Commodity Watch
Chris Osborne – Senior Policy Officer

Northern Ireland ROC closure date must be unchanged and accompanied by a "Grace Period"

Renewable electricity in Northern Ireland is currently supported by Renewables Obligation Certificates, also known as ROCs. The scheme guarantees a set income from electricity generated from renewable energy sources and was scheduled to close in April 2017. It was accepted that this closure would not deviate and many small scale generators factored this into their business plans and forward projections when making the decision to enter the sector.

In line with the anticipated closure of ROCs in Northern Ireland, the Department of Enterprise, Trade and Investment (DETI) consulted on the introduction for "Grace Periods" in April 2015. A "Grace Period" is only designed to be a "safety net" to allow for complications beyond the control of the developer and subject to strict criteria. The UFU responded to the Consultation by calling for a Grace Period of at least 18 months. This would allow for previously documented delays in Grid Connection and capital finance complications which have beset the industry for many years.

However, the policy picture changed after the General Election in May with the Department of Energy and Climate Change in GB bringing forward the closure of their ROC scheme for onshore wind to April 2016.

With Northern Ireland still some way off meeting 2020 renewables targets, we welcomed both the DETI commissioned research "Review of the costs and benefits of the Northern Ireland Executives 40% Renewable Electricity Target" and the announcement by the Minister Jonathan Bell MLA that there would be no early closure for the local ROC scheme. Yet despite this, at a meeting on 30 June, the NI Assembly ETI Committee refused to make a decision to support the scheme beyond 2016 when they discussed the SL1 Proposed Renewables Obligation Closure Order (Northern Ireland) 2015. Several members of the Committee had queried the wider social cost of the continuation of the scheme until 2017.

Consequently, the ETI Committee asked DETI to return again and produce evidence to the contrary based upon DECC policy. The UFU attended the meeting the ETI Committee on 9 July at Stormont where DETI set out their reasons for wanting the closure to remain unchanged and accompanied by a Grace Period. Since a change in DECC policy it has been insinuated that everything will stay as it is assuming DETI can demonstrate that a grace period will be granted if a project demonstrates that it meets the following key criteria; i. Planning permission; ii. Grid connection offer and, iii. Evidence of land rights. DETI has been asked to seek further clarity on this before a final decision is made by the ETI Committee.

The UFU provided formal representation to the Committee calling for them to take into consideration the role of small scale renewables on our farms and approve the introduction of a suitable Grace Period to accompany the closure of the NIRO in 2017. Failure to do so will cast doubt on the future of small scale renewables in the countryside and be a missed opportunity for our industry to improve energy efficiency.

Commodity Watch
Small Scale Renewables in Northern Ireland has reached a crossroads
Chris Osborne – UFU Senior Policy Officer

Despite the situation looking grave for future of support for small scale renewables in Northern Ireland, the UFU are continuing to lobby extensively to ensure the sector has a future.

The UFU have responded to two consultations in the last 4 weeks; one from DETI in Belfast proposing the early closure of the Northern Ireland Renewable Obligation (NIRO) for Small Scale Wind and a second from DECC in London "Review of the Feed-in Tariff Scheme" who set out their intention not to extend the small scale Feed-In Tariff scheme to Northern Ireland.

Northern Ireland Renewable Obligation (NIRO) for Small Scale Wind

On 30 September 2015, the Department of Enterprise Trade and Investment Minister Jonathan Bell launched a consultation stated DETIs intention to close the NIRO early. This was in despite having that publically 3 months previously that that DETI had no intention of closing the NIRO early. The main reason for the proposed early closure is that DECC have refused to socialise the costs of keeping the NIRO open until 2017 for all scales of wind, including wind farms. According to DECC, keeping it open until 31 March 2017 would involve passing the cost to the NI consumer in their energy bills. However, if you break this down into small scale wind, the additional cost is miniscule. The UFU have consistently asked that small and large is separated and asked that this is taken into consideration in separate consultations.

The UFU would question whether or not DETI have done enough to fight our case with DECC in London. The fact that DECC will (apparently) not allow DETI any latitude to provide a stand-alone NIRO solution for small scale wind, seems to us both irrational and extremely unfair and we would welcome the opportunity to hear the reasons behind the decision.

The latest development is that the ETI Committee met on 10 November and as well as committing their support for small scale wind generation, they declared their intention of joining Jonathan Bell in seeking a meeting with the DECC Minister Amber Rudd MP.

UFU lobby – the Minister is still to make a decision and we would urge that a devolved level, he allows the NIRO to remain open for small scale wind up until the previously agreed closure date. In addition, we have written to the ETI Committee with supporting evidence when they meet DECC

Feed-In Tariff for Small Scale Renewables

Back in September 2015, DECC in their "Consultation on a Review of the Feed-in Tariff Scheme" set out their intention not to extend the small scale Feed-In Tariff scheme to Northern Ireland. We replied to this consultation questioning the reasoning behind their decisions and asked key questions which must be replied to in their final decision. According to DETI, DECC did not want to "take the risk" on even looking at a new state aid application regarding the extension of the FIT to NI. The UFU would want to know if DETI challenged DECC on this because as it currently stands, come 1st April 2017, there will be no support for small scale renewables in Northern Ireland.

As recently as February 2014, DETI said "it is the Department's intention to introduce a small scale FIT in 2017 to coincide with the closure of the NIRO". So what has changed? On 30 October 2015, we received an email reply from Tom Barrett, Private Secretary to the DECC Minister. In his reply he stated that since energy policy is devolved in Northern Ireland, it is for DETI to consider how best to incentive small-scale renewables.

UFU lobby – we are calling for parity of treatment within the UK by demanding the introduction of the GB FIT for small scale wind into NI. We are nevertheless realistic in our expectation that the tariff level will not match current ROC support levels, but it needs to act as an incentive for the uptake of future renewable energy generation.

What is for sure is that the small scale renewables sector is at a crossroads. Over the last 3 years the UFU have been looking at on-farm energy storage and alternative methods as to how the grid could utilise renewable energy however, for these early ideas to become reality we cannot accept anything less than continued support.

Commodity Watch – Rating of Small Scale Renewables

Chris Osborne Senior Policy Officer

A number of UFU members will have received significantly increased rates bills for their wind turbines/AD installations (>50kW) and will be asking themselves why this has come about.

This is a direct result of the recent Rates Revaluation (Reval2015) overseen by the Land and Property Service (LPS) which has seen changes to commercial rating policy across the province. LPS have replaced "valuation by prescription" with the "valuation in line with Schedule 12", in other words what is known as the "receipt and expenditure" method. The "receipt and expenditure" method, then generates a Net Annual Value (NAV) based upon the rental value paid by a hypothetical tenant under "perfect market conditions". Thereby mirroring that used by the VOA in England when attaching a rateable value to >50kW renewable generation installations.

Whilst we are not objecting to the principles behind rating, what we are objecting to this on the grounds that this scatter gun approach is lumping small scale on-farm electricity generators with pubs, hotels, and other non-domestic domestic businesses. Our argument concerns the fact that when a renewable installation is incorporated into a farm business, it does not reflect "perfect market conditions" as seen in other non-domestic businesses for the following reasons.

- **Agri-exemption** - The Rating Policy when applied to a small scale renewable generator, is not consistent with the spirit of rates, namely a wind turbine for example does not benefit from public transport, the sewage system, street lights etc, namely all the services which urban businesses benefit from. When the agriculture exemption was negotiated for farm buildings and land, this was taken into consideration and the UFU are calling for the same factors to be taken into consideration in relation to small scale renewables.

- **Capital borrowings undertaken by small scale renewables**- Not only is the capital equipment very expensive, but these projects are facing colossal upfront capital costs on seen in the urban market. Developers have paid in excess of £600,000 upfront to connect to the electricity grid and impact upon already stretched cash flows will put unsurmountable pressures on farm businesses.

The UFU are calling for the Northern Ireland decision makers to consider a rates relief scheme similar to that which is available to renewable generators in Scotland.

Renewable Energy Generation Relief (REGF) in Scotland

When the Revaluation was carried out in Scotland in 2010, it was agreed that relief would be made available to small scale renewable generators. Under the REGF, depending upon your rateable value, you could be eligible for rates discount if you're an energy producer that produces heat or power from biomass, biofuels, fuel cells, photovoltaics, water (including waves and tides, but excluding production from the pumped storage of water), wind, solar power and geothermal sources.

Cumulative RV	**Relief**
up to £145,000	**100%**
£145,000 to £430,000	**50%**
£430,000 - £860,000	**25%**
£860,000 - £4m	**10%**
>£4m	**2.5%**

UFU Advice

If members have received a rates bill for a renewable installation and are not happy with the amount charged, they should appeal it through the statutory process. However, members are advised that they will still have to reach an agreement with LPS on arranging monthly payments. This can be arranged by contacting the local LPS office.

What next?

UFU have written to the Finance Minister seeking an urgent meeting to discuss the new rating policy and question the calculation method behind the Rateable Value. In the event of the rating policy staying as it is currently, the UFU have called upon DFP (and thereby LPS) to consider introducing a relief scheme similar to that in Scotland. Concurrently, we are preparing work which questions the calculations used in the rating of AD units with assistance from the ADBA in London