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Sent: 10 July 2008 17:44
To: NIRO REFORM 2008
Subject: NIRO Reform - RSPB response
Attachments: NIRO 2008 - RSPB response 090708.doc

Dear Sir/Madam

Please find attached the RSPB's response to the consultation paper on the proposed reform of the Northern Ireland Renewables Obligation.

If you have any queries regarding our response, please let me know.

Best wishes
James

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Proposed Reform of the Northern Ireland Renewables Obligation

A consultation response from RSPB Northern Ireland, June 2008

The RSPB is Europe's largest wildlife charity with over one million members. We have been working in Northern Ireland for over 40 years and invest over £1.4 million in the protection of our natural environment annually. The RSPB is part of the BirdLife International partnership, a global alliance of independent national conservation organisations working in more than 100 countries, owning or managing 1,000,000 ha of land and with about 10 million supporters, including about 2 million children.

We consider that human-induced climate change poses the biggest long-term threat to global biodiversity. A paper in *Nature* by a large group of scientists (including one from the RSPB) indicates that in sample regions covering about 20% of the Earth's land surface "15 to 37% of species in our sample of regions and taxa will be 'committed to extinction' as a result of mid-range climate warming scenarios for 2050."¹ Indeed, papers presented at the scientific conference convened by DEFRA, at the Hadley Centre in February 2005, indicated that the impacts of climate change on both people and wildlife are likely to be worse than anticipated, and occur at lower levels of change than previously thought.²

Therefore, **the RSPB supports policies and measures that cut greenhouse gas emissions hard and rapidly and we have supported the Renewables Obligation (RO) since the idea was first mooted by the Northern Ireland administration.**

However, we have long considered that Northern Ireland and the rest of the UK should deploy a wide range of renewable generation technologies, because a mix of technologies has benefits both in terms of the environment and of security and diversity of supply. Consequently, although we have consistently supported the RO, we were concerned that, as presently constituted, the RO will only bring on the nearest market technologies. We therefore welcome the Department's intention to employ the RO to provide incentives for emerging technologies.

We agree with the UK Government that existing levels of support do not provide sufficient incentive for investors and potential developers. We also agree that, to bring on renewables technologies which are not currently cost-competitive, there needs to be a considerable degree of certainty about the availability of long-term support. **We therefore welcome the Department's proposal to technology band the Obligation, an approach that we have long advocated, although we differ in terms of how banding should be put into effect.**

Specifically, we would prefer a simple, technology-banded approach together with a banded 'buy-out' in which technologies that were not near market would be given a higher buy-out price, as proposed by the

¹ Chris D. Thomas et al, Extinction risk from climate change, *Nature*, 8 January 2004.

² The papers presented at the Hadley conference are now published together as a book, 'Avoiding dangerous climate change', J. Schellnhuber et al eds., Cambridge University Press, January 2006.

Scottish Executive for the Scottish Renewables Obligation. We have severe reservations about the proposed approach of employing multiple and fractional ROCs for emerging and near market technologies respectively. Whilst we understand the Department's wish to adopt an approach which is technology blind and market driven, rather than technology prescriptive, we feel that this advantage is outweighed by breaking the direct link between NIROCs and the true amount of renewable electricity generated. We are concerned that this could well lead to under-delivery of renewable generation, and Northern Ireland missing its renewable targets.

Indeed, we are concerned that a multiple NIROCs system could, in practice, fail to bring on any emerging renewable technologies at all – because the flexibility allowed by the approach necessarily allows for this possibility. It would be possible to meet any target using technologies that are all essentially mature or already near market.

In short, we consider that the Department has developed its policy of not picking winners to the extent that it is putting at risk the admirable goals behind banding the Obligation. A banded Obligation and buy-out with a few small technology bands for technologies that are not near market would have a far more certain outcome in terms both of attaining targets and bringing on emerging technologies - and risk little if the technologies failed to develop as anticipated.

In the remainder of this response, we answer the questions posed by the consultation in the order that they were put in the consultation document. We attempt to answer the questions positively, in the sense that we assume that the multiple NIROCs approach will be adopted and make proposals that we consider might improve it, even though we consider the approach to be fundamentally flawed.

Are there any specific Northern Ireland aspects that need to be considered in the application of these proposed bandings – and especially the lower bandings – to the NIRO?

Potential consequences of grouping

We understand that keeping the number of bands small is administratively convenient and that the uncertainties surrounding the costs of different renewables make it hard to have anything other than broad bands. However, a consequence of this approach is likely to be that only the least cost technology in each band will tend to be brought on. We would thus expect the reference band to mainly encourage onshore wind, the post-demonstration band to encourage offshore wind and the emerging technology band to encourage wave and perhaps tidal stream.

Banding levels

We think that the banding levels are probably about right although it is hard to be sure because of uncertainties about the costs of particular technologies. Giving 0.25-0.5 of a NIROC to technologies in the established bands will probably result in investment in higher bands, because the established band costs are generally more than one quarter of the costs of technologies in the reference and higher bands. We think that this is the right approach because we would not wish to encourage investment in the established band. We are less clear whether a multiplier of 1.5 for the post-demonstration band and 2.0 for the emerging technologies band are right. We suspect that a higher differential will be needed if emerging technologies are really to be encouraged to emerge – which is, after all, the point of banding.

Co-firing

The inclusion of co-firing in ROs has generally led to old, inefficient coal-fired plants being used to burn imported coal together with imported biofuels. This does nothing to secure supply, prolongs the life of high emission power plants and potentially damages wildlife in countries from which the biomass is imported. Whilst we agree on the sustainability of co-firing, carbon savings can be considerably less than more sustainable alternatives. We strongly support the introduction of an accreditation scheme for co-firing.

Are there any specific Northern Ireland aspects that need to be considered in the application of these Grandfathering proposals to the NIRO?

We have no comments at this stage.

Are there any specific Northern Ireland issues that should be taken into account in relation to the Headroom calculations for the NIRO?

The RSPB tentatively supported the original BERR figure of 6% headroom or lower to avoid the 'cliff edge' effect. We believe 8% is too high.

Are there any specific Northern Ireland aspects that need to be considered in relation to the above proposals?

The RSPB's on-going concerns regarding biomass production in Northern Ireland

The RSPB's interest in bioenergy crops is two-fold:

- An increased use of bioenergy crops will contribute to the reduction of greenhouse gas emissions and thus the slowing of climate change and its negative impacts;
- A significant increase in production of dedicated energy crops to produce biomass would result in large-scale changes in agricultural cropping patterns with associated implications for biodiversity. These might prove to be land use changes of an unprecedented type and scale. Great care must therefore be taken to identify impacts, and ensure that negative impacts are minimised, and positive impacts maximised.

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In this context, we feel that it is important to have a much better understanding of the likely effects of the large-scale use of bioenergy crops, and a clearer strategic framework for their development, before embarking on ambitious policy programmes to support their development at particular scales. This means that we need to understand better the scale of contribution that bioenergy crops could make to carbon reduction, and the life-time carbon balances of different crops, converted to different fuel media, and used in different applications.

We also need to undertake further research to understand the probable effects on biodiversity of different types of bioenergy crops grown in different locations and conditions, and at different scales, including the scales desirable to mitigate climate change. We need to develop and require assessment and monitoring protocols that provide real world data that will enable us to determine the actual impacts of bioenergy crops if they are grown on very large scales.

Accreditation for both life-cycle carbon savings and environmental impacts is essential. Only once a strategic framework of this kind is in place would it be prudent to put in place specific support measures and policies to determine the types of bioenergy crops that might be grown, and the rates and locations at which development might take place. To introduce support measures in the present strategic and information vacuum invites the risk of creating unforeseen environmental or other consequences, including to biodiversity. These risks are potentially significant.

As a result, the RSPB could not lend its support to a significant growth in the bioenergy crop industry in Northern Ireland without a clearer understanding of its positive and negative effects, and without a strategic policy framework—including a certification scheme which takes into account both carbon and other environmental factors, including effects on biodiversity—that strives to ensure that negative effects are minimised and positive effects are maximised.

Greater thought must be given to developing biomass sustainably in Northern Ireland. In addition to all the logistical complexities of matching fuel supply with demand, there is a very important need to undertake a strategic review of where and how the crops are likely to be grown. The environmental impacts of biomass cropping depend heavily on the nature of the land use displaced. Compared with the chemically intensive production of annual row crops their impacts may be beneficial to birds and other wildlife. Compared to environmentally sensitive management of agriculturally marginal land that is already home to abundant wildlife, biomass will have negative environmental impacts. It will therefore be essential to ensure that

biomass development does not take place on marginal land. This concern will become sharper if genetic modification of biomass crops enables them to be harvested in dry, wet, saline, or upland habitats.

Do you have any comments on any of the provisions in the draft Energy (Amendment) (Northern Ireland) Order (Annex C)?

We have no comments at this stage.

For further information on the RSPB's response, please contact Dr. James Robinson, RSPB Northern Ireland, Belvoir Park Forest, Belfast BT8 7QT, tel: 028 9049 1547, email: james.robinson@rspb.org.uk.