

Proposed changes to the Northern Ireland Renewables Obligation (NIRO)

Stand First: UFU Policy Officer Chris Osborne writes about the proposed changes to the Northern Ireland Renewables Obligation.

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The Ulster Farmers' Union is presently preparing its formal response to the Department of Enterprise, Trade and Investment (DETI) consultation on proposed changes to the Northern Ireland Renewables Obligation (NIRO). The proposals to amend ROC banding levels will come into operation on 1 April 2013.

This consultation is closely linked to the consultation on changes to the Renewables Obligation being undertaken by the Department of Energy and Climate Change (DECC) in GB.

Background

Northern Ireland Renewables Obligation Certificates (NIROCs) were introduced in 2005 to incentivise renewable electricity generation and help NI meet specific renewable targets. They have been a successful incentive mechanism and there have been a number of reviews to date. Firstly, a UK-wide banding was carried out in 2009. Locally, in 2010, Minister for Enterprise Trade and Investment Arlene Foster increased ROC levels for onshore wind, solar PV and hydro. Earlier in 2011, the Minister increased ROC support for Anaerobic Digestion which the UFU welcomed at the time.

The Consultation is split into two parts;

1. **Technology Banding Proposals**
2. **Impact of the Electricity Market Reforms on Northern Ireland**

1. Technology Banding Proposals

- Retain 1 ROC for landfill gas until March 2015
- Increase ROC level for Solar PV installations up to 10kV from the current 4 ROCs to 5.

Table One – Proposed changes to Solar PV technology

Capacity	Currently	Proposed
Up to 10kV	4 ROCs	5 ROCs
10-50kV	4 ROCs	4 ROCs
50kV to 5MW	2 ROCs	2 ROCs

- Wave and tidal projects (up to 30kW) to have increased support from 4 to 5 NIROCs, with anything greater than 30kW to continue to receive 2 NIROCs.
- In close links with the Renewable Heat Incentive (RHI) those generating stations claiming the CHP uplift will retain the level of support at 2 NIROCs.

Impact of the Electricity Market Reforms on Northern Ireland

DECC consulted on this in July 2011 and the UFU responded to the consultation request for evidence.

The NIRO is already acknowledged by DETI as the most effective mechanism for meeting the 2020 targets. However, DETI feel that keeping NIROCs for new generation after 2017 will not be an option once the larger RO closes in England and Wales.

DECC in their White Paper confirm that in England and Wales, ROs will close for new generation after 31 March 2017. After this date, new renewable generation will be supported by what is known as a Feed-In Tariff with Contract for Difference (FIT CfD). This will apply to larger scale generators (>5MW). Readers of Commodity Watch will be aware of what Feed-In Tariffs are but will probably not be familiar with the Contract for Difference (CfD). CfD is a contract between a renewables generator and the electricity supplier. If the price of electricity is higher at the time of purchase than the “strike price” set originally, then the generator refunds the difference between the strike price and the actual price for that period. In a similar vein, the electricity supplier will refund the difference to the generator when the actual price is less than the strike price. However, as stated previously, this will be applicable to larger scale generators, >5MW.

In NI, it is the smaller scale (<5MW) that is more reflective of our memberships interests and this would need to be considered. This could be addressed by considering a small scale FIT, which would need to complement a FIT CfD if it was introduced here in NI.

- **Transition from ROCs (DECC)**

- In England and Wales generating stations accredited up to 31/3/17 will receive 20 years of support up until 2037 (currently 2033 in NI)
- A “vintage” scheme will apply for ROCs means that support will mean that generation accredited under the RO will continue to receive support for its lifetime.
- All technologies to be grandfathered at 31 March 2017 levels
- Within the “vintage” scheme, DECC will continue to set the RO using the current “headroom” mechanism. With further measures taken from 2027 ensure that price volatility does not occur in the last decade of the existence of ROCs.

DETI are asking stakeholders to consider the above proposals and the UFU will be formally responding on this detail.

In the consultation DETI make it clear that a final decision has yet to be made on whether the NIRO will remain open to new generation after 31 March 2017, however, they stress that generators and investors alike are assured of long term support and hence propose that the NIRO should be extended to 2037. This is in line with the UFU have been calling for and will mean that generation accredited over 2013-2017 will receive 20 years of support.

Conclusion

The UFU will be formulating and submitting a Consultation response before the deadline of 19 January 2012, but if members have any specific views on this topic they should contact the UFU. 2012 is already looking to be a very busy year for the UFU Rural Enterprise Committee and we look forward to working with our membership and stakeholders in the New Year and beyond.