

25 June 2007

Davina Quigley
Sustainable Energy Branch
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Dear Miss Quigley

The Renewables Obligation (Amendment) Order (NI) 2007
***Proposed changes to the Renewables Obligation to Facilitate its Operation within
the All-Island Single Electricity Market***

Northern Ireland Environment Link (NIEL) is the networking and forum body for non-statutory organisations concerned with the environment of Northern Ireland. Its 48 Full Members represent over 90,000 individuals, 255 subsidiary groups, have an annual turnover of £44 million and manage over 230,000 acres of land. Members are involved in environmental issues of all types and at all levels from the local community to the global environment.

These comments are agreed by full members, but some members may also be providing independent comments. NIEL supports Action Renewables' work in promoting and developing renewable energy in Northern Ireland and would direct the Department to them for expert policy advice on the issues raised by this consultation.

1. Welcome for the Consultation.

NIEL welcomes the consultation on the, *Proposed changes to the Renewables Obligation to Facilitate its Operation within the All-Island Single Electricity Market*. The consultation exercise will help refine the proposals and should ensure that stakeholders have an opportunity to share their concerns, expertise and experience.

NIEL believes that it is important that energy generators in Northern Ireland are encouraged and required to increase the amount of renewable energy they generate. Renewables could and should provide a significant proportion of Northern Ireland's energy needs with the added benefits of reducing the release of greenhouse gases and increasing the security of electricity supply by diversifying the numbers and types of sources.

2. SEM-NIRO Difficulties

The Northern Ireland Renewables Obligation (NIRO) is the main policy mechanism for supporting the development of large scale renewable electricity in Northern Ireland, with Northern Ireland Renewables Obligation Certificates (NIROCs) acting as evidence of compliance. We agree that NIROCs should only be issued to generators for electricity

that is generated in Northern Ireland from renewable¹ sources and is consumed in Northern Ireland. The Government, Regulator and Generators must also work towards achieving the Sustainable Development Strategy target:

To ensure that 40% of electricity consumed in Northern Ireland is obtained from indigenous renewable energy sources beyond 2025.

Northern Ireland generators considering developing extra capacity in order to supply the Single Wholesale Electricity Market (SEM) must also note that there is an existing target to reduce Northern Ireland's greenhouse gas emissions by 25% below 1990 levels by 2025 and the Climate Change Bill could and should introduce tougher emissions targets.

Q1 & Q2: We accept that the SEM will introduce complications for the issue of NIROCs to generators and agree that measures must be put in place to ensure that the NIRO remains viable.

3. Options for a Solution

We accept that due consideration has been given to a range of solutions and agree that the most reasonable solution to ensure the continued viability of the NIRO within the SEM is presented by option (f): *Bilateral Contracts operating alongside and in tandem with SEM.*

We believe that renewable generators must not be disadvantaged by the SEM, they must be able to market their electricity as green and should be able to demonstrate that their energy is coming from genuine sources. Similarly customers must be able to trace their energy to a genuine and appropriate generator, therefore, we support the use of the *Contracts for Difference* method.

4. Other Issues

NIEL believes that small renewable energy generators have an important role to play in providing a significant proportion of Northern Ireland's energy needs and that their role should be recognised within the SEM. We believe that the microgeneration market should be encouraged by offering assured, enhanced, banded by technology, rates (primarily through unit price but if necessary through ROC trading) for the electricity traded by microgenerators and by making it administratively simple for them to access these payments. We would support a *buyer of last resort* approach as we believe that this is the favourable way (compared to relying on market forces), at least until technology has developed and Northern Ireland is established as a *world class exemplar*² in the development and use of renewable energy technology, to promote microgeneration in Northern Ireland.

¹ In the NIEL response to the **Renewables Obligation Order (NI) 2007** (19 December 2006) we outlined our concerns over what should and should not be classified as renewable.

² Strategic Objective 2 of the Climate Change and Energy section of the NI Sustainable Development Strategy

We thank you for the opportunity to make these comments. If you would like to discuss them further please do contact us.

Yours sincerely

A handwritten signature in cursive script that reads "Sue Christie".

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