



Consultation

Renewables Obligation Order (NI) 2007

October 2006

Department of Enterprise,
Trade and Investment

Renewables Obligation Order (NI) 2007

Statutory Consultation

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Maria Eagle MP,

Minister with responsibility for
Enterprise, Trade and Investment

The Northern Ireland Renewables Obligation (NIRO), which came into force in 2005, is the Department's main policy measure for supporting the development of renewable electricity in Northern Ireland. Indications from the first year of operation suggest that the Obligation has been successful in stimulating growth in the utilisation of renewable energy resources in NI; for example, planning applications for wind farms increased by 60% over that first 12 month period. There are also a very significant number of projects currently in the planning pipeline in GB where similar Obligations operate in tandem with the NIRO.

The first year of the operation of the NIRO coincided with a Review of the Obligations that have been in operation in GB since 2002 and to which the NIRO is aligned in a UK-wide market for Renewables Obligation Certificates (ROCs). The outcome of that Review highlighted a number of proposals for amendment to the Obligations and many of these were implemented with effect from April 2006.

The proposals contained in this consultation document required changes to primary legislation before they could be integrated within the NIRO. This process has now been

completed and it is intended that they will be reflected in a revised Northern Ireland Renewables Obligation Order with effect from 1 April 2007. The proposed changes are important in that they are primarily aimed at facilitating access by smaller scale renewable generators to the benefits of the NIRO. They will complement the financial assistance now being provided to micro-generators in Northern Ireland under the Secretary of State's Environment and Renewable Energy Fund and, in particular under the Household Programme, and will enhance the attractiveness of small scale generation and help Northern Ireland develop as an exemplar region in renewables. I would encourage you to play a part in that development by contributing to this consultation process.

October 2006

INTRODUCTION

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- 1.1 This consultation is one element of a wider consultation process being carried out throughout the UK on proposed changes to the Renewables Obligations in Northern Ireland (NIRO), England and Wales (RO) and Scotland (ROS).
- 1.2 The NIRO places a legal requirement on electricity suppliers to account for a specified and increasing proportion of their electricity as having been supplied from renewable sources or to pay a buy-out fee that is proportionate to any shortfall. Evidence of compliance is by presenting Renewables Obligation Certificates (ROCs) which are provided to generators for each MWh of eligible output. ROCs issued in Northern Ireland under the NIRO are specifically referred to as NIROCs.
- 1.3 The NIRO operates in tandem with the Renewables Obligations in GB in a UK-wide market for ROCs. Furthermore, whilst the Northern Ireland Authority for Energy Regulation (NIAER) has statutory responsibility for administering the NIRO (through its executive Ofreg) this function is currently sub-contracted to OFGEM which administers the GB Obligations.
- 1.4 This statutory consultation is being conducted under Article 52(6) of the Energy (NI) Order 2003 and relates to a limited number of proposed changes to the Renewables Obligation Order (Northern Ireland) 2006 (“the 2006 Order”). It is intended that these changes would also apply to the GB Renewables Obligations and will be implemented across all three Obligations with effect from 1 April 2007.
- 1.5 The changes in question generally relate to the administration of the NIRO and include a strong focus on facilitating access by microgeneration to the NIRO. They are:
 - allowing agents to act for smaller generators and to amalgamate output;
 - removing the requirement for a sale and buy-back agreement; and
 - allowing unlimited co-firing of energy crops outside of the caps on co-firing and a minor amendment to the definition of an energy crop.

Subsequent sections of this consultation document discuss these proposed changes in more detail.

- 1.6 The Department of Trade and Industry is holding a separate, parallel consultation on similar proposed amendments to the Renewables Obligation Orders in GB (<http://www.dti.gov.uk/consultations>).
- 1.7 The draft Renewables Obligation Order (Northern Ireland) 2007 ('2007 Order') which will effect the changes is included as Annex B to this document. The draft 2007 Order highlights by way of tracked changes the amendments being made to the 2006 Order as a result of proposals.
- 1.8 It is envisaged that the 2007 Order implementing the changes will take effect from 1 April 2007. It is the intention that these changes will be introduced in all three markets served by the Renewables Obligations. Thus DETI will continue to work closely together with DTI and the Scottish Executive on all the key issues set out in the consultation document.
- 1.9 Whilst the renewable legislation requires the Department to consult with the electricity suppliers, renewable generators, the Northern Ireland Authority for Energy Regulation (NIAER) and the General Consumer Council of Northern Ireland (GCCNI) the views of other interested parties are also welcome.
- 1.10 This Statutory Consultation seeks comments on the proposals for changes to the NIRO, as contained in this document, as well as the draft

2007 Order (Annex B) and the draft Regulatory Impact Assessment (Annex C).

- 1.11 The Policy and Legislation Screening Equality Form prepared for the introduction of the NIRO in 2005 concluded that the impact of the NIRO on Section 75 groups is limited and not significant. As indicated in the RIA attached as Annex C, the proposed changes will be applied as part of the NIRO in a non-discriminatory way and they do not give rise to further increases in electricity costs.

How to respond

- 1.12 Responses to this consultation should be forwarded to reach DETI on or before **19 December 2006** and may be sent either:
by e-mail to: **NIRO2007@detini.gov.uk**
by post to: **Miss Davina Quigley,
Sustainable Energy Branch
Department of Enterprise,
Trade and Investment
Netherleigh
Massey Avenue
BELFAST, BT4 2JP.**

All responses should include the name and postal address of the responder.

Confidentiality & Data Protection

- 1.13 Your response may be made public by the DETI. If you do not want all or part of your response or name made public, please state this clearly in the response by marking your response as 'CONFIDENTIAL'. Any confidentiality disclaimer that may be generated by your organisation's IT system or included as a general statement in your fax cover sheet will be taken to apply only to information in your response for

which confidentiality has been specifically requested.

1.14 Information provided in response to this consultation, including personal information, may be subject to publication or disclosure in accordance with the access to information regimes (these are primarily the Freedom of Information Act 2000 (FOIA) and the Data Protection Act 1998 (DPA)). If you want other information that you provide to be treated as confidential, please be aware that, under the FOIA, there is a statutory Code of Practice with which public authorities must comply and which deals, amongst other things, with obligations of confidence.

1.15 In view of this, it would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on the Department.

Help with queries

1.16 Questions about the policy issues raised in the document can be addressed to:

Malachy McKernan
Sustainable Energy Branch
Department of Enterprise, Trade and Investment
Netherleigh
Massey Avenue
BELFAST, BT4 2JP.

E-Mail: malachy.mckernan@detini.gov.uk

Tel: **028 9052 9269**

Copies Of The Consultation

1.17 This Consultation document is being produced primarily in electronic form and may be accessed on the DETI Energy website: www.energy.detini.gov.uk or may be obtained from the address above or by telephoning 028 9052 9574.

1.18 If you require access to this Statutory Consultation document in a different format – eg Braille, disk, audio cassette – or in a minority ethnic language please contact the Department on 028 9052 9574 and appropriate arrangements will be made as soon as possible.

PRELIMINARY CONSULTATION ON FURTHER PROPOSED CHANGES TO THE RENEWABLES OBLIGATION

1.19 The 2006 UK Energy Review identified in its report a number of proposals for further change to the operation of the Renewables Obligation in GB and, by implication, the NIRO. These changes relate mainly to:

- (a) introducing differentiated support levels for different renewable

technologies (a “banded” obligation) aimed at enhancing support for emerging technologies;

(b) providing longer term certainty for ROC prices including consideration (for GB Obligation only) of Obligation levels beyond 2015/16;

(c) longer term treatment of co-firing and associated support levels; and

(d) future funding of the administration of the NIRO including proposals for meeting Ofgem/Ofreg costs out of Buy-Out Fund proceeds.

1.20 These are relatively new proposals and, in any case, would require amendments to primary legislation before they could be incorporated into the Renewables Obligations.

1.21 DTI is therefore currently conducting a preliminary consultation exercise in relation to these proposed changes. This preliminary consultation is being carried out in GB alongside the Statutory Consultation for changes to the 2006 Renewables Obligation Orders.

1.22 Stakeholders in Northern Ireland are encouraged to take an interest in and respond to the DTI Preliminary Consultation and to copy any responses to DETI at the address at paragraph 1.12 above.

1.23 The Preliminary Consultation is available from the DTI website at <http://www.dti.gov.uk/consultations/>

AGENTS AND SMALLER GENERATORS

2

BACKGROUND

- 2.1 The Department recognises the contribution that small generators can make to increase the proportion of our electricity that comes from renewable sources. At the same time, it recognises also the different barriers they face when trying to access the benefits of the NIRO. The NIRO already seeks to accommodate microgeneration by allowing small generators to choose between making monthly or annual claims for NIROCs. This means that, where a small generator is not generating enough output to make a monthly claim, they can accumulate generation over a year. Not only does this help generators meet the minimum required generation threshold (0.5 MWh) to claim NIROCs, it is also administratively less complex as data is required on an annual basis rather than a monthly one.
- 2.2 In the 2005 Review of the RO in GB, the Government consulted on further proposals for making it easier for small generators to benefit from the RO. In particular, the consultation considered proposals for agents to act on their

behalf and for allowing agents to amalgamate output from more than one small generating station. These proposals were strongly supported by those who responded both to the preliminary and statutory consultations that were held as part of the RO Review and which were highlighted on the DETI website. However, both these proposals required new primary legislation and so this commitment was subject to the Government being able to secure the appropriate primary legislation that would then enable the secondary legislation – the Renewables Obligation Order – to be amended.

- 2.3 The primary legislation needed to take these proposals forward – the Energy (Amendment) Order (Northern Ireland) 2006 – has been made. It replicates the necessary changes made in GB to the Electricity Act 1989 by provisions taken through the Climate Change and Sustainable Energy Act, which received Royal Assent on 21 June 2006. We are therefore consulting on the proposals as set out below with a view to amending the Renewables Obligation

Order (NI) 2006, to come into force with effect from 1 April 2007 subject to completion of the legislative process.

ALLOWING AGENTS TO ACT ON BEHALF OF SMALL GENERATORS

Existing arrangements

- 2.4 Under the existing NIRO arrangements, where a small generator wishes to be issued with NIROCs for their electricity generation, they must first be accredited by Ofreg. This is achieved by completing an accreditation form that is submitted to Ofreg. At the same time, if a generating station is already generating electricity it can also submit data to Ofreg. Once accredited, Ofreg will issue NIROCs for any claims made from the point at which they receive the accreditation form provided that all relevant criteria have been met. Under current legislation, agents can act on behalf of a small generator to a limited extent. However, agents cannot sign declarations or similar paperwork that is submitted to Ofreg. Neither can NIROCs be issued by Ofreg direct to agents.
- 2.5 For generating stations whose daily business is not that of an electricity generator, as is the case for many microgenerators, completing the process of accreditation and claiming NIROCs can be an administrative burden. In addition, small generators may also experience difficulty selling on their NIROCs.

Proposal

- 2.6 To reduce the administrative burden experienced by some small generators, the Department proposes, in line with proposals being put forward currently

for the Renewables Obligations in GB, to allow agents to act on behalf of small generators. The effect of this would be that all parts of the process normally undertaken by an individual generator could now be undertaken by an agent, where this was the wish of the generator. This means that the agent would be the named contact for all correspondence with Ofreg and NIROCs would be issued direct to the agent. Where an agent has been engaged, it is not proposed that NIROCs could also be issued to the generator. As NIROCs will be issued direct to agents, the responsibility of selling the NIROCs would be passed to the agent.

Benefits

- 2.7 Allowing agents to act on behalf of small generators has the potential to reduce the administrative burden experienced by some small generators under the current rules. It would also mean that NIROCs would be issued direct to agents and so arrangements for trading of NIROCs would pass to the agent rather than lying with the generator.

Key Questions

- 2.8 The following points attempt to answer all the key questions for this proposal.

Who does this proposal apply to?

All small generators – that is those generators of up to and including 50 kW DNC.

Will all small generators have to use agents?

No. There will be no requirement for a generator to use an agent. Where a generator wanted to complete the

accreditation and claiming of NIROCs processes themselves they would still be able to do so. If a generator simply wanted an agent to help with the completion of their accreditation form they would be able to do this, as is currently the case.

How will an agent be appointed?

The appointment of an agent would be a matter for the generator concerned. Once the generator and agent have agreed the terms of their arrangement the small generator will need to sign a standard form which will notify Ofreg that they will be using an agent. This form can be sent to Ofreg via the agent.

The form will confirm that the generator agrees that the agent can act on their behalf; that generation from the station will be amalgamated with that of any other generators being represented by their agent; that NIROCs will be issued to the agent and that the agent will represent the generator until Ofreg is notified otherwise but for a minimum period of the obligation period in which representation by the agent begins.

When notification is received by Ofreg that an agent will be acting on behalf of a generator, Ofreg will write back to the agent confirming the arrangement. A copy of this letter will also be sent to the generator. From this point on all correspondence will be between the agent and Ofreg except in exceptional circumstances.

What happens if an agent or generator wishes to terminate the contract?

An agent can be appointed at any time during the lifetime of a generating station. However, a generator can only use one agent per obligation period.

Termination of a contract is a matter between the agent and generator. However, where an agent is no longer acting on behalf of a generator the generator or agent will need to complete a standard form and return this to Ofreg. An acknowledgement of this change will be sent by Ofreg to both the generator and agent.

We propose that notification that an agent will no longer represent a generator can be sent at any time during an obligation period, using the standard form; however, it will only be effective from 1 April after the date it is received. This is to prevent Ofreg spending a disproportionate amount of resource dealing with the administration of changes to the arrangements between small generators and their agents including proportioning NIROCs between different agents where a generator has changed agent during an obligation period.

What will happen to the NIROCs?

Where an agent is acting on behalf of a generator, NIROCs will be issued to the agent. It is then a matter for the agent and the generator as to what happens to the NIROCs. For example, the agent may also have installed the generating equipment for the generator and the installation costs could have been calculated on the basis of any NIROCs issued going to the agent. If an agent is operating on behalf of many small generators they may have in place a contract with a supplier for the sale of the NIROCs. Alternatively, an agent could also be a supplier and so may use any NIROCs received to meet their Renewables Obligation.

Will there be an accreditation scheme for agents?

In line with proposals in GB, the Department does not propose to establish an accreditation scheme for agents. We consider that this would add another layer of bureaucracy and limit who could act as agents.

However, it is proposed that the legislation should allow Ofreg the ability not to deal with an agent who is deemed incapable. This could cover, for example, instances where the agent has died or become bankrupt. In these limited cases, it is proposed that a generator may switch agent during an obligation period.

In addition, industry organisations may wish to hold a list of their members who act as agents.

Summary of proposal

2.9 In summary, the proposal involves:

- Agents will be allowed to act on behalf of small generators (up to and including 50 kW DNC).
- Small generators can only use one agent during an obligation period.
- Small generators will not be required to use an agent.
- A standard form will need to be sent to Ofreg, either by the generator or the agent, notifying Ofreg that the generator will be using an agent.
- Once appointed, Ofreg will only correspond with the agent except in exceptional circumstances.
- NIROCs will be issued direct to the agent.
- DETI does not propose to introduce an accreditation scheme for agents.

NUMBER	QUESTION
1	Do you agree that agents should be allowed to act on behalf of small generators?
2	Is there any reason why there should be an option for NIROCs to be issued to an agent or the generator rather than just to the generator as proposed?
3	Do you agree that, to reduce administrative burdens, a generator should be limited to using just one agent for an obligation period?
4	Do you agree that the legislation should allow Ofreg to not deal with an agent where they are deemed incapable?
5	Should there be an accreditation scheme for agents?
6	Are there any other issues that have not been considered in relation to the use of agents?

ALLOWING AGENTS TO AMALGAMATE GENERATION FROM SMALL GENERATORS

Existing arrangements

2.10A small generator must currently generate 0.5 MWh to be able to claim a NIROC. This can be generated either on a monthly basis or an annual basis. Under current rules, a small generator cannot amalgamate their output with another generator.

Proposal

2.11 In line with current proposals being consulted on in GB, DETI proposes that, by using an agent, two or more

generators can amalgamate their output for the purpose of claiming NIROCs. To secure the administrative benefits of using agents, and to prevent generators and agents advantageously using the rules of rounding up generation for the purposes of claiming NIROCs, we propose that any agent who is representing two or more generators will have to amalgamate the output from these stations.

2.12 It is proposed that NIROC claims can be made on a monthly or annual basis, as is the case for small generators under the existing rules.

2.13 Under existing rules, generators are accredited either under the NIRO, RO (England & Wales) or ROS (Scotland). This would not change under these proposals, and so would mean that amalgamation across different obligations could not take place. However, there would be no other geographical restrictions. For example, the output of a small generator in Limavady could be amalgamated with a group of generators in Enniskillen.

2.14 We invite views on whether there are any reasons to restrict amalgamated groups to being made up of the same technology. Under existing rules, a householder generating using a wind turbine and a solar panel would be able to claim NIROCs as a single station. However, if the banding of different technologies were introduced (as proposed in the Energy Review, and set out in the Preliminary Consultation currently being carried out by DTI <http://www.dti.gov.uk/consultations>) this could add complexity to the

amalgamation process for generators, agents and Ofreg.

2.15 Individual generators will still need to have their own meter for the purposes of measurement.

Benefits

2.16 Where a small generator is only generating very small amounts of electricity, under the current rules they may not even reach the threshold required to claim one NIROC. Alternatively, although they are generating enough to be able to claim a small number of NIROCs, the numbers involved do not make it worthwhile going through the processes required. Amalgamating generation will allow economies of scale in the administrative processes for both small generators and Ofreg. It will also allow small generators who may not otherwise be generating enough to claim NIROCs to combine their output with that of others and so access the financial benefits of the NIRO.

Key Questions

2.17 The following points seek to answer the key questions that are likely to arise on this proposal:

Who does this proposal apply to?

We propose that all generating stations of up to and including 50 kW DNC should be eligible to amalgamate their output. And that by agreeing to be represented by an agent a generator is also agreeing that where the agent represents two or more generators the output from these generators will be amalgamated for the purposes of claiming NIROCs.

What happens if a small generator no longer wishes an agent to act on their behalf?

As each generating station is accredited individually, this means that where they no longer wish an agent to act for them they will still be able to claim NIROCs for their generation in their own right as an individual generating station. However, as set out in paragraph 2.8 above termination of an agreement between a generator and agent will only take place from the start of an obligation period. Where generators cease to be represented by an agent, it will be a matter for the agent and the generator to allocate NIROCs issued or financial benefits resulting from the NIROCs issued.

What will an agent have to do in order to get NIROCs?

The generator will take a meter reading at the usual time (either on a monthly basis or annual depending on which option they have chosen). The generator will then send this reading to the agent.

The agent will collect all meter reads and send them to Ofgem within the specified deadline. Ofgem will require a list of individual meter reads as well as a total figure for the amount amalgamated by the generator.

NIROCs will be issued to agents based on the total figure for generation, e.g. there will be no rounding up or down of the individual data submissions although rounding up or down, to the nearest 0.5MWh of the total figure will take place.

What will happen to the generators NIROCs?

Where an agent is acting on behalf of a number of generators, the NIROCs will be

issued direct to the agent. It is then a matter for the agent and the generators as to what happens to the NIROCs.

Summary of proposal

2.18 In summary, the proposal involves:

- Where an agent is representing two or more generators they will be required to amalgamate output for the purpose of claiming NIROCs.
- The proposal will apply to generating stations of up to and including 50 kW DNC.
- Each individual generating station will need to be accredited.
- Individual generators will still need to have their own meter.
- NIROC claims based on output amalgamated from a number of generating stations can be made on a monthly or annual basis as per existing rules for small generators.
- Amalgamation cannot take place across the three different UK obligations but there will be no geographical restrictions within Northern Ireland.

NUMBER	QUESTION
7	Do you agree that small generators should be allowed to amalgamate their output in order to claim NIROCs?
8	Should agents who are amalgamating output of the generators for whom they are acting have the option of making claims on a monthly or annual basis?
9	Do you agree that, within national boundaries, there should be no geographical restrictions of amalgamation?
10	Views are invited on whether generating stations that are amalgamating output should all be using the same technology.

LONGER-TERM ISSUES ON SMALL GENERATORS AND THE NIRO

2.19 This section considers a further option for simplifying access for smaller generators to the NIRO. However, this option does not form part of the statutory consultation process aimed at introducing changes to the NIRO with effect from 1 April 2007; it simply seeks an initial views from stakeholders at this stage.

Type approval and deeming of output from small generators

2.20 Reports published in GB suggest a series of options for simplifying access to ROCs for smaller generators including the introduction of a type approval system.

2.21 Type approval is where microgenerating equipment meeting certain standards is deemed, for the purposes of claiming NIROCs, to have generated a certain amount of renewable electricity. For

example, a micro wind turbine could be deemed to generate enough to be issued with 1 NIROC each year, without presentation of metering data or any other evidence of generation.

2.22 The introduction of such a scheme would require primary legislation and then an amendment to secondary legislation both here and in GB. The Renewables Obligation is based on generators demonstrating that renewable electricity has been generated. The introduction of such a change would mean that small generators who have installed qualifying generating equipment would be issued with NIROCs without having to submit evidence that renewable electricity has actually been generated. This would have the effect of reducing the administrative burden of a small generator having to take meter readings and, by increasing the certainty of NIROC income, improve the incentives for microgeneration.

2.23 While there are obvious advantages of such a scheme, there are also some potential disadvantages. The introduction of such a scheme could be considered to undermine one of the key principles of the Obligation – that of demonstrating generation of renewables electricity. A deeming approach does not offer a guarantee that generating equipment which is awarded NIROCs will be properly installed or that where it breaks it will be fixed. Neither does such a scheme take into account the siting of the equipment with the result that there could be less incentive on the owner to install their equipment in the best location. In addition, proponents of such a scheme tend to propose that

NIROCs would be issued up front e.g. NIROCs deemed for a 5 year period would all be issued in year 1. This breaks the link between the issue of NIROCs and the period in which it renewable energy was generated. It would also mean that the NIRO was no longer a mechanism for measuring and recording actual output from small generators.

NUMBER	QUESTION
11	You are invited to submit views on the proposal for a type approval system for the claiming of NIROCs by small generators.

2.24 Small generators can already access NIROCs; they can also apply for grants to help with installation costs. It could be argued that a deeming approach represents a second subsidy for installation of renewable energy equipment, as opposed to actual generation. The NIRO already includes measures to provide better access to the benefits of the NIRO by allowing small generators the choice of making either monthly or annual claims for NIROCs under the current NIRO. For those opting for annual claims, they simply have to provide Ofreg with a reading at the start and finish of an obligation period. Furthermore, the proposals being put forward in this consultation document for implementation in 2007 also have a focus on facilitating access by micro-generators to the NIRO

2.25 The Department is not taking forward such a system as part of the current proposed changes to the Renewables Obligation but invites initial views on this proposal and how the concerns outlined above could be addressed.

REMOVAL OF SALE AND BUYBACK AGREEMENTS

3

Background

3.1 The Renewables Obligation Order (NI) 2006 defines the Obligation in terms of the supply of electricity to customers in Northern Ireland. As a result, Article 10 of the Order requires that generators that consume their own electricity must first sell it to a supplier, before buying it back for their own consumption.

3.2 In the 2005 Review of the RO in GB the Government consulted on proposals to make it easier for small generators to benefit from the RO, including the removal of the requirement for a sale and buyback agreement. The Government presented two options: applying this to only small generators, or to all generators. The proposal to remove sale and buyback for small generators was strongly supported, with more mixed support for its removal for all generators. The implementation of such a proposal required new primary legislation and the Government committed to securing the appropriate primary legislation and then consulting further on the implementation of the proposal in secondary legislation.

3.3 The primary legislation needed to take these proposals forward – the Energy (Amendment) Order (Northern Ireland) 2006 has been made. It replicates the necessary changes made in GB to the Electricity Act 1989 by provisions taken through the Climate Change and Sustainable Energy Act, which received Royal Assent on 21 June 2006. We are therefore consulting on the proposal as set out below with a view to amending the Renewables Obligation Order (NI) 2006 to come into force, subject to completion of the necessary legislative process, from 1 April 2007.

Proposal to remove sale and buyback agreements

3.4 We propose to remove the requirement for sale and buyback agreements for all generators. During previous consultations on this issue, it has been argued that it is not just small generators who experience problems with the arrangements but that it extends to larger generators as well. We are keen to encourage deregulatory measures within the Obligation where possible and view sale and buyback

agreements as an unnecessary administrative burden.

NUMBER	QUESTION
12	Do you agree with the proposal to remove the need for a sale and buyback agreement for all generators?
13	Are there any other issues that have not been raised but should be considered?

the requirement for generators to provide meter readings to Ofgem as the basis for NIROCs claims. Off-grid generating stations will also have to satisfy Ofgem that renewable electricity for which NIROCs are being claimed is being put to a valid use and not simply being dumped. It is proposed that off-grid generation stations be required to provide Ofgem with an annual declaration in relation to their use of renewable electricity and that such stations may also be subject to audit.

3.5 It is therefore proposed that NIROCs will be issued where the electricity generated has been consumed by the generating station or that it has been provided to the distribution or transmission system in a way where supply to customers cannot be demonstrated. This will not alter the ability of suppliers and generators to enter into contracts for the sale of renewable electricity generated, as this is a contractual matter between the companies concerned.

3.6 The removal of a requirement for sale and buyback agreements means that electricity generated in this way will no longer form part of any supplier's obligation. There are some concerns regarding the potential impact that this might have on ROC prices. However, analysis suggests that the impact will be very small and should get even smaller as Obligation levels increase.

3.7 It is important to note that the removal of the requirement for a sale and buyback agreement does not remove

CO-FIRING INTERIM CHANGES

4

PROMOTING ENERGY CROPS

4.1 The Preliminary Consultation being undertaken concurrently by DTI on a UK-wide basis (<http://www.dti.gov.uk/consultations/>) proposes changes to the co-firing arrangements as part of the introduction of banding, which is unlikely to occur before 2009/10. However, in order to ensure there is continued impetus for the development of energy crops in the time between this consultation and then a number of interim solutions have been considered.

4.2 One option that has been considered is to raise the existing cap on co-firing (that no more than 10% of a suppliers Obligation can be met from co-firing ROCs) in the period before the introduction of banding which would allow a greater amount of co-firing and could potentially benefit the energy crop market. However, the amount of co-firing permitted under the NIRO already stands to increase by around 40% by 2009/10 because of the rising level of the Obligation and increases in electricity sales. Furthermore, it is

possible that, changing the cap could have some negative effects, e.g.:

- A significant loss of investor confidence and financial damage to other renewables projects and technologies.
- A significant increase in support for the cheapest technology in the Obligation, in direct contrast to the Government's policy of reducing any over-subsidisation over time.
- Potential damage to other biomass-using industries.

4.3 It has therefore been decided to rule out raising the 10% cap on the proportion of a supplier's Obligation that may be met by co-firing NIROCs in any Obligation period before the introduction of banding.

4.4 An alternative option would be to allow co-firing of energy crops outside the cap – in other words co-firing NIROCs issued against output from co-firing of energy crops would be regarded as the same as normal NIROCs. This would allow co-firers to progress contracts with energy

crop planters without concerns about restrictions on co-firing arising from the cap. The Government believes that the impact of this change on other renewables should be small, in the light of the likely volume of energy crop co-firing in the interim period prior to the introduction of banding, and there should be no impact on other biomass-using industries.

Proposal

4.5 The Government’s proposal is, from 1 April 2007 onwards, to allow co-firing of energy crops outside the cap. That is, the co-firing of energy crops would be awarded ‘normal NIROCs’, rather than ‘co-fired NIROCs’. The requirements of minimum energy crop percentages would all be removed from the Order. Prior to the proposed introduction of a banded Obligation, the current caps on non-energy crop co-firing would remain in place as would the end date for non-energy crop co-firing of 2016 for the interim period. It is recognised that, if a banded Obligation was not ultimately introduced, further consultation would be required on the long-term cap level in the Obligation and the case for removing the 2016 end date for receiving NIROCs for co-firing.

4.6 It is not expected that the co-firing of energy crops outside the co-firing cap should have any impact on ROC prices in the interim period. Current levels of planting and contracting for energy crops across the UK suggest that any impacts will be very limited. Nonetheless, it is intended to monitor this, and if evidence were to emerge energy crop co-firing was impacting negatively on the wider market then we would consult further on the case for

any additional actions to reduce this impact.

NUMBER	QUESTION
14	Do you agree that unlimited co-firing of energy crops should be allowed, as an interim measure before the introduction of banding?
15	Do you agree that, if energy crop co-firing were removed from the caps, it would no longer be appropriate to retain the minimum energy crop requirements?

DEFINITION OF AN ENERGY CROP

4.7 The definition of “energy crop” in the Renewables Obligation Order (Northern Ireland) 2006 is, “a plant crop planted after 31st December 1989 and grown primarily for the purpose of being used as a fuel”. Because of this wording, it is necessary to provide some form of evidence to Ofreg that the crop was intended for fuel use at the point of planting.

4.8 In order to reduce the administrative paperwork, a suggestion put forward during the co-firing review in GB was that this definition be amended so that the most common forms of energy crop, Short Rotation Coppice (SRC) and miscanthus, would not need proof of intention at point of planting. The proposed new definition could therefore be:

“a plant crop planted after 31st December 1989 that is either Miscanthus, short rotation coppice willow (Salix), short rotation coppice poplar (Populus), or any other that is

grown primarily for the purpose of being used as a fuel.”

4.9 This proposed change in definition is not intended to push energy crop developers towards using SRC or miscanthus rather than other forms of energy crop – it is purely a proposal to reduce the paperwork requirement for the most commonly used forms of energy crop.

NUMBER	QUESTION
16	Do you support the suggestion that the definition of an energy crop should be amended to specify SRC, miscanthus, or any other crop grown for the purposes of being used as a fuel?
17	Is there any risk that harvesting of miscanthus or SRC not grown for energy purposes could occur under this definition?

ANNEX A - LIST OF QUESTIONS

AGENTS AND SMALLER GENERATORS

NUMBER	QUESTION
1	Do you agree that agents should be allowed to act on behalf of small generators?
2	Is there any reason why there should be an option for NIROCs to be issued to an agent or the generator rather than just to the generator as proposed?
3	Do you agree that, to reduce administrative burdens, a generator should be limited to using just one agent for an obligation period?
4	Do you agree that the legislation should allow Ofreg to not deal with an agent where they are deemed incapable?
5	Should there be an accreditation scheme for agents?
6	Are there any other issues that have not been considered in relation to the use of agents?
7	Do you agree that small generators should be allowed to amalgamate their output in order to claim NIROCs?
8	Should agents who are amalgamating output of the generators for whom they are acting have the option of making claims on a monthly or annual basis?
9	Do you agree that, within national boundaries, there should be no geographical restrictions of amalgamation?
10	Views are invited on whether generating stations that are amalgamating output should all be using the same technology.
11	You are invited to submit views on the proposal for a type approval system for the claiming of NIROCs by small generators.

REMOVAL OF SALE AND BUYBACK AGREEMENTS

NUMBER	QUESTION
12	Do you agree with the proposal to remove the need for a sale and buyback agreement for all generators?
13	Are there any other issues that have not been raised but should be considered?

CO-FIRING INTERIM CHANGES

NUMBER	QUESTION
14	Do you agree that unlimited co-firing of energy crops should be allowed, as an interim measure before the introduction of banding?
15	Do you agree that, if energy crop co-firing were removed from the caps, it would no longer be appropriate to retain the minimum energy crop requirements?
16	Do you support the suggestion that the definition of an energy crop should be amended to specify SRC, miscanthus, or any other crop grown for the purposes of being used as a fuel?
17	Is there any risk that harvesting of miscanthus or SRC not grown for energy purposes could occur under this definition?

Annex B – Draft Renewables Obligation Order (NI) 2007

**THE DRAFT RENEWABLES OBLIGATION ORDER (NORTHERN IRELAND) 2007 CAN BE FOUND AS
A SEPARATE DOCUMENT ON THE DETI WEBSITE LOCATED AT: www.detini.gov.uk**

ANNEX C - REGULATORY IMPACT ASSESSMENT

PARTIAL REGULATORY IMPACT ASSESSMENT FOR THE RENEWABLES OBLIGATION ORDER (NORTHERN IRELAND) 2007

PART 1 – BACKGROUND TO THE RENEWABLES OBLIGATION AND GENERAL ISSUES

1. Introduction

1.1 This RIA is in two parts. The first part provides some general information on the Northern Ireland Renewables Obligation (NIRO) and issues relating to its regulatory impact. The second part sets out in more detail a small number of much more limited and detailed changes to the NIRO legislation that it is proposed to bring into force for 1 April 2007. These changes are in the area of the administration of the NIRO: the removal of sale and buyback agreements for all generators; changes to allow easier access to the Renewables Obligation for small generators; and a proposed limited change to the co-firing rules in the Obligation.

1.2 This is a partial RIA that forms part of the consultation document on these issues. The main section of the consultation document provides further detail on many of the proposals discussed here and asks questions of consultees. Points raised during the consultation will be incorporated into final versions of the RIA.

2. Policy Background

2.1 The NIRO is the Department's main policy measure to encourage the development of electricity generation capacity using renewable energy

sources in NI. It is underpinned by a substantial package of financial and non-financial supporting mechanisms and active assistance to the industry to develop its competitive potential. The Obligation has already provided, and will continue to provide, an impetus for the new renewable generating capacity that will be needed to meet Northern Ireland's current 12% target for electricity produced from indigenous renewable energy sources by 2012 and as a basis for further reductions in carbon dioxide emissions.

2.2 The NIRO was introduced in 2005. The details of the Obligation are contained in the Renewables Obligation Order (Northern Ireland) 2006. An RIA was produced for the implementation of the Obligation.

2.3 The Renewables Obligations are a key part of the Government's policies to reduce CO₂ emissions and tackle climate change. The Obligation requires licensed electricity suppliers to ensure that specified and increasing amounts of the electricity they supply are from renewable sources. For 2006/07, this level is 2.6% rising to 6.3% in 2012/13. This is lower than the levels in place in the GB Obligations - 6.7% rising to 15.4% in 2015/16. Without the financial support provided by the Obligation, most forms of renewable electricity would not be economic and the Government would not achieve its targets for increasing the supply of electricity from renewable sources. The Department believes that, through the support of the Obligation, renewable sources of electricity will become increasingly economic over time and will play an increasing part in

efforts to reduce carbon emissions and address climate change.

3. Regulatory Burdens & Compensatory Simplification

3.1 The details of the Renewables Obligation are already set out in secondary legislation, which was introduced in 2005 and amended in 2006. The major regulatory burden imposed by the Renewables Obligation is that, in order to provide additional support for the generation of electricity from renewable sources, costs to all electricity consumers are increased. These costs are capped by the level of the Renewables Obligation and the level of the “buyout” price in the NIRO and it was to help reduce the impact on the already relatively high cost of electricity in NI that the Obligation level has been set at a lower level than the renewables target. The previous RIA referred to in paragraph 2.2 above considered the costs and benefits of the introduction of the Renewables Obligation at the time that those measures were introduced.

3.2 Aside from issues of costs to consumers, the Renewables Obligation imposes some regulatory burdens on renewable generators and the electricity supply industry in relation to the administration that is required to benefit from and comply with the scheme. The amendments to the NIRO in 2007 include a small number of detailed changes that will make it easier for renewable generators to benefit from the Obligation and electricity suppliers to comply with it. This will reduce the regulatory burdens on business.

3.3 The full list of proposed changes to the NIRO are detailed briefly below:

NIRO Order 2007

- Allowing agents to act on behalf of small generators (up to 50kW DNC)
- Allowing agents, for the purposes of claiming NIROCs, to amalgamate the electricity generated by two or more small generators (up to 50kW DNC)
- Removal of the requirement for a sale and buyback agreement for all generators
- Changing the rules on co-firing to allow un-limited co-firing of energy crops, and a minor amendment to the definition of an energy crop.

3.4 In total, these changes aim to improve the operation of the scheme and its effectiveness in meeting Northern Ireland’s renewable energy targets. Some of the changes are deregulatory in nature and seek to reduce administrative costs for the administrator of the NIRO, Ofreg, renewable energy generators and electricity suppliers.

4. Business Sectors Affected by the Renewables Obligation

4.1 The main business sectors affected by the Renewables Obligation are companies involved in the generation of renewable electricity and companies involved in the supply of electricity to all electricity consumers. Users of biomass materials for non-energy generation purposes may be affected through increased competition for these materials. Large consumers of electricity may be particularly affected, given that the Renewables Obligation increases the cost of electricity.

- 4.2 However the proposed changes are intended to ease the administrative burden on companies who benefit from or must comply with the Renewables Obligation.
- 5. Issues of Equity and Fairness**
- 5.1 The Renewables Obligation is a market-based mechanism whose rules apply in a non-discriminatory way to its participants. The Department's intention is that this will remain the case with all the proposed changes.
- 6. Consultation with Small Business: The Small Firms' Impact Test**
- 6.1 The major regulatory impact on the large majority of small businesses arising from the Renewables Obligation comes from the increased costs of electricity that affect all electricity consumers. None of the changes contained in these proposals should give rise to further increases in electricity costs, for small businesses or any other consumers of electricity.
- 6.2 The range of administrative simplifications inherent in these proposals are intended to facilitate smaller generators of renewable electricity – which in many cases will also be small businesses. Allowing agents to act on behalf of small generators and to amalgamate generation will achieve economies of scale in the administrative processes involved as well as allowing small generators who may not have previously felt it worth their while to participate in the NIRO to now benefit. The removal of sale and buyback agreements removes a further administrative complication and, again,
- allows easier access to the benefits of the NI.
- 7. Competition Assessment**
- 7.1 The Renewables Obligation is a market-based instrument that operates in a competitive market for electricity. The rules of the NIRO apply in a non-discriminatory way to all participants in the renewables industry and electricity sector. The Department's intention is that this will remain the case with all the amendments to the NIRO and there are no changes that will be likely to have any material impact on competition in the electricity market.
- 8. Enforcement and Sanctions, Compliance & Monitoring**
- 8.1 The NIRO is administered and enforced by Ofgem although the function is subcontracted to Ofgem with Ofgem retaining overall responsibility. Non-compliance with the Obligation is considered as a breach of a 'relevant requirement' of a supplier's licence and Ofgem may impose appropriate sanctions. Ofgem reports annually on its administration of the Obligation and conducts regular audits in relation to compliance with the Obligation. DECC is responsible for monitoring the impact of the Obligation on the development of renewable energy and collects detailed information on growth in renewable energy generation and projects under development.
- 8.2 There are no changes to the NIRO that will increase the burdens on business through imposition of additional enforcement or inspection measures. Nor are there any new powers of sanction proposed. A number of proposals are being brought forward to

ease the processes of benefiting from or complying with the Renewables Obligation.

9. Other Regulatory Impact Issues

9.1 We do not consider that any of the proposals give rise to any negative impacts in relation to health, the environment or race equality issues, or are likely to have a material impact on the rural economy.

10. Post-Implementation Review

10.1 The Department will continue to monitor the performance of the Renewables Obligation and liaise closely with Ofreg on issues relating to the administration of the Obligation and compliance with it. This will include monitoring the impact of the proposed changes contained within this RIA. In light of this monitoring and review the Department will be willing to consider adjustments to the Obligation to improve its effectiveness while balancing the needs of investors and developers in renewable energy to have a stable and consistent regulatory framework which avoids unnecessary changes. Adjustments to the NIRO will normally be considered in consultation with the Department of Trade and Industry (DTI) and the Scottish Executive in view of the operation of the NIRO alongside the GB Obligation in a UK-wide market for ROCs.

11. Consultation

11.1 The changes affecting small generators and proposing the removal of sale and buyback agreements for all generators have already been the subject of two consultations as part of the RO Review which was carried out in GB in 2005. Although there was support for these

changes, they required new primary legislation to enable the secondary legislation to be changed. DETI is implementing the necessary legislation through an amendment to the Energy (Northern Ireland) Order 2003 and this further statutory consultation is now taking place on the implementation of these proposals.

11.2A Preliminary Consultation is currently being undertaken by DTI on some longer term changes for the Renewables Obligation which have been proposed following the Energy Review. This consultation is being brought to the attention of Stakeholders in NI and is available through the DETI Energy website. The proposals contained in this Preliminary Consultation will be subject to further amendment to statutory consultation next year before proposed implementation with effect from April 2008.

PART 2 – PROPOSED CHANGES TO THE NIRO BY THE RENEWABLES OBLIGATION ORDER (NORTHERN IRELAND) 2007

12. Title of Proposal

12.1 The Renewables Obligation Order (NI) 2007.

13. Purpose and Intended Effect of Measure

13.1 The purpose of the Renewables Obligation Order (Northern Ireland) 2007 (“the 2007 Order”) is to implement some limited changes to the existing Renewables Obligation Order (“the 2006 Order”) following the Renewables Obligation (RO) Review in 2005 and Energy Review in 2006. It is intended that, subject to completion of

the necessary legislative processes, the 2007 Order will come into force on 1 April 2007. The Renewables Obligation Order 2007 statutory consultation document sets out proposals for a limited number of changes to the 2006 Order. It is proposed to make amendments to the 2006 Order in the following areas:

- Allowing agents to act on behalf of small generators (50kW DNC or less)
- Allowing agents, for the purposes of claiming NIROCs, to amalgamate the electricity generated by two or more small generators (50kW DNC or less)
- Removal of the requirement for a sale and buyback agreement for all generators
- Changing the rules on co-firing to remove the cap on co-firing of energy crops and a minor amendment to the definition of an energy crop.

13.2 The proposed amendments to the 2006 Order reflect changes currently being proposed and consulted on to the Renewables Obligation Orders in GB. It is intended that the amendments would be implemented simultaneously across the UK with effect from 1 April 2007.

14. Administrative Arrangements for Smaller Generators

14.1 What are the proposals?

The Department proposes to introduce measures that will make it easier for small generators to benefit from the Obligation (in this context small generators are those with a declared net capacity of 50 kW or less).

14.2 Two changes are proposed:

- (a) allowing agents to act on behalf of smaller generators in seeking accreditation and claiming of NIROCs and that these NIROCs are then issued to the agent; and
- (b) allowing NIROCs to be issued to agents; and allowing agents to amalgamate the output of smaller generators for the purposes of claiming NIROCs.

14.3 Why is it being proposed and what are the benefits?

In 2005, as part of the RO Review, the DTI held two consultations – a preliminary consultation and a statutory consultation. In both these consultations – which were drawn to the attention of NI Stakeholders in view of their potential application to NI. Both of these consultations included the proposals to allow agents to act on behalf of small generators and to also allow agents to amalgamate the output of small generators. These proposals received strong support from those who responded to the consultations on these issues. Although many of the proposals in the RO Review were implemented from 1 April 2006 in the 2006 Order, this was not possible for the small generator changes, as they required primary legislation. The primary legislation needed in GB was secured through the Climate Change and Sustainable Energy Act 2006 and has now been effected in Northern Ireland by the Energy (Amendment) Order 2006. It is now intended to implement the proposals in the

secondary legislation across the UK from 1 April 2007.

14.4 The changes that allow agents to act on behalf of generators should reduce administrative burdens on small and microgenerators – and provide them with the option of an easier route to obtaining the benefits of NIROC eligibility. The proposals also have the potential to reduce administrative burdens on Ofreg over time. It would also mean that NIROCs could be issued direct to agents and so arrangements for trading of NIROCs would pass to the agent rather than lying with the generator.

14.5 In terms of amalgamating generation there are additional benefits. Under current rules, where a small generator is only generating very small amounts of electricity he may not even reach the threshold required to claim one NIROC. Alternatively, although he may be generating enough to be able to claim a small number of NIROCs, the numbers involved do not make it worthwhile going through the processes required. Amalgamating generation will allow economies of scale in the administrative processes for both small generators and Ofreg. It will also allow small generators who may not otherwise be generating enough to claim NIROCs to combine their output with that of others and so access the financial benefits of the NIRO.

14.6 *What are the costs?*

The consultations that took place in 2005 prior to obtaining the primary legislation to allow these proposals did not indicate that there are any costs

associated with the introduction of this proposal. Moreover, trade associations and smaller generators consider that the proposals have the potential to reduce costs and administrative burdens for smaller generators.

14.7 *What are the alternatives?*

Do nothing.

This would go against current policy to promote microgeneration. In addition, the benefits in terms of reduced administrative burdens and encouraging small generators will not be achieved with this option.

15. Removal of Sale and Buyback Agreements

15.1 *What is the proposal?*

That the requirement for generators to have a sale and buyback agreement is removed.

15.2 *Why is it being proposed and what are the benefits?*

In 2005, as part of the RO Review, the DTI held two consultations – a preliminary consultation and a statutory consultation – which were drawn to the attention of NI Stakeholders. As part of these consultations, the DTI included a proposal to remove sale and buyback agreements for small generators and also asked whether it would be appropriate to extend this proposal to all generators. The proposal to remove sale and buyback for small generators was strongly supported, with more mixed support for its removal for all generators.

15.3 Although many of the proposals in the RO Review were implemented from 1 April 2006 in the 2006 Order, it was not possible to do this for the removal of sale and buyback agreements, as this required primary legislation. The primary legislation needed in GB was secured through the Climate Change and Sustainable Energy Act 2006 and has been mirrored in NI through an amendment to the Energy (NI) Order 2003. It is now intended to implement this proposal in the secondary legislation across the UK from 1 April 2007.

15.4 During previous consultations on this issue, it has been argued that it is not just small generators who experience administrative burdens and difficulty in obtaining sale and buyback contracts with suppliers but that it is a problem that extends to larger generators as well. We are keen to encourage deregulatory measures within the NIRO where possible, and view sale and buyback agreements as an unnecessary administrative burden.

15.5 *What are the costs?*

The purpose of sale and buyback agreements is to allow generators to claim NIROCs for electricity they consume themselves. The primary legislation is being amended so that generators, when claiming NIROCs, will no longer have to demonstrate supply through a sale and buyback agreement if the electricity generated has been consumed by the generating station or that it has been provided to the grid system in a way where supply to customers cannot be demonstrated. The removal of a requirement for sale

and buyback agreements means that electricity generated in this way will no longer form part of any supplier's obligation. Analysis suggests that this could have a very small impact on NIROC prices. However, this will be minimal and get even smaller as the levels of the NIRO increase.

15.6 *What are the alternatives?*

Do nothing.

This would go against current policy to promote microgeneration. In addition the deregulatory benefits would not be gained.

16. Co-Firing Interim Changes

16.1 *What is the proposal?*

To allow co-firing of energy crops outside the current cap on co-firing in the Obligation and to make a minor amendment to the definition of an energy crop.

16.2 *Why is it being proposed and what are the benefits?*

The preliminary consultation currently being carried out by DTI sets out proposals for the long term approach to co-firing. This is to allow un-limited co-firing within a banded Obligation but at a reduced support level.

16.3 This approach is contingent on the introduction of a banded Obligation. However, allowing co-firing of energy crops outside the cap in the interim would allow co-firers to progress contracts with energy crop planters without concerns about restrictions on co-firing arising from the cap. The

Department believes that the impact of this change on other renewables should be small, as there are unlikely to be significant volumes of energy crop co-firing in the interim period prior to any introduction of banding, and there should be no impact on other biomass-using industries.

16.4 As energy crop co-firing will be allowed outside the caps, we propose to remove the minimum requirements on energy crop co-firing that currently apply from 2009 onwards. This is regarded as a lighter touch regulatory approach, incentivising companies to use energy crops but not requiring them to do so.

16.5 What are the costs?

The Department does not consider there are any significant costs associated with this proposal. It is not our expectation that the co-firing of energy crops outside the co-firing cap should have a significant impact on NIROC prices in the interim period. Current levels of planting and contracting for energy crops in the UK suggest that any impacts will be very limited. Nonetheless, it is intended to monitor this, and if evidence were to emerge energy crop co-firing was impacting negatively on the wider market then we would consult further on the case for any additional actions to reduce this impact.

16.6 What are the alternatives?

Raise the cap on co-firing.

This would allow a greater amount of co-firing and could potentially benefit the energy crop market. However, the

amount of co-firing permitted under the NIRO already stands to increase by around 40% by 2009/10, because of the rising level of the Obligation, and changing the cap could have some negative effects. These could be:

- A significant loss of investor confidence and financial damage to other renewable projects and technologies.
- A significant increase in support for the cheapest technology in the NIRO, in direct contrast to the Government's policy of reducing any over-subsidisation over time.
- Potential damage to other biomass-using industries.

Do nothing.

16.7 This would reduce the incentives on co-firers to progress contracts with energy crop planters prior to the proposed introduction of banding.

17. Summary and Conclusion

17.1 The changes contained in the 2007 Order represent relatively limited amendments to the Renewables Obligation and are deregulatory in their content.

17.2 The major regulatory impact of the NIRO arises from the increased costs it imposes on electricity consumers – in return for stimulation of the development of renewable energy sources for power generation. The Department considers that these relatively limited changes will have benefits in terms of increasing renewable generation from co-firing and simplify some of the administrative processes relating to the Obligation.

The 2007 Order does not contain any increases in Obligation levels or any changes to the buy-out price, and there are no other changes proposed for the 2007 Order that will, or have the potential to, create additional costs for electricity consumers.

Annex D - Consultation Criteria

1. Consult widely throughout the process, allowing a minimum of 12 weeks for written consultation at least once during the development of the policy.
2. Be clear about what your proposals are, who may be affected, what questions are being asked and the timescale for responses.
3. Ensure that your consultation is clear, concise and widely accessible.
4. Give feedback regarding the responses received and how the consultation process influenced the policy.
5. Monitor your department's effectiveness at consultation, including through the use of a designated consultation coordinator.
6. Ensure your consultation follows better regulation best practice, including carrying out a Regulatory Impact Assessment if appropriate.

The complete code is available on the Cabinet Office's web site, address

**[http://www.cabinet-office.gov.uk/
servicefirst/index/consultation.htm](http://www.cabinet-office.gov.uk/servicefirst/index/consultation.htm)**



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An executive summary of this document is also available in an accessible format if required i.e. Braille, large print, audio cassette or in a minority ethnic language.