Northern Ireland
Assembly

COMMITTEE FOR ENTERPRISE, TRADE AND INVESTMENT

OFFICIAL REPORT (Hansard)

Renewable Energy Inquiry: Department of Enterprise, Trade and Investment

2 December 2010

NORTHERN IRELAND ASSEMBLY

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Members present for all or part of the proceedings:
Mr Alban Maginness (Chairperson)
Mr Paul Givan
Mr William Irwin
Ms Jennifer McCann
Dr Alasdair McDonnell
Mrs Claire McGill
Mr Sean Neeson

Witnesses:

Ms Alison Clydesdale	)	
Mrs Fiona Hepper	)	Department of Enterprise, Trade and Investment
Ms Olivia Martin	)	
Mr David Thomson	)	

The Chairperson (Mr A Maginness):

The Committee will be briefed today by Ms Olivia Martin, grade 7 in the energy division of the Department of Enterprise, Trade and Investment (DETI); Ms Alison Clydesdale, grade 7 in the energy division; Mrs Fiona Hepper, grade 5 in the energy division; and Mr David Thomson, the deputy secretary of the Department of Enterprise, Trade and Investment policy group. Thank you all for coming today. I look forward to hearing what you have to say. Thank you also for the

helpful documentation that you supplied for the inquiry.

Mr David Thomson (Department of Enterprise, Trade and Investment):
I am conscious that, given that I have recently come back to DETI after spending 16 years in the Department of Finance and Personnel (DFP), I have not yet been before the Committee. I was looking for an opportunity at least to introduce myself. As I said, I came back to DETI this year, and I lead up the policy group. The Minister has responsibility for that, and I work with her on economic development, energy, tourism, telecommunications and a range of other matters. I am using this opportunity today, given that energy and economic strategy will be discussed in the same evidence session.

It is very much my view that the experts should come to the Committee. Fiona and her team are very much the experts on the energy side, and Graeme Hutchinson is the expert on the economic strategy side. Therefore, I am quite happy for my colleagues to take the lead in answering questions. I may chip in as appropriate, but I just wanted to say that I am very pleased to be at the Committee.

The Chairperson:
Thank you very much, Mr Thomson; I appreciate that. You are very welcome to the Committee.

Mrs Fiona Hepper (Department of Enterprise, Trade and Investment):
On behalf of the energy division, thank you, not only for the opportunity to speak to the Committee today but for the interest that you are taking in energy matters per se, and particularly renewables. At the end of August, we sent a detailed response to your call for evidence covering the relevant policy and DETI-led activities in the renewables space. Since that time, the Executive have agreed the new strategic energy framework (SEF), and the Minister has also made a significant announcement on renewable heat. I will come back to renewable heat at the end of my opening remarks, because you specifically asked me to cover it. However, I will mention the strategic energy framework first.

As Committee members will know from the briefing that I gave to the Committee on 9 November and the recent Assembly take-note debate, the strategic energy framework document sets out the Executive's vision and the policy framework for our energy future over the next 10 years. It also illustrates the key goals, which are a competitive market, security of supply,

sustainability and infrastructure.

As you know, what we aim to do is to achieve a competitive, sustainable, long-term future for energy in Northern Ireland, but we face many challenges in creating a sustainable energy infrastructure that will support economic growth and provide for reliable and competitive energy for Northern Ireland. While fossil fuels continue to dominate local power production and transport, we will, like other countries, continue to suffer from the uncertainties of worldwide shifts in the prices of coal, oil and gas. It is therefore imperative that we increase the levels of power generation from renewable sources not only to improve our security of supply but to facilitate the move towards decarbonising our electricity supply.

Much of the policy in the field of renewables is driven by directives set by member states at EU level. Most recently we were working on the renewable energy directive, which requires member states to ensure that they meet mandatory national targets for energy from renewable sources by 2020. DETI, in association with the Department of Energy and Climate Change (DECC), is working to transpose that directive, and the work on that is well advanced.

At a regional level, we are focused on the strategic energy framework, and we have set what we think are ambitious, but achievable, targets of 40% electricity consumption to be from renewable sources and 10% from renewable heat by 2020. Those targets are evidence-based, and the 40% target in particular is towards the upper limit of what is achievable in the time frame, particularly given the constraints on the grid and other factors. The targets are based on estimated future energy demand projections, and we assume that demand will continue to grow, albeit in a way modified by energy efficiency in future.

To achieve the targets, DETI ensures that the strategy, the policy and the appropriate regulation is in place so that those technologies most able to deliver the targets, to increase the security of supply and to reduce carbon emissions from electricity can do so. In reality, it is likely that the 40% target can be most easily achieved by ensuring the development of relatively large-scale renewable installations. However, DETI also supports the development of microgeneration and smaller-scale installations through the renewable electricity support mechanism — the Northern Ireland renewables obligation (NIRO).

When I briefed the Committee on 9 November, I said that when I came today I would outline

a scenario of how meeting the 40% target would be practically possible. Bear in mind that it is only one scenario of a number that we have in our offshore strategic environmental assessment. The starting point is to ascertain what we mean by 40%. That equates to between 1,600 MW and 1,800 MW of installed capacity of electricity from renewable sources. The Department is keen that the delivery of that be market-led. From that perspective, we take a technology-neutral view, while recognising that the closer-to-market technologies are likely to dominate in the period up to 2020. We leave it to the market to bring forward solutions within the policy framework that we have set.

Large-scale onshore wind is currently the main source of renewable electricity, as you will appreciate, not least because of Northern Ireland's plentiful resource, but also because it is well-developed, mature technology. It is likely that large-scale wind installations will continue to provide a good proportion of the electricity up until 2020, but the 40% target is not a wind target, and that is certainly not the only technology available. We already have work under way on bioenergy, plus work is well advanced on a Crown Estate call for the spring of 2011 that will look at marine and other projects in Northern Ireland waters.

How are we going to reach the target of 1,600 MW? DOE has approved 41 onshore wind installations, which are at various stages of operation and should provide 600 MW. In the planning system there are a further 46 installations, with the potential to generate up to 750 MW. Added to that, the Utility Regulator has already started the process of a call for proposals for the use of the Northern Ireland Electricity (NIE) land bank. It is also referenced in the SEF that, although this call will be technology-neutral, there is potential for a 300 MW biomass power station. In addition, our preparatory work for the Crown Estate call has shown that there is potential for at least 600 MW of offshore wind and 300 MW of tidal and wave in the medium term. We have the potential to exceed 1,600 MW if we add together energy from waste — DOE has approved 32 projects already and another seven are under consideration — and the contribution from a range of other technologies, which are likely to be on a smaller scale, particularly bioenergy such as anaerobic digestion and geothermal.

Therefore, the 40% target is doable, but the scale of the task should not be underestimated. To achieve that target, certain things need to be in place. That has led us to concentrate on a number of issues. In no particular order, those include finance issues, particularly on government incentivisation and private-sector and bank financing, as well as planning issues. Obviously, the

infrastructure is key, particularly the grid, and there needs to be public acceptance of not only renewables but the infrastructure that comes with that. I will say a few words about each of those areas.

The financing of renewable energy is not a particularly simple matter. Government policy is to provide support for renewables through incentivisation rather than through grant support. That gives a longer-term signal to the market and to investors, and the stakeholders have told us that the stop-start nature of grant support is not particularly welcome and, in some places, can give rise to inflated prices. Our main incentivisation tool is the NIRO, which has been very successful so far and has driven the proportion of renewables up threefold since it was introduced in 2005. We need to keep it refreshed and up to date while keeping abreast of important developments that are starting in GB, particularly DECC's work on electricity market reform. DECC will start its consultation before the end of this calendar year, and, as part of that, they will be looking at how to develop the renewables obligation (RO) system in the future.

Just to build on that point, there has been debate on incentivisation, particularly on whether a feed-in tariff or an RO is the best way to encourage investment. In many ways, that depends on who we speak to. I know that a number of different people have given evidence during the inquiry so far, and their preference will depend on who they are and what they are trying to achieve. Some prefer the certainty of a FIT, whereas others prefer the RO. To gather some hard evidence, we commissioned a piece of work by Cambridge Economic Policy Associates (CEPA), and we recently sent that to the Committee. Members might recall that we did not adopt a FIT scheme for two main reasons. First, we did not have the necessary legislative powers in place at the time when GB put a FIT in place. Secondly, and probably more fundamentally, we and the Minister were reluctant to blindly follow a GB lead without a proper understanding of either the impact that a FIT would have on consumers' electricity bills or whether it would help us to get to the target any faster.

The CEPA work concluded that, in the present situation — I stress that it refers to the present situation — both the NIRO and the FIT will incentivise sufficient generation to get us to our 2020 target but that replicating the GB FIT would be much more expensive than using the NIRO. The NIRO represents best value for money in the Northern Ireland context to get us to the target and to keep the costs to the consumer at a minimum, provided that the concessionary level of the NIRO that we negotiated in 2005 can be maintained. If the Northern Ireland obligation level has

to rise to the same level as that in GB, or if the design of the NIRO has to change to fit in better with changes at GB level, an argument can be mounted to move away from it.

Therefore, the overarching conclusion of the research was that Northern Ireland should retain the NIRO for as long as possible and should strive to maintain the lower obligation level. We need to keep that situation under active review, and, should the need arise, we will not preclude moving away from the NIRO to a different form of incentivisation. However, we need to bear in mind that investors need long-term signals, and, given that delivery by 2020 will be challenging, chopping and changing will lead to uncertainty and to consequential delays in investment and deployment.

There is no doubt that there are financing issues and that we cannot keep static. However, there are also issues in the private sector about what it will do. Therefore, we are also looking at, from an energy efficiency point of view, the green deal proposals in GB, which appear to provide finance for energy efficiency completely from the private sector

We are also watching carefully plans for the green investment bank, which, DECC has confirmed, will operate on a UK basis. Plans for that are at an early stage, and details of exactly what the bank is, such as whether it is a bank or a large-scale fund and how it will operate, are being considered by the Department for Business Innovation and Skills (BIS), the Treasury and DECC. We will be kept informed of developments.

We are also alert to the central importance of planning and other consents and how they play in to helping us to deliver our energy targets. We are in frequent contact with the Planning Service and the Environment Agency, both of which have been extremely helpful in the work that we have been doing to date. Linked to that, and developing that point, it is obvious that grid infrastructure is vital and is required to facilitate the expansion of electricity generated from renewable sources.

The current grid, and NIE's short to medium-term plans to sweat the existing asset through new technologies and some upgrades to the 110 kV system, will get us to a figure of around 25%. We will need new grid infrastructure, particularly in the west of Northern Ireland, where the grid is at its weakest, to get us to the 40% target. We will also need the North/South interconnector. We are working with NIE as it develops its plans on the options to help us get to the 40% target.

NIE's work is on schedule for final options to be brought forward in spring 2011. There will be a key role for the regulator to play, as the grid development must be achieved in a cost-effective way. There can be no gold-plating or any extraneous costs for consumers to pick up.

The other key issue in the planning process is the way in which public opinion is expressed and how concerns are raised about the way in which developments are being taken forward. The key to that is to ensure not only that the target can be met but that we educate people and change public attitudes where necessary. Why do we need more electricity transmission and distribution infrastructure? There is a key role for government and the private sector energy companies to play in communications to better explain why renewable energy installations of every kind are needed and why we need the associated grid structure. We are already working with NIE on that, although we appreciate that there is more to be done. We will consider how best to do those joint communications in the future.

Public acceptance is important. There are a lot of mixed messages about infrastructure, renewables and energy efficiency. A lot of gaps need to be filled, and many Departments and private sector organisations are in that space. However, we felt that we needed to take a lead and try to bring some synergies and better direction. Through the sustainable energy interdepartmental working group, we have developed a cross-departmental approach to communications. That was taken to and approved by the Executive on 18 November 2010. The idea is that it will lead to a more joined-up and integrated approach to sustainable energy messaging across government and ensure that more coherent and effective messages are conveyed to the public. It offers the opportunity for the stakeholders, particularly the energy companies, product suppliers and the advisory organisations, to join us, and they have welcomed that. That will ensure that an even stronger message can go out to consumers and the confusion that tends to build up can be avoided.

That leads me to the importance of joined-up government and joined-up working per se. That is important, not least because the SEF is not, and should not be seen, as DETI's document. It is an Executive document, and the wider stakeholder's group in the private sector has a role in it. We all need to pull in the same direction to ensure that we deliver. As I said when I was talking about communications, joined-up government is the starting point. The Executive have provided leadership by embracing and agreeing the SEF, but also by establishing the interdepartmental working group in the first place under the leadership and chairmanship of the Minister of

Enterprise, Trade and Investment.

The formation of that group has already facilitated better cross-departmental working in this area. We recently sent a paper to the Committee on the work that the group has already completed. The communication work has already gone to the Executive, and a couple of additional papers on bio-energy and wider economic impacts will be going to the Executive early in the new year. All but two Departments are represented on that group, along with the external representatives from the regulator and the Sustainable Development Commission.

It is important to realise that the policy on renewables is focused on energy-related issues of security of supply and decarbonisation etc. However, there are also significant economic opportunities both globally and locally. Positioning Northern Ireland as a market leader in the field of renewables is a key role that Invest NI has embraced in the policy that we have set. It was noted in Invest NI's evidence to the Committee that it has designed a strategic framework and action plan to maximise those economic opportunities. We will continue to work closely with Invest NI. There is also a subgroup of the inter-departmental group, and that has been looking at economic opportunities and the skills dimension. That will be coming forward to the Executive in the new year.

Finally, you specifically asked me to cover renewable heat. I already mentioned that the target is set at 10% of heat from renewable sources. The absence of a region-wide gas infrastructure and a heavy reliance on fossil fuels provides a significant opportunity for promoting renewable heat technologies as an alternative choice for consumers. We have already completed a piece of research to show that there is a heat market in Northern Ireland and, to give certainty to the market, the Minister made a statement when we published the results of that work in September.

She announced the outcome of the work and said that a Northern Ireland renewable heat incentive would be the most appropriate form of support and we would take that to the next stage, which was a detailed economic appraisal to assess the value for money etc. She also said that, if the renewable heat incentive went ahead, we would backdate the support to the date of the publication of that report, which, as I said, was in September 2010. All that was designed to give certainty to the market.

Since then, the spending review has seen the Treasury commit to a renewable heat incentive

for GB. As part of that, it has made an offer of £25 million ring-fenced for a renewable heat incentive (RHI) in Northern Ireland, should the Executive wish to accept it. DETI is obviously very keen for the Executive to accept that offer, and we have already commissioned the work on the economic appraisal. That will be a fairly complex piece of work. We need to look at the best model for how a heat incentive would work in a Northern Ireland context, given the different mix of fuels that we have compared with GB. That model will look at the tariff levels that we might set, and it will also have to consider whether we should be looking at it as a Northern Ireland product or whether we should be looking separately at areas that are on-gas versus areas that are off-gas. We hope to have that piece of work finished before the end of March.

The SEF is a starting point, not an end point. It takes us to 2020, and there is a lot of important work that we have to get done over the next 10 years. However, we have to be thinking already about 2030, 2040 and beyond, particularly as part of our wider engagement within Europe and given the EU decarbonisation targets, which are set for 2050. I will stop at that point.

The Chairperson:

Thank you very much indeed for that succinct and very helpful race through all the issues. I want to ask you a fairly basic question, which you rhetorically posed yourself during your presentation. You mentioned 40%, but that is 40% of what? You went on to answer that question by saying that it amounts to, and correct me if I am wrong, 1,600 MW to 1,800 MW of installed renewable electricity. Looking at your document, which you correctly provided to the Committee, I see that you refer to the three power stations that we have, that is, Coolkeeragh, Ballylumford and Kilroot, producing, respectively, 414 MW, 780 MW and 440 MW. That comes to 1,634 MW of installed capacity. Your document goes on to outline what you expect over the next couple of years to 2012. It states:

"Information from DOE Planning shows that DOE has to date approved 41 wind farms totalling 585 MW. A further 46 applications totalling 749MW are currently in the planning process."

If we add those figures together, the capacity is 1,334 MW. Can you explain that to me simply? If you achieve that reasonable target, how near are you to fulfilling or matching the capacity of the three power stations? I know that I am probably wrong to compare those figures as simplistically as I have done, but will you enlighten me as to how I have got it wrong, if I have got it wrong?

Ms Alison Clydesdale (Department of Enterprise, Trade and Investment):

I can try to answer that. The total generating capacity in Northern Ireland is 2·75 GW, and the peak load is around 1·8 GW. Even with an increased amount of renewables generation, we will always need traditional power stations to manage the variability of the wind. Therefore, even if we have enough renewables capacity to match the power stations, we will still need, because of the variability issues, to retain the power stations to manage the renewable capacity.

The Chairperson:

May I stop you there? Does the figure of 1,334 MW not assume that that is a constant? Are you reducing that by 70%? The average for wind power is 30% anyway.

Ms Clydesdale:

It is variable and depends on a number of factors. It depends on the demand at the time, and consumption in the past year has gone down by 6%. It depends on how much renewable resource we can harness at any one time. The wind does not blow all the time, so obviously, there will be periods when wind power is much lower than it was during periods when the wind levels were high. Therefore, that has to be managed. We also have to manage other forms of renewables that come on, such as biomass power stations. Therefore, it is impossible to say that we will definitely reduce all the fossil fuel power stations by a certain amount. However, there will always be a baseload that has to be met at all times.

The Chairperson:

May I stop you again so that I can understand this? I referred to the 1,334 MW. Do we take that at 30% or at 100%?

Ms Clydesdale:

Do you mean the total of the three power stations?

The Chairperson:

No; that is the total renewable electricity that you anticipate will be produced from wind farms.

Mrs Hepper:

We can divide that by approximately three, but, even then, we will get to the 1,600 MW. That is

one of the reasons why we are keen that, when the land bank comes through from the regulator's work, we will look at biomass plants or something else that will provide more constant generation. That is why we are also keen to point out that the 40% is not a wind target but a sustainable target.

The Chairperson:

I will come to that and move on from my calculations.

Mr Thomson:

Another factor that makes calculations hugely complex is, of course, interconnection. We have the Scottish interconnector and the North/South interconnection, and that means that other capacity is coming in through cables. However, we also have the ability to export. Therefore, trying to get those numbers to add up becomes a very complicated model.

The Chairperson:

What you have told us is very helpful, and I will have to reflect on the figures. It has to be said, and you have said this before, that, although the figure is ambitious, it is achievable. Have you, in fact, made calculations of what you may achieve year by year? I know that you have indicated what you might achieve by 2012, but have you done any calculations on that?

Mrs Hepper:

We have not done it year by year up to 2020. One of the key points, which, we are aware, has come through in a number of your evidence sessions, is that we easily have the amount of resource that we need to get to 40%. However, the speed at which we reach that target will be greatly affected by the planning side, which will have a big impact. The number of projects that come forward and the speed at which they get through the Planning Service will be important, as will the speed at which the grid is built. The grid will be a constraint on the achievement of the target. There is no question of that.

The Chairperson:

I think that we have identified clearly during our evidence sessions that the grid is very important and that it has to be improved to take on the renewables. The Planning Service has to co-operate in all that and the interconnector has to be established. Those are givens; we accept that those are our top priorities and will affect the rate at which we achieve that ambitious target.

I would like to come back to one point. You said that you are "technology neutral" and that the target is not really a wind energy target. However, all that I read in the documentation seems to suggest that it is, because the other things seem to me to be add-ons — I was going to say "afterthoughts", but that would be unfair — to the main thrust of your policy, which seems to be wind driven.

Mrs Hepper:

It is not that our policy is wind driven; it is just reflective of what is happening in the marketplace. The wind resource is there, and the technology to harness that resource is more mature. That means that it is less expensive. It is in the marketplace; supply chains exist to produce and install the wind turbines. Other forms of technology will mature over time in the same way as wind technology has matured over time. Therefore, in the medium term, we will see the offshore angle starting to come on board. Those are less mature technologies and are therefore more expensive. We just have to be realistic about that. The target is definitely not purely a wind target, but there is no question that, as I said, the wind element will deliver a significant proportion of that target.

What we have in place through the NIRO in particular, is the incentivisation of other forms of technology as well. In the past year, and even in this year, as part of the work that we are doing on the NIRO, we are proposing an increase in the ROC levels for anaerobic digestion (AD), for example. That is designed to incentivise a technology that we think is on the cusp of coming forward.

The Chairperson:

Can I stop you again? I hear what you say, but we heard from the Department of Agriculture and Rural Development a few minutes ago. Really, very little progress is being made with either biomass or AD. I could not detect any perceptible progress, and I think that my colleagues agree with me on that. That is a big area to be dealt with in land-based renewables. We are really starting from scratch, and it is very hard to imagine how they could have a significant input to the achievement of the target that the Department and Executive have set. I just say that by way of comment; perhaps you would like to come back to me on that.

Ms Olivia Martin (Department of Enterprise, Trade and Investment):

We are diversifying our policy into areas of bioenergy. You will have seen the draft bioenergy action plan, on which we consulted and which we will bring back to the Executive very soon for finalisation. We have not stopped implementing the actions in the draft bioenergy action plan, which was well received by stakeholders. Indeed, the proposal for an increase in the AD ROCs is part of that implementation. The consultation on the NIRO for this year closed recently. We are still considering all the responses, but the overall impression is that the AD industry is very favourable towards the proposed uplift, and there appear to be significant moves towards installation. In fact, some companies have begun installation already on the strength of that proposal.

The Chairperson:

Are you saying that that would stimulate that aspect of the market?

Ms Martin:

Yes, we believe that strongly. However, we stress again that that resource is smaller than the wind resource.

The Chairperson:

Yes, of course. I accept that.

Dr McDonnell:

Thank you, Chairperson. I will probably echo a lot of what you were saying. Among the people who would chew at this bone and who want to be involved in renewable energy, there is a deep frustration that there are gaps. Forgive me, because I do not mean to be offensive to you personally or to the energy division, and I am aware of the stresses and strains under which you operate. Basically, there is a lot of process and that you are ticking a lot of boxes but that there is very little product. I worry when you talk about a marketplace. I do not think that there is a marketplace for renewable energy yet, and I am worried. From my perspective, the Department's energy division needs to take the thing by the scruff of the neck and make something happen.

Perhaps we should be more alert, but a lot of us are alert enough to the scare that we can no longer afford to leave ourselves totally dependent on fossil fuels in the form of Iraqi oil, Iranian oil, Russian gas and so on. Although renewables may be a bit more expensive in the short term,

we need to have the capacity to move quickly into renewables. We need to get to first base. People who I have talked to tell me that you have to be mad and have to have more money than sense to engage in a lot of the renewable stuff. Everywhere I turn, all I get is disappointing stories.

We are, perhaps, the well-intentioned amateurs who are trying to push things forward, and you are the experts. How do we, as a government and an Executive, get this into second gear and out of first gear? We are struggling. Wind energy has, perhaps, caught on and has had a bit of a boost, but the other bits are necessary.

I can think of a lot of individuals, particularly in remote areas, who would be very happy if they could generate a bit of their own electricity, perhaps from wind or, equally, biogas, and channel the surplus gas into car fuel so that they could put it in the tank in the back of their car. How do we get the prototypes? I feel that the onus is on you and me, and on my Committee colleagues and your colleagues, to find ways and means of empowering people to take this on to the next stage and the one after that. There is a deep frustration at the gap between the process and the supply.

For instance, how do we get the City Hospital to set up an incinerator of some sort that will incinerate the hospital's rubbish and waste instead of that waste and rubbish going into a landfill? Perhaps, when it runs out of material, it could use a bit of woodchip or biomass in whatever shape or form to top it up. Eight or nine years ago, this Committee looked at that issue and found that that was done in Denmark. When they ran out of waste wood and so on to put into a burner, they bought a few loads of timber, perhaps willow coppice, and kept the incinerator going. How do we get to that stage? The City Hospital, for instance, spends millions of pounds on energy, heat and so on.

In some ways, we could nearly meet our target with one or two big projects, rather than getting trapped. That is the frustration, and, equally, on the back of this, my impression is that those of you who work in the energy division work hard and that there are too few of you with too many back doors to cover.

I emphasise that that is not a criticism. I am an admirer of what you are doing, but there needs to be twice or perhaps three times as many people in your operation, and we need to develop greater expertise and greater decision-making.

Mrs Hepper:

I will cover some of those points. I appreciate that, when they look from the outside at some of our work, people sometimes think that it is bureaucratic or a case of box-ticking. However, we are doing a considerable amount of work on the strategic environmental assessments that have to be done to ensure that we are compliant with EU directives. If, as a Department, we take the lead on that, do it properly and take that work forward, it sets up a bank of information that developers can access. Then, when developers look for sites on which to put their biomass power stations or offshore wind farms, that work will have been done, and they can capitalise on it. That enables them to move forward at a quicker pace. They can rule out areas that are too environmentally sensitive or can look at a certain area and recognise that they need to change the project to meet requirements.

From that point of view, we are doing some desk work that is not the hugely sexy stuff that will have an impact now. However, it will have an impact later when the developers come forward. Some developers who have worked with us on that and who have analysed it on our key groups are very aware of the importance of the work that we are doing and are helping us to do it. However, they are also aware that, come the time when their projects are finalised and require investment, they have that to fall back on.

Energy from waste, effectively for the City Hospital, has been mentioned. We have been engaging with our colleagues in DOE on that in the context of another European directive, and we are aware that three groups of councils have come together with energy-from-waste projects; namely, Arc21, SWaMP and the North West Region Waste Management Group. That is very important to help us meet our target and to help DOE meet its landfill directive commitments. Those projects will provide approximately 25 MW to 35 MW of capacity. From an energy point of view, there is no issue that people out there are not thinking about those projects and that we can smooth the way from an energy policy point of view. The issues come from the process of getting planning approval, and a number of energy-from-waste projects have fallen at the hurdle of council-level decisions. There is no lack of willingness in DETI and no lack of inventiveness outside the Department.

Dr McDonnell:

Are you the policeman or the enabler?

Mrs Hepper:

DETI is a mixture of both. We are largely an enabler, but we also have to work with our colleagues in the Planning Service, because the planning process is there to serve a purpose and to let the public express their opinion. We have to find innovative ways in which to help those projects get through, and we must ensure that, when they get through, the needs of communities are heard and met.

Dr McDonnell:

How do we get to a situation in which the Department is 80% enabler and 20% policeman?

Mrs Hepper:

Some of our work streams going forward involve active engagement with the Planning Service. We need to ramp that up — there is no question about that. Moreover, we not only need to ramp up our engagements internally with the Planning Service — we will start to do that in January — but we need to educate and communicate with the wider public on renewables, explain why they are needed and improve communication on how we will reach our targets. However, we also need to help companies such as NIE. It has stepped up to the plate to say that it is up for putting the new grid in place and putting in the necessary investment. It is incumbent on us, as an enabler, to help NIE get the message across and to help it with the processes that it has to go through. There is no question that there are big issues concerning public acceptance of new grid infrastructure, energy efficiency and renewables, and, as an individual, I am as guilty as anyone. We know that energy efficiency is a good thing, but all of us do things in certain ways in our own homes, and it is almost lethargy that stops us from taking the next step.

We need to stop confusing the marketplace. External advisory bodies, and Government bodies with an interest in energy, are bombarding the public with slightly different messages. Our work, which we have taken to the Executive, has been to pull this together and funnel it to get more bang for our buck and to bring people with us.

Dr McDonnell:

A man came to me last week who has one of the leading biomass plants, and, because of a minor planning technicality, he had to reapply for planning permission, which was ruled out. That is the sort of frustration that emerges owing to the ticking of two boxes. He was not extending his plant

but was scaling it back. However, that required separate planning permission, which crashed the whole process that he has spent two or three years building with DARD, with respect to grants, and so on. That is where the difficulty comes in and where frustration arises and bad blood is created.

Mrs Hepper:

We will take note of that issue, and we will be engaging with the Planning Service in the new year. It is one of the things that we in joined-up government should be looking at. Our Minister is very supportive of this. She chairs the interdepartmental working group on the matter, and these are the sorts of issues that can be embraced and examined at ministerial level. We should not be allowing hiccups and glitches in the system to stop us in our direction of travel. We have to be aware that the planning process is statutory and we have to make sure that we do not contravene its principles. However, we also need to be aware that we do things to best advantage.

Ms J McCann:

Thank you for your presentation. I do not think that anybody needs to be convinced of the potential for the development of the renewable energy sector to be a key driver of the economy and a way in which to combat fuel poverty and to create jobs.

I have two questions. First, what is the Department's view of and commitment to the green new deal? Secondly, you mentioned financial issues concerning this in your presentation. You also mentioned banking. You said that you want the 40% target to be market-led. Obviously, private investment will be essential to meeting the target. My sense is that it is difficult at the moment, particularly for small and medium-sized enterprises (SMEs), to get loans from banks. Can you give me the name of someone in the Department to whom businesspeople with initiatives can go for advice? I know people who are having difficulties because the banks are not seeing the matter as clearly as you are outlining it here to us. To you, it is real, and you are driving it forward.

Mrs Hepper:

We have seen the group's proposals on the green new deal, and we think that there are some interesting and potentially exciting proposals on energy efficiency. Over in GB, something similar is happening through the green deal proposals, which DECC is moving to legislate for at the moment.

There is going to be an interdepartmental meeting chaired by the Minister for Social Development. The date for that is already in the diary. A number of Departments have a keen interest in the issue and how it can be shaped.

One of the questions that we will bring to the table will be on how the green new deal proposals in Northern Ireland, which could require up to £70 million of Government subvention to pump-prime them, sit alongside the green deal approach in GB, which is private sector-funded. What is the different between the two? Are there good parts of both that can be brought together? What would be the best way to take that forward in Northern Ireland?

That meeting will take place in the next few weeks, and we will play our part. There seems to be a good way forward on energy efficiency and, if it comes to pass, job creation. However, it behoves us to look at the approach in GB, particularly now that government finances are being squeezed. How come the GB approach does not require any subvention? Is it because it is an entirely different beast that might not work in Northern Ireland?

The approach that has been brought forward is quite a creative one, and it is certainly very welcome that the stakeholders have been able to come together and quite quickly shape our approach.

In DETI, we want to give the approach a fair wind, we want to see how it comes together and we want to find the best way forward. We will certainly play our part.

Ms Martin will address the banking issues.

Ms Martin:

One of my colleagues specialises in the NIRO and takes a significant number of calls from developers of all scales about it. He also proactively goes out to inform the developer community about the finance available under the NIRO, explains how it works, and outlines how it is a key reference point of the Government's strategy. Tomorrow, there is an event especially about renewables financing that my colleague will be speaking at to help inform developers of all scales and all technologies of the incentives and how they can leverage bank financing.

Ms J McCann:

What is the name of your colleague?

Ms Martin:

Michael Harris. I can send you his details.

Ms J McCann:

Thank you.

Mr Irwin:

Thank you for your presentation.

I fully agree that education of the general public is vital. To date, that has not really happened. I agree with Dr McDonnell that the issue of waste is going to be a big problem in the future and that local councils will face massive fines. That is something that needs to be looked at seriously.

The interconnector is an issue in my constituency, and there has been a lot of opposition to it from the word go. Mistakes were probably made early in the process before any application was submitted, because the public and local councillors were not made fully aware of the importance of the interconnector to the future. You said that it is very important. It is probably vital, is it not?

Mrs Hepper:

It is a linchpin.

Mr Irwin:

Very few people on the ground would have realised that, and that created a problem. Now there is a public inquiry, so we will have to wait for the outcome of that. The process might have been easier had the path been laid earlier so that people were fully aware of the interconnector's importance. That did not happen, but I am not sure who was at fault.

It is very important for the future that government educates the people. I am not sure how that will be best done. With the interconnector, educating the public was left too late and there was already a lot of opposition on the ground to the proposal, which created a problem that was

difficult for even us, as representatives, to deal with.

Mrs Hepper:

I do not disagree with that. With the benefit of hindsight, perhaps somebody from a Department, be it us or DOE, should have come to the fore and provided that level of education. We do have an opportunity now, with the cross-departmental approach that we are going to take on communications and education, and the fact that a number of the external stakeholders, including NIE and a number of the other advisory groups, are keen that we not only step up the action but involve them in the messaging.

In some ways, it is not too late to educate people about the interconnector. There is still more that we can do. The interconnector is an important piece of economic infrastructure. We have to make the energy infrastructure for Northern Ireland fit for the twenty-first century, and the interconnector is part of that. Generally, across the whole Northern Ireland grid, investment in the grid over the next 10 or 20 years will be the largest investment that there has been since the 1950s and 1960s. We have a grid system that was built in the 1950s and 1960s for a world that no longer exists, so we have a lot of educating to do.

More renewables are good, and security of supply is essential, but that means that more infrastructure is needed. We need to smooth the path for that and find ways around the legitimate objections that there may be. Technology will move on, and we need to harness that. We, as a Department, are not the experts on how to build the grid, so we need to make sure that we are closely aligned with our stakeholders and NIE.

Ms Clydesdale:

I want to add something about the interconnector. The volume of infrastructure required to facilitate the renewables target is likely to be three to four times that provided by the interconnector, so it is reasonable to expect that the arguments being played out now about the interconnector are likely to be replayed with other major pieces of infrastructure. That is something that we recognise.

Mr Irwin:

It is very important that public representatives be fully aware of the seriousness of the situation, especially at the lower levels, such as at council level.

Mrs Hepper:

One of the things that we are keen on doing when we get a programme in place for communications is to take a tour of the councils, if we would be welcome there, and to speak to them about such things. I appreciate that people have legitimate objections and will want to make their views known.

While we are talking about the grid and the interconnector, another point to make is that Northern Ireland has a very small energy market. We have taken some steps to make that bigger and more robust with the single electricity market (SEM), but that is really only step one. When I was talking to the Committee on 9 November, I mentioned the drive and push from Europe, and what we will need to do. The SEM will need to be integrated with the bigger market in the British Isles over the next number of years, and the market in the British Isles will have to be better integrated with Europe. That is the way that market integration is going at European level, and if we do not have the quality of grid in place and the quality of interconnector on the island, we are going to be stuck out on the corner of Europe and very exposed.

Mrs McGill:

You said that you are scheduled to meet the planners some time soon. Can you give me some sense of what kinds of discussions you will have with them and what types of issues you will raise?

Mrs Hepper:

I plan to meet the new chief executive of the Planning Service as soon as our diaries will co-ordinate. The key thing that I want to talk to him about is the interconnector. Obviously, NIE has put its planning application in. It has been asked for some additional information, which, I am told, it will have available in the early part of January. I want to talk about the next phase of the planning process. Obviously, it is only at that point that the Planning Service will be discussing with the Planning Appeals Commission a time for an inquiry to take place. I want to talk to the chief executive about that. It is key infrastructure for Northern Ireland, and I want to ask whether there is a way in which to accelerate or smooth that process without in any way subverting any part of the statutory planning process, and whether there is anything that the Department can do. That is the main issue that I want to address first. My colleagues on either side of me already engage regularly with those further down in the Planning Service, and, through a new planning

group, we want to reinvigorate planning and renewables and look at the day-to-day steps that we can take to smooth out the processes.

Mrs McGill:

That is very welcome. Obviously you will have to discuss the interconnector at a strategic level, but is the group formally in place to deal with the day-to-day stuff?

Ms Martin:

The group is already in place. However, other work in the energy division, such as transposing directives, has had to take priority, so we have had to set the group's work aside for a few months. We want to reinvigorate the group in the new year, when we will deal with smaller-scale, less-strategic but nonetheless important issues.

Mrs McGill:

Will the group deal with, for example, individual applications for wind turbines from farmers and rural dwellers?

Ms Martin:

It will not deal with applications. It will just be about how we can work together better to prioritise renewable energy in the planning system.

Mrs Hepper:

Dealing with applications is correctly a function of the Planning Service. We will want to discuss with the Planning Service our overall approach and direction of travel with the strategic energy framework and the renewables inquiry, the types of technologies that we are incentivising through the NIRO, any novel or contentious issues that that might bring for the Planning Service, and whether we can do anything or offer advice and guidance to help. For instance, we will consider whether we can take on board anything from Planning Service procedures and processes that will, in turn, be helpful to the Planning Service. Therefore, although discussions will not be about strategic-level matters such as the interconnector, they will be more strategic and policy-driven than dealing with individual planning approval applications.

The Chairperson:

Some colleagues are under time pressures, so we are in danger of losing the quorum. Would it be

possible to adjourn now and ask you to come back next week? I am sorry for the inconvenience, particularly to Mr Thomson.

Mrs Hepper:

I am happy to do that if it is helpful to the Committee.

The Chairperson:

What you say is obviously of great importance to the Committee, and I am reluctant to cut short the session. We still have to consider the economic aspects, so I think that it would be better to adjourn taking evidence on your submissions and invite you to come back next week. I hope that that does not cause you any inconvenience.

Mrs Hepper:

We are very happy to accommodate the Committee. When we come back next week, do you want to focus purely on the economic aspects?

The Chairperson:

We will finish off the energy aspects, before moving on to the economic ones. In all fairness, we should concentrate on the economic aspects. Is that all right, Mr Thomson?

Mr Thomson:

That is fine.

The Chairperson:

I think that that would be more satisfactory.