

Response ID ANON-YZ3T-82N2-4

Submitted to Small-Scale Green Energy Bill Survey
Submitted on 2021-11-17 16:00:51

Introduction

1 Do you consent to your response being published?(Please note this question requires a response)

I consent to my response being published.

2 What is your name?

Name:
Steven Agnew

3 What is your email address?

Email:
steven.agnew@RenewableNI.com

4 Please indicate if you are providing a response:

On behalf of an organisation or business

If on behalf of an organisation or business, please state its name::
RenewableNI

General

5 Do you agree that the Department for the Economy should support the growth of small-scale electricity generation in NI through this Scheme?

No

Please elaborate:

RenewableNI is supportive of small scale renewables and have published a report, Empowering You, which outlines the benefits of providing support for small scale wind.

This Bill looks specifically at micro scale renewables (<50kw) which we recognise have an essential role to play in ensuring everyone can access the benefits of decarbonisation thus contributing to a just transition.

However we do not believe the proposed scheme provides the right mechanism to grow the micro renewables sector.

RenewableNI's membership includes companies engaged in the micro renewables sector. We feel that a wider package of support for home owners, as part of the energy strategy, that includes support for energy efficiency and low carbon heating systems, would be a more strategic way of stimulating investment in micro renewables. A programme of work and analysis is required as part of the Northern Ireland Energy Strategy in the first instance to ensure a holistic approach.

There remain financial, market-based and regulatory issues in this area which should be addressed. The implications of the EU Electricity Directive and the role of microgeneration in reaching at least 70% renewable electricity by 2030 also need to be considered.

In our view, the driver of microgeneration policy should be self-consumption rather than export which is the main focus in this Bill. Self-consumption is where the true value of microgeneration lies for consumers as it provides the ability to reduce energy consumption and bills and play an active part in the transition to net zero. An over-emphasis on export could lead to perverse incentives to over-install in the hope of achieving maximum payments.

While well intentioned, we fear that this Bill may be regressive, in that it would benefit those who can afford to install micro renewables whilst raising network costs for the general consumer, including more vulnerable consumers. These equity issues and potential impact on network tariffs need to be considered as part of a wider approach to microgeneration. The legacy of the NIRO scheme also needs to be factored in to ensure that double subsidisation is not an unintended consequence of any policy decisions taken.

6 Do you believe that such a Scheme would be of assistance to the Department for the Economy in the development of its Energy Strategy and the making of any subsequent legislation to support the Strategy?

No

Please elaborate:

The Department for the Economy (DfE) have consulted widely on proposals for an energy strategy, first through a call for evidence in March 2020 and then having sought feedback on its options paper in March 2021. We believe that DfE is best placed in this instance to evaluate and deliver on proposals to support the micro renewables industry and consumers who wish to reduce the impact of their energy usage.

We do not believe this scheme, while well intentioned, is the correct vehicle for delivering increased uptake of micro renewables.

7 Do you agree that market share is an appropriate way of determining "major electricity suppliers"?

Yes

If yes, what proportion of market share should constitute "major", and if no, what alternative measures would they would suggest.:

RenewableNI has no objection to this aspect of the Bill. We do not have an opinion on the level which constitute a major electricity supplier.

8 Do you agree that a small-scale green energy scheme should require "major electricity providers" to have a 5% of their electricity supply sourced from micro-generated renewable power by a specified date of 1st January 2025?

No

If you would prefer another percentage or date please state what and why:

RenewableNI does not believe that this is an appropriate or strategic way to encourage greater uptake of micro renewables.

As we noted previously, it is critical that future microgen policy in Northern Ireland prioritises self-consumption and energy efficiency-first so that the maximum amount of the energy generated from micro-technologies is consumed onsite. We believe the driver of microgeneration policy should be self-consumption rather than export which is the main focus in this Bill. This is where the true value lies for consumers – the ability to reduce energy consumption and bills and play an active part in the transition to net zero.

Power NI already offer a regulated export tariff and other suppliers are free to do the same and compete should they wish. We do not believe it would be appropriate to impose an obligations such as this in the absence of a market-wide, microgen customer and market settlement arrangement based on real-time data. This market barrier needs to be addressed as part of a framework to efficiently enable the further development of microgeneration and to ensure existing generators are remunerated based on what is actually exported to the grid rather than deemed values/estimates.

The target would not do anything to support the roll out of additional microgen technologies. To grow this or enable domestic consumers in particular to overcome high upfront costs, investment supports are likely to be needed. We would note that the economic consultancy Ricardo produced a report this year for the Department for the Environment, Climate and Communications (DECC) in Ireland which shows a viability gap for microgeneration technologies. An economic assessment of microgeneration should be undertaken as part of the NI Energy Strategy to determine what may be required.

DfE propose to establish a 'one stop shop' for household wishing to lessen the impact of their energy use, seeking to simplify the energy transition for consumers. The proposals of this Bill would likely complicate rather than simplify the options for consumers. When considering how best to support domestic and business consumers to install new microgen, simplicity, cost-effectiveness and consumer preferences should be at the forefront.

We believe investment subsidies/grants are the most appropriate approach for a support scheme at this time. Over time, the investment subsidy can be adjusted as the market matures further. Grants can better help overcome high upfront costs of installation. As the subsidy value is likely to be modest, a one-off investment subsidy would be a more efficient way of allocating support to consumers. According to SEAI research, there is a strong preference for capital grant supports over other forms of support. In general, consumers appear to prefer incentives at the point of purchase. These could be managed by the 'One-stop-shop'.

We would caution against the setting of any target such as the 5% minimum set out in this Bill. Analysis of the contribution microgeneration currently makes needs to be undertaken to inform policy-making in relation to microgen. Microgeneration already contributes approx. 120MW to NI's system. While it might therefore seem attractive to set a higher minimum limit, we would reiterate the risk that this may lead to over subsidisation and additional costs for general consumers.

Green Energy Scheme Objectives

9 Do you agree with inclusion of the following objectives to be considered by the Department when devising a small-scale green energy scheme?

Inclusion of objectives considered by Dept when devising scheme YNO Matrix - Reducing dependency on non-renewable electricity supplied by the Northern Ireland electricity grid:

Yes

Inclusion of objectives considered by Dept when devising scheme YNO Matrix - Reducing environmentally harmful emissions from farms and other businesses:

Yes

Inclusion of objectives considered by Dept when devising scheme YNO Matrix - Increasing the geographical and sectoral diversity of renewable energy inputs to the Northern Ireland electricity grid:

Yes

10 Please elaborate and tell us about any other objectives which should be included.

Any other objectives which should be included?:

RenewableNI supports these objectives. Reducing emissions and increasing renewable energy supply are key. As we have noted above already, the principles of self-consumption, energy efficiency first and equity are critical and should be the key drivers of policy-making in this space.

Energy efficiency– Northern Ireland's approach should be based on the principle of energy efficiency first to ensure that solar panels installed can be utilised to the greatest extent within the building and energy generation is not needlessly lost. Linking any future support scheme with a minimum post-works BER would be sensible for domestic buildings. We note, however, that an approach such as this may not be appropriate for farm buildings or other commercial properties depending on their use. This is because such buildings may not require heating or cooling (for example a dairy shed). It's important that any future NI small-scale energy scheme does not create barriers for any consumer cohort.

Self-consumption – As we have stressed above, the primary benefit of microgeneration is the ability of consumers to reduce their energy bills. Self-consumption should be prioritised and promoted as the main benefit of microgeneration. We note that the Clean Export Guarantee export payment in Ireland will be based on an assumption that 70% will be consumed on site.

Equity - While well intentioned, we fear that this Bill may be regressive, in that it would benefit those who can afford to install micro renewables whilst raising network costs for the general consumer, including the most vulnerable consumers. These equity issues and potential impact on network tariffs need to be considered as part of a wider approach to microgeneration. The legacy of the NIRO scheme also needs to be factored in to ensure that double subsidisation is not an unintended consequence of any policy decisions taken.

Cost-effectiveness – An economic assessment of microgeneration looking at barriers and costs of installation need to be undertaken to ensure any scheme is cost-effective, competitive and fair for consumers and market participants.

Price Tariffs

11 Do you agree that there should be a fixed minimum price tariff for exporting micro-generated renewable power into the grid?

No

If not, what alternative model would you propose and why?:

As we note above, Power NI already provide a regulated tariff for the export of electricity from micro renewables back to the grid. This tariff takes account of factors including forecast wholesale energy prices. Other suppliers are free to offer microgen export tariffs and compete should they wish to do so. There are also other players active in the market.

The trend in GB, Ireland and across the EU has been towards remuneration for export on a market-value approach rather than setting of minimum price tariff. Suppliers can set the export payment as long as it reflects the market value of the electricity exported to the grid and aligns with EU and other regulatory requirements. We would favour this approach in Northern Ireland in keeping with trends in other jurisdictions.

We do not believe it would be appropriate to impose an obligation on suppliers to offer a microgen tariff in the absence of a market-wide, microgen customer and market settlement arrangement based on real-time data. This market barrier needs to be addressed as part of a framework to efficiently enable the further development of microgeneration and existing generators are remunerated based on what is actually exported to the grid rather than deemed values.

12 What should the price tariff be set at?

What should the price tariff be set at?:

RenewableNI does not support the proposed approach. Please see our answer to Q7.

13 For how long should the minimum price tariff be offered to generators?

How long should minimum tariff be offered to generators? :

RenewableNI does not support the proposed approach. Please see our answer to Q7.

14 Do you agree that "micro-generated renewable power" should be defined at a maximum of 50kw?

Yes

If not, what should it be defined as and why?:

Technologies

15 Technnologies: Do you agree with the inclusion of the main micro-generation technologies in the Bill as above.

Yes

Are there any other technologies which should be included:

Review and Revision

16 Do you agree that the Department for the Economy should review the Scheme "from time to time"?

Yes

Should there be a specific review interval and, if so why and what should it be?:

Yes. If implemented, RenewableNI believes the scheme should be reviewed after one year of operation and then every three years thereafter.

17 Do you agree any review of the Scheme should consider the following:- Macro-economic conditions;- Unit cost prices of renewable energy; and - The financial stability and performance of electricity providers.

Yes

Would you add any further criteria to be considered as part of the review of the Scheme?:

RenewableNI is content with these criteria. In general, we believe policy development in this space should take account of and be aligned with the NI Energy Strategy, ensure competitive and sustainable market outcomes, and the potential impact on consumers particularly those who may be experiencing energy poverty. Prioritising self-consumption, energy efficiency first and equity are also key as we highlight above.

Suspension, Costs and Comments

18 Suspension and Revocation: Do you agree that the Department for the Economy should be able to suspend or revoke the Scheme, or part thereof?

Yes

Please elaborate:

Yes, it is important that the scheme can be revoked if deemed harmful.

19 Costs: What costs do you believe the 'Scheme' described in this Bill would generate?

How do you:

While unable to quantify the exact cost for consumers, RenewableNI reiterates this view that the Bill, as proposed, primarily benefits existing owners of micro generating units many of whom will already be in receipt of ROC payments and those who can already afford to install micro renewable generating units, while passing on costs to the general consumer, including those least able to pay.

20 Any additional comments?

Any additional comments on the Bill?:

RenewableNI believes support for renewables needs to be considered more broadly as part of the wider energy strategy, rather than taking one scale of technology in isolation. Micro renewables can, and in our view, should, be supported through a scheme to support the retrofit of existing buildings as well as building regulations that require renewables on all new builds.