



Department of

**Enterprise, Trade
and Investment**

www.detini.gov.uk

ETI-05898

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Dear Jim

RE: LETTER FROM GT ENERGY

Committee Members previously forwarded a letter from GT Energy for the Department to consider and provide comment.

Please see attached response at **Appendix I**.

Yours sincerely

David McCune
DETI Assembly Liaison Officer

APPENDIX I**REQUEST FROM THE COMMITTEE**

Members agreed to forward the letter to the Department for its views and comments on GT Energy's suggestions.

DEPARTMENTAL RESPONSE

Thank you for the opportunity to consider and comment on the correspondence from Pdraig Hanly, Managing Director of GT Energy, in regards to the potential development of deep geothermal energy in Northern Ireland. Energy Division officials were already aware of a number of the issues raised by GT Energy via the recent DETI call for evidence into deep geothermal energy and through a meeting with Mr Hanly.

DETI is committed to the development of a range of renewable energy technologies in order to support ambitious targets of 40% renewable electricity and 10% renewable heat by 2020. In addition, DETI is aware of the potential deep geothermal energy could play in the future energy mix. Indeed, DETI was involved in the awarding of grant to Ballymena Borough Council, through a scheme administered by the Department of Energy and Climate Change (DECC) entitled the Low Carbon Communities Challenge (LCCC). This funding would have supported the development of a biomass district heating scheme which could have been a fore-runner to a deep geothermal installation. Unfortunately, DETI understand that the Council returned this funding to DECC unspent.

Further to this, DETI, through the Geological Survey for Northern Ireland (GSNI), has been heavily involved in research into geothermal conditions.

From 2008-2011, the GSNI co-ordinated a research programme, supported by the Innovation Fund, into the geological characterisation of potential deep geothermal energy targets in the Lough Neagh and Larne sedimentary basins, and the Mourne Mountains granites. The data acquired provides new insight into the deep geothermal aquifer potential of the northeast of Northern Ireland.

GSNI will continue to interpret this data as part of its work programme and as a partner in the €850,000 IREITHERM research project into the deep geothermal resource potential of the island of Ireland. This project, funded by Science Foundation Ireland and led by the Dublin Institute of Advanced Studies, runs from 2011-2015 and includes the development of 'state of the art' modelling techniques with which to interpret the new Northern Ireland datasets and to further assess the potential of selected resource areas such as the Rathlin (Ballymoney and Ballycastle) and the Lough Neagh (Antrim and Ballymena) sedimentary basins.

Deep geothermal energy is already eligible for incentives in the form of Renewable Obligation Certificates for renewable electricity generation. As the Committee will be aware, DETI is also assessing how renewable heat from deep geothermal resource could be incentivised. Information gathered during the aforementioned call for evidence is being assessed with a view to developing an indicative tariff level for renewable heat from deep geothermal. However, as is clear from GT Energy's letter, this is a complex issue and requires further consideration.

In regards to the specific points raised by Mr Hanly, DETI would offer the following;

Protection of the gas industry – DETI has a statutory objective¹ "*to promote the development and maintenance of an efficient, economic and co-ordinated gas industry in Northern Ireland*". This objective **does not** impair the future development of deep geothermal energy as the RHI **does not** differentiate by geography, i.e. a renewable heat installation in a 'gas' area **will** receive the **same** incentive payments as an equivalent installation in a 'non-gas' area. The development of the natural gas market and the increase of renewable levels are both essential for Northern Ireland to enjoy a more diverse, secure and sustainable heat market.

The need for an adequate tariff level – As previously mentioned, DETI is considering the potential introduction of a specific tariff for deep geothermal energy. The RHI proposals, as they stand, provide a tariff of 0.9 pence per kwh for deep geothermal, this is the same tariff as large ground source heat pumps. In the consultation, however, it was noted that

¹ Article 14 (1) of the Energy (Northern Ireland) Order 2003

this tariff may not be appropriate and therefore DETI carried out a call for evidence to assess the need for a specific tariff and what that might be. This work is underway.

The need for a legislative framework – DETI is aware of the work underway in the Republic of Ireland to introduce legislation to deal with issues such as ownership of geothermal resource; licensing arrangements for exploration and development; planning permission for new systems; and grid connection. DETI will consider the need for similar legislation in the future.

In summary, DETI agrees that there is potential for deep geothermal energy in Northern Ireland but also agrees that is a very complex issue which requires careful consideration with a number of issues, as detailed by GT, to be looked at. By carrying out a call for evidence into geothermal and assessing the need for a specific tariff under the RHI, DETI has demonstrated its support for geothermal energy. In addition, GSNI has been involved, over a number of years, in the assessment of geothermal resource and potential.

Energy Division

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