

From: McCormick, Andrew (DETI)

Sent: 15 September 2015 14:53

To: HOCS

Cc: Rooney, Eugene; Stewart, Chris (DETI); McCune, David; Hill, Janice; McIlwrath, Linda

Subject: Doc1 (2) (2)

Please see attached as discussed.

Any issues simply requiring Ministerial approval could be considered if a Minister is reappointed on Thursday or Friday. The issues requiring Assembly process would only be able to progress if a special arrangement can be made. Of the latter group, the SR on NIRO Closure (non-wind) is the most urgent and vital, closely followed by the SR on Renewable Heat Incentive. NIRO Closure Non Wind will also need Assembly process but not for some weeks.

Hope this helps. Many thanks.

DETI TOP PRIORITIES RE MINISTERIAL CLEARANCE – 18/09/15**1. Top priority business requiring approval:**Northern Ireland Renewables Obligation (NIRO)

- Existing Government support schemes for renewables (the Renewables Obligation schemes) are closing in 2017 across the UK.
- This requires legislation and developers and their investors need the certainty on the legislation to secure funding. While the legislation closes the renewables obligation it also gives a “grace period” of one extra year to implement projects in certain circumstances.

NIRO (Non Wind)

- The policy for the closure order for non wind technologies (i.e. solar, anaerobic digestion and energy from waste) was approved by the ETI committee on 8 September. The legislation was subsequently laid in draft on the same day.
- It was scheduled for debate on the Assembly on 28th September.
- A DETI Minister is required to table the motion and take the debate unless alternative arrangements can be put in place.
- The consequences of not taking this through would be the loss of high profile projects – for example Bombardier’s energy from waste project.

NIRO (Wind)

- The new Conservative Government has taken a harder line on on-shore wind compared to other technologies and seeks to close the Renewables Obligation in 2016 a year earlier than announced by the DETI Minister.
- The DECC threat is that NI consumers alone will have to bear the cost of any departure from GB policy (up to now costs have been socialised across all UK electricity consumers).
- This could add significantly to domestic and particularly large energy users (e.g. Michelin) bills.
- A protracted negotiation with DECC was ongoing and limited concessions for NI obtained. Because time is running out to give developers certainty we advise acceptance of the DECC position. This policy decision would

require Ministerial authorisation along with approval for consultation and legislation that would be needed to implement the decision.

- The renewables industry is warning that failure to proceed will result in the loss of approximately £300 million of investment.
- The immediate next step needed will be either:
 1. to confirm to DECC that we will accept their latest position; or
 2. Accept that material costs will have to be carried by NI consumers.
- Either decision would then need to be followed by an immediate announcement of a final policy position and the release of a consultation paper with a very short response period. With no decision, the concessions currently on offer from DECC will be lost and we would lose investment in projects because developers will not be able to secure the necessary project finance.

Renewable Heat Incentive (RHI)

- The NI Non Domestic Renewable Heat Scheme is funded through AME (though HMT has reserved the right possibly to call on the NI Executive's DEL budget for cost overruns). It was previously underperforming but has taken off recently because of uptake in, particularly, the poultry industry.
- Spending in NI is now around 5% of total UK spending. This is higher than originally anticipated to be NI's share of total UK RHI funding.
- Measures are needed to ensure that budgets are brought under control and to demonstrate value for money (given the threats of DEL consequences for 'overspending').
- Final policy has been agreed by the Minister and ETI Committee but legislation will be required to implement the changes.
- A DETI Minister is required to table the motion and take the debate unless alternative arrangements can be put in place.
- The potential changes have been announced to the industry which is gearing towards change by 4 November 2015.

HSENI Re- appointment of Chair and 3 members, ie, 4 Board Members w/e from 01/10/15

- If the 4 board members are not reappointed to the board, it will leave the Chair and 4 members – exactly what is needed to be quorate.
- However, the HSENI legislation requires the body to consist of:-... a chairman ...and not less than six nor more than nine other members.
- Therefore, if the reappointments are not made by 01/10/15, it brings the membership to below the legislative threshold

Current Casework Projects - In the pipeline, with no unusual or contentious issues, other than normal Ministerial approval – without which the normal flow of support to investment projects will be disrupted

Title

- Sustainable Utilisation of Poultry Litter Scheme – Invest NI
(Total Project Value £24 million) (Support £8 million)
- Gas to the West – DETI Energy Division
(Grant Support £32 million)
- Proof of Concept III – Invest NI
(Support £7 million)
- Sustainable Development Support Programme – Invest NI
(Support £8 million)
- Camlin – Invest NI
(Total Project Value £28 million) (Support £5 million)

2. **Highly desirable business**

The items below have less immediate practical effects but are relatively straightforward non-contentious issues which, if approved, would help progress worthwhile business.

Bytel MOR

DETI and DFP Ministers are to approve the Memorandum of Reply to the Public Accounts Committee report on the Cross-Border Broadband Initiative – the Bytel project which was published on 1 July. The convention is that MoRs are laid in the Assembly two months after the PAC report. DFP had requested an extension from the PAC and planned to lay the MoR in the Assembly by 14 September. The MoR was with the DETI Minister but not cleared by him on 10 September.

Pilot Enterprise Zone – proposed approach agreed by previous DETI Minister, is currently with OFMdfM for approval

SL1 – The Weights and Measures (Food Amendments) Regulations (Northern Ireland) 2015

Insolvency (Amendment) Bill

- This Bill was scheduled to complete Further Consideration Stage today (15/9/15) and Final Stage on 29 Sept.
- No issues or difficulties were anticipated, and no amendments had been tabled for consideration.
- The ETI Committee is supportive of the Bill.
- Royal assent would be sought four weeks after the Bill concluded its Final Stage - this would have been sought by end October 2015.
- If there was a delay of 4 weeks we would need to schedule two further slots in the Assembly for the Further Consideration and Final Stages of the Bill, allowing a week or two between each stage. This would take us to November .
- We would then seek Royal assent four weeks later, taking us into January, allowing for Recesses.
- So it would be really helpful if the DFP Minister was willing to take these stages (both of which would be very brief).

Credit Unions & Co-operative and Community Benefit Societies Bill

- Second stage of the Bill was planned for 15/9 with Committee stage running from 15/9 for 30 working days (by 3/11 including Halloween recess).
- Were working to a timeline of March 2016 for Royal Assent.
- Timelines for this Bill were already very tight with little margin for slippage.
- A delay of 4 weeks puts the passage of this Bill at significant risk.
- The ETI Committee has been very keen for this legislation to be progressed, and have pressed the Department for it to be treated as a priority.
- However, the Committee's consideration of the policy proposals has been a lengthy process, and the Committee has recently requested an amendment to the Bill which was previously rejected by DETI in an earlier engagement with the Committee on the same issue.
- Moving this forward would only be possible if the DFP Minister was willing to take the second stage debate.