



**ULSTER  
FARMERS'  
UNION**

475 Antrim Road  
Belfast  
BT15 3DA  
T: 028 9037 0222  
F: 028 9037 1231  
E: info@ufuhq.com  
W: www.ufuni.org

## FROM THE PRESIDENT

3 September 2013

Paul Frew MLA  
Chairman - ARD Committee  
Room 359H  
Parliament Buildings  
Ballymiscaw  
Stormont  
Belfast  
BT4 3XX

Dear Paul,

### RURAL DEVELOPMENT PROGRAMME – FARM DIVERSIFICATION 3.1

I am writing to bring to your attention problems being faced by our members in relation to their applications for capital funding for the construction of renewable generation installations under the Rural Development Programme Farm Diversification 3.1 measure.

The programme covers stand-alone renewable projects and could be funded at up to 50% grant aid (to a maximum grant level of £50,000), with eligible technologies covering sources such as wind, biomass, hydro and solar. This scheme was initially welcomed, as such funding would go some way towards addressing the significant upfront capital costs which these projects face. However, there was a proviso that to be eligible for funding, the applicant would have to sell 100% of the output to a third party. When this was queried, DARD said that this proviso was needed to satisfy EU State Aid Rules; under Axis 3 energy cannot be used to reduce the running costs of a farm business and can only be used to supplement the income of the farm family. However, it should be stressed that this is only a requirement for 5 years and after that the farmer can use the electricity on their own farm, but up until then, every unit of energy produced must be sold to a third party.

When DARD devised this requirement to meet the State Aid Rules the UFU believes that they did not envisage several significant impracticalities, which I will set out in this letter. The UFU have been inundated with calls from members who have experienced problems with the 100% export requirement, however, to highlight the precise nature of the problem, within the context of this communication, I will provide two individual live case studies;

#### **CASE STUDY 1**

Personal information redacted by the RHI Inquiry

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was successful in his application for capital funding for the erection of a wind turbine under the Rural Development Programme Axis 3, Farm Diversification grant, but he has since found out that he is unable to connect the turbine to the electricity grid. This only came to light at the 11<sup>th</sup> hour when [redacted] discovered that he was unable to get the required dual connection (to satisfy the 100% export requirement) on his farm.

This turbine cannot be connected to the grid for two reasons;

- **Import/Export arrangement** – there is no second supply point. NIE have explained their current policy and the safety issues. The proposed turbine is located right at the edge of [redacted] yard, but according to NIE it is only about 70 metres from the farm and the existing supply, thereby creating a Health and Safety risk. Having two such lines on a farm could create problems should a fire break out and should the fire service not be aware that there were 2 lines, they may isolate only one line and obviously this would be lethal for all concerned. [redacted] has no alternative sites available to him and this is the only practical one available.

The UFU accept this from a Farm Safety point of view, but what we cannot understand is how this is only brought to the farmers attention at the 11<sup>th</sup> hour. If there was even the slight chance of a Health and Safety issue, NIE should have raised this with the architect and made sure that the turbine was sited further away from the yard. The UFU accept that when land is scarce, this is not always possible, but nevertheless, it could stop a farmer going through the lengthy application process or even committing to buying the capital equipment.

The next matter is already being raised with other parties and does not come under your own responsibility, but I wanted to make you aware of this as this a reflection of the difficulties being faced by members wishing to avail of the funding.

- **Conditional Offer:** The offer is conditional upon NIE seeking permission from the Utility Regulator to reinforce the grid due to lack of spare capacity. There are 32 such offers throughout NI of which [redacted] is one. NIE have had to write to the Utility Regulator to seek permission to reinforce parts of the 11kV and 33kV lines to facilitate this extra capacity. Please note that the UFU are already involved in addressing this matter with DETI, NIE and the Utility Regulator.

The UFU have contacted NIE and we sought the answers to several questions;

1. If the 100% export requirement were lifted, could [redacted] (and others) could access the funding and proceed with the import/export arrangement NIE have proposed and use the electricity generated for his farm and export any excess generation. NIE have confirmed that as long as the offer was not conditional, this would be permissible.
2. We queried the 11<sup>th</sup> hour notification that there may be a Health and Safety problem. NIE replied that the Feasibility Study option is only a desktop study which provides potential developers with indicative costs for providing a suitable network connection. They added that the study is not intended to provide detailed site specific information, such as whether a separate supply point would be provided. This can only be established after a detailed site inspection is carried out, namely should the customer make a full application for a Network and Capacity Study, the Engineer will visit site and will discuss and agree the site specific connection arrangements before issuing the quotation.

The UFU have pressed for more information to be made available to assist the farmer in the siting of a turbine, but the NIE reply was disappointing, they stated that the provision of general guidance on this issue “would be difficult” as there are a myriad of different site specific conditions to consider.

**CASE STUDY 2**

Personal information redacted by the RHI Inquiry

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To illustrate the lengths some folk have to go to get round this 100% export requirement, I will give you another case study (one which happened 3 months ago). [redacted] applied for Axis 3 funding for a wind turbine and was successful. He then proceeded to buy a turbine (but had to borrow additional money to complete the project) and at the 11<sup>th</sup> hour was informed that due to the proximity of the turbine to the farm building, on health and safety grounds, NIE could not permit the installation of the line required for exporting the electricity generated by the turbine. [redacted] decided that, (with the first repayment due on the overdraft he arranged) he could not afford to delay any further and asked NIT to disconnect his dwelling house (the import line if you will) and that he would power his house off a generator. Meanwhile, NIE agreed to install a line for the export of electricity as there was now only one line. There was so much at stake that the farmer sacrificed his domestic (constant and reliable) electricity connection just to get the export line connected. Grid capacity was not an issue in this case and therefore not subject to a "conditional offer". But it is not an acceptable situation for a farmer to be in when he has had to disconnect his domestic dwelling to facilitate the connection of a wind turbine.

**UFU Request**

This situation could be resolved by having this 100% export requirement is lifted and we have written to the DARD Minister asking that her department make this request to the EU. However, we wished to also bring it to your attention as Chair of the ARD Committee.

With a commitment to reduce reliance on fossils fuels, the existing policy makes a mockery of this when a farmer is unable to avail of the renewable electricity generated on their farms. Word has come through that under the new RDP 2014-2020, similar capital funding may be available with no requirement to export 100% of electricity generated, rather the farmer will be able to make use of the electricity generated by the turbine. This is in stark contrast to policy in GB where only last month where the £15m Rural Community Energy Fund was launched to assist rural communities in generating "green power" in the countryside.

I look forward to hearing from you.

Yours sincerely,



**HARRY SINCLAIR  
PRESIDENT**