

UFU WATCH

22 SEPTEMBER 2012

COMMODITY WATCH

---

## Energy Bill a Step Closer for Northern Ireland

The Ulster Farmers' Union has formally responded to the Department of Enterprise Trade and Investment policy consultation on the proposed Energy Bill for Northern Ireland.

### Background

In September 2010, the NI Executive endorsed a new Strategic Energy Framework (SEF), setting out priorities for energy future over the ten years to 2020. The SEF identified key energy goals and confirmed renewable energy targets of 40% electricity and 10% heat by 2020. Northern Ireland does not have an Energy Bill and some of the measures set out in the SEF still required the under-pinning of such primary legislation.

### Consultation

The DETI consultation sought views and comments on the proposed implementation of primary legislation to support the following measures – this is a summary of the UFU response.

- **A proposal for an energy efficiency measure**

UFU set out the progress made by the NI farming sector in addressing energy efficiency in its work in tackling Climate Change. This progress is ongoing and will strive to make continued improvements in the years ahead.

- **Duties and obligations of DETI and the Utility Regulator in respect of sustainability**

For any Utility Regulator to be effective, it should have an independent ethos, in particular in the eyes of the consumer and all stakeholders and this needs to be rigorously enforced going forward.

- **Transfer/assignment of energy licenses**

We welcome any proposal which would make it easier for small scale generators to sell their electricity directly to consumers.

- **Gas storage provisions**

The UFU has reservations about the proposal to change the consenting role from the Utility Regulator to DETI for the construction of a major gas pipeline and gas storage facility.

The main tenet of the Consultation is the proposal to introduce a Feed-In Tariff for small scale renewables (less than 5MW). NIROCs will not be open to new applicants after 31 March 2017.

In their consultation, DETI stress that this only a framework proposal at this stage and no confirmation of detail.

- **Small-scale feed-in tariff powers**

The UFU is supportive of the concept of an incentive scheme for small scale renewables such as Feed-In Tariff, yet we do have reservations which need to be raised in these initial stages.

- i. **NI-specific FIT for small scale renewables** – NI energy market widely different to that in GB and this needs to be taken into consideration.
- ii. **GB-alignment** - The UFU has concerns that the NI small-scale FIT will be “aligned with the equivalent GB mechanism”.
- iii. **Design** - UFU would urge that consideration is given to the permutations which characterise Feed-in Tariffs; choice of fixed tariff or premium tariff; choice of stepped tariff or flat tariff and choice of tariff setting and adjustment mechanisms.
- iv. **Funding** – Who will pay for the new scheme? The proposed mechanism will need to be funded across the whole of the United Kingdom, not just in Northern Ireland.
- v. **No break in incentive schemes** - The UFU are seeking assurances that the new FIT will be in place before the ending of NIROCs in 2017.

### Going Forward

This will be a positive move, however, the UFU will continue to lobby to be involved in the development of the FIT policy framework and urge that DETI learn from identified mistakes in the GB experience a couple of years ago.