

Blower, Michael

From: Harris, Michael
Sent: 04 December 2013 15:06
To: Sterling, David
Cc: Thomson, David; Mateer, Kim; McCutcheon, Joanne; Hutchinson, Peter; DG_DETl Press Office; Blower, Michael
Subject: Evermore ground breaking ceremony - 9 December 2013
Attachments: INV 834 2013 - Evermore Ground Breaking Ceremony - Submission and Briefing for David Sterling.DOCX

David

Please find attached the briefing and draft speaking notes in respect of your attendance at the Evermore ground-breaking ceremony on Monday 9 December. I am still awaiting some additional information in terms of key attendees and associated pen pictures and these will follow.

Regards

Michael

Michael Harris

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From: Michael Harris
Energy Division

Copy Distribution List Below

Date: 4 December 2013

To: David Sterling

INV/834/2013 – EVERMORE RENEWABLE ENERGY - GROUND-BREAKING CEREMONY

Issue:	You have agreed to attend Evermore's ground-breaking ceremony for its biomass combined heat & power (CHP) plant.
Timing:	9 December 2013, 08:30hrs – 10.15hrs at Londonderry Port
Executive Committee Referral:	Not Applicable.
PFG Implications:	None
Presentational Issues:	This is a significant renewable energy project which has already been the subject of positive media coverage – PRESS OFFICE NOTE: Invited press photographers will be attending.
FOI Implications:	Fully discloseable.
Financial Implications:	Not Applicable.
Legislation Implications:	Not Applicable.
Statutory Equality Obligations:	There are no Section 75 implications.
Recommendation:	That you consider the attached briefing and speaking notes.

Background

1. You have agreed to attend and speak at the ground-breaking ceremony for Evermore Renewable Energy's 16 Megawatt (MW) biomass and combined heat & power (CHP) generating station which will be located at Londonderry Port.

2. The Evermore Group and its subsidiary Evermore Renewable Energy are Northern Ireland based companies established in 2009 and are owned by brothers Ciaran and Stephen Devine.
3. Evermore first contacted the Department in early 2010 with proposals to construct a large scale biomass CHP power plant in Londonderry and close contact has been maintained with the Devine brothers throughout. At one stage Leslie Morrison, the previous Invest NI Chief Executive, was recruited as Chairman of Evermore however it is not known how much of an involvement, if any, he continues to have. The project has had to deal with a range of issues including planning and grid connection, the sourcing of sufficient fuel (biomass) resource and the associated biomass sustainability requirements which are imposed on plants of this type.
4. A major potential major stumbling block earlier this year was that the absence of a future Renewable Heat Incentive (RHI) tariff for large scale biomass in Northern Ireland combined with the Department's intention to close the 0.5 ROC uplift for CHP generators in March 2015 (In line with the Department of Energy and Climate Change) was making investors nervous of committing to the project.
5. Energy Division worked with Evermore, its legal representatives and funders to arrive at a solution that provided investor certainty. This was delivered by way of an amendment to the NIRO legislation which offered an extension of the 0.5 ROC uplift for projects like Evermore which were anticipated to commission during 2015. This was crucial in securing the Green Investment Bank (GIB) funding of £20m which helped lock in the additional £60m from the private sector. Evermore is the first investment by the GIB in Northern Ireland.

Attendees

6. The ground-breaking ceremony takes place at Londonderry Port and Harbour Commissioner's Office on Monday 9 December 2013 from 8.30am – 10.30am. The Danish Ambassador to the UK, Claus Grube will be attending on behalf of the Danish Government. His attendance was requested by the Danish company which is constructing the plant. The Environment Minister, Mark H Durkan will also be attending. The agenda and directions to the Londonderry Port and Harbour Commissioner's Office are attached at Annex A.
9. I will also be in attendance.

Briefing

10. Briefing is attached as follows:

Annex A	Agenda
Annex B	Background on Evermore
Annex C	Lines to Take:
	(i) Northern Ireland Renewables Obligation (NIRO);
	(ii) Renewable Heat Incentive (RHI);
	(iii) Electricity Market Reform (EMR);

Annex D Speaking Notes
Annex E Key Attendees

Michael Harris
Energy Division

cc: David Thomson
 Eugene Rooney
 Joanne McCutcheon
 Peter Hutchinson
 Michael Blower
 Press Office

AGENDA

Monday 9 December 2013

- 8.30hrs** Meeting and greeting at Londonderry Port and Harbour Commissioners Office with refreshments on arrival
- 9.00hrs** Introduction and welcome from Ciaran and Stephen Devine, directors of Evermore Renewable Energy
- 9.10hrs** Welcome from Londonderry Port Chairman Garvan Doherty or board member Bill McCann (tbc)
- 9.15hrs** Comments from Minister for the Environment Mark H Durkan
- 9.25hrs** Comments from David Sterling, Permanent Secretary of the Department of Enterprise, Trade and Investment
- 9.30hrs** Comments from the Danish Ambassador, His Excellency Claus Grube
- 9.40hrs** Comments from BWSC (plant contractor)
- 9.50hrs** Visit to site
- 10.00hrs** Photographs
- 10.15hrs** Finish

DIRECTIONS TO LONDONDERRY PORT AND HARBOUR COMMISSIONERS OFFICE

Port Road
Lisahally
Londonderry BT47 6FL

BT4 2JP, UK to Derry BT47 6FL, UK - Google Maps - Windows Internet Explorer provided by DEJ

https://maps.google.com/maps?it=q&source=embed&hl=en&geocode=&q=BT47+6FL&sl=57.0625,-95.677668&spn=30.130288,56.25&ie=1

SBC News - Home Renewables Energy Wise Trafficwatch NI Renewables Power NI Ofgem RO DETI NIRO page

BT4 2JP, UK to Derry BT47 6FL, UK - Google Maps Page Safety Tools

Google BT47 6FL Sign In

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Continue to follow A2

6. Continue onto M3 (signs for M2/M5/M11/Lagan Bridge/A12)

7. Continue onto M2

8. Continue onto M22

9. Continue straight onto Moneyrick Rd/A6 (signs for Londonderry/Magherafelt/A31/Cookstown/A29)
Continue to follow A6
Go through 3 roundabouts

10. At Castledawson Roundabout take the 2nd exit onto Glenshane Rd/A6
Continue to follow A6

11. Turn right onto Drumahoe Rd

12. Turn left onto Ardrough Rd

13. Turn left toward Clooney Rd/A2

14. Turn right toward Clooney Rd/A2

15. Turn right onto Clooney Rd/A2

16. Take the 1st left onto Temple Rd

17. Turn left onto Port Rd
Partial restricted usage road

Derry BT47 6FL
UK

Save to My Maps Est fuel cost: £15.13

These directions are for machine use only. You may find

Map data ©2013 Google - Edit in Google Map Maker Report a problem

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BACKGROUND

Evermore Group

- Evermore Group and its subsidiary Evermore Renewable Energy are Northern Ireland based companies established in 2009.
- Evermore Group is owned by Ciaran and Stephen Devine. Its purpose is to initiate, develop and finance strategic infrastructure projects across the UK and Europe. Evermore Renewable Energy was established to develop, finance, and own renewable energy projects across the UK and Europe.

Evermore 16 Megawatt (MW) Biomass generating station in Londonderry

- The Evermore 16 MW biomass combined heat and power (CHP) plant is the first project, out of a pipeline of projects at various stages of development, to be developed and funded by Evermore Renewable Energy. It is expected to be operational during 2015 and will be Northern Ireland's largest non-wind renewable energy project.
- There are currently only five biomass generating stations in Northern Ireland, all small-scale installations with installed capacities below 5MW.
- The plant will be built and operated by Burmeister & Wain Scandinavian Contractor A/S (BWSC) which is one of the world's leading medium-sized commercial scale power plant providers. BWSC built and operates the 14MWe Western Wood plant in Wales.
- Biomass will be supplied under a fuel contract which Evermore have agreed with Stobart Biomass Products Limited. Provision is being made to use up to 30% of local wood biomass. Power NI will purchase all of the energy produced on a long-term contract.
- Over the expected 20 year lifetime of the project, it is forecast to supply renewable electricity equivalent to the needs of more than 25,000 homes a year, create 200 construction jobs and more than 20 full time jobs once operational. Over the project life it is forecast to save 2 million tonnes of wood from going to landfill and is expected to deliver a reduction in greenhouse gas emissions of around 3.7 million tonnes of CO₂e.

Green Investment Bank

- The UK Green Investment Bank was launched in November 2012. With £3.8 billion of funding from the UK Government, it is the first bank of its kind in the world. It is a "for profit" bank, whose mission is to accelerate the UK's transition to a greener economy, and to create an enduring institution, operating independently of Government.

- The biomass CHP generating station will cost approximately £81m to construct, £20m of which is being provided by the Green Investment Bank.
- Green Investment Bank funding was crucial to securing additional funding from the other key investors.
- This project is the Green Investment Bank's first investment in Northern Ireland.

TOPIC: NORTHERN IRELAND RENEWABLES OBLIGATION (NIRO)**Positive Lines**

- The NIRO has been very successful in incentivising renewable electricity generation. Since its introduction in 2005, renewable electricity generation has increased from 3% to approximately 15% now.
- It works on a UK-wide basis but we have been able to tailor the NIRO to reflect the needs of local stakeholders – for example the higher ROC levels for small scale onshore wind, hydro, solar and anaerobic digestion.
- In July 2013, following a consultation on large scale solar PV and biomass sustainability, the NIRO introduced a six month extension of the 0.5 ROC uplift until 30 September 2015 for eligible Combined Heat and Power (CHP) projects as Northern Ireland does not currently have a Renewable Heat Incentive (RHI) tariff for biomass generators over 1MW of installed capacity.
- This extension afforded projects already in development or near financial close, such as Evermore, a greater degree of certainty in terms of what financial support would be available to them in the absence of a confirmed RHI tariff.

Defensive lines

- The recent UK-wide banding review for large scale (over 5MW) confirmed that costs for some technologies have reduced and this is reflected in the new bands which came into operation in May 2013.
- For example, large onshore wind saw a ten percent reduction to 0.9 ROCs whilst wave and tidal saw an increase from 2 ROCs to 5 ROCs.
- It is important that incentives reflect costs to ensure we meet our renewables targets at least cost to the consumer.

TOPIC: RENEWABLE HEAT INCENTIVE (RHI)

Positive

- The NI Renewable Heat Incentive (RHI) was launched in November 2012 and provides long term financial incentives for businesses wishing to install renewable heat technologies such as biomass, ground source heat pumps, solar thermal etc.
- The overarching objective of the RHI is to support the attainment of a level of 10% renewable heat by 2020 against a 2010 baseline position of 1.7%. The development of this sector can also have real benefits in terms of increased energy security, a reduction of CO₂ emissions and opportunities for 'green jobs'. The scheme is similar to the GB RHI however the policy is determined by DETI.
- The RHI tariffs are designed to cover all the additional costs involved in switching to renewable heat, in addition a rate of return of 12% is applied to make the tariffs more attractive towards investors. The scheme is administered by Ofgem and to date (28/11/13) they have received 65 applications and 45 systems have received accreditation. The combined capacity of the applications is in the order of 9.8 MW.
- The RHI presents a real opportunity for businesses to move away from conventional fossil fuels and enjoy the many benefits of renewable heating with an added incentive of significantly reducing their heating bills by receiving quarterly payments for the lifetime of the technology.
- I was pleased to learn of the Evermore project, the scale of which will have significant contributions to the renewable energy targets for Northern Ireland, including the renewable heat target. The plans to utilise waste heat in a variety of ways, either process heating, drying or space heating, makes the project a model for others to admire and perhaps follow. The project shows that the support available from DETI in the form of ROCs or RHI is assisting businesses to embrace renewable energy and helping Northern Ireland to become more sustainable.
- DETI's support for the domestic market has so far been limited to the Renewable Heat Premium Payment (RHPP) scheme that offers grants to homeowners installing renewable heating – however this is changing with the development of Phase 2 of the RHI. The RHPP has been a useful 'primer' for the renewable heat industry and has seen significant interest with 1350 applications, relating to £1.9m of support offered and an investment in this sector of £6.2m. The capacity of the installed technologies in the domestic sector is 10.3 MW.

Defensive

- (Carbon Trust Loan issue re compatibility with RHI) I understand that the issue of whether the Carbon Trust Loan Scheme is compatible with the Northern Ireland Renewable Heat Incentive is currently being considered by DETI under the RHI

dispute resolution procedures. The outcome of the review will be published on the DETI website in due course.

- (Tariffs lower in NI compared with GB) In general, tariffs are lower in Northern Ireland in comparison to GB because of the fact that energy costs are higher in NI and therefore the difference in costs between renewables and the most common heating fuel (oil) is much less. The tariffs are designed in the exact same way as GB and the same discount rates applied however as GB are seeking to move people away from natural gas (a less costly fuel than oil) a higher incentive is required. Customers in GB switching to renewables from gas will experience much lower ongoing savings than NI customers therefore when savings and RHI payments are considered the overall benefit to the consumer is the same.
- (Delay in Phase 2) DETI recently consulted on plans to extend the RHI to domestics and increase the number of technologies supported under the non-domestic scheme. Following the consultation process DETI is finalising policy proposals ahead of implementation. I understand GB expect to have Phase 2 implemented by April 2014, that too is the DETI target, however the non-domestic elements of the proposals cannot be implemented until State Aid approval is received.

TOPIC: ELECTRICITY MARKET REFORM (EMR)**Positive lines**

- On 22 May 2012, the Minister announced that Northern Ireland would implement a number of the UK-wide Electricity Market Reform (EMR) measures.
- These include:
 - Closure of the NIRO to new generation from 1 April 2017
 - Introduction of a UK-wide Feed-In Tariff with Contracts for Difference for generating capacity above 5 MW
 - Administration of the Contracts on a UK-wide basis
 - Emissions Performance Standard for any new coal-fired power stations.
- The LCM required to extend powers for Electricity Market Reform to Northern Ireland via the DECC Energy Bill was approved by the Assembly on 9 February.

Defensive lines

- The Northern Ireland consumer base cannot afford to subsidise a Northern Ireland-only incentive mechanism. (OR an island of Ireland mechanism).
- A UK-wide mechanism, funded by all UK consumers, is the best approach for Northern Ireland.
- The costs associated with its operation will be spread across all UK consumers as currently happens with the NIRO.
- The strike prices announced on 4 December are for GB only.
- My Department has been working closely with DECC on modelling the impact of these strike prices on deployment of renewable electricity in Northern Ireland.
- This modelling is now complete and it would be my intention to confirm the final strike prices for Northern Ireland through the publication of the UK wide delivery plan later in December.
- DETI and DECC will continue to work closely to ensure that cost effective renewable deployment is delivered at the lowest possible cost to the consumer while providing investor certainty.

DRAFT SPEAKING NOTES

Good morning Your Excellency, Minister, Councillors, ladies and gentlemen.

Firstly, I want to thank Ciaran and Stephen for the opportunity to attend what is not only a significant occasion for Evermore, but also an important milestone for renewables development in Northern Ireland.

The Minister, Arlene Foster, is sorry she cannot be here today but I know that she has been a keen supporter of this project since Ciaran and Stephen brought it to her attention several years ago.

The Executive's Strategic Energy Framework has set a challenging target of 40% electricity consumption from renewables by 2020. We are currently sitting around 15% and continue to make steady progress.

Whilst the SEF does not include any targets by technology it is widely accepted that much of this will come from onshore wind and those from this area will be familiar with the wind farms in the vicinity.

However we cannot rely solely on the wind which does not always blow at the right time. We need a mix of technologies and this is where the Evermore project strengthens our renewables mix and contributes to our security of supply.

The Evermore plant will not only be the largest non-wind renewable generating station to come into operation in Northern Ireland but also the largest renewable energy project Northern Ireland has seen to date and represents a major strategic investment in the North West.

But, there is something else particularly satisfying about this project. This is not just an energy success story but also an enterprise success story.

Here we have two local men with the courage, drive and determination to take a project, with more than its fair share of hurdles and challenges, from a vision several years ago to the point today where it starts to take physical shape.

Along the way, Evermore has had to deal with a host of issues not least, planning, grid connection and a range of environmental and energy-related regulatory requirements. And, of course, the small matter of securing £80 million of investment.

And it has steadily overcome them all to date and no doubt there will continue to be challenges along the way. But, by continuing to adopt a can do attitude and establishing good working relationships with all key players, not least my own Department, I am confident of success.

Evermore has the distinction of being the first Northern Ireland project to secure funding from the Green Investment Bank and it was this funding which helped lock in other private sector investment. It shows that Northern Ireland is a good place in which to invest. I know that the Bank is looking at other local projects and I hope to see these coming to fruition soon.

There is much debate at present about energy prices and inevitably the cost of renewables gets thrown into the mix. Yes, there is a cost to renewables –as there is for any form of energy generation – but it is easy to overlook the wider benefits.

I understand that over the project's expected lifetime, it will supply the equivalent of 25,000 households per year with renewable electricity, create two hundred jobs during construction and twenty full time jobs when operational.

And I would anticipate that a number of local businesses will benefit from the various ancillary contracts that a project of this size creates, both at the construction phase and when in operation.

To conclude, there are still some real challenges ahead as we strive towards greater renewables integration in what is a complex energy market.

We will need more projects like Evermore to help us take steps towards addressing those challenges and provide a more secure and sustainable energy market for the future of Northern Ireland.

I would like to congratulate Ciaran and Stephen Devine, the Evermore Group and everyone involved in bringing this important project to fruition and I wish you every future success.

END

KEY ATTENDEES



Ciaran and Stephen Devine, Evermore Group

(pen pic to follow)



Mr Garvan O'Doherty – Chairman, Londonderry Port and Harbour Commissioners.

Has been a Harbour Commissioner since 1998 and became the Chairman of the Board in 2006. He is the CEO of the Garvan O'Doherty Group which is involved in the property and hospitality sectors throughout the UK and Ireland.



Claus Grube – Permanent Secretary of State, Ministry of Foreign Affairs of Denmark, Ambassador

Claus was born in Copenhagen, Denmark and is married with three children. He graduated from Copenhagen University in law in 1976. He began his career as a Deputy Judge in 1976 and entered the Foreign Service in 1977. He has held many positions over the past 35 years all of which involved foreign affairs. He entered his current post of Permanent Secretary of State, Ministry of Foreign Affairs of Denmark, Ambassador in 2009.