



**Consultation: Closure of the Northern Ireland Renewables
Obligation to new onshore wind in 2016**

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The Consumer Council welcomes the opportunity to respond to the Department for Enterprise, Trade and Investment's (DETI) consultation on the closure of the Northern Ireland Renewables Obligation (NIRO) to new onshore wind in 2016.

The Consumer Council supports DETI's proposal to close the NIRO to all new onshore wind projects from 1 April 2016.

DETI states¹ that currently the average NI household pays £17.25 per year to support the incentivisation of renewable energy via the NIRO. Within this current consultation DETI sets out that retaining the 2017 closure date for all wind projects would add around £5 per annum to this amount for the next 20 years.

This is an additional 29% to the contribution currently paid by NI consumers. Based on the current NI domestic consumer base (c.788k households) this would cost consumers an additional £79 million in total. This additional cost will be borne by consumers who unfortunately already have the highest level of fuel poverty (42 per cent), and has the lowest level of gross disposable household income, in the UK².

Retaining the 2017 NIRO closure date would also lead to increased costs for businesses in NI. The Utility Regulator's quarterly transparency report³ already shows that NI has the third highest electricity prices in the European Union for industrial and commercial customers. DETI's estimated £10k per year increase on a Large Energy User's electricity costs that would result from retaining the 2017 closure date needs to be considered against its potential impact on NI's overall economic competitiveness.

The Consumer Council recognises the impact this decision will have on developers who have begun the application process to connect onshore wind renewable technology but will not meet the closure deadline of 1 April 2016

¹ CFD Implementation in NI—Strategic issues Discussion Paper

² <http://www.ons.gov.uk/ons/guide-method/compendiums/compendium-of-uk-statistics/economy/index.html>

³ NIAUR Quarterly Transparency Report August 2015

and who do not meet the grace period eligibility criteria decision. However, this impact must be balanced against the overall cost that would be borne by NI consumers (both domestic and business) over next 20 years if the NIRO closure date was extended until 2017.

NI's existing renewable generation capacity, combined with the additional capacity expected to be connected by the time of the closure of NIRO, and its associated grace periods, will leave NI in a position where c.30% of electricity consumed in the region is generated from renewable sources. The Consumer Council recognises that this is a significant achievement.

However, the Consumer Council believes a real opportunity still exists in promoting and developing energy efficiency measures. Reducing the amount of energy NI uses will deliver the benefits of decreased carbon emissions and reductions in consumers' bills.

Reducing energy use will also mean NI's existing renewable energy generation infrastructure will make a greater contribution in percentage terms to the total amount of energy consumed. This in turn will help in achieving the target of 40% renewable electricity consumption by 2020.

The Consumer Council responded to DETI's *CFD Implementation in NI—Strategic issues Discussion Paper* which sought stakeholder's views on the potential participation of NI in the Contracts for Difference (CFD) scheme on a UK-wide basis, following the closure of the NIRO. As stated in our response, it is our view that NI should not participate in the CFD because inclusion would result in significant cost increases for electricity consumers with no guarantee of any benefit to the NI economy. As part of the overall picture it is important that clarity is given to both consumers and developers on whether NI intends to participate in the CFD scheme.

For more information or to discuss any aspect of this response please contact Andy McClenaghan on 02890 251 621 or andy.mcclenaghan@consumercouncil.org.uk.



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