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Michael Harris
Sustainable Energy Branch
Department of Enterprise Trade and Investment
Netherleigh
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Dear Michael,

PROPOSED CHANGES TO THE NORTHERN IRELAND RENEWABLES OBLIGATION

The Ulster Farmers' Union (UFU) is the largest farming organisation in Northern Ireland representing over 12,500 farming families. With the farming community being the main stakeholder in the land-based renewable energy sector, the UFU welcomes the opportunity to respond to the Proposed Changes to the Northern Ireland Renewables Obligation (NIRO).

Q1 - Does the level of support proposed represent an appropriate level to incentivise AD development in NI?

The UFU welcomes the enhanced support for AD set out in the consultation document. The original consultation in late 2009 was directed towards enhanced support for Micro-generation level of renewable electricity generation. We would class micro-generation for AD to be below 500kW, with the majority of farms having less than 250kW capacity. This was reflected in our response to the Call for Evidence in April 2010, when we provided examples of capital set-up costs for 8 AD plants which were either 40kW or 100kW.

For this very reason the UFU are concerned about the suggested banding in the consultation. The point of the enhanced support is to kick-start and encourage micro-generation-level AD projects. Consequently, those who should benefit from enhanced support are those below 500kW, namely the smaller generators rather than the large commercial operations who should be able to absorb the high capital costs with greater ease.

The UFU propose the following revised proposal;

Capacity	NIROCs/MWh
Up to and including 100kW	5
100-250kW	4
500kW-1MW	3
1MW+	2

The UFU has calculated that if the revised structure is implemented, it will cost no more than the proposals set out by DETI, in fact, there is a possibility that savings could be made.

Q2. - Do you agree with the proposed implementation date?

Yes, the UFU believes that this is the most logical date and agrees with the reasoning behind it.

Q3. - Should additional support be introduced for refurbishment/replacement of existing stations?

Yes, what is contained in the consultation is a step in the right direction. The UFU believes that a generator's decision to commit to the renewable sector should be rewarded and this is an example of such. We are therefore urging for DETI to carry this proposal through to the next stage and elaborate upon the initial idea with details that stakeholders can formally comment on.

Q4. - Do you agree that it should be limited to major refurbishment/replacement only?

Everyone should be given the opportunity of a level playing field. Currently there is no provision for additional support where an existing station undergoes refurbishment/replacement of parts. In light of this, there is a recognition that the current system does not encourage existing generators to install new capacity on existing stations.

Q9. – Do you agree that existing generators who add additional capacity should receive the same level of support for this additional Capacity?

Again, the UFU see this as a positive move in the steps towards creating a level field for all Renewable generators. This would be a minimum requirement and one which the UFU would wish to see DETI pursue and implement.

In terms of Q3.-Q9, the UFU have identified a potential problem in relation to cases where a grid connection is decommissioned due to no fault of the generator/land-owner. In such cases, complications could occur and clear and defined rules must be established to ensure that the decommissioning process does not impede upon any existing generators wishing to avail of the additional support. If you consider the Chinese wind turbine example, where a turbine is faulty and has to be decommissioned, should someone wish to replace it, would they fall foul of any rules and not be able to benefit from support for additional capacity?

Q10. – Should support be provided to existing co-firing generation converting to dedicated biomass.

Definitely, such a move would benefit the biomass sector and should be encouraged. There would be an upsurge in demand for biomass crops, as well as an environmental benefit, where a co-firing facility is using biomass and fossil fuels, replacing the latter would have obvious carbon saving.

Q11. – What level of support should be given to converted stations? (should it be as for new stations or reduced?)

The UFU would seek that converted stations are granted the same support as new ones. This would encourage uptake of greener technology and utilisation of biomass crops.

Q12. Does the installation of refurbished wind turbines need to be regulated in terms of quality assurance and safety?

There is a need for the consumer to be protected from unscrupulous sellers and such regulations would be welcomed by the UFU. With the interest in microgeneration-level wind turbines enhanced by the prospect of 4 ROCs, the number of companies offering wind turbine services have increased. Moves on quality assurance and safety will benefit would-be and existing wind generators.

However, any bureaucracy and red tape will need to be kept to a minimum, both in terms of cost and administrative burden. Excessive cost and administrative burden could inhibit uptake of renewable technology.

Q14. - Do you agree with the proposal to require new microgenerators seeking accreditation on or after 1 April 2011 to use MCS?

The UFU agrees in principal with an installation standard, and stresses that it should apply to all sizes of installations, not just the smaller ones. However, costs should not inhibit uptake of renewable technology.

Q15. - Do you agree that MCS should be limited to micro-generators (less than 50kW?)

No, it should apply to all sizes.

Q16. – Do you believe that this provision can be brought in on an administrative basis rather than in legislation?

Again, we would reiterate the point that it should be introduced with the minimum of fuss and cost, but this should not detract from the importance of its requirement. We would support the provision being brought in on an administrative basis.

Q17. – Is 60% the right minimum GHG emission saving threshold?

No, but the technical explanation behind this will be elaborated upon by AFBI in their response to this consultation.

Q19. – Do you agree that Generators over 50kW should be required to report against SC from April 2011? Do you agree with the information to be included in the report?

The Committee discussed the requirements that from 1 April 2011, generators over 50kW using solid biomass will have to report on;

- The Greenhouse Gas Emission saving from using biomass
- Whether the Biomass made from raw material obtained from land with high biodiversity value.
- Whether the Biomass was made from raw material obtained from land with high carbon stock
- Whether biomass was made from raw material obtained from land which was peatland in January 2008?

The UFU are concerned about the longer term consequences of smaller scale biomass generators having to report on these 4 criteria. We fear as to where this could lead in terms of possible future regulatory requirements. Currently, reporting is not linked to the receipt of NIROCs but the UFU would fear this may become a later stipulation further down the line. The UFU would be opposed to such a move. The proposed reporting requirement would create an unnecessary administrative burden which would be a barrier to progress and would stifle competition and the uptake of renewable technology.

Q20. - Do you agree that for Biomass generators of >1MWe and above should be a transition period of mandatory reporting against the sustainability criteria from April 2011 before compliance is linked to receipt of ROCs from April 2013?

Few if any farm-level biomass generators are greater than 1MWe and consequently would not be appropriate for the UFU to comment.

Q21. – Do you agree that for biomass generators <1MWe compliance with the sustainability criteria should not be linked to the receipt of ROCs?

Yes. They should not be linked with the receipt of ROCs at all. These are the very size of generators which needs to be encouraged and not hindered.

Q22. - Aside from waste and landfill gas, should anything else be excluded?

Any AD feedstock produced on farm should be exempt. The UFU are interested to note that Sustainability Criteria will not apply to biomass from waste. Does this include slurry?

Summary

In terms of generators reliant upon biomass feedstocks, the UFU wish to see a level playing for those in receipt of financial incentives. The consultation focuses on refurbishment of wind installations, however, the UFU would ask DETI offers the same flexibility to biomass in the

future. Wind is a free commodity whereas biomass has a cost attached to it. Which means there will be changing cost implications for generators.

There are two possibilities which create uncertainty in the biomass generation sector;

- i. There is a possibility that the level and number of NIROCs could be raised
- ii. Possibility that NIROCs could be replaced by Feed-In Tariffs (for example)

Such possible changes are reflective of the very nature of a new sector such as Renewables. Therefore, the UFU are asking that future policy in terms of financial incentives should be flexible, in order to ensure that they remain competitive and able to provide energy.

If you would wish to discuss any of this response, please do not hesitate to get in touch.

Yours sincerely,



Chris Osborne
UFU Policy Officer