

15 October 2009

RFI Team
Renewables Directorate
Department of Energy and Climate Change
4th Floor
Area A/B
3-8 Whitehall Place
London
SW1A 2HH

Dear Sirs,

Consultation on Renewable Electricity Financial Incentives – Response from the Ulster Farmers’ Union

The Ulster Farmers’ Union (UFU) welcomes the opportunity to respond to the Financial Incentives for Renewable Electricity Consultation. The farming industry has a significant role to play, both as a producer and as a consumer of electricity.

The UFU will be responding to DETI on the Proposed Changes to the Northern Ireland Renewables Obligation before the deadline of 12 December 2009. However, due to legislative restraints of the Northern Ireland Renewables Obligation (NIRO), there are several aspects which are handled by the GB which will impact upon Northern Ireland.

The three specific areas are;

Opening up of Renewables Obligation for renewable electricity generated from offshore wind or marine technologies outside the UK (paragraph 2.65)

In relation to the opening of Renewables Obligations for generation outside the UK, the UFU would be concerned as to what the impact upon non-wind/marine sectors. We will elaborate upon the wind sector later, but in the context of this proposal, we be concerned about any negative impact upon the land-based sector in Northern Ireland.

Increased support for off-shore wind (paragraph 2.49)

In relation to paragraph 2.49, in light of the Ernst and Young report, DECC are proposing to change the level of support for off-shore wind.

In December 2008, the UFU responded to DETI on Proposed Reform of the Northern Ireland Renewables Obligation. We have grave concerns around the renewable wind sector. Unless the government (whether locally or nationally) proposes to overhaul our current local electricity distribution system, it remains questionable whether ROCs should be used at all to support wind generation.

When replying to DETI's draft Strategic Energy Framework Directive we stated that they had missed an opportunity to address the current grid inefficiencies here in NI and this still needs to be a point of focus.

It is predicted that in the near future 2000 megawatts of wind energy will be available to the Northern Ireland electrical grid; this is more than the total peak capacity which is currently about 1800 megawatts. Unfortunately our current infrastructure even after any proposed multimillion pound upgrade will only be able to cope with about 40% of this resource. Due to the design of our electrical infrastructure, most of our current generating facility has to be kept running in the background, just in case the wind should fail, thereby losing many of the benefits of wind generation.

The small proportion of electricity that is accepted onto the grid structure is called upon on "a first installed first used basis". The implication of this is that our existing wind facility will satisfy the maximum grid requirement for ten to fifteen years without reducing significantly Northern Ireland's carbon emissions from its electrical generation system. Notwithstanding this ROCs should be allocated not necessarily on the basis that they have generated electricity from a renewable source but rather that they have demonstrably replaced fossilized carbon from being used as a fuel source for the generation of electricity. This of course is currently most relevant where electrical power is used adjacent to its production – often over private lines or in a distributed generation system.

Therefore, ROC's should be used to encourage renewables infrastructure, rather than simply support production. If ROCs were to be used as an incentive/encouragement to introduce new local participants into the renewable energy field, then any 'fines' collected by way of buyout options should not be fed back directly to the existing industry per se. Rather it would be more beneficial to use this generated revenue to encourage the establishment of new renewable fuels or to support new installations of renewable energy generation systems. This would have the effect of the money from ROC's being used directly to improve the infrastructure.

Feed-in Tariffs

The third area the UFU wish to comment on is the proposal of new Feed-in Tariffs (FITs) which will be aimed small low-carbon renewable projects. Being directed at smaller scale electricity producers and as the principal representative of the land-based in Northern Ireland, the UFU would be keen for financial incentives for small-scale renewable electricity generation to be tailored towards the very people we represent. We are conscious of the legislative hurdles, but this needs to be considered to ensure that this fledgling sector remains competitive, is sustainable and strides towards the future.

Without FIT's being considered for Northern Ireland, we believe that we are left at a disadvantage both in terms of competitiveness, but also in terms of the uptake and involvement in small-scale renewable electricity generation.

The UFU also note the life span of the Feed-in Tariffs. Feed-in Tariffs are guaranteed for 20 years. This is in stark contrast to the limited and unguaranteed shelf life of ROC's and Double ROC's. The UFU believe that if the renewable generation of electricity is to move forward at this smaller scale, incentives need to be both longer and most importantly of all, guaranteed.

Conclusion

The UFU are concerned about the further incentivising of the off shore wind sector, firstly when the current electricity grid infrastructure is incapable of handling the source in its current state and also at the expense of the land-based sector which we represent.

The UFU recognise that the NIRO is the main policy measure for supporting the development of renewable electricity in NI. However, consideration needs to be given to their life span. The UFU note that Feed-in Tariffs are guaranteed for 20 years. This is in stark contrast to the shelf life of ROC's and Double ROC's.

We trust these comments will be considered as part of this consultation process.

Yours faithfully,

Chris Osborne
UFU Policy Officer

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