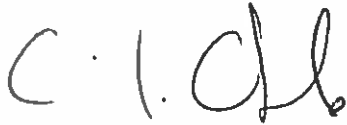
12. Do you agree with the policy rationale not to offer an equivalent to the 18-month grace period for dedicated biomass and dedicated biomass with CHP projects offered in GB?

By the same logic as applied in GB, the policy rationale for an extension to the Grace Period should be applied in Northern Ireland. Grid connection problems (the 400 outstanding grid applications) and the volume of applications which will materialise in the run up to 31 March 2017 will put a strain on an already under pressure NIE. An extension to the Grace Period will go some way to relieving this and will ensure as many small scale renewable generators get connected to the grid and can avail of the NIRO.

UFU Proposal – In light of the on-going problems in relation to connecting to the local electricity grid, the UFU are calling upon DETI to extend the Grace Period for small scale renewable generators from 12 to at least 18 months.

If you have any queries in relation to this response, please get in contact.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'C. Osborne'.

**Chris Osborne
Senior Policy Officer**