

Francey, David

From: McKernan, Malachy
Sent: 10 July 2008 10:43
To: Williams, Richard
Cc: NIRO REFORM 2008
Subject: FW: NIRO banding consultation
Attachments: reform of NIRO preliminary consultation.doc

Richard,

Received with thanks

Malachy

Malachy McKernan

Sustainable Energy
Department of Enterprise, Trade & Investment
Netherleigh
Massey Avenue
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From: Williams, Richard [mailto:rwilliams@consumercouncil.org.uk]
Sent: 10 July 2008 10:29
To: McKernan, Malachy
Cc: Henderson, Wesley
Subject: RE: NIRO banding consultation

Malachy,

Please find attached a copy of our response.

Regards,

Richard

From: McKernan, Malachy [mailto:malachy.mckernan@detini.gov.uk]
Sent: 09 July 2008 16:39
To: Williams, Richard
Subject: RE: NIRO banding consultation

Richard,

Apologies .. and for delay as I have been in a meetign most PM.

24/09/2008

Happy to discuss any aspect
Regaerds

malachy

Malachy McKernan

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From: Williams, Richard [mailto:rwilliams@consumercouncil.org.uk]
Sent: 09 July 2008 15:00
To: McKernan, Malachy
Subject: RE: NIRO banding consultation

Malachy,

Just noticed , the attachment was not there.

Richard

From: McKernan, Malachy [mailto:malachy.mckernan@detini.gov.uk]
Sent: 09 July 2008 14:42
To: Williams, Richard
Subject: RE: NIRO banding consultation

Richard,
Apologies for leaving it to you to highlight the questions I had planned to call on Sinead Dynan to offer an opportunity to discuss but have omitted to do so ... if you are the appropriate person, I would be happy to discuss further (please let me know) .. meantime I have provided responses to your queries on your e-mail below.

Malachy McKernan

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24/09/2008

Please consider the environment - do you really need to print this e-mail?

From: Williams, Richard [mailto:rwilliams@consumercouncil.org.uk]
Sent: 09 July 2008 13:06
To: McKernan, Malachy
Subject: NIRO banding consultation

Hi Malachy,

Considering a response to the consultation and would be grateful if you could just clarify some points for me.

- Is it correct that Ofgem administer the scheme on behalf of NIAUR or is that on behalf of DETI? NIAUR - they have legislative responsibility for administering the NIRO
- How and why are the targets set for NI suppliers and where can they be viewed? They are contained at Schedule 2 to the legislation (the NIRO Order) - copy attached for ease of ref.
- Are there any landfill gas generating sites in NI? Not as yet ... but Belfast City Council are working on one at the North Foreshore site and some other Councils are considering I think a problem has been that sites are small and the economics are not as good as, say, the bigger GB sites
- Are the buy-out costs of NIRO passed straight through to consumers? This is all a matter for suppliers but we have always estimated that the max cost of the NIRO to consumers in any year is the Buy-out Price multiplied by the Obligation level (expressed in MWh)
- Are through proceeds of the buy out fund passed back to consumers? Again as previous question they are not directly passed through but the proceeds are redistributed to suppliers who have presented NIROCs and this redistribution should reduce the cost of obtaining the NIROCs to something less than the Buy-Out price - it would be expected therefore the value of proceeds should have a bearing on prices
- Are there any figures available on the cost implications to NI consumers? We did an analysis (based on Buy-Out Price by Obligation) when the NIRO was being established. This concluded that by 2012 the impact on consumers prices would be a maximum of 2.5%.

Many Thanks

Richard Williams
Senior Consumer Affairs Officer

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<http://www.consumercouncil.org.uk>

<http://www.consumerline.org>

There's about £12 million in forgotten bank accounts in Northern Ireland. Could you be sitting on a small fortune?

24/09/2008

The Consumer Council wants to help you find out, call 0845 601 6022 or visit www.mylostaccount.org.uk

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10 July 2008

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

Dear Malachy,

RE: Reform of the Northern Ireland Renewable Obligation (NIRO) preliminary consultation.

The Consumer Council for Northern Ireland (Consumer Council) is a Non-Departmental Public Body, set up by statute in 1985 to promote and safeguard the interests of all consumers in Northern Ireland. Our role is to give consumers a voice and to make sure that voice is heard by those who take decisions that affect consumers. We have certain responsibilities for energy (including natural gas, electricity and coal) passenger transport, food, and water.

The Consumer Council welcomes the opportunity to respond to the Reform of the Northern Ireland Renewable Obligation preliminary consultation.

The Council last commented on the NIRO in December 2004, in response to the DETI statutory consultation, 'The Northern Ireland Renewable Obligation'. The Council wishes to reiterate its support for actions that achieve a reduction in CO2 emissions, including the development of renewable generation. However, our position remains as it was in 2005, that such action should not be at the expense of the Northern Ireland Consumer. This is especially significant at this time with the recent sharp and large increases in energy prices. At 34%, Northern Ireland has three times the level of fuel poverty of England and double the Great Britain average.

In the light of this we note that the consultation refers to one of the objectives of a banded Obligation as being to , 'Bring on additional deployable technologies by providing appropriate levels of support and certainty for future investments through the RO while maintaining broadly similar to costs to consumers.' The Council would ask for clarification on the term 'broadly similar' and whether the cost to the Northern Ireland consumer of the proposed reform has been or will be worked out separately from the rest of the United Kingdom?

We understand that at the time of the establishment of the NIRO the impact of consumer prices was estimated to be a maximum of 2.5% by 2012. We are concerned that any increases in prices to the consumer will further drive up the levels of fuel poverty in Northern Ireland.

As noted in the consultation, at the time of the establishment of the Renewables Obligation, the Obligation in Northern Ireland was set lower than the rest of the UK in recognition of the already high electricity prices and the special market conditions that existed in Northern Ireland. Electricity prices remain high in Northern Ireland and the small size and lack of competition in the electricity market mean that Northern Ireland may again require a special arrangement if costs to the consumer are estimated to rise under the proposals.

I trust you find the above information useful, and welcome any clarification you can provide on the above issues. If you wish to discuss any aspect of this response please do not hesitate to contact me. We look forward to the opportunity to comment on the full consultation when this is issued later this year.

Yours Sincerely

Richard Williams
Senior Consumer Affairs Officer