

UFU WATCH

05 March 2011

COMMODITY WATCH

THINK AND PLAN BEFORE YOU COMMIT

Stand first: UFU Policy Officer, Chris Osborne writes about the recent developments in the renewable energy industry.

Copy:

The interest in Renewables technology has never been greater. Enhanced Northern Ireland Renewable Obligation Certificates (NIROCs) for Wind Generation, Hydro, PV and from 1 April 2011, Anaerobic Digestion, means the attractiveness of these forms of generation is at an all time high.

Landowners wishing to take advantage can do so in three possible ways; Going it alone, Turn-key solution and Land Owners Co-operative.

Each has their own advantages and disadvantages. The UFU suggests landowners should be cautious and carry out as much research as possible before committing to any project;

Scenario 1 – Going it alone

There will be instances where a land owner has the capital available to buy their own renewable technology.

Below are several questions to ask, and note that these are by no means all the questions, but a few key pointers:

- Carry out research and ensure the technology and location is suitable. For example, if it is a wind turbine, make sure that you have adequate wind speed.
- How will this be financed? High Street Banks have pledged to consider cases on their own merits. Should you wish to look at alternative sources of finance, bear in mind that this could be more expensive. Solutions will depend upon individual circumstance .
- Familiarise yourself with NIROCs , their value will fluctuate depending upon market forces and these won't be continued beyond 2017.
- Are you happy with your business plan? Have you made allowance for every eventuality? Renewables projects can throw up many unexpected costs and this should be accounted for.
- If connecting to the grid, have you spoken to NIE? You should find out how much grid connection will cost and give you an idea as to how long it will be until you go live. Your proximity to a 3 phase connection for example will impact upon connection costs. If the installation is not close to a mains connection, this will add significant cost a project.
- What are your planning permission obligations? Whilst PPS 18 applies to renewables projects, bear in mind that since "Visual Impact" cannot be measured,

it is not included in PPS18, it is left at the discretion of the individual planning office. The situation in relation to AD is being closely monitored by the UFU and we have submitted views on planning policy.

Scenario 2 - Turn-key solution

Turn-key solutions are where a company would provide all the capital upfront, install the technology, gain grid connection and planning permission and pay the land owner a rental for the duration of the contract.

- Some companies have approached land owners asking for their farm maps. The UFU would urge land owners never to hand their maps over unless they are fully aware of the company they are dealing with. Ask for references and seek recommendations if available.
- What is the rental amount being offered? Speak to neighbours and independent advisers as to what is the going rate.
- Land owners should employ the services of a solicitor to check the contract details. The UFU can provide general advice on such contracts, but a Solicitor can provide more specialist cover.
- Before signing any contract a land owner should be wary of whose name the planning application is to be made. Landowners should insist upon the application being made in the name of the company. Should it be made in the name of the landowner it could impact upon later planning applications.

Scenario 3- Land Owners Co-operative

There is an additional possible scenario where a land owner could come together with neighbours in a Co-operative to provide renewable energy. In which case, the combination of all the concerns above should be considered.

Going Forward

Should any land owner wish to seek specialist advice on Renewables projects, CAFRE run a variety of renewables workshops. See press for details.

Going forward, the UFU will be;

- Lobbying the NI Executive to address the barriers to development of Renewable Energy
- Raising connection problems with NIE with a view to smoothing out the process
- Meeting Planning Policy officials to discuss on-going problems and ensure that they are resolved.

Renewable energy discussions continue in Northern Ireland**Stand first:**

UFU Policy Officer, Chris Osborne, writes about the latest developments from the Renewable Energy External Stakeholders group, which the UFU is a member of.

Copy:

In June 2010, the Department of Agriculture and Rural Development (DARD) published their Renewable Energy Action Plan. Delivery of this Action Plan forms a crucial element of the NI Executive Cross Departmental Bio-energy Action Plan.

In February 2011, an External Stakeholder Group (ESG) was established and tasked with;

- Advising DARD on the implementation of the Action Plan.
- Adding value to planned delivery actions.
- Set the direction of the future delivery of the Action Plan.

The first stage of the ESG is to review and report on DARDs delivery of the Action Plan. As the principal landowner stakeholder representative, the UFU have been invited to give a presentation to the ESG on 23 May.

In this presentation, the UFU will present a range of practical measures that DARD could put in place in order to assist the adoption of renewable energy in the land-based sector, such as:

- DARD could provide a central portal to help landowners communicate with multiple contacts who often have to be contacted when a query occurs, i.e. planners, NIE etc
- Extend remit of CAFRE to educating the wider general public as to the role of the land-based sector in providing renewable solutions. Feeling that press perceive land based sector as receiving more subsidised support.
- Funding for Producer Groups.

Barriers

The UFU will also highlight the barriers that have been encountered by farmers looking to adopt renewable energy technology, such as:

- Grid connection monopoly.
- Slow planning decisions for renewables projects.
- Inconsistent interpretation of Visual Impact, this can vary between planning offices.
- NIE Grid Connection; both technical and operational barriers, starting with the initial application through to going live with a connection.