EXPLANATORY MEMORANDUM TO

THE RENEWABLES OBLIGATION (AMENDMENT) ORDER (NORTHERN IRELAND) 2016

2016 NO [XXXX]

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 The proposed Rule, will introduce amendments to the Northern Ireland Renewables Obligation (NIRO) in relation to the reporting requirements and sustainability criteria for stations using solid biomass and biogas feedstocks to generate electricity.

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 detail of that obligation (the Northern Ireland Renewables Obligation (NIRO)) is contained in the Renewables Obligation Order (NI) 2009. The NIRO is the main policy measure for supporting the development of renewable electricity in Northern Ireland.

3.2 This Amendment Order is being introduced in parallel with similar legislation for the two Renewables Obligations in Great Britain. This will ensure that generators utilising biomass across the UK are bound by the same requirements.

Policy Objectives of the Statutory Rule

3.3 The proposed Renewables Obligation (Amendment) Order (Northern Ireland) 2016 implements policy decisions in relation to the reporting requirements and sustainability criteria for stations using solid biomass and biogas feedstocks to generate electricity. These amendments are:

(1) Making compliance with the sustainability criteria mandatory for generating stations of 1MW or above which use solid biomass and biogas.

(2) Tightening the greenhouse gas (GHG) emissions targets for 2020 and 2025 and averaging GHG emissions across the year.

(3) Technical adjustments to the reporting requirements and sustainability criteria for solid biomass and biogas that include:

- Replacing the definition of "saw log" in the NIRO with a requirement to use a definition for saw logs which matches the local specification for saw logs in place where the sawmill operates and to reference details of the local specification used.

- Replacing the current requirement to report on tree species with a requirement for generators to report on the proportion of wood used which is hardwood and the proportion which is softwood.

- Requiring a report on whether any wood used was likely to have come from protected or threatened species.

- Providing exemptions from the timber standard for:

  - arboricultural residues (urban areas)
  - material removed from non-forest land for ecological reasons

- Adding 'highly biodiverse grasslands' to the list of protected land types in the land criteria.

4. Consultation

4.1 A number of consultations took place on the changes contained in the amending Order.

- A supplementary consultation on enhanced sustainability criteria for the use of biomass feedstock was held between October 2012 and January 2013[1]. DETI's response was published in October 2013[2].

- Technical adjustments to sustainability and reporting provisions for solid and gaseous biomass were consulted on between October and November 2014[3]. DETI's response was published in March 2015[4].

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1 www.detini.gov.uk/sites/default/files/consultations/deti/niro_2012_consultation_on_solar_pv_and_biomass.pdf
2 www.detini.gov.uk/sites/default/files/publications/deti/Government%20Response%20to%20Biomass%20Sustainability%20Consultation.PDF
3 www.detini.gov.uk/sites/default/files/consultations/deti/adjustments-sustainability-reporting-provisions-for-biomass.pdf
4 www.detini.gov.uk/sites/default/files/publications/deti/Government%20Response%20to%20Adjustments%20to%20Reporting%20Provisions%20and%20Sustainability%20Criteria%20for%20Biomass.PDF

4.2 DETI sought input from the Department of Agriculture and Rural Development (DARD) prior to consulting. A Rural Proofing Statement was completed in March 2015.

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 A Regulatory Impact Assessment was completed in January 2014 on the original consultation to enhance the sustainability criteria for the use of biomass feedstock.

7. Financial Implications

7.1 There are no additional costs to the consumer arising from these amendments. The requirement to provide information on the biomass used, and to provide a sustainability audit report, will impose some administrative costs on generators using biomass. It should be noted that biomass generators below 1MW are not obliged to provide a sustainability report to Ofgem. The majority of biomass projects in NI (including those using anaerobic digestion) would be below 1MW. Ofgem will incur costs in monitoring and enforcing the new information and audit requirements. Ofgem is able to recover its costs from the buyout fund.

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 The NIRO, in tandem with the other UK Renewable Obligations, forms an important part of the UK's compliance with the Renewables Directive (2009/28/EC).

9.2 The provisions relating to sustainability criteria and reporting for biomass have been notified under Directive 98/34/EC of the European Parliament and of the Council of 22 June 1998 laying down a procedure for the provision of information in the field of technical standards and regulations (the Technical Standards Directive).

10. Parity or Replicatory Measure

10.1 Biomass sustainability changes are being introduced on a UK-wide basis.

11. Additional information

11.1 Not applicable.

ENERGY DIVISION
Department of Enterprise, Trade and Investment
January 2016