

## **REQUEST TO DfE FROM THE ECONOMY COMMITTEE**

At its meeting on 17 November Members received a briefing from the Assembly's Research unit, RaSe, regarding the Small-Scale Green Energy Bill.

Members agreed to forward a number of scrutiny points highlighted in the paper to the department for a response (Annex A).

## **RESPONSE**

Response to the request from the Clerk to the Committee for the Economy for answers on the scrutiny points in relation to the Small Scale Green Energy Bill.

I refer to the statement submitted in August in which the Department confirmed that the forthcoming Energy Strategy aims to reach net zero carbon emissions from energy by 2050, whilst also maintaining affordability and security of supply, for all energy consumers in Northern Ireland.

In this context, all low carbon solutions (including renewable micro-generation, small scale and large scale renewables, energy efficiency and smart technologies) should be considered in the round. We must accordingly view this Bill as being isolated from the programme of research and evidence based policy development supporting the Energy Strategy and therefore advise against its progression.

Further comment on the Energy Strategy is not possible at this stage. Subject to Executive approval, the Minister hopes to publish the Strategy before the end of the year. Speculation on the content of the Strategy in advance of publication would be inappropriate.

Questions in relation to scheme design and implementation are also premature. Scrutiny of any proposed scheme is quite separate from scrutiny of draft legislation. Detailed consideration of the shape of a Scheme would necessarily follow if the Bill becomes law. The fact that so many critical details of the scheme are unknown underpins the Department's concern and strengthens the argument against the progression of the Bill.

As the committee is well aware, past experience in relation to the Renewable Heat Incentive scheme has resulted in reputational damage, loss of trust both internally and externally, as well as long lasting political, economic, and governance related impacts on the Department. It would be wrong to risk repeating such an experience and preferable to avoid a situation in which legislation is passed and the Department is required to deliver untested initiatives that have not been developed through a rigorous process of policy development and delivery.

For example, the Bill focusses solely on incentivising generation, and therefore could unintentionally encourage inefficiencies, or gaming of the system. Any renewables policy under the forthcoming Energy Strategy will take a whole systems approach, based in evidence, through the proper sequence of developing strategy, policy and

then legislation as needed. Following this process of development ensures that RHI, PAC and NIAO reports and recommendations are being considered and factored in from the outset.

Supporting this Bill might allow the Department to appear as if it is taking swifter action – but at the cost of an evidence-based and data-led approach to deliver sustainable and energy efficient policy (and legislation) in the context of an integrated strategy.

The Department therefore opposes the Bill's progression. Officials will be happy to answer any further questions at the scheduled committee appearance on 1<sup>st</sup> December.

**Reply prepared by: Joe Reynolds, Director of Electricity and Energy Consumers Division**

**Date: 29 November 2021**