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Update from Economic Sub-group of SEIDWG, June 2011

1. The subcommittee has not met since the last meeting of the SEIDWG in June 2010.
2. The original terms of reference for the sub-group are attached and have been addressed. While there is a commitment and enthusiasm for the continuation of the sub-group a revised terms of reference will need to be developed. Invest NI is content to continue to chair the group and on receipt of nominees will call an initial meeting.
3. One action from the SEIDWG paper submitted to the Executive was allocated by DETI to Invest NI. "The potential for an appropriate fund and innovative funding solutions (including methods to lever in private capital and better access to EU funds) to stimulate sustainable energy economic opportunities and infrastructure be explored. The remainder of this paper summarises the work outputs undertaken by an Invest NI secondee. Input was sought and received from OFMdfM, DARD and DFP.

DISCUSSION PAPER - FUNDING OF RENEWABLES PROJECTS

4. If the UK, the RoI and Northern Ireland, along with all EU member states are to meet the agreed EU renewables 2020 targets, there are a number of issues which need to be addressed, including improvements in grid technology and connection, energy storage and the further development of key renewables

technologies. However, one of the key issues to be addressed is funding of renewables projects.

5. The subgroup of the Sustainable Energy Inter-Departmental Working Group (SEIDWG) looking at the economic opportunities arising from renewable energy concluded that the barriers and constraints to Northern Ireland's development of renewables were as follows:
 - A need for a robust and clear government message, including greater inter-departmental policy alignment and inclusion of renewables in all new public and private sector projects. Issues such as planning and public sector procurement need to clearly reflect a NI ambition of embracing renewables.
 - A need for stimulation of the market and, in particular, the establishment of a capital fund for demonstration type projects whose nature and scope would not fit the normal assessment process of Invest NI, DETI or DFP.
 - A need for renewable energy to be at the heart of strategic infrastructure development. Other regions have designated and promoted specific infrastructure funds to support the development of renewables. Issues of grid infrastructure and the balance to be sought between short term and long term energy solutions and related investments need to be to the fore.
6. These conclusions summarise some of the main constraints to both public and private sector funding of renewables projects in Northern Ireland.

Public Sector Funding

7. The SEIDWG economic development subgroup is correct in its assessment that the scale and nature of renewables projects does not provide a good fit with the existing funding mechanisms in Invest NI, DETI and DFP.
8. Going forward Invest NI's funding of renewable projects will primarily although not exclusively focus on offshore wind and marine (tidal) projects as these offer the greatest potential in terms of Northern Ireland's natural resources. NI lies in the heart of one of the highest wind resource areas in Western Europe and has also very significant tidal power in its coastal waters. However, the capacity of Invest NI's existing mechanisms and budgets is almost certainly insufficient to fully address the potential of the development of renewables technologies over the coming decade. Irrespective of the market and technological opportunities the funding of all renewables projects is very challenging. The scale of investment required for most renewable projects is significant and while substantial employment opportunities can result from such investments the balance required for existing support mechanisms is rarely achieved.

9. Biomass and anaerobic digestion projects have formed a significant part of Invest NI's support of sustainable development and opportunities are emerging for local companies to both develop and deploy such projects
10. DARD views the establishment of biomass projects as a useful means of dealing with agricultural and food waste, but is of the view that Northern Ireland does not have sufficient land mass to make biomass a technology which will provide a significant input to NI's energy requirements. DARD also sees the use of land for food and cash crops as being more economically productive than its use for biomass feedstock and is doubtful whether the importation of feedstock offers any economic advantage. However other stakeholders are of the view that the significant areas of deforestation that exist in Northern Ireland offer the potential for a huge untapped resource in the form of biomass feedstock.
11. A budget bid for a ring fenced renewables fund was made under the last CSR but was unsuccessful and other options are now being investigated. A more innovative approach to the packaging of potential support to the renewables sector is being explored by Invest NI. This may help to address some of the market perceptions of Northern Ireland's interest in renewables but a joined up approach from Government across all related issues and the appropriate positioning of NI and renewables will be pivotal to NI's success.
12. The creation of a capital fund to assist the development of renewables technologies would provide a significant boost to renewables in Northern Ireland. Such a fund might leverage private sector equity investment either as separate funding of specific projects or as contributions to the fund itself. Indeed, the appointment of an appropriate VC company to manage investments in the fund, as well as attracting private sector institutional investment to the fund, could be the best way to proceed. However, the achievement of private sector collaboration may not be easy to attain in practice as the private sector continues to view renewables projects as relatively high risk, principally due to a perceived lack of commitment by governments (see below).
13. Whilst a NI renewables capital fund would be a positive development, there are other potential sources of funding for renewables including Carbon Trust (to which Invest NI provides a funding input), the UK Technology Strategy Board and the Energy Technologies Institute. However, the most significant sources of potential funding are the major European funding bodies, in particular the European Commission and the European Investment Bank.
14. NI has been relatively slow in engaging with the EC to maximise potential funding, in a wide range of sectors, including renewables. The NI Executive has recognised this and is making fresh efforts to secure European funding through

the Barroso Task Force Working Group, chaired by OFMdfM and renewables will be a high priority in these efforts.

15. The main potential funding sources in Europe are:

- IEE – ELENA (European Local Energy Assistance). This runs from 2007 to 2013 and has a total budget of €150 million with an expected spend of €30 million a year or more. It is aimed at Renewable Energy and Urban Transport and provides support for technical assistance and project development.
- IEE (Intelligent Energy Europe). This runs from 2007 to 2013 and has a total budget of €730 million. It provides capacity building for Renewable Energy projects.
- FP7 (Seventh Framework Programme). The total budget for the period 2007-2013 is €50 billion, including €1 billion for Renewable Energy projects and is aimed at R&D and Demonstration projects.
- EIP - GIF (High Growth and Innovative SME Facility). This runs from 2007 to 2013 with a budget of €550 million and provides venture capital investment in early stage and expansion companies, including in renewables.
- EIP - SMEG (SME Guarantee Facility). This runs from 2007 to 2013 with a budget of €506 million and provides venture capital investment in early stage and expansion companies, including in renewables.
- ERDF (European Regional Development Fund) and CF (Cohesion Fund). This runs from 2007 to 2013 with a budget of €4,760 million and provides investment in installation of biomass, hydroelectric, geothermal, and solar and wind projects.
- The European Investment Bank (EIB) has a fund of €2,800 million to provide loans and framework loans in installation of wind, hydroelectric and solar PV projects.

16. In addition, it will be important for NI to engage with the European Commission as the next round of European seven-year funding programmes, to commence in 2014, is being formulated.

Private Sector Funding

17. A survey of 600 renewables investors by Eco-Connect, found a high degree of uncertainty in government's enabling of sustainable and clean technologies. It also found that the competitiveness of the UK in renewables was not perceived to be strong and was pessimistic about the potential for renewables investment in

the short-medium term. It was significantly more optimistic about long term investment but this assumed that government will give a stronger lead in renewables in the future.

18. Conversations with colleagues in OFMdfM, DARD and elsewhere indicate that the objectives of a robust and clear government message, inclusion of renewables in all new public and private sector projects and the need for renewable energy to be at the heart of strategic infrastructure development are not being realised. For example, public sector building projects tend only to incorporate sustainable energy technologies to the extent that is either required by law or is standard industry practice. In other words, public sector building does not embrace renewables technologies any more than private sector construction. The need for procurement policy to actively favour renewables needs further debate. Health Estates appear to apply this approach successfully but there is no agreed approach across government.
19. The private sector, in particular institutional investors, continues to view renewables projects as relatively high-risk. This applies even to such developed technologies as offshore wind but Government commitment and positioning can make a real and positive contribution to such investment decisions.
20. The private sector needs to see government making much stronger public commitments to renewables and, in particular, to see clear policy statements to reduce the political risk of renewables investments, a more relaxed planning environment, funding support for grid infrastructure and the introduction of further incentives, such as a reduction in Capital Gains Tax for renewables profits.
21. Scotland is often quoted as a case study in a better public sector environment to encourage private sector investment in renewables. Whilst Scotland has provided some concrete measures, such as an easier planning regime and enhanced R&D funding, it appears that the perception of strong public commitment to renewables by Scottish First Minister Alex Salmond and others is equally important, if not more so.
22. Therefore, a robust political lead from NI Ministers, backed by some clear and innovative incentive measures, would provide a boost for the development of renewables technologies. In particular, some thought may be given to how and where any fiscal derogation may be used.
23. It appears likely that a reduction in corporation tax would be applied to all trading profits of companies in NI; this could be of benefit to renewables projects, but it would be downstream and would not necessarily encourage investment where

profits are not perceived as certain in the first place. Consideration might therefore be given to introducing fiscal measures which are targeted specifically at technology development in preferred sectors, such as renewables. The combination of a unique fiscal incentive together with NI's prime natural resources could prove very significant in incentivising private sector investment in renewables in Northern Ireland.

24. From this initial review and feedback from stakeholders the need for innovative funding solutions remains a priority for the sector. There is clear evidence from other jurisdictions that such funds have a major impact on the potential to attract investment and grow the sector. Invest NI will continue to explore appropriate funding solutions but as per the previous recommendations of the SEIDWG subgroup the positioning on NI as a world leader in renewable requires a much more strategic approach across government.

SUSTAINABLE ENERGY INTER-DEPARTMENTAL WORKING GROUP

SUB GROUP ON ECONOMIC OPPORTUNITIES AND SKILLS

TERMS OF REFERENCE

Chairmanship

The IDWG sub group on economic opportunities and skills shall be chaired by Invest NI who has responsibility for the promotion of sustainable energy to the manufacturing and tradeable services sectors in Northern Ireland.

Aims

The aim of the sub group on economic opportunities and skills shall be to bring together Departments who can contribute to ensuring that Northern Ireland maximises the opportunities presented by the ever growing field of sustainable energy, both in relation to the emerging technologies, supply chain and skills development necessary to become a world leader in this field. The group will focus on innovation, skills and economic opportunities especially in manufacturing, supply chain development, tradeable services and planning.

Objectives

The sub group on economic opportunities and skills will seek to:-

- (i) Scope out and quantify the economic development opportunities in Northern Ireland that exist or might exist from sustainable energy – this will include both energy efficiency and renewable energy; and
- (ii) Identify gaps and barriers that currently exist or may exist going forward and make recommendations as to how to minimise these barriers; and suggest --
- in conjunction with other subgroups and by examining international best practice, identify the barriers which are preventing greater/faster deployment of sustainable development technologies and make recommendations as to how to minimise these barriers
- (iii) Quantify the opportunities that exist and formulate a view as to how to maximise these opportunities; and
- (iv) Recommend delivery actions to the DETI Minister by October 2009.

Membership

The sub group shall be made up of senior representatives from all the relevant NI government departments that have policies and practices which contribute to economic opportunities or skills development.

The group may also invite such external stakeholders working in the field of sustainable energy, or energy more widely, or who otherwise have an interest in economic opportunities and skills development, to take part in the sub-groups as required.

Frequency of meeting

It is suggested that the sub group should meet monthly during the period June – October 2009.

Resourcing and secretarial support

The sub group on economic opportunities and skills will be chaired by Invest NI and supported by DETI.

Outputs

The sub group on economic opportunities and skills shall develop an action plan to implement recommendations to stimulate economic opportunities and skills development from sustainable energy by October 2009.

DRAFT**VIRES AND RESPONSIBILITIES**Background

1. In February this year, the Executive agreed the recommendation of this group that:
“ it [SEIDWG] should undertake an audit of vires across Government departments and makes recommendations to the Executive as to whether Departmental vires need to be amended. This workstream will also look at whether responsibilities can be consolidated in one department to reduce the fragmentation of responsibility for sustainable energy issues.”
2. Also in February, the ETI Committee published its report of its inquiry into Barriers to the Development of Renewable Energy production and its Associated Contribution to the NI Economy. Recommendation 1:
“The Committee...calls on the Executive to provide appropriate leadership in delivering the overall energy agenda by bringing all responsibility for energy policy and strategy under a single Government department”.
3. This paper brings the consideration of these two related issues together and makes suggestions on the way forward for discussion at the meeting on 5 July.

Current responsibilities

4. **Annex A** gives a summary of the 12 departments' sustainable energy and related responsibilities. **Annex B** summarises the legislative vires under which Northern Ireland departments operate sustainable energy policy and delivery.

Analysis

5. The audit has, not unexpectedly, shown that vires and responsibilities are spread widely across the departments. In addition, those departments which do not have responsibility for some aspect of sustainable energy policy are often responsible for large estates, where Government is exhorted by stakeholders to take a lead in demonstrating or providing market pull for sustainable energy. This spread of responsibilities has the following main effects:
 - a) there is a level of confusion amongst some external stakeholders about which department is responsible for which aspect of sustainable energy and they can find it hard to direct queries appropriately. This can, for instance, result in correspondence/calls having to be redirected, which is frustrating for the stakeholder and inefficient for officials;
 - b) there is no central driver for some aspects of energy policy (e.g. energy efficiency) as no single department can pull sufficient levers to make coherent policy without the significant involvement of other departments;

- c) no single department can be held accountable for the specific lack of joined up government and lack of progress on sustainable energy related issues;
 - d) the spread of responsibilities means that at times one department is not aware of the ongoing work of another in this field, despite the existence of the SE IDWG. This can lead to duplication of effort or incorrect information being provided to democratic bodies;
 - e) the spread of responsibilities means that research, policy and delivery may be duplicated with concomitant waste of effort and resources;
 - f) the current requirement for cross-departmental working to ensure effective joined-up government means that many relatively straight-forward issues have to be agreed at Executive level because they are cross-cutting issues under the Ministerial code. While, on the positive side, this can be helpful in ensuring that all Ministers are signed up to policies, the mandatory requirements for taking a paper to the Executive means that delays are inherent in cross-departmental working; and
 - g) even where attempts are made to join up policy making, share information and good practice, such as in the setting up of the SEIDWG, and without any reflection on the members of SEIDWG, it is generally understood to be the case that commitment to cross-departmental working cannot duplicate the effect of co-locating staff within a single management structure, because attendance and related work are not the core part of most officials' duties and will naturally be peripheral to the essence of their jobs.
6. In addition, the specific effect of this separation of responsibilities can be seen in the following ways:
- a) energy efficiency policy and delivery is spread out across several departments and this is reflected in the legislative vires. While DETI has taken on a co-ordinating role by virtue of its overall energy remit, it has no power to mandate actions from other departments;
 - b) DARD has a renewable energy and climate change branch the existence of which, while it does essential work for the agricultural and rural community, causes additional confusion in roles and responsibilities;
 - c) despite the setting up of the sustainable transport division in DRD, there remains confusion amongst stakeholders as to which department they should interface with in relation to, for example, the use of biomethane for transport purposes. This gap is particularly evident when the contribution of transport to energy imports and GHG emissions is considered.
7. No doubt there are many other examples that could be cited. This paper acknowledges that it is neither practical nor desirable to remove all separation of policy on sustainable energy; for instance, it will always be appropriate for planning approval to be largely separated from energy policy making (even within the context of ensuring that planning fully enables appropriate sustainable energy development).

Benchmarking

8. This paper acknowledges also that there is a limit to how helpful the precedent of arrangements in other jurisdictions can be. However, energy stakeholders (and indeed the ETI Committee in its recent report 'Barriers to the Development of Renewable Energy') have held up the amalgamation of energy (formerly part of BERR) and climate change issues (formerly part of DEFRA) into the Department of Energy and Climate Change (DECC) as a model for Northern Ireland.

UK

9. DECC is responsible for energy efficiency; climate change; heat; electricity; renewables; energy consents. It is not responsible for transport, including biofuels (DfT), planning policy (DCLG), energy using products (DEFRA) etc, but has good links with those relevant departments, to the extent that DECC's Office of Renewable Energy Deployment has its own unit (the Planning for Renewables Team) set up to "develop understanding and solutions that will enable more effective management of the environmental issues related to the deployment of renewable energy ... This will help the UK meet its commitments under the EU Renewable Energy Directive, and to do so in an environmentally sustainable way".

Scotland

10. In Scotland, the civil service is divided into a number of departments. Relevant here are the Directorates under the Cabinet Secretary for Finance and Sustainable Growth:
- Enterprise, Energy & Tourism
 - Transport
 - Climate Change and Water Industry

This shows that most of the relevant sustainability energy directorates are under the control of the same cabinet minister.

ROI

11. In the Republic of Ireland, the Department for Communications, Energy and Natural Resources (DCENR) is responsible for energy efficiency, heat, electricity, renewable energy including biofuels. Delivery is largely managed through the Sustainable Energy Authority for Ireland. However, sustainable transport policy appears to be the responsibility of the Department of Transport and climate change is the responsibility of the Department of the Environment.

Options

12. There are a number of options to deal with this situation:

(a) Status Quo

The analysis above indicates that many stakeholders, both internally and externally, do not believe that the current arrangements are delivering the best outcomes for the people of Northern Ireland on this issue.

(b) Increased cross-departmental working

Increased cross-departmental working is currently the way in which departments are attempting to tackle a number of sustainable energy issues e.g. SE IDWG, GHG CDWG, the Sustainable Development Champions group, and the Sustainable Energy Skills group.

(c) Amalgamate limited functions in several departments

There might be ways in which limited functions could be rolled up separately within existing departments: for example, energy efficiency vires could be concentrated in one existing department, or climate change and energy functions brought together.

(d) Single Energy Department

The number of departments is bound up in the wider political settlement in Northern Ireland. However, as noted above, the ETI Committee's recent report recommended a single department. The response to this recommendation was provided by both DETI and OFMDFM which "Partially Accepted" the recommendation with the following words:

"The Executive agreed in February 2011 that the Sustainable Energy Inter-departmental Working Group (SEIDWG) should undertake work on energy vires and a leadership statement on sustainable energy. SEIDWG will accelerate this work to explore the scope for consolidating and streamlining sustainable energy activities, as and where appropriate, within the current departmental structure. If this work confirms the need for a single energy department, SEIDWG will make any necessary recommendation to the Executive. It will be for the Executive to decide on any structural change in Departments.

OFMDFM believe that there is merit in examining the feasibility of marshalling the various responsibilities and the different research and operational activities currently being undertaken, within the broad Energy theme by Departments, in a singular way. It will assist DETI as necessary should this occur. OFMDFM also recognise that there are advantages in creating conditions where particular expertise resides in specific strategic area; for example, within a single Directorate."

(e) Single Directorate for Energy within an existing department

If the creation of a new department (e.g. for energy and climate change following the DECC model) is not favoured, then the only way of having a single department responsible for energy would be via transfer of a significant number of functions (with associated resources) to an existing department.

Recommendation

13. This paper recommends that the SE IDWG group discusses the options above and shapes an agreed recommendation on the way forward.

Annex A

Summary of departmental responsibilities in relation to sustainable energyDARD

- helping the agricultural and rural communities benefit from renewable energy,
- helping the farming community act to restrict GHG emissions.
- DARD estate.
- Education of agricultural community in respect of sustainable energy through CAFRE and AFBI.

Forestry commission

- Biomass resource
- Carbon sequestration

Research Provision to provide evidence to policy makers & the LBS business decisions

DCAL

Museums estate.

DE

Education estate.

Education policy and curriculum in relation to sustainable energy.

DEL

Promoting learning and skills in sustainable energy and assisting people into sustainable energy employment.

DETI

- Primary responsibility for electricity (including most forms of renewable electricity and support schemes) and gas policy, legislation and delivery.
- energy efficiency in the voluntary sector and monitoring data relating to local and national energy efficiency targets.
- renewable heat and renewable heat incentive.
- Smart metering and billing
- SEIDWG

Invest NI:

- provision of integrated programme of advice, information, finance etc to assist business to increase resource efficiency;
- programme of mainstream support for local business to energy renewable energy supply chain and attract FDI associated with renewable energy.
- Carbon Trust programme.

Implementation

14. DETI recognises that it is unlikely to be seen by other departments as fully objective on this issue: we therefore propose that a department with an overseeing role, i.e. OFMDFM would be best placed to take forward the agreed recommendation of this group to the Executive.

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DEPARTMENT OF ENTERPRISE, TRADE AND INVESTMENT
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DFP

- Energy performance regulations
- Building regulations
- Reduction of carbon emissions from DFP office estate.

DHSSPS

Health estate.

DOE

- Climate change policy, legislation and delivery, including the climate change working group and the Carbon Reduction Commitment.
- Waste Management Strategy and Energy from Waste.
- Planning policy.
- Environmental consents.
- Air quality, pollution prevention and control.

DoJ

Prison and ?police? estates.

DRD

- Responsible for regional planning,
- policy and legislation for water service –
- Responsible for transport policy including sustainable transport.
- DRD estate.

NIW:

- delivery of carbon reduction, energy efficiency and renewable energy projects in the NIW estate..

Translink:

- delivery of sustainable energy in Translink estate and other assets.

DSD

Responsible for energy efficiency in residential accommodation, including the Warm Homes Scheme.

NIAUR

To secure a diverse, viable and environmentally sustainable long-term energy supply including:

- Enforcement of licence conditions on the provision of energy efficiency advice
- Administration of the NI Sustainable Energy programme

- Administration of NIRO, LECs
- Promotion of grid development etc.

OFMDFM

Responsible for sustainable development strategy, action plan and overseeing delivery, as well as the Sustainable Development Champions Group.

Annex B

Energy-related vires in NI legislation: a summary.

This is the list of legislation (in chronological order) which departments gave us as containing their powers in relation to sustainable energy issues.

Building Regulations (NI) Order 1979

Article 3 of the Building Regulations Order allows DFP to make regulations to be known (and in this Order referred to) as "building regulations" (a)for all or any of the matters set out in Schedule 1 (especially relevant is para 6 on "measures affecting transmission of heat" and 17 on "Standards of heating, artificial lighting, mechanical ventilation and air conditioning and provision of power outlets"); and (b)for such other matters relating to buildings as appear to the Department after consultation with the Advisory Committee to be relevant to the purposes of this Order.

Electricity Act 1989

Primary powers for Renewables Obligation.

The Energy Efficiency (Northern Ireland) Order 1999

- Powers for Invest NI for the purpose of promoting the efficient use of energy in industry.
- Powers for DETI for the purpose of promoting the efficient use of energy by voluntary organisations.
- Powers for DSD for the purpose of promoting the efficient use of energy in residential accommodation.
- Powers for [DOE/DFP?] for the purpose of promoting the efficient use of energy by public bodies.

These departments may for these purposes:

- (a)provide financial or other assistance to any body or person engaged in industry;
- (b)provide, or secure the provision of, advice;
- (c)disseminate, or secure the dissemination of, information;
- (d)carry out, or secure the carrying out of, research.

Finance Act 2000

Not clear how this contributes to sustainable energy (through fuel tax tariffs? Or through the Climate Change Levy Section 30 and schedule 6). However, taxation is an excepted matter.

Environment Order (NI) 2002

Air quality powers.

Industrial Development Act (NI) 2002

Requires Invest Northern Ireland to carry out functions under the Energy Efficiency Order 1999.

Energy (NI) Order 2003

Gas and electricity powers and duties for DETI and NIAUR.

Sustainable Energy Act 2003 (as amended by Energy Act 2004)

Only sections 1 (Annual reports on progress towards sustainable energy aims) and 8 (Financial provision) of this Act apply to NI.

Energy Act 2004

- Nuclear powers across the whole UK (excepted matter).
- Renewable Energy Zones (outside NI territorial waters) – excepted matter
- Decommissioning offshore installations – a gap for NI
- NIRO primary powers – amendment to existing primary powers under the Electricity Act 1989
- Allowance for GEMA to act for NIAUR in relation to ROCs
- Primary powers for UK-wide Renewable Transport Fuel Obligation

NI (Miscellaneous Provisions) Act 2006

Applies to all Northern Ireland departments. A public authority must, in exercising its functions, act in the way it considers best calculated to contribute to the achievement of sustainable development in Northern Ireland, except to the extent that it considers that any such action is not reasonably practicable in all the circumstances of the case.

Water and sewerage services order (NI) 2006

Article 6 requires DRD and NIAUR to carry out their water and sewerage functions mentioned in paragraph (1) in the manner that it considers is best calculated— (e)to contribute to the achievement of sustainable development.

Article 7 allows the department (DRD) to issue guidance about the making by the Authority in the exercise of its water and sewerage functions of a contribution towards the attainment of any social or environmental policies set out or referred to in the guidance.

Electricity (Single Wholesale Market)(NI) Order 2007

Article 9(4) requires the Department, the Authority and the SEM Committee to carry out the functions mentioned in paragraph (1) in the manner which it considers is best calculated—

- (a)to promote efficiency and economy on the part of authorised persons;
- (b)to secure a diverse, viable and environmentally sustainable long-term energy supply in Northern Ireland and Ireland (subject to para 2 of the same section).

The Energy Performance of Buildings (Certificates and Inspections) Regulations (Northern Ireland) 2008

The requirement that a certificate is to be made available to the owner or to the prospective buyer or tenant when a building is constructed, sold or rented out and that air-conditioning systems are to be regularly inspected is introduced by these Regulations.

The Department of Finance and Personnel has taken the lead in preparing these Regulations in co-operation with the Department of Social Development (DSD).

Climate Change Act 2008

An Act to set a target for the year 2050 for the reduction of targeted greenhouse gas emissions; to provide for a system of carbon budgeting; to establish a Committee on Climate Change; to confer powers to establish trading schemes for the purpose of limiting greenhouse gas emissions or encouraging activities that reduce such emissions or remove greenhouse gas from the atmosphere; to make provision about adaptation to climate change; to confer powers to make schemes for providing financial incentives to produce less domestic waste and to recycle more of what is produced; to make provision about the collection of household waste; to confer powers to make provision about charging for single use carrier bags; to amend the provisions of the Energy Act 2004 about renewable transport fuel obligations; to make provision about carbon emissions reduction targets; to make other provision about climate change; and for connected purposes.
Most of it extends to NI.

Farm Modernisation Programme Regulations (NI) 2008

Allows DARD to make grants in relation to farm modernisation, including (presumably) sustainable energy.

Renewables Obligation Order (NI) 2009 as amended

Powers for DETI and NIAUR for the NIRO.

Forestry Act (NI) 2010

The Department of Agriculture and Rural Development ("the Department") has the general duty of promoting afforestation and sustainable forestry. forestry" includes—
(a) the production and supply of forest products and the maintenance of adequate reserves of growing trees; (b)
the management and development of forests so as to contribute to the protection of the environment, biodiversity and the mitigation of, or adaptation to, climate change.

The promotion of the use of energy from renewable sources 2011

Transposes most of the Renewable Energy Directive into UK law. In particular, regulation 11 Duty to take steps to ensure certain public buildings fulfil an exemplary role – applies to all NI departments: The responsible authority must take such steps as it considers appropriate to ensure that a public building constructed after 31st December 2011; or undergoing major renovation after that date fulfils an exemplary role in the context of the [Renewable Energy] Directive.

Transport Act (NI) 2011

Section 32 allows DRD to pay grants for approved capital expenditure to incurred or to be incurred in (a) providing vehicles; (b) providing, improving or developing facilities for passenger transport.

Assume the relevance to sustainable energy is that this could include vehicles or facilities that are sustainably powered. Repeals existing powers for grant making under the Transport (NI) Order 1977.

Pending legislation - 2011

Current Westminster Energy Bill will, if enacted, give DETI powers to promote renewables heat and to bring forward regulations to enable a support scheme such as a Renewable Heat Incentive.

Establishment and terms of reference for new sub-groups to SE IDWG

Background

The SEIDWG Report of Recommendations was approved by the Executive on 10 February 2011. One of the recommendations is '....that the **Planning and Renewable Energy Group becomes a sub-group of the SE IDWG with a remit to work together to ensure that renewable energy projects and installations are delivered, within the planning system, in time to meet Executive targets.**'

Issues

There are two distinct issues to consider within this recommendation: the planning process for renewable installations and the need for urgent grid development to allow installations to be connected. It is suggested that it will be more effective to consider each issue separately and two sub-groups will therefore operate in parallel.

The Grid Development Sub-Group will develop recommendations in relation to the grid development process in Northern Ireland and identify likely grid requirements for the next regulatory price control period (RP6), as set out in the attached terms of reference (**Annex A**). The group is likely to include representation from NIE and SONI as well as from departments, so the term of reference may need to be further refined when shared with those organisations.

The Planning & Renewable Energy Sub-Group will develop recommendations in relation to the planning process for renewable energy and identify how these recommendations can be progressed effectively, as set out in the attached terms of reference (**Annex B**).

Recommendation

The SE IDWG is invited to:

- a) discuss the terms of reference of the grid development and agree on the chairmanship of the sub-group (**Annex A**);
- b) approve the terms of reference of the planning and renewable energy sub-group (**Annex B**); and
- c) suggest nominations for membership to the proposed chair of each group by the end of July.

**SUSTAINABLE ENERGY BRANCH
DEPARTMENT OF ENTERPRISE, TRADE AND INVESTMENT**

ANNEX A**SUSTAINABLE ENERGY INTER-DEPARTMENTAL WORKING GROUP (SE IDWG)
SUB GROUP ON GRID DEVELOPMENT AND RENEWABLE ENERGY****DRAFT TERMS OF REFERENCE****Chairmanship**

The IDWG sub group on grid development and renewable energy shall be chaired by ?. The sub group may draw on professional support if deemed appropriate by the group.

Overall Purpose

To develop recommendations in relation to the grid development process in Northern Ireland and identify key impacts on grid requirements for the next regulatory price control period (RP6).

Membership

The sub group shall be made up as follows: representatives from DETI, DOE, DRD, Planning Service, NIEA, NIE, SONI and NIAUR at G7 or DP level. The group may also invite such other stakeholders to take part in the sub-group as required.

Frequency of meetings

The chair, in consultation with the group, will decide on frequency of meetings, as determined by business in hand.

Secretarial support

The sub group will be supported by DETI Sustainable Energy Branch.

Outputs

The sub group shall develop a report of recommendations relating to grid issues to the main SEIDWG [by March 2012].

Work Programme

- To review the current grid development process to identify strengths and weaknesses of the process.
- Work with NIE and SONI to communicate the need for grid development as part of (RIDP/Network 25) to the wider public, including district councils and MLAs.
- To review if grid development should be treated as national infrastructure and how best that should be taken forward in the NI context.
- Consider the impact of the On Shore Renewable Electricity Strategic Action Plan and the Off Shore Renewable Energy Action Plan on grid infrastructure. grid development.

- Identify key impacts on grid development requirements for the next regulatory price control period (RP6) and seek the Utility Regulator's views on these impacts.
- Ensure implementation of any relevant ETI Committee recommendations (see below) that are accepted by DOE, specifically:
 - Identify and recommend solutions to barriers restraining the development of key infrastructure projects such as the North/South interconnector e.g. legislative, bureaucratic. [ETI Committee Report – Recommendation No. 19]

SUSTAINABLE ENERGY INTER-DEPARTMENTAL WORKING GROUP (SE IDWG) SUB GROUP ON PLANNING & RENEWABLE ENERGY

DRAFT TERMS OF REFERENCE

Chairmanship

The IDWG sub group on planning & renewable energy shall be chaired by DETI. The sub group may draw on professional support if deemed appropriate by the group.

Overall Purpose

The SEIDWG: Report of Recommendations on Co-ordinated Sustainable Energy Activity in Northern Ireland paper was approved by the Executive on 10 February 2011. One of the recommendations was **'...that the Planning and Renewable Energy Group becomes a sub-group of the SE IDWG with a remit to work together to ensure that renewable energy projects and installations are delivered, within the planning system, in time to meet Executive targets.'**

Membership

The sub group shall be made up as follows: representatives from DETI, DOE, DOE Planning Service, NIEA and DARD at G7 or DP level. The group may also invite such other stakeholders to take part in the sub-group as required.

Frequency of meetings

The chair, in consultation with the group, will decide on frequency of meetings, as determined by business in hand.

Secretarial support

The sub group will be supported by DETI Sustainable Energy Branch.

Outputs

The sub group shall develop a report of recommendations relating to planning issues to the main SEIDWG [by December 2011].

Work Programme

The work programme below is indicative of the types of issues the group may address. It is not intended to be prescriptive or exhaustive:

- Develop and agree a Memorandum of Understanding between DETI and DOE relating to planning and consent applications for major electricity infrastructure projects, to include roles and responsibilities and clear lines of communication;
- Consider methods of communication with the sector to improve the quality of planning applications and provide timely updates on the progress of planning applications e.g. open days, web portals;

- Consider best practice guide/consultation on community benefit;
- Consider environmental issues e.g. ensure guidance aligned with UK and ROI; scope of EIAs; and provide clarity for developers about the environmental management objectives for proposed development sites;
- Consider the implications of the Planning Act 2011 and of any subordinate legislation on renewable energy;
- Ensure implementation of relevant aspects of the Renewable Energy Directive, in particular the duty (Article 14(5)) to ensure guidance is available on the optimal combination of renewable energy sources;
- Ensure implementation of any relevant ETI Committee recommendations (see below) that are accepted by DOE and DETI:
 - Monitoring PPS18 and Supplementary Planning Guidance to test consistency of decisions and effect on deployment (ETI Recommendation No. 21).
 - Develop clear guidance and advice on the impact of emerging technologies to inform planning decisions (ETI Recommendation No. 22).
 - Consider the results of the DOE consultation on Permitted Development for domestic installations and assist DOE to progress a consultation exercise on Permitted Development for business and agricultural installations. (ETI Recommendations Nos. 23 & 24).