



**ULSTER  
FARMERS'  
UNION**

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Michael Harris  
Renewable Energy Branch  
Department of Enterprise, Trade and Investment  
Massey Avenue  
Belfast  
BT4 2JP

Dear Michael,

## **ULSTER FARMERS UNION RESPONSE TO PROPOSED CHANGES TO THE NIRO**

The UFU represents 12,500 farm families in Northern Ireland. We are the largest representative of the farming and land based renewables sector and we welcome the opportunity to comment on this consultation.

The Consultation was considered in two parts

- A. Technology Banding Proposals**
- B. Impact of the Electricity Market Reforms on Northern Ireland**

By way of an introduction, the UFU welcomes the fact that NIROCs payable to technologies such as wind and Anaerobic Digestion have remained as they were. These current levels of incentives are crucial for the continued uptake and development of a sustainable and effective renewables industry in Northern Ireland.

### **Key questions were considered**

- 1. Do you agree that Northern Ireland should retain the 1 ROC for landfill gas?**

This will have no direct impact upon our members. However, there may be an indirect impact upon other dispatchable forms of generation such as AD and consequently may need to be monitored.

- 2. Do you agree that RO support for new landfill gas generation should end from 1 April 2015?**

In the likelihood of new technology coming online, the UFU would wish to see what follows receiving incentivised support.

3. Do you agree with the proposal to increase support to 5 NIROCs for Solar PV up to 10kW?

**Table One – Proposed changes to Solar PV technology**

Capacity	Currently	Proposed
Up to 10kV	4 ROCs	5 ROCs
10-50kV	4 ROCs	4 ROCs
50kV to 5MW	2 ROCs	2 ROCs

The UFU welcomes any increase in ROC support to incentivise new technology but we have reservations about the banding level and support proposed.

Our own industry and members would benefit significantly from Solar PV, on account of the level property and standalone developments we own and manage. However, there are concerns at what capacity will make a Solar PV project become financially viable and under current circumstances we feel that 10kW is too low.

Taking into consideration the fact that anything greater than 20kW would require access to a 3 phase line we would ask that DETI increasing the limit from 10kV to 20kV.

This is an ever changing picture though with what is happening in GB. The Government plans to reduce FIT values for certain Solar PV new generation projects and the UFU are concerned that this is likely to have an impact upon Northern Ireland. The Government decision is now to judicial review, but should the Government proposal go ahead, this could have a positive effect for prospective solar generators here, for whom the price of equipment could be reduced. This would come about as suppliers shift their attention from GB to NI. But this will only come about if the incentive level here is set at such a level to have a positive effect.

The DECC proposal is to reduce the FIT to 21p for certain solar PV new generation projects. If a NIROC is worth 4.3p, then the FIT of 21p equates to 4.9 NIROCs, which is only 0.1 less than the 5 NIROCs being proposed by DETI.

Our Solar PV sector is markedly less developed than the sector in GB and the UFU sees that the DECC decision to reduce the FIT level is being indirectly applied here by applying 5 ROCs to the capacity they propose. With the increased level of incentives at such a high level until December 2011, the GB Solar PV industry was able to develop swiftly. Yet it was too high and created an environment of oversubsidiation. However, a median level could be found here in NI, but the proposal for 5 ROCs is too low for a fledgling solar PV sector.

As it currently stands, 10kW is not affordable. However, by increasing the level of support to 6 ROCs for up to 10kV and 5 ROCs for from 10 to 20kV will make this a more affordable prospect.

**Table Two – UFU proposals**

Capacity	Current	UFU Suggestions
Up to 10kV	4 ROCs	6 ROCs
10kV-20kV	4 ROCs	5 ROCs
20kV to 50kV	2 ROCs	3 ROCs
50kV to 100kV	2ROCs	2ROCs

100kV to 5MW	2ROCs	2ROCs
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**4. Do you agree to the proposed 5 ROCs for marine projects subject to a 30 MW cap?**

Again we would welcome the increase in NIROC but are concerned at the size of the cap limit, 30MW is far too high. We have many members with mill races which could be transformed into hydro power projects and this incentive could be an ideal, however, their capacity and output will only be a fraction of the 30MW cap. As the proposals currently stand, the large scale generators (who will be working to the prescribed cap, will benefit from the increased ROCs and there is a real danger that with these companies could create a landscape of oversubsidisation and we could face a scenario similar to that which has happened to the Solar PV industry in GB. Rather, the enhanced support should be directed at the lower sized hydro projects and our proposal is;

**Table Three – UFU proposed changes to Marine/Hydro technology**

Capacity	Current	UFU Suggestion
Up to 1MW	4 ROCs	5 ROCs
>1 MW	4 ROCs	4 ROCs

**5. Do you agree with the proposals for a time-limited and strictly defined grace period as described and in the DECC consultation document?**

As much flexibility as possible is needed to be afforded to any grace period.

**6. DETI would welcome views on whether the proposed time limit of 6 months from 1 April 2013 is reasonable?**

Consideration should be given to a time limit of 12 months.

**7. Do you agree with the arrangements for transition from the CHP uplift to RHI support?**

It is difficult to answer this question whilst the RHI is still at the consultation stage here in Northern Ireland. The RHI for NI Consultation closed at the end of 2011 and the UFU were critical of many parts of the proposal. In light of the fact that nothing has been decided as yet, would ask that this question is deferred until such time that the RHI content has been decided.

**8. Do you agree with the decision to extend the NIRO to 2037?**

Yes. In the consultation however, DETI stress that generators and investors alike are assured of long term support and hence propose that the NIRO should be extended to 2037. This is in line with the UFU have been lobbying for and will mean that generation accredited over 2013-2017 will receive 20 years of support.

Whilst the UFU does support this extension and acknowledge that DETI are still to make a final decision on whether the NIRO will remain open to new generation after 31 March 2017, we would ask that DETI take into consideration our wider views on the debate between NIROCs and FITs are small scale generators here in Northern Ireland. Please refer to Q11 for further detail on our views on small scale FITs.

**9. Do you agree that the NIRO cannot remain viable to new generation after 2017 and that NI should move to a FIT with Contracts for Difference?**

It is too early to make an informed decision on the first part of this question. The NI renewable industry is still too immature in its development and the UFU would urge that no decision is made until further time has passed and then we will be able to assess whether or not the NIRO is still viable to new generation.

The UFU acknowledge the moves towards giving consideration to FIT CfD, but this will, as the consultation document states, apply to generators >5MW. The use of a FIT (with CFD) makes sense since it strikes the best balance between decarbonisation (including renewables), security of supply and affordability. However, we would have reservations about a FIT being introduced in NI as we will elaborate in this response.

In NI, it is the smaller scale (<5MW) that is more reflective of our memberships interests and this would need to be considered.

**10. Do you agree with the proposed RO transition arrangements?**

The UFU have made it clear that we would prefer to see NIROCs retained for a longer period, we have set our reasons under Question 11 below. However, should it go ahead, the UFU does recognise the need for as smooth a transition as possible, but at the same time remaining on target to meet renewable targets whilst minimising investor uncertainty.

**DECC are proposing**

- In England and Wales generating stations accredited up to 31/3/17 will receive 20 years of support up until 2037 (currently 2033 in NI). The UFU welcome the proposed extension in Northern Ireland.
- A “vintage” scheme will apply for ROCs means that support will mean that generation accredited under the RO will continue to receive support for its lifetime. This will need to be tailored to best suit the needs of Northern Ireland since our renewables sector differs from that in GB in terms of progress and development.
- All technologies to be grandfathered at 31 March 2017 levels. The UFU would urge flexibility in terms of when and how the rates are set. The 31 March 2017 reference date will need to be flexible.
- Within the “vintage” scheme, DECC will continue to set the RO using the current “headroom” mechanism. With further measures taken from 2027 ensure that price volatility does not occur in the last decade of the existence of ROCs. Again, the UFU would ask that DETI takes a flexible approach to this.

**11. Do you agree that NI should introduce a small scale FIT in line with that currently available to generators in GB?**

No. The UFU has always stated that the element of certainty which a FIT brings to the financing of a renewables project is a definite plus. However, our renewables industry is still too immature to depart from the current range of incentives.

The decision to introduce a small scale FIT will need to be subject to a full and detailed consultation by DETI. The UFU have concerns about any moves to introduce this in light of the current state of the small scale renewables industry as well as the wider economic climate. Northern Ireland cannot afford the switch to FITs. It is recognised that any introduction of a FIT will bring about an increased financial burden for domestic customers in the form of increased bills and this would render this idea unfavourable in their eyes.

As it currently stands, the NIRO remains a very useful incentive tool for new renewable generation projects and should remain in place in its current form.

**12. Do you agree that the institution which will administer the FIT CfD should operate on a UK-wide basis?**

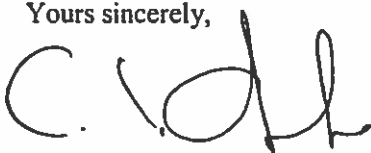
Should the decision be made to proceed with FIT CfD for large scale generators, it should be administered locally. However, we do recognise the limitations, since the very nature of Feed in Tariffs is that they will apply nationally.

**13. Do you agree with the proposal to introduce the legislative primary powers for a large scale FIT and NI's role in the institution through the Westminster Bill?**

The UFU's preference would be for primary legislative powers to be introduced in Northern Ireland. We have been calling for an NI-specific Energy Bill. Whilst we acknowledge that this still at the early stages in the NI Assembly we need to repeat the urgency that this is pursued and implemented as quickly as possible. We seem to tagging along Westminster legislation to often when it comes to renewable energy and the application of a devolved energy bill would be a boost to the local industry.

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

Yours sincerely,



**Chris Osborne**  
UFU Policy Officer