

Written Ministerial Statement

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Enterprise, Trade and Investment

Closure of the Northern Ireland Renewables Obligation to Onshore Wind

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Mr Bell (The Minister of Enterprise, Trade and Investment):

From the outset, it has been my desire to bring the Northern Ireland Renewables Obligation (NIRO) to a controlled and managed end that strikes a balance between three important matters:

- protecting the interests of Northern Ireland consumers;
- protecting investments already made, and securing the investment that is already planned and associated economic benefits; and
- contributing to the Northern Ireland Executive's target on renewable energy.

Whilst renewable energy in Northern Ireland is a devolved matter, it is clear from discussions with the Department of Energy and Climate Change (DECC) that should we maintain a different policy on NIRO closure to new onshore wind than in GB, there could be serious implications for consumers and the renewables industry.

I am keen to optimise the contribution which the renewables sector can make but I am also very well aware of the impact of costs on domestic and industrial energy users and the need to balance the two.

Onshore wind is an important part of Northern Ireland's energy mix and by far our leading renewable technology. The NIRO provides a 20 year commitment of support so existing renewable generation will continue to be supported until 2037. This is likely to further increase the level of renewable electricity from the current 25% to around 30% by 2020. It may also be the case that investment in key infrastructure and market changes can enable Northern Ireland to make the most of the renewable energy that already exists.

On 30 September last year I launched a two week consultation on the proposed closure of the Northern Ireland Renewables Obligation (NIRO) to onshore wind projects of all sizes from 1 April 2016. The consultation proposed exceptions to closure in the form of grace periods for onshore wind projects that were able to meet specific criteria. I successfully negotiated a later eligibility date for wind projects connecting to clusters given that this connection policy is unique to Northern Ireland.

I received some 477 responses from a range of stakeholders including members of the public, independent generators, developers, trade associations, energy suppliers, and Non Government Organisations (NGOs). I have heard from people in rural areas, and those in towns and cities. I have heard from developers of wind farms, farmers and individual householders both in favour of, and against, wind energy deployment.

I am grateful to all those who took the time to respond. The consultation has made it clear that the small scale wind sector objected to the closure of the NIRO in 2016. At the same time I have heard a very clear message from the large scale wind sector which, whilst unhappy with the closure proposals, needs certainty in order to secure financial close and protect investor confidence.

In the period since the consultation closed, I have sought to secure a more favourable outcome for Northern Ireland. I wrote in November 2015 to the DECC Secretary of State (DECC SoS) specifically seeking further flexibility on the closure of the NIRO to small scale wind generators.

The DECC SoS reconfirmed her position that where there is not an equivalent approach to GB closure in Northern Ireland then DECC will seek to protect GB consumers by de-socialising the costs of Northern Ireland projects that do not meet the eligibility criteria that were consulted on. Indeed DECC has already tabled provisions on 18 January in the Energy Bill to allow them to do this.

However, the DECC SoS also confirmed that the cost of projects that do meet the approved development eligibility criteria as set out in the 30 September consultation would continue to be socialised. The vast majority of the existing Northern Ireland pipeline of onshore wind projects are likely to meet these criteria.

In paying for the NIRO, via their electricity bills, Northern Ireland consumers will continue to benefit from the socialisation of these costs across the UK. This benefit is enhanced because of the favourable obligation level which Northern Ireland enjoys compared to the rest of the UK.

Now that DECC has confirmed that costs of eligible projects will continue to be socialised at UK level this enables me to adopt a dual approach to NIRO closure. I have decided that the NIRO will close to new large scale (i.e. above 5MW installed capacity) onshore wind generating stations and existing large scale generating stations adding additional capacity from 1 April 2016 in line with the 30 September consultation proposals. I will consult further on closure arrangements for new small scale (i.e. up to and including 5MW installed capacity) onshore wind and existing small scale generating stations adding additional capacity.

The NIRO will therefore remain open for the time being for small scale projects until further consultation is completed.

Large scale onshore wind projects seeking to accredit after 1 April 2016 will be required to meet the eligibility requirements set out in the consultation (planning permission in place, a grid connection offer and acceptance in place, and evidence of land rights for the site on which their project will be built). This will provide certainty on NIRO closure for these projects as soon as possible.

By closing the NIRO to large scale on wind by 1 April 2016 and consulting again on closure for small scale wind I am ensuring that we meet our renewable electricity objectives while managing the impact on consumer bills and protecting investor confidence.