

EXPLANATORY MEMORANDUM TO

THE RENEWABLES OBLIGATION (AMENDMENT) ORDER (NORTHERN IRELAND) 2015

2015 No 287

1. Introduction

- 1.1 This Explanatory Memorandum has been prepared by the Department of Enterprise, Trade and Investment to accompany the Statutory Rule (details above) which is to be laid before the Assembly.
- 1.2 The Rule is made using powers conferred by Articles 52 to 55F and 66(3) of the Energy (Northern Ireland) Order 2003 and is subject to the draft affirmative resolution procedure.

2. Purpose

- 2.1 This Statutory Rule amends the Renewables Obligation Order (Northern Ireland) 2009 (the “2009 Order”) by changing Renewables Obligation Certificate (ROC) support levels for solar photovoltaic (PV) generating stations with an installed capacity up to 50kW.

3. Background

- 3.1 Articles 52 to 55 of the 2003 Energy Order provide the framework for the introduction of an obligation (a ‘renewables obligation’) on electricity suppliers requiring them to demonstrate the supply of electricity from renewable energy sources to consumers. The current detail of that obligation (the Northern Ireland Renewables Obligation (NIRO)), which was introduced in 2005, is contained in the Renewables Obligation Order (Northern Ireland) 2009.

Policy Objectives of the Statutory Rule

- 3.2 The proposed Renewables Obligation (Amendment) Order (Northern Ireland) 2015 introduces revised ROC levels for solar PV generating stations with an installed capacity up to 50kW. The proposed amendments follow consultation in 2014 on ROC levels for small sale onshore wind, hydro, anaerobic digestion and solar PV. Changes are being made to solar PV to reflect falling technology costs.

3.3 The new levels of support will be:

Solar PV	Up to 30 Sep 2015	1 Oct 2015 – 30 Sep 2016	1 Oct 2016 – 31 March 2017
	(ROCs/MWh)	(ROCs/MWh)	(ROCs/MWh)
Up to 50 kW	4	3	2

3.4 The revised ROC levels have been informed by evidence provided through the consultation process which concluded on 25 September 2014.

4. Consultation

4.1 In July 2014, DETI published a consultation paper setting out proposed ROC banding levels for onshore wind, hydro and anaerobic digestion with a maximum installed capacity up to 5 Megawatts (MW) and solar photovoltaic (PV) up to 250 Kilowatts (kW).

4.2 The consultation proposed a reduction from 4 ROCs to 1.6 ROCs for solar PV generating stations up to 50kW installed capacity and from 2 ROCs to 1.6 ROCs for generating stations above 50kW and up to 250kW installed capacity. The consultation also proposed a 6 month grace period for those generating stations which expected to commission and accredit under the Northern Ireland Renewables Obligation (NIRO) before 1 April 2015 but, for reasons outside their control, experienced a delay in connecting to the grid.

4.3 The consultation closed on 25 September 2014 and on 18 December 2014, DETI confirmed that existing ROC banding levels would be retained until 1 October 2015 and not 1 April 2015 as previously intended. This was to take account of the longer than anticipated time taken to consider all the evidence received.

4.4 The Department's response was published on 29 January 2015. The response confirmed that existing ROC levels for small scale onshore wind, anaerobic digestion and hydro technologies will remain unchanged until the closure of the Northern Ireland Renewables Obligation (NIRO) to new applicants from 1 April 2017. It also confirmed that solar PV up to 50kW will receive 3 ROCs until 30 September 2016 after which date there will be a reduction to 2 ROCs for new stations seeking accreditation under the NIRO. Solar PV above 50kW up to 250kW will continue to receive 2 ROCs.

5. Equality Impact

5.1 The Renewables Obligation is a market-based mechanism whose rules apply in a non-discriminatory way to its participants. The proposed changes will not alter this position.

6. Regulatory Impact

6.1 An initial Regulatory Impact Assessment was completed on the proposed policies set out in the small scale banding review consultation and a final Regulatory Impact Assessment was completed on the final policy decision.

7. Financial Implications

7.1 The NIRO is a market-led support mechanism through which the cost of support to renewable generators is borne by electricity consumers across the United Kingdom. There are no financial implications for DETI. The proposed changes to ROC levels introduced in this Order are expected to save consumers approximately 7 pence per annum on an average annual bill when ROCs reduce from 4 to 3 in October 2015 and a further 7 pence when they reduce in October 2016 to 2 ROCs. This is based on anticipated deployment rates of approximately 50MW per annum.

8. Section 24 of the NI Act 1998

8.1 This Rule does not contravene section 24 of the Northern Ireland Act 1998.

9. EU Implications

9.1 There are no associated EU implications.

10. Parity or Replicatory Measure

10.1 The solar PV changes are Northern Ireland specific. It is proposed that the rule will be laid before the NI Assembly in early June with the intention that it will come into operation with effect from 1 July 2015.

11. Additional information

11.1 Not applicable.