

Budget 2012 and the Northern Ireland Renewables Sector

By Chris Osborne, UFU Senior Policy Officer

On 21 March 2012, Chancellor of the Exchequer George Osborne announced wide-ranging reforms to the tax system to reward work and support growth. These reforms aimed to lower headline rates, diversify and broaden sources of revenue and reduce certain reliefs. These reforms were said to be based on the principles that the tax system should be fair, efficient and simple. Yet, within hours of sitting down from the despatch box, the finer details and broader message were engulfed by the now infamous “pasty tax” and the debate rages on.

However, the budget did unveil several interesting areas which will impact upon the Renewables sector, both in GB and most importantly here in Northern Ireland. He did actually indicate that there is a need for increased investment in the UK renewable energy sector. No more so is this demonstrated than by the fact that Renewable energy use in the UK currently replaces the equivalent of 7.7 million tonnes of oil each year, but this figure must more than quadruple by the end of decade if we want to meet our renewable targets and avoid fiscal penalties from the European Union. Biomass currently accounts for more than 80 per cent of the renewable energy produced in the UK and has an important role to play in developing a low carbon economy but without ambitious policies we are in very real danger of falling behind neighbouring EU member states.

So, setting aside the possible fiscal implications of purchasing a heated sausage roll, the Chancellor set the following statements in relation to Renewables;

- Carbon Reduction Commitment (CRC) – Westminster to consult on simplifying the CRC energy efficiency scheme to reduce administrative burdens on business and bring forward proposals in autumn 2012 to replace CRC revenues with an alternative environmental tax; allowances sold with respect to 2012–13 emissions will be £12 per tonne of carbon dioxide.
- Carbon Floor Price - Government will set 2014-15 carbon price support rates equivalent to £9.55 per tonne of carbon dioxide; fossil fuels used to generate heat in good quality combined heat and power (CHP) plants will not be liable to the carbon price support rates but will be subject to climate change levy rates from April 2013
- Landfill tax - Government will increase the standard rate of landfill tax by £8 per tonne to £72 per tonne from 1 April 2013; lower rate of landfill tax will remain frozen at £2.50 per tonne in 2013–14
- Green Investment Bank (GIB) - GIB to make first set of green investments in April 2012
- Planning simplification – Governmental bodies to introduce a number of measures to further deregulate and simplify the planning system in GB. New permitted development rights for micro-renewable energy installations will come into force in April 2012.

The final paragraph is of particular relevance to Northern Ireland. The need for a simplification and improvement of the planning system is no more urgently required than in the small scale renewables sector. There is a log jam of planning applications awaiting a decision and in the meantime the small scale renewables sector is stalling. Also, it should be noted there are no permitted development rights for small scale renewables here in NI, despite the Planning Service consulting on this very subject area in January 2010, 29 months ago.

In order to address this, the UFU President Harry Sinclair has written to the DoE Minister to request a meeting and for action to be taken to make sure that we do not miss this opportunity to play a role in meeting our environmental obligations and at the same time contributing to the enhancement of the rural and wider economy.

Should the planning process not improve for small scale renewables in Northern Ireland, it will not just be cold sausage rolls sitting going cold in the window.