



Department of

**Enterprise, Trade  
and Investment**

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**Supplementary Consultation to the 30 September 2015 NIRO  
closure consultation to onshore wind.**

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# **Closure of the Northern Ireland Renewables Obligation to new small scale onshore wind**

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March 2016

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## Ministerial Foreword



On 4 March I published my decision to close the Northern Ireland Renewables Obligation (NIRO) to new onshore wind generating stations over 5MW installed capacity and consult again on closure of the NIRO to new onshore wind up to and including 5MW. This decision took into account the many responses I received from a range of stakeholders including members of the public, independent generators, developers, trade associations, energy suppliers, and Non Government Organisations (NGOs).

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.

Therefore it is important to understand the context within which this consultation is set. The DECC Secretary of State has already included a backstop power in the Energy Bill which will prevent GB electricity suppliers from meeting their obligation by using NIROCs from onshore wind projects accrediting from 1 April 2016 under certain conditions. While DECC has been clear that this power will not be applied to projects that meet the 30 September 2015 eligibility criteria set out in the original consultation, the risk remains that the further we delay closure of the NIRO the greater the risk of DECC legislating to restrict the tradability of NIROCs. This, I believe is a situation that would benefit no one.

The DECC Secretary of State (SoS) has agreed to give me time to consult on small scale closure before she makes a decision on whether or not to exercise the backstop power. However she has advised that she would propose to make her decision in May.

In recognition of this timescale and my desire to bring the NIRO to a managed and controlled end, which may prevent DECC exercising their backstop power, I have authorised a 6 week consultation on closure arrangements for new onshore wind up to an including 5MW.

I would welcome your views on these proposals.

A handwritten signature in black ink that reads "Jonathan J. Bell". The signature is written in a cursive style and is positioned above a horizontal line.

**Jonathan Bell MLA**  
**Minister of Enterprise, Trade and Investment**

# INTRODUCTION

# 1

## **Purpose of this Paper**

- 1.1. This paper sets out policy proposals in relation to the closure of the Northern Ireland Renewables Obligation (NIRO) to new small scale (projects up to and including 5MW installed capacity) onshore wind projects.

## **Background**

- 1.2. On 30 September 2015, the DETI Minister, Jonathan Bell MLA consulted on the proposed closure of the NIRO to all sizes of onshore wind from 1 April 2016. The consultation proposed exceptions to closure in the form of grace periods for onshore wind projects that are able to meet specific criteria.
- 1.3. In issuing the 30 September consultation, the Minister explained the rationale for his proposal to align with the approach being taken in Great Britain by the Department of Energy and Climate Change (DECC). This maximised the contribution of the onshore wind sector at least cost to NI energy consumers.
- 1.4. However, in the period since the consultation closed, the Minister sought to secure a more favourable outcome for Northern Ireland and wrote in November 2015 to the Secretary of State for Energy and Climate Change (DECC SoS) informing her of the tone of the almost 500 responses to the consultation and raising issues which result from her decision on early closure of the Renewables Obligation to onshore wind. The Minister specifically sought further flexibility on closure of the NIRO to small scale wind generators.

- 1.5 A response was received from the DECC SoS in late December which reconfirms her position that where there is not an equivalent approach to GB closure in NI, DECC will legislate to protect GB consumers. This will prevent GB suppliers from meeting their obligation using NIROCs from projects accrediting from 1 April 2016 that do not meet the grace period eligibility criteria.
- 1.6 The DECC Secretary of State has said that if NI wishes to support projects that do not meet the eligibility criteria it will have to cover the costs of these projects. DECC has taken a 'backstop' power in the Energy Bill to protect GB consumers.
- 1.7 The response received from the DECC SoS in December also confirmed that the cost of projects that do meet the eligibility criteria as set out in the 30 September consultation will continue to be socialised.
- 1.8 In light of this, on 4 March 2016, DETI published a consultation response to the proposed early closure of the NIRO to new large scale onshore wind in April 2016. This was to provide clarity to the large scale onshore wind industry. The Renewables Obligation Closure Order (Northern Ireland) 2016, which closes the NIRO to large scale onshore wind from 1 April 2016, is now in operation.

### **Rationale for consulting again**

- 1.9 The 30 September 2015 consultation was based on an understanding that there was an 'all or nothing' approach to NIRO closure and that any departure from the agreed UK position at that time would have resulted in the de-socialisation of all NIRO costs (including those projects that met the eligibility criteria).
- 1.10 Since the 30 September consultation, the position at UK level has been clarified by DECC i.e. that the costs of projects that do meet the 30 September eligibility date will continue to have their costs socialised and only projects that do not meet the eligibility criteria will have their NIROCs classed as non-redeemable by GB suppliers. Given this, the Minister felt that it was necessary to consult again.
- 1.11 This paper sets out proposed alternative NIRO closure arrangements to small scale onshore wind up to and including 5 MW.

### **How to respond**

- 1.12 Responses to this consultation should reach DETI on or before **9 May 2016** and should be sent, preferably by e-mail, to:

[NIRO2016@detini.gov.uk](mailto:NIRO2016@detini.gov.uk)

or by post to:

**Renewable Electricity Branch  
Department of Enterprise, Trade and Investment  
Netherleigh  
Massey Avenue  
BELFAST  
BT4 2JP**

All responses should include the name and postal address of the respondent.

## **Confidentiality & Data Protection**

- 1.13 Your response may be made public by DETI and placed on the DETI website as part of the consultation process. If you do not want all or part of your response or name made public, please state this clearly in the response by marking your response as 'CONFIDENTIAL'. Any confidentiality disclaimer that may be generated by your organisation's IT system or included as a general statement in your fax cover sheet will be taken to apply only to information in your response for which confidentiality has been specifically requested.
- 1.14 Information provided in response to this consultation, including personal information, may be subject to publication or disclosure in accordance with the access to information regimes (these are primarily the Freedom of Information Act 2000 (FOIA) and the Data Protection Act 1998 (DPA)). If you want other information that you provide to be treated as confidential, please be aware that, under the FOIA, there is a statutory Code of Practice with which public authorities must comply and which deals, amongst other things, with obligations of confidence.
- 1.15 In view of this, it would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on the Department.

## **Copies of the Consultation**

- 1.16 This document is being produced in electronic form and may be accessed on the DETI Energy website: [www.energy.detini.gov.uk](http://www.energy.detini.gov.uk) or may be obtained from the address above or by telephoning 028 9052 9240.
- 1.17 If you require access to this document in a different format – eg Braille, disk, audio cassette, larger font – or in a minority ethnic language please contact the Department on 028 9052 9240 and appropriate arrangements will be made as soon as possible.

# SMALL SCALE ONSHORE WIND CLOSURE PROPOSALS AND GRACE PERIODS

## 2

### Confirmation of DECC position

- 2.1 The Department of Energy and Climate Change (DECC) has introduced legislation to protect GB consumers if Northern Ireland adopts a different policy position to DECC. This would arise should NI continue to incentivise ineligible onshore wind projects beyond 31 March 2016.

### DECC Backstop Power

- 2.2 On 18 January 2016 DECC tabled a clause in the Energy Bill to prevent GB suppliers from meeting all or part of their obligation by presenting NIROCs from an onshore wind generator that does not meet the early closure eligibility criteria. The Bill is expected to achieve Royal Assent in April.

- 2.3 While the impact of DECC's action cannot be predicted with any certainty, possible consequences include:

- (i) Onshore wind accrediting from 1 April 2016 which does not meet the eligibility criteria

Such projects could still continue to accredit under the NIRO and be entitled to receive NIROCs for the 20 year duration. However, they could not sell their NIROCs to suppliers in GB and would therefore be restricted to selling within the much smaller NI market. It is possible that NI suppliers may continue to buy these NIROCs, but given the limitations of other markets within which they can be sold, there is the possibility that NI suppliers could offer a reduced price. This may have implications for a project's long term viability.

- (ii) Onshore wind accrediting from 1 April 2016 which does meet the eligibility criteria

These projects, which would make up the majority of projects accrediting from 1 April 2016, would still be able to trade their NIROCs in Great Britain. However, there is the risk that GB suppliers might choose to simply avoid all NIROCs issued to onshore wind generators accredited from April 2016. We understand that non-redeemable NIROCs would need to have unique identifiers. This could make even eligible projects unattractive to investors.

- (iii) Existing generation

Generators accredited before 1 April 2016 are not impacted by the powers. However, there is the risk that GB suppliers might avoid all NIROCs in future to reduce the risk of presenting ineligible NIROCs. Alternatively, NI suppliers might prefer to buy 'non-redeemable' NIROCs at a reduced rate in favour of more expensive 'normal' NIROCs. Both scenarios could have implications for an existing project's viability.

- 2.4 The clause in the Energy Bill to prevent GB suppliers from redeeming NIROCs demonstrates DECC's commitment to protect GB consumers from any divergence in closure policy by NI.
- 2.5 The backstop powers are aimed at projects accrediting under the NIRO which do not meet the approved development grace period eligibility criteria of 30 September 2015. DECC Ministers have stated this position publicly. As explained above, while it is possible to speculate on the effects in NI, the impact will depend on the reaction of individual suppliers in NI and GB, investors' and developers' response to the GB provisions and whether DECC takes forward the secondary legislation. **The risk of DECC legislating further remains and increases the longer the NIRO remains open to new onshore wind projects up to and including 5MW.**

## DETI Proposals

- 2.6 In developing closure options at this juncture, consideration has been given to the responses the Department received from the small scale onshore wind sector from the previous closure consultation. Three options are examined with differing closure dates, each with their own benefits and potential implications.
- 2.7 An option to keep the NIRO open beyond 2017 has not been considered as this will definitely result in non-redeemable NIROCs being issued. In addition any such option would trigger a banding review and would incur additional administration costs from Ofgem as the scheme would by then be closed to the rest of the UK. It could also be considered out of step with the already confirmed closure of the NIRO to non-wind generating stations on 31 March 2017, and large scale wind generating stations on 31 March 2016.

- 2.8 In addition, given DECC's view that the NIRO must close on equivalent terms to GB (where equivalent terms are defined as the 30 September 2015 eligibility date as consulted on in the 30 September consultation document) or take steps to ensure consumers in Northern Ireland bear the costs of this, none of the options consider changing the existing approved development conditions eligibility date i.e. 30 September 2015.
- 2.9 It should be noted that in all the options below Ofgem will not accept any evidence of meeting approved development eligibility criteria (i.e. proof of planning permission, accepted grid offer and land rights) or grace periods until an application for accreditation is submitted.

The options that have been considered are listed below:

#### **Option 1 – Close on 30 June 2016**

- 2.10 This option retains the existing approved development conditions eligibility date i.e. 30 September 2015 but extends closure to non-eligible projects (i.e. which do not meet the approved development criteria) from 1 April 2016 to 30 June 2016.

This option does not disadvantage eligible projects that meet the approved development criteria, which will still have until 31 March 2017 to commission and accredit under the NIRO.

#### **Grid or radar delay grace period**

This option would provide non-eligible projects (i.e. which do not meet the approved development criteria) with a 12 month grace period (1 July 2016 - 30 June 2017) if they meet the grid or radar delay grace period requirements.

It would also provide a 12 month grace period (1 April 2017 – 31 March 2018) for eligible projects (i.e. those which meet the approved development grace period criteria) if they meet the grid or radar delay grace period requirements.

#### **Investment freeze condition**

This option would include an investment freeze condition for projects that meet the approved development criteria, which is equivalent in length to the period from June 2015 (the date DECC announced closure of the Renewables Obligation (RO) to new onshore wind from 1 April 2016) until the necessary closure legislation is in place. This would be 12 months if legislation was in place in June 2016 i.e. three months longer than in GB. This would allow projects that meet the investment freeze grace period until 31 March 2019 to commission and accredit should they also meet the approved development and grid or radar delay grace period criteria. Therefore existing eligible projects will benefit from this longer investment freeze grace period.

## Conclusion

This option may be considered as broadly equivalent to GB closure by DECC.

It may be possible to avoid DECC enacting the 'backstop power'. Under these circumstances, restricted NIROCs would not be introduced into the NI market, however the backstop power would remain in the legislation.

This option has no adverse impact on projects which meet the 30 September 2015 criteria, but may help ineligible projects which could not get commissioned and accredited by 1 April 2016. However, with the current restrictions on grid connections it is not known how much, if any, additional MWs of renewable generation could meet this timescale. NIE Networks are currently consulting on alternative connections proposals for small scale generation and a decision is expected in April/May.

## **Option 2 – Close on 30 September 2016**

- 2.11 This option also retains the existing approved development conditions eligibility date i.e. 30 September 2015 but extends closure to non-eligible projects from 1 April 2016 to 30 September 2016.

This option does not disadvantage eligible projects that meet the approved development criteria which will still have until 31 March 2017 to commission and accredit under the NIRO.

### Grid or radar delay grace period

This option would provide non eligible projects with a 12 month grace period (1 October 2016 -30 September 2017) if they meet the grid delay grace period requirements.

It would also provide a 12 month grace period for eligible projects (1 April 2017 – 31 March 2018) if they meet the grid or radar delay grace period requirements.

### Investment freeze condition

This option would also include an investment freeze condition for projects that meet the approved development criteria, which is equivalent in length to the period from June 2015 (the date DECC announced closure of the RO to new onshore wind from 1 April 2016) until the closure legislation is in place. This would be 12 months if legislation was in place in June 2016 i.e. three months longer than in GB. This would allow eligible projects that meet the investment freeze grace period until 31 March 2019 to accredit. Therefore existing eligible projects will benefit from this longer investment freeze grace period.

## Conclusion

It is unlikely that DECC would consider this as broadly equivalent to GB closure and would likely result in DECC exercising their power to restrict GB suppliers from redeeming NIROCs.

This option has no adverse impact on projects which meet the 30 September 2015 criteria, but may help ineligible projects which could not commission and accredit by 1 April 2016. However, with the current restrictions on grid connections it is not known how much, if any, additional MWs of renewable generation could meet this timescale. NIE Networks are currently consulting on alternative connections proposals for small scale generation and a decision is expected in April/May.

### **Option 3 - Close on 31 March 2017.**

- 2.12 This option would allow all small scale onshore wind projects to continue to accredit under the NIRO up to 31 March 2017.

#### Grid or radar delay grace period

This option would also include a 12 month radar or grid delay grace period (1 April 2017 – 31 March 2018) for all small scale onshore wind projects that meet the grid or radar delay grace period requirements.

- 2.13 This option would not provide for an investment freeze grace period given the extension of the closure date to 2017.

## Conclusion

- 2.14 Under this option, we assume that projects which do not meet the 30 September 2015 eligibility criteria would have their NIROCs restricted i.e. they could not be traded outside NI. This would mean that there would be restricted NIROCs within the NI market which could negatively impact on all NIROC trading with GB suppliers, and potentially reduce the overall NIROC value. The full impact of having restricted NIROCs within the NI market is difficult to determine, however there could be a significant risk to the overall NIROC value, which could affect existing as well as new stations.

- 2.15 Diagrams setting out the timescales for Options 1 and 2 are provided at **Annex A.**

### **Minded to position**

- 2.16 Option 1 has the greatest chance of preserving socialisation of NIRO costs. Options 2 and 3 carry a significant risk of DECC legislating to prevent GB suppliers from redeeming NIROCs from non eligible projects. The risk to the integrity of the NI renewables market is so great that closing the NIRO to new small scale onshore wind on 30 June 2016 is the proposed option.

## Proposed eligibility and evidence criteria for grace periods

2.17 The provision of grace periods will be determined by the Minister's decision on NIRO closure to new small scale onshore wind following consideration of all responses.

### Options 1 or 2 only

2.18 Projects which seek to accredit under the NIRO after 31 March 2016 and which meet the approved development eligibility criteria outlined below fall within the policy approach agreed with DECC at the time of the 30 September consultation.

2.19 These projects must be able to demonstrate to Ofgem at the time of accreditation that they meet the approved development conditions i.e. they are in possession of the following by 30 September 2015:

- (i) Relevant planning permission dated no later than 30 September 2015;
- (ii) A grid connection offer and acceptance of that offer, both dated no later than 30 September 2015 or confirmation that no grid connection is required; and
- (iii) A declaration confirming that, as at 30 September 2015, the developer or proposed operator of the station owns the land on which the station is to be situated or has an option or agreement to purchase or lease the land or is party to an exclusivity agreement in relation to the land.

2.20 Projects that satisfy the early closure grace period criteria, and for which they will need to apply to Ofgem, would be able to accredit under the NIRO up to 31 March 2017. If they cannot accredit by that date due to unforeseen grid or radar delays for which they are not responsible, they may apply for a further grace period of 12 months up to 31 March 2018.

2.21 Projects that do not satisfy the early closure grace period requirements would have up to 30 June 2016 under Option 1 and 30 September 2016 under Option 2 to commission and accredit. If they cannot accredit by that date due to grid or radar delays, they may apply for a further grace period of 12 months up to 30 June 2017 under Option 1 or 30 September 2017 under Option 2.

### Option 3

2.22 The approved development eligibility criteria apply only to projects accrediting under the NIRO before 1 April 2017. It does not therefore apply to Option 3. However, under this option, projects that cannot accredit by 31 March 2017 due to unforeseen grid or radar delays for which they are not responsible, may apply for a grace period of 12 months up to 31 March 2018.

2.23 The criteria for the radar or grid delay grace period are set out at **Annex B**.

### **Investment freezing grace period**

- 2.24 DECC has introduced clauses in the Energy Bill introducing an investment freezing grace period for projects which meet the approved development grace period criteria but have not been able to secure financial investment during the period between the Secretary of State's announcement of 18 June 2015 and Royal Assent of the Energy Bill. This is based on evidence gathered by DECC that certain projects are experiencing an investment freeze. This arises when financiers are unwilling to lend to projects until Royal Assent is achieved for the Bill due to ongoing legislative uncertainty.
- 2.25 DETI is of the view that the uncertainty created by the DECC announcement on 18 June 2015 led to unavoidable uncertainty in Northern Ireland. If onshore wind projects in Northern Ireland have experienced delays in reaching financial close due to this uncertainty then they should be afforded the same consideration as projects in Great Britain.
- 2.26 In GB, it is proposed that the investment freezing grace period will equate to the length of time from DECC's announcement on early closure i.e. 18 June 2015 until the Energy Act becomes law. This is expected to be a total time of approximately nine months.
- 2.27 An investment freezing grace period has now been introduced in Northern Ireland for large scale wind projects that have been unable to secure financial investment as a result of uncertainty created by DECC's decisions on support for onshore wind. This consultation now proposes a similar grace period for small scale wind projects in Northern Ireland.
- 2.28 The time period proposed for small scale wind projects will be equivalent to the length of time from DECC's 18 June 2015 announcement until the NI legislation is in place. This would be 12 months if legislation was in place in June 2016.
- 2.29 The policy adopted for small scale wind projects would follow that proposed for large scale wind projects and GB developers. Projects which satisfy the investment freezing condition must also demonstrate that they satisfy the approved development grace period conditions. How the investment freezing grace period will work in practice will be determined by the outcome of the consultation and the date the associated legislation is made.
- 2.30 The information that projects will need to provide to satisfy the investment freezing condition is detailed in **Annex C**.

## Issues of clarification from 30 September 2015 consultation in relation to eligibility criteria

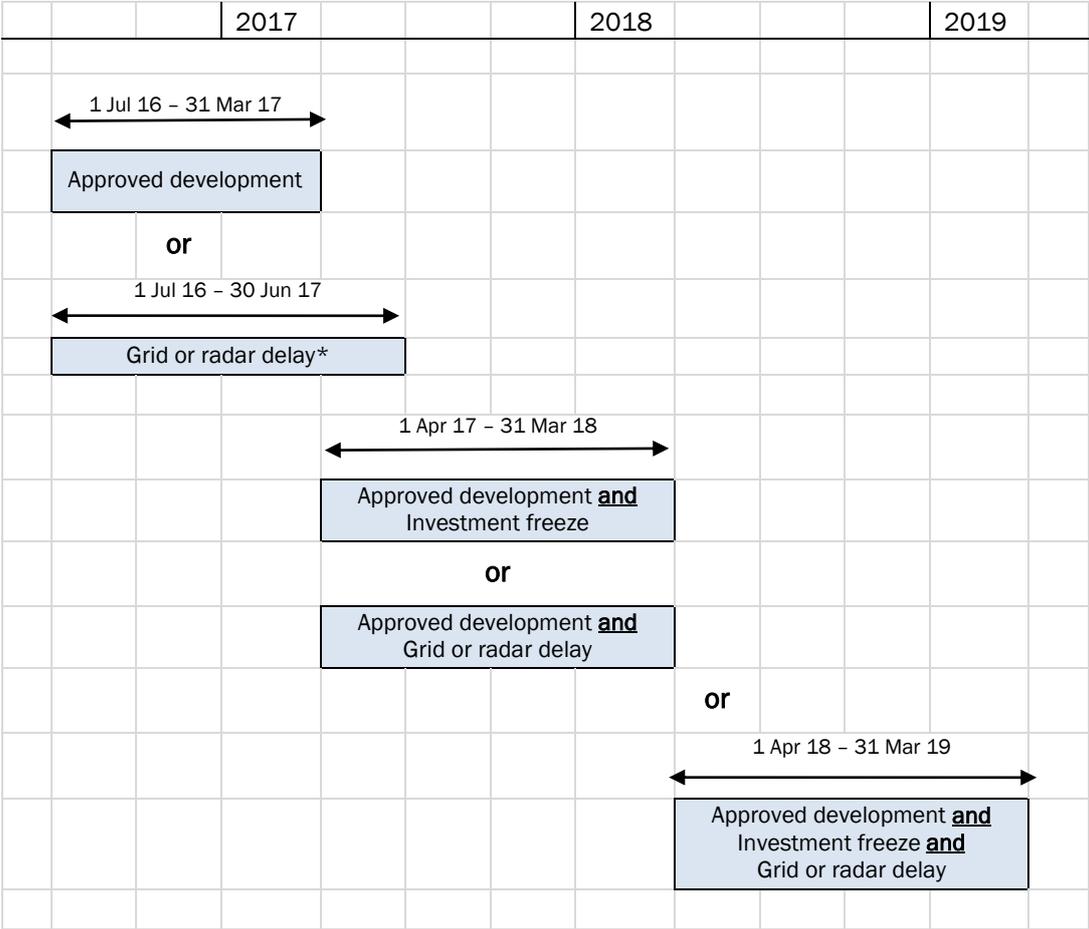
- 2.31 The 30 September consultation raised a number of points of clarification which the 4 March 2016 consultation response sought to answer.
- 2.32 Many of the issues are not and will not be set out as requirements in legislation. Instead, they will be open to interpretation by Ofgem at the time of accreditation. This includes amendments to existing planning approvals and zero export solutions. These are set out in **Annex D**.

### Consultation question

Given the constraints within which DETI operates, which closure option do you believe provides the most feasible way forward for the majority of the renewable industry and consumers?

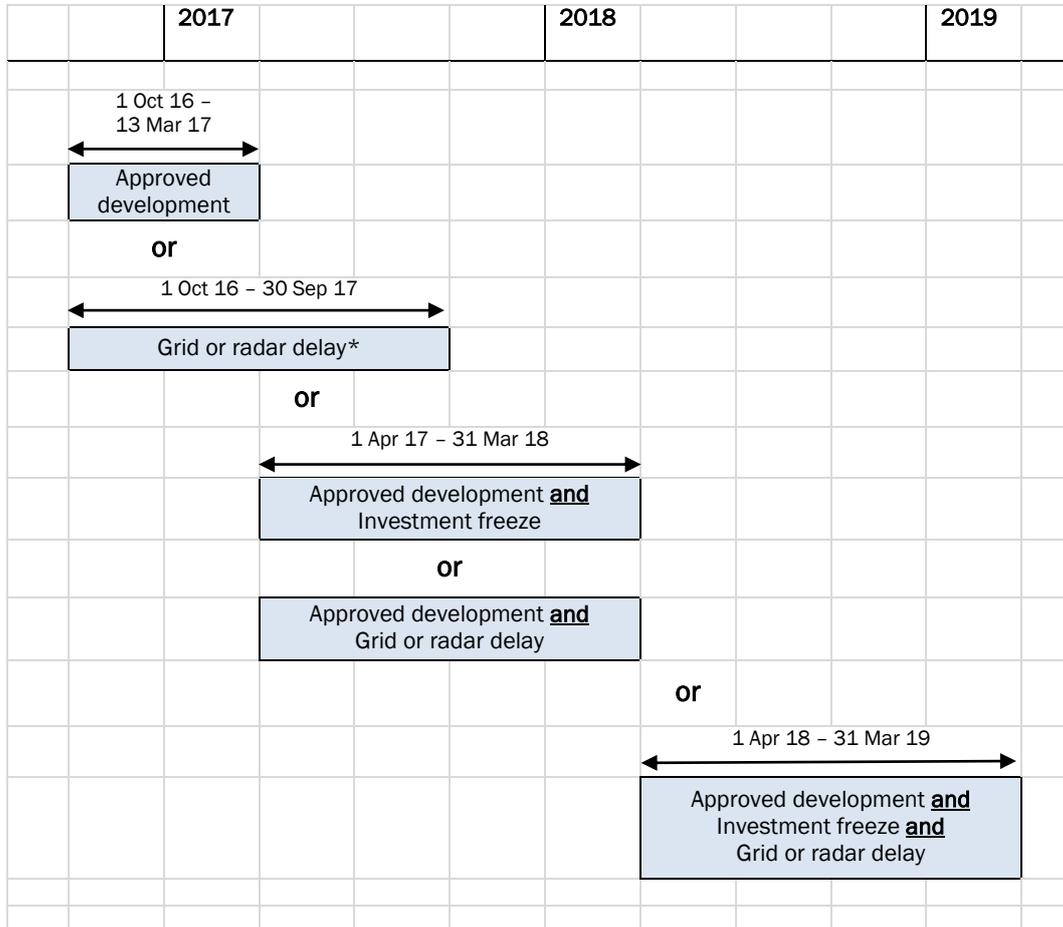
Grace periods options and associated timescales

**Option 1: Close on 30 June 2016**



\* This grace period applies to projects which do not meet the approved development eligibility criteria but can demonstrate a grid or radar delay due to unforeseen circumstances.

**Option 2: Close on 30 September 2016**



\* This grace period applies to projects which do not meet the approved development eligibility criteria but can demonstrate a grid or radar delay due to unforeseen circumstances.

## Grid and Radar Grace Period Criteria

Type	Duration	Evidence
Grid Connection	12 months	<ol style="list-style-type: none"> <li>1. Grid connection agreement consisting of: <ul style="list-style-type: none"> <li>• A grid connection offer;</li> <li>• Acceptance of that offer;</li> <li>• A letter from NIE Networks which confirms that at the date of receipt of the connection application for the proposed generating station it was the intention to complete the relevant grid works no later than 30 June 2016/30 September 2016/31 March 2017/31 March 2018*.</li> </ul> </li> <li>2. A written declaration by the generator that to the best of their knowledge, the generating station would have been commissioned on or before 30 June 2016/31 March 2017/31 March 2018* if the connection had been made on or before the grid connection date.</li> <li>3. A letter from NIE Networks confirming that the relevant grid works were completed after 30 June 2017/31 March 2018/31 March 2019 (whichever is applicable), and, in NIE Networks' opinion, the failure to complete the relevant grid works on or before 30 June 2016/30 September 2017/31 March 2017/31 March 2018* was outside of the control of the generating station developer and was not due to any breach by a generating station developer of any agreement with the relevant network operator.</li> </ol>
Radar	12 months	<ol style="list-style-type: none"> <li>1. A copy of a radar works agreement specifying a radar works completion date which is no later than 30 June 2016/30 September 2016/31 March 2017/31 March 2018*;</li> <li>2. A letter from a party to the radar works agreement who is unrelated to the generator/developer confirming that the radar works were completed after the agreed date and that the failure to complete the radar works on time was not due to any breach of the radar works agreement by the generator / developer; and</li> <li>3. A written declaration by the generator that, to the best of their knowledge and belief, the station would have been commissioned on or before 30 June 2016/30 September 2017/31 March 2017/31 March 2018* if the radar works had been completed on or before the radar works completion date.</li> </ol>

\* Depending on which option is finally chosen

### Investment Freeze Grace Period Criteria

#### Information required to satisfy the Investment Freezing Condition

The proposed investment freezing condition requires operators of affected projects to provide a declaration stating that, to the best of the operator's knowledge and belief that as at the date of coming into operation of the NIRO closure legislation for small scale onshore wind:

- (i) funding from a recognised lender was required before the station could be commissioned or additional capacity could form part of the station;
- (ii) the recognised lender was not prepared to provide funding until the NIRO closure legislation for small scale onshore wind was made because of uncertainty over whether the Order would be made, or its wording if made; and
- (iii) the station would have been commissioned, or the additional capacity would have formed part of the station, on or before 31 March 2017 if the funding had been provided before the NIRO closure legislation for small scale onshore wind was made.

The operator of the project will also be expected to secure a letter or other document, dated on or before the date which is 28 days after the NIRO closure legislation for small scale onshore wind is made, from a recognised lender confirming (whether or not the confirmation is subject to any conditions or other terms) that the lender was not prepared to provide funding in respect of the station or additional capacity until the legislation is made, because of uncertainty over whether the legislation would be made or its wording if made.

A 'recognised lender' is 'a provider of debt finance which has been issued with an investment grade credit rating by registered credit rating agency'.

The investment freezing condition is intended to work in the same way as existing grace periods relating to the closure of the NIRO. There is no separate application to determine eligibility for the grace period or for the additional time for projects affected by an investment freeze – projects just need to submit the required evidence to demonstrate eligibility at the time they apply to Ofgem to accredit under the NIRO.

## Annex D

# Eligibility Clarifications arising from the 30 September 2015 consultation

### Clarification issues in relation to approved development eligibility criteria

#### Planning

##### **Amendments to existing planning approvals**

In relation to amendments to an existing planning approval for a wind turbine, DETI will not move to legislate on this issue. Instead, it will be up to developers to satisfy Ofgem at the time of accreditation that the evidence they have provided for the 'approved development' condition relates to the station their accreditation application is for.

##### **Planning appeals**

Clauses have been introduced in the Energy Bill to allow GB projects which had planning permission refused at the time of the relevant grace period eligibility date but subsequently overturned on appeal to be eligible for the approved development grace period.

We have considered the possibility of replicating the GB position however we have reluctantly concluded that the lack of a statutory time period for planning appeals to be heard in Northern Ireland combined with historically different planning/grid policy approach adopted in Northern until recently makes a comparison with GB unworkable.

Any NI projects which are successful in appeal after the eligibility date are in any case unlikely to be in possession of an accepted grid connection offer dated no later than the relevant grace period eligibility date. This is because up to 30 July 2015, evidence of planning permission was required by NIE Networks as part of a grid connection application for generation connections. This policy was subsequently changed following a Determination by the Utility Regulator.

Any solution that would require a later eligibility date for accepted grid connection offers and/or an elongated grace period, would be inconsistent with the eligibility criteria consulted on and hence is likely to be considered as ineligible by DECC. DECC has confirmed that GB suppliers will not be able to redeem NIROCs from any project that is considered ineligible.

## **Grid connection**

### **Off-grid and zero export connection**

Off-grid connections are connections which are entirely without connection to the electricity network. As no grid connection is necessary, a declaration from the generator stating such will be required. The declaration should be submitted to Ofgem along with the other evidence demonstrating that the project meets the eligibility criteria when applying for accreditation. Ofgem will not accept eligibility evidence prior to application for accreditation.

Zero export connections are still required to undergo the normal grid connection application process with NIE as an assessment of the impact is still required. Therefore, if a project does not have an accepted grid connection offer for zero export by the relevant date, it will not meet the eligibility criteria.

In the case where a grid connection offer was made but subsequently withdrawn (i.e. a NIE conditional offer), such projects will not be in a position to meet the accepted grid offer criteria and are thus ineligible to accredit under the NIRO after the NIRO closure date.

### **G83/1 Stage 1 'Fit and inform' connections for Small Scale Embedded Generators (SSEGs)**

These onshore wind microgenerators typically connect to the NIE Networks' electricity grid under the principles of Engineering Recommendation G83/1. Typical schemes are:

- Single phase wind technologies which generate up to a maximum of 3.68kW of electricity. These will typically be connected to domestic premises. An existing single phase connection must already be available.
- Three phase wind technologies which generate up to a maximum of 11.04kW of electricity. These will typically be connected to a farm or small commercial premises. An existing three phase connection must already be available.

In order to comply with G83/1 stage 1, the applicant is required to notify NIE Networks that a connection has been made to the network. As a formal application for connection is not required, onshore wind which conforms with the G83/1 stage 1 connection process is not required to demonstrate evidence of an accepted grid connection offer by 30 September 2015. Instead, such projects will be required to make a declaration that the generating station is subject to the G83/1 stage connection process. However, by their nature, G83/1 projects will not be able to avail of the grid delay grace period in 2017/18.

### **G83/1 Stage 2 connections**

The G83/1 stage 2 process covers the connection of multiple SSEGs (other than within a single Customer's Installation) in what NIE terms as a 'Close Geographic Region', under a planned programme of work. In the case of projects where the proposal is to install

multiple SSEGs in a close geographic region, NIE will need to assess the impact that these connections may have on the network and specify conditions for connection.

As this may require a formal grid connection process, G83/1 stage 2 projects which seek to accredit under the NIRO during 2016/17 will have to demonstrate evidence, dated no later than 30 September 2015, of NIE Networks agreement in principle that a connection can proceed, or that a Connection Offer has been accepted.

### **NIE Networks letter**

Where appropriate, NIE Networks will issue a letter to those projects which have not received an estimated connection date at the time of accepting a connection offer. This letter is intended to fulfil the legislative requirement for the developer to provide a copy of a document written by or on behalf of the network operator which estimated or set a date for completion of the relevant grid works.

Ofgem will provide guidance in due course on what they would expect to see in letters related to the grid or radar delay grace period. It should be noted that Ofgem will not accept any evidence of meeting approved development eligibility criteria or grace periods until an application for accreditation is submitted. DETI continues to raise the issue of the NIE networks letter at the NIRO closure working group.

### **Land Rights**

One of the approved development conditions criteria is a declaration by the operator of the station that, to the best of the operator's knowledge and belief, as at 30 September 2015 a relevant developer of the station or additional capacity (or a person connected, within the meaning of section 1122 of the Corporation Tax Act 2010, with a relevant developer of the station or additional capacity)—

- (a) was an owner or lessee of the land on which the station or additional capacity is situated;
- (b) had entered into an agreement to purchase or lease the land on which the station or additional capacity is situated;
- (c) had an option to purchase or to lease the land on which the station or additional capacity is situated; or,
- (d) was a party to an exclusivity agreement in relation to the land on which the station or additional capacity is situated.

This is consistent with the approach taken for closure to large scale onshore wind and in Great Britain. The Department acknowledges that there may be many differing scenarios in relation to land rights and transfer of ownership. In those situations the applicant may wish to take their own independent legal advice in order to satisfy themselves that they meet this criteria.

### Equality Assessment

Under section 75 of the Northern Ireland Act 1998, the Department is required to have due regard to the need to promote equality of opportunity:

- between persons of different religious belief, political opinion, racial group, age, marital status or sexual orientation;
- between men and women generally;
- between persons with a disability and persons without; and
- between persons with dependants and persons without.

In addition, without prejudice to its obligations above, the Department is also required, in carrying out its functions relating to Northern Ireland, to have regard to the desirability of promoting good relations between persons of different religious beliefs, political opinions or racial group.

We have carried out an equality screening exercise in relation to these proposals and found that they do not have any significant equality impact. A full Equality Impact Assessment, therefore, is not required. The equality screening form can be accessed on the DETI website<sup>1</sup>.

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<sup>1</sup> [http://www.detini.gov.uk/index/deti-about-home/equality-section-75-of-the-ni-act-1998/equality\\_screening.htm](http://www.detini.gov.uk/index/deti-about-home/equality-section-75-of-the-ni-act-1998/equality_screening.htm)



Dep.....

# Enterprise, Trade and Investment

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