

approval please.

*Entered by  
23/05/12*

From: Fiona Hepper

Date: 23 May 2012

To: 1. Andrew Crawford  
2. Arlene Foster MLA

*AR 24/5  
A 25/5 content*

DETI SUB 272/2012

**UPDATES ON THE RECOMMENDATIONS INCLUDED IN THE ETI COMMITTEE REPORT ON THEIR INQUIRY INTO RENEWABLE ENERGY & THE STRATEGIC ENERGY FRAMEWORK (SEF) IMPLEMENTATION PLAN**

**Issue:** The Department agreed to provide biannual updates to the ETI Committee on progress towards the implementation of recommendations included in the report on their inquiry into renewable energy; and progress on the objectives in the SEF Implementation Plan.

**Timing:** The update is due with the Committee by the end of May.

**Need for referral to the Executive:** Not applicable.

**Presentational Issues:** None at this stage.

**Freedom of Information:** Some parts of this submission may be exempt under section 35 of the FOI Act relating to the formulation of government policy.

**Programme for Government/ PSA Implications:** None.

**Financial Implications:** None at present.

**Legislation Implications:** None at present.

**Statutory Equality Obligations:** None.

**Recommendation:**

That you agree the issue of the following to the ETI Committee:

- (i) a letter to the Committee Clerk (**Annex A**);
- (ii) the proposed updates under each of the relevant recommendations in the ETI Committee's report (**Annex B**); and.
- (iii) the update on the SEF Implementation Plan (**Annex C**).

**ETI Committee Report on their Inquiry into Renewable Energy**

2. The ETI Committee published the report on their Inquiry into 'Barriers to the Development of Renewable Energy Production and its Associated Contribution to the Northern Ireland Economy' in February 2011. The report includes 25 recommendations which focus on a number of Departments and bodies as well as the Executive. Ten are for DETI to take forward, two are Executive matters and the remainder are spread across Invest NI, DOE, DFP, DSD, DRD, DARD and NIAUR.
3. In your initial response on 27 June, 20 of the 25 recommendations were either accepted or partially accepted and one was under consideration – pending the conclusions of the Organisational Review. Four were rejected and are not therefore included in this update.
4. The Committee requested additional information on 6 July following consideration of the initial response. Most of the information was provided through DETI on 11 August and a further update was provided on 21 November.
5. We agreed to provide updates biannually and this update, which reflects developments since November 2011, should be forwarded to the Committee by the end of May. The current position, including input from other departments, is detailed in the table at **Annex B** and should be read in conjunction with the November 2011 update. Another update will be provided at the end of November 2012.

**Key Issues**

6. The areas of significant progress since the Committee was last updated are detailed below:
  - Recommendation 1 – on 20 January 2012 the Sustainable Development Champions' Group (SDCG) considered the SEIDWG recommendation to bring together energy vires within an existing department. They agreed that the case should be

reviewed at a later date and that the consolidation of energy efficiency functions should be kept under continuous review. It is intended that the Executive will consider the SDCG recommendations before the end of May (OFMDFM officials are in the lead on this).

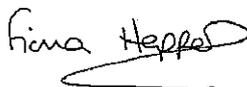
- Recommendation 2 – the Sustainable Energy Action Plan was approved by the Executive on 5 April 2012 and was published on 4 May.
- Recommendation 4 - interim targets for the percentage of renewable electricity consumption and percentage of renewable heat for each of the years 2012/13, 2013/14 and 2014/15 have been included in the Programme for Government and have been incorporated into the SEF Implementation Plan.
- Recommendation 11 – the work on analysing the impact of the EMR proposals on Northern Ireland was forwarded to the Committee in December 2011. It is intended that the forthcoming DETI Energy Bill will take the enabling powers for a small scale FIT.
- Recommendation 12 - the consultation on the Development of the Northern Ireland Renewable Heat Incentive closed in October 2011 and a summary of responses was provided to the Committee in November 2011. The policy has been agreed internally and we await approval from the EU Commission before implementation of the scheme.
- Recommendation 17 – DFP has considered an economic appraisal of the options for increasing domestic energy and thermal efficiency, including the Green New Deal. The preferred option, approved by DFP on 18 May 2012, is the boiler replacement scheme proposed by the Housing Executive.

#### Strategic Energy Framework (SEF) Implementation Plan

7. It was also agreed that Energy Division would provide progress updates on the Strategic Energy Framework (SEF) Implementation Plan, to you on a quarterly basis and to the ETI Committee on a six monthly basis. The last update to the Committee detailed progress to the end of September 2011 and another update is now due.
8. An updated SEF Implementation Plan reflecting progress until the end of March 2012 is attached at **Annex C**. The Committee should be made aware that the further milestones for 2012/13 and for the period 2013 and beyond will be shown in the next update of the implementation plan.

**Recommendation**

9. I recommend that you consider the following and agree to issue to the ETI Committee:
- (i) draft response to the Clerk of the ETI Committee (**Annex A**);
  - (ii) the proposed updated comments to the relevant recommendations (**Annex B**); and
  - (iii) the update on the SEF Implementation Plan (**Annex C**).



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Energy Division  
Ext 29215

cc: David Sterling  
Olive Hill, Invest NI  
Alison Gowdy, Invest NI  
Clare Baxter  
David McCune  
Olivia Martin  
Alison Clydesdale  
Joanne McCutcheon  
Paul Dolaghan  
Trevor McBriar  
Alastair Ross, MLA, APS

**Update on progress towards implementation of recommendations in the Committee for Enterprise, Trade & Investment's Inquiry into Renewable Energy  
– May 2012**

Recommendation	DETI Update (May 2012)
<p>1. The Barnett review stated that the Executive must provide clear focus and leadership to the range of energy policy issues as a separate and distinct Government priority. The Committee supports this recommendation and 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</p>	<p>Response provided by: OFMDFM</p> <p>The Sustainable Development Champions' Group has considered the DETI paper and provided recommendations that have been circulated to Ministers. It is intended that the Executive consider the recommendations during May.</p>
<p>2. The Executive must develop a long-term vision for renewable energy which includes both an energy perspective and an economic perspective and establishes long-term partnerships to the benefit of Northern Ireland with other devolved administrations in the UK and with the Republic of Ireland, and should, where appropriate, include an all-island dimension for renewable energy.</p>	<p>Response provided by: DETI</p> <p>The Sustainable Energy Action Plan (SEAP) was approved by the Executive on 5 April 2012 and was published on 4 May. The SEAP includes a commitment to undertake work to establish a long term vision, to 2050, for energy in Northern Ireland. It is envisaged that this work should be referred to the Executive for approval by the end of 2012.</p>
<p>3. The Executive must provide more resources and technical expertise to those responsible for developing energy policy and proactively drive the renewable energy agenda and enable the development of policies and strategies to help Northern Ireland progress in those renewable energy areas such as anaerobic digestion, energy from waste, geothermal energy and renewable heat which are underdeveloped in relation to other regions.</p>	<p>Response provided by: DETI</p> <p>The department has continued to monitor the staffing of Energy Division in the light of its budget settlement and competing departmental priorities.</p> <p>In the last few months decisions have been taken in relation to the resourcing of the Division, across both the renewables and markets branches. Additional staff have been allocated to renewables and are already engaged on work associated with renewable heat; and, by end June a new resource will be available to the renewable electricity branch.</p>

Recommendation	DETI Update (May 2012)												
<p>4. In relation to the Strategic Energy Framework, interim targets should be put in place in order to provide a clear indication of what is achievable and what has been achieved at interim stages and to assist in monitoring progress with the implementation of the Framework.</p>	<p>Response provided by: DETI</p> <p>Interim targets for the percentage of renewable electricity consumption and percentage of renewable heat for each of the years 2012/13, 2013/14 and 2014/15 have been included in the Executive's new Programme for Government and have been incorporated into the SEF Implementation Plan.</p> <p>The interim targets are as follows:</p> <p>Electricity consumption:</p> <table data-bbox="1070 563 1301 651"> <tr> <td>2012/13:</td> <td>12%</td> </tr> <tr> <td>2013/14:</td> <td>15%</td> </tr> <tr> <td>2014/15:</td> <td>20%</td> </tr> </table> <p>Renewable heat:</p> <table data-bbox="1070 746 1285 834"> <tr> <td>2012/13:</td> <td>2%</td> </tr> <tr> <td>2013/14:</td> <td>3%</td> </tr> <tr> <td>2014/15:</td> <td>4%</td> </tr> </table> <p>The caveats detailed at June 2011 remain valid.</p> <p>A further update on progress against the SEF Implementation Plan - to end March 2012 - is attached at Annex A to this report.</p>	2012/13:	12%	2013/14:	15%	2014/15:	20%	2012/13:	2%	2013/14:	3%	2014/15:	4%
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<p>6. The Sustainable Energy Interdepartmental working group should be supplemented by a group which includes representatives from the renewable energy sector, business, academia and NILGA to advise on the development of Government policy on renewable energy.</p>	<p>Response provided by: DETI</p> <p>Nothing to add to update provided in November 2011.</p>												

Recommendation	DETI Update (May 2012)
<p>10. It is important that DETI educate the financial sector and provide some level of assurances on the long term security of Renewable Energy Certificates so as reassure lenders and stimulate lending to renewable energy investors.</p>	<p>Update provided by: DETI</p> <p>The department remains committed to organising a seminar in 2012/13 financial year , which will also cover the move away from the NIRO as part of EMR implementation. This can not be organised however until the NIRO response and position on EMR are published. The need for liquidity in the market is a key element of EMR and DETI will extend invitations to the financial sector to such a seminar at the time.</p>
<p>11. DETI should undertake an analysis to determine the costs and benefits to the Northern Ireland economy, business and renewable energy developers of introducing a FIT for small-scale generation along the lines of what has been introduced in GB.</p>	<p>Response provided by: DETI</p> <p>The recent consultation on changes to the NIRO contained proposals for implementing EMR, including the introduction of a small scale FIT. It is intended that the forthcoming DETI Energy Bill will take the enabling powers for a small scale FIT. DETI will commission analysis during 2012/13 to evaluate the tariff levels for a small scale FIT and small scale banding levels for the period prior to the FIT being introduced.</p>
<p>12. In the short-term, Government policy on biomass should concentrate on renewable heat to assist in meeting the Strategic Energy Framework target of 10% of heat from renewable sources by 2020. DETI should also give favourable consideration to the Treasury offer of £25 million for a Renewable Heat Incentive for Northern Ireland.</p>	<p>Response provided by: DETI</p> <p>The consultation on the Development of the Northern Ireland Renewable Heat Incentive closed in October 2011 and a summary of responses was provided to the ETI Committee.</p> <p>Following the consultation, further economic analysis was carried out to consider issues raised by stakeholders. This analysis has informed the final policy position and DETI is awaiting final approval from the EU Commission before implementation of the scheme.</p>
<p>13. DETI must explore the opportunities for enhancing the research funding system in Northern Ireland by benchmarking against leading European regions so as to ensure that Northern Ireland is in a position to take full advantage of opportunities for funding for research and development under EU Framework Programme 8.</p>	<p>Response provided by: Invest NI</p> <p>Nothing to add to update provided in November 2011.</p>
<p>14. The nature of Invest NI support should be reviewed to realise the net benefits that indigenous SMEs can bring to the overall Northern Ireland economy.</p>	<p>Response provided by: Invest NI</p> <p>Nothing to add to update provided in November 2011.</p>

Recommendation	DETI Update (May 2012)
<p>15. Invest NI should review the technical knowledge and skills available within the organisation so as to ensure that it has the appropriate resources available to support the indigenous renewable energy sector.</p>	<p>Response provided by: Invest NI</p> <p>Nothing to add to update provided in November 2011.</p>
<p>16. The Department of Finance &amp; Personnel should review the costs and benefits of making certain renewable energy technologies mandatory for new builds with a view to bringing forward proposals if feasible.</p>	<p>Response provided by: DFP</p> <p>Nothing to add to update provided in June 2011.</p>
<p>17. The Executive should, as a priority, consider the proposals for a Green New Deal Housing Fund with a view to agreeing how this can be taken forward including the nature and level on Government support required.</p>	<p>Response provided by: DSD</p> <p>A cross Departmental Group, Chaired by DSD developed a full economic appraisal to determine the most effective use of the £12 million available to deliver maximum domestic energy efficiency improvements. The preferred option, approved by DFP on 18 May 2012, is one put forward by the Housing Executive. The Social Development Minister will announce details shortly.</p>
<p>18. A plan for infrastructure development must be prepared and implemented, with all key stakeholders having input into the plan. The timescales for infrastructure development must be included and must plan for the appropriate infrastructure to be in place in time to meet the 40% target for renewable electricity.</p>	<p>Response provided by: NIAUR</p> <p>NIAUR has published the draft determination for RP5. These are available on the NIAUR website.</p> <p>Within the proposals, NIAUR has detailed the approach to the approval of costs for investment in supporting renewable generation.</p> <p>As many of the projects and costs are not known in detail at this time, NIAUR plan to assess and approve the appropriate costs on a project per project basis. NIAUR considers this to be in the consumer interests and a lower risk approach for NIE.</p> <p>NIAUR briefed the committee on RP5 in early May 2012.</p>
<p>19. The Department of the Environment and the Planning Appeals Commission should prioritise the Public Inquiry process so as to ensure that high priority, key infrastructure projects such as the North-South Interconnector are dealt with as a top priority.</p>	<p>Response provided by: DoE</p> <p>Nothing to add to update provided in November 2011.</p>

Recommendation	DETI Update (May 2012)
<p>20. The Utility Regulator should review the process for grid connection to ensure that it is fully transparent and costs are fully explained. Connections for installations should be made in a timely fashion, with both parties aware of how long the process is going to take.</p>	<p>Response provided by: NIAUR</p> <p>NIAUR has published the draft determination for RP5. These are available on the NIAUR website. NIAUR expects extensive stakeholder engagement on connections during the 3 month consultation period.</p> <p>NIAUR has also written to NIE requesting them to submit a new format of connection charging documentation. The new format is to include additional information required by connectees and will increase the transparency of costs included.</p>
<p>21. The Department of the Environment and the Planning Service should ensure that planning policy for renewable energy (PPS 18) is implemented and applied in a consistent manner.</p>	<p>Response provided by: DoE</p> <p>For wind turbine developments, the Department of the Environment has rolled out a training programme which included issues such as siting, visual impact and other policy considerations. Whilst this was to ensure consistency in application of the policy across Northern Ireland, each application remains to be considered on its merits.</p>
<p>22. In order to inform planning decisions relating to emerging technologies, DETI, DoE and DARD should work with the Planning Service to fully inform Planners and to provide clear guidance and advice on the impact of these technologies.</p>	<p>Response provided by: DoE</p> <p>To assist those involved with the development of anaerobic digestors, the Minister of the Environment has announced his intention to bring forward supplementary planning guidance to PPS18. It is intended that this guidance will be published for public consultation in Summer 2012, and will inform developers and investors as to the appropriate level of information to be provided in forwarding planning applications for anaerobic digestion facilities.</p>
<p>23. The Department of the Environment should publish the results of its consultation on permitted development for domestic installations at the earliest opportunity and bring forward proposals as soon as possible.</p>	<p>Response provided by: DoE</p> <p>Nothing to add to update provided in November 2011.</p>
<p>24. The Department of the Environment should commence a consultation exercise on permitted development for business and agricultural installations with a view to bringing forward proposals for permitted development in these sectors.</p>	<p>Response provided by: DoE</p> <p>Nothing to add to update provided in November 2011.</p>
<p>25. The Executive must bring forward a programme to develop the renewable energy potential of public buildings. This should include targets and time-scales for substantially increasing the deployment of renewable energy right across the public sector.</p>	<p>Response provided by: OFMDFM</p> <p>Nothing to add to update provided in November 2011.</p>