

Francey, David

From: Jonathan Gray [Jonathan.Gray@arc21.org.uk]
Sent: 09 July 2008 18:29
To: NIRO REFORM 2008
Cc: John R. Quinn; William Francey; Karen Boal
Subject: Preliminary Consultation on Proposed Banding of the Northern Ireland Renewables Obligation (NIRO)
Attachments: Arc21 response to NIRO PC.doc

Dear Malachy.

Re: Preliminary Consultation on Proposed Banding of the Northern Ireland Renewables Obligation (NIRO)

I refer to the above and am pleased to attach the arc21 response to your consultation.

I would be grateful for confirmation that you have received our response and please do not hesitate to contact me should you have any queries.

Kind Regards,

Jonathan

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24/09/2008

Response on behalf of Arc21 to the Proposed Reform of the NI Renewables Obligation

Background Information on arc21 for NIRO

In response to the requirements of the Northern Ireland Waste Management Strategy, arc21 was formed as a partnership of the following eleven District Councils in the Eastern Region of Northern Ireland:

- Antrim Borough Council;
- Ards Borough Council;
- Ballymena Borough Council;
- Belfast City Council;
- Carrickfergus Borough Council;
- Castlereagh Borough Council;
- Down District Council;
- Larne Borough Council;
- Lisburn City Council;
- Newtownabbey Borough Council;
- North Down Borough Council.

The objective of the Partnership was to develop a long term plan for the management of all controlled wastes within the arc21 Region. The arc21 Waste Management Plan was adopted by all Councils in 2003 and subjected to a major review in 2006. The principle objective of the Plan was to identify options for managing waste within the Region which drew the balance between sufficient capacity to deal with the waste produced, meeting of strategic and statutory targets, protection of the environment and optimising resource utilisation within the arc21 Region.

In addition to encouraging waste minimisation and maximising recycling and composting, the Plan identified the requirement for residual waste facilities in the form of MBT facilities and an Energy from Waste facility in order to ensure that statutory targets, in particular the requirements of the Landfill Directive could be met.

A Strategic Outline Case (SOC) and Outline Business Case (OBC) were subsequently prepared in order to build on and subsequently refine the technical solutions outlined within the Waste Management Plan and inform the procurement strategy with respect to the residual waste treatment facilities. The results of the waste flow modelling carried out as part of the SOC and refined as part of the OBC have confirmed that two Mechanical Biological Treatment Facilities should be developed, each with the capacity to treat 200,000 tonnes of municipal waste whilst the Energy from Waste Facility will require a capacity of 380,000 tonnes per annum for the treatment of RDF and C&I waste.

Arc 21 have prepared the following responses to the Preliminary Consultation on the Proposed Reform of the NI Renewables Obligation.

“Banding – page 11” Question: Are there any specific Northern Ireland aspects that need to be considered in the application of these proposed bandings (Annex A) – and especially the lower bandings – to the NIRO?

1. There is conflicting information between the DETI-Energy web site and the Consultation Document with respect to the eligibility of Energy from Waste (EfW) plant. Annex A – Banding Proposals on page 19 of the Consultation Document suggests that Energy from Waste with Combined Heat and Power is eligible for the ‘Reference’ rate of 1.0 ROC/MWh, whereas the DETI-Energy web site contains a Table covering eligibility of waste (including biomass) that suggests that Incineration of Mixed Waste is ineligible for ROCs. We assume that the true position is similar to that pertaining in paragraph 6.22 of the DTI – Reform of the Renewables Obligation, 2007 document which states:

“Certain EfW technologies can claim ROCs on the biomass fraction of waste, which is classed as a renewable energy source under the EC Directive on Renewables. These technologies are gasification, pyrolysis, anaerobic digestion and EfW with CHP”.

Thus, it is suggested that the Consultation Document is proposing that an Energy from Waste plant with Combined Heat and Power energy recovery should be eligible for ROCs at the reference rate of 1.0 ROC/MWh.

2. The Arc21 team would like to see evidence of any differential between the actual combustion technology associated with Energy from Waste utilising Combined Heat and Power, Gasification and Pyrolysis plant. In this respect it is not understood why a distinction has been made in the ROC allocation between the technologies in the banding proposals.

Energy from Waste with Combined Heat and Power is an established technology in the UK with many plants whereas in Northern Ireland it represents an emerging technology with no existing plants. Thus, in this context it is suggested that the level of support for Energy from Waste based upon Combined Heat and Power should reflect the emerging status of the technology with 2.0 ROC/MWh similar to that accredited to gasification and pyrolysis.

In the same context the Northern Ireland economy is less industrialised with less opportunity for manufacturing industry to absorb heat from CHP generators. In this respect it is suggested that the specific levels overall efficiency (gross calorific value) associated with ‘high quality’ CHP for Large Energy from Waste (EfW) plants could be relaxed somewhat compared with those required for accreditation in the rest of the UK.

3. The Arc21 team are concerned that it is proposed to change the level of NIROC support for Landfill Gas from 1 to 0.25. Landfill gas utilisation in Northern

Ireland is not yet firmly established and there is a need to encourage its utilisation in view of the serious green-house gas constitution of methane emissions from landfill sites or the alternative of flaring which produces carbon emissions with no fossil fuel displacement. It is considered that within the specific context of Northern Ireland the level of ROC support for Landfill Gas should be maintained at 1.0 ROC/MWh to accelerate the uptake.

“Grandfathering” – page 11” Question: Are there any specific Northern Ireland aspects that need to be considered in the application of these Grandfathering proposals to the NIRO?

The aim of the grandfathering and transitional banding arrangements is to protect investment decisions made on information available at the time. What is being grandfathered is the electricity generated by the total installed capacity of a generating station that has been accredited by the Authority by a relevant date. The relevant date will be determined by the type of generator and whether it is a new station. It is proposed that new stations which are accredited before a certain date will be allowed to band up, or if they are a technology being banded down will be grandfathered at 1 ROC/MWh.

It is suggested that the dates proposed within the Table on page 21 have been derived from the implementation dates associated with the UK Legislation rather than the NI Legislation and that the dates should be modified to reflect this in the NI legislation. Thus, 1st April 2009 for preliminary accreditation should become 1st April 2011 and 31st March 2011 for full accreditation should become 31st March 2013.

It is also suggested that milestones should be linked to financial closure on a project rather than accreditation to avoid contractual and planning issues.

“Other Associated Issues – page 12/13” Question: Are there any specific Northern Ireland aspects that need to be considered in relation to the above proposals?

In section 2.17 paragraph (d) of the Consultation Document states “For those energy from waste generating stations that are eligible to claim NIROCs for the biomass fraction of their waste it is intended that a ‘deemed’ amount of fossil fuel can be used as a cost-effective alternative to measuring the biomass content. It is proposed that a deemed amount of 50% for the fossil fuel amount will be used initially, increasing over time to 65%.

Arc21 support these deemed amount figures and are in agreement with the general policy of using a ‘deemed’ amount rather than having to continuously measure the biomass fraction of waste.

However, it is suggested that provision should be made within the Reform of the Northern Ireland Renewables Obligation for use of actual measurements of the biomass fraction of waste and use of this fraction where it can be shown to be beneficial to the economic aspects of a project.