



**Northern Ireland
Assembly**

PUBLIC ACCOUNTS COMMITTEE

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30 March 2021

Dear Mr Brennan

**Public Accounts Committee – Request for follow-up information re
Evidence session on Generating Electricity from Renewable Energy**

Thank you and your colleagues for providing evidence to the Committee on Thursday 18 March 2021 regarding our current inquiry.

Following on from the evidence session, there are a number of areas that the Committee require more detail as follows:

1. In your letter to the Committee of 4 March 2021 and in your subsequent evidence on the 18 March, you stated that the NIAO's estimate of the rate of returns on small scale standalone wind turbines was based on analysis from '*only one non grid connected turbine*'. The NIAO have told us that this is incorrect. Please can you tell us what source you used for this evidence?
2. In your evidence you referred to the "*independent KPMG report*". The KPMG report states that it was produced '*for and on behalf of Renewable NI who are a trade association representing over 40 businesses in the renewables industry*'. The Committee understands that this report was commissioned immediately after the publication of the NIAO report as Renewables NI were concerned with some of the

- NIAO findings. Please could you explain why you consider the report to be independent?
3. Can you explain how you will approach Recommendation 6 of the NIAO report i.e. the review of the actual rates of return achieved by all renewable generators? In particular:
 - Who will carry out the review, what is their experience and when will it be completed?
 - Aside from Renewable NI data, what other sources of data will you use to inform your review?
 - How will you ensure the proper independence, rigour and scepticism of all data used to form your analysis and conclusions?; and
 - What will be your approach to cost and income data from de-rated wind turbines which may not have a 'typical' rate of return?
 4. In your evidence to the Committee you explained that you were still in talks with Renewables NI in relation to getting access to the underlying data used to inform the rates of return conclusions in their report. Please can you provide as much detail as possible about:
 - The range and type of underlying data you are seeking to obtain from renewables NI/KPMG;
 - The progress made to date in obtaining the information; and
 - Any information which you have sought which has either been refused or has been problematic?
 5. In your evidence you said that there are also many de-rated turbines in Great Britain (where derating means that the power rating of a turbine has been restricted below its original maximum output). Please can you provide the Committee with evidence of this? If possible as part of this please can you provide the number of small standalone de-rated turbines in the UK by region and as a percentage of total small scale standalone wind turbines by region?
 6. There appears to be a clear incentive for to reduce the output of larger turbines by de-rating them in Northern Ireland given the large step down in ROCs banding once over 250kw output. If de-rating small turbines has also been an issue in GB can you tell us what the incentive has been for turbine owners there to do this?
 7. Can you confirm if you consider de-rated turbines (as they are often used in Northern Ireland i.e. to lower the output of a larger turbine to qualify for the higher ROCs banding) to be within the spirit of the NIRO scheme?
 8. In the evidence session it was stated that non-grid connected turbines are just as big an issue in GB as Northern Ireland. Can you confirm if

non-grid connected turbines are allowed to claim FiT? Also can you provide details of the numbers of non-grid connected turbines accredited each year under the NIRO scheme or FiT/RO in GB, from the beginning of 2015 to 2018 (please can you ask Ofgem for the detail if necessary).

9. Can you confirm what the cost to the NI consumer of the small stand-alone wind turbine scheme is?
10. Who were the consultants that carried out the review of NIRO banding rates in 2010 and 2014 on behalf of DETI and were these the same consultants that carried out reviews around the same time on RHI subsidy rates? If the same consultants were used, why does the Department retain confidence in their work on NIRO when it was shown to be flawed on RHI?
11. In your evidence you agreed that the levels of financial support were higher in Northern Ireland than in GB for small standalone turbines and ADs after 2014. However, you also said that you took comfort that the rates were not excessive because there was no rush to install new generating stations from 2014 onwards and that indeed the rate of installation was the same or lower than in previous years. This conflicts with information gathered by the NIAO from Heads of Planners at local councils, and the NIAO's report, shows that there was a substantial increase in standalone turbines accredited between 2014 and 2018 (figure 6, page 26) and a huge increase in anaerobic digesters (figure 11, page 41) being accredited between 2014 and 2018. Can you please provide this Committee with data to support your comment?
12. In your evidence it was stated that one of the reasons for having a much higher level of financial support via the NIRO scheme for small standalone wind turbines was to encourage rural diversification, as this was a key objective of the NIRO scheme. Please can you provide us with contemporaneous evidence that rural diversification was a primary objective of the NIRO scheme?
13. In respect of the Invest NI loan which was made to the AD plant in Donegal, can you provide the Committee with the total outstanding amount due on the loan at 31 March 2021 including all interest which should be due and the date of when this loan was agreed?
14. Invest NI have reported to the Economy Committee that it has an expected credit loss in their 2020-21 financial statements of £10 million in respect of the loan to the plant in Donegal. Can you explain why Invest NI has an expected credit loss of £10 million? Does this mean it is more likely than not that a loss of £10 million will be incurred?

15. How does the Department plan to recoup these monies, if the loan is not written off and what other loans has Invest NI offered to the business sector, for the building of Anaerobic Digester Plants in Northern Ireland including a potential plant in Ballymena?
16. We understand that capital grants may have been payable by the former DARD to support the costs of small standalone turbines. Please can you confirm:
- when your Department became aware of these grants;
 - if they had any impact on eligibility for the NIRO scheme;
 - if they were built into the calculations to support the ROCS banding levels in 2010 and 2014; and
 - if you are aware of any other capital or revenue grants payable to renewables generators from other arms of Government over the NIRO scheme's operation?

The Committee will be in contact at a later date to organise giving further evidence which would include further questions regarding the AD Plant in Donegal.

Please respond by **9 April** using the email address above.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'William J. Humphrey', with a large, stylized flourish at the end.

William Humphrey MBE MLA
Chairperson
Public Accounts Committee