

# ***Consultation on phase 2 opening of the Northern Ireland Sustainable Energy Programme to competition and the new operational arrangements and the Programme Framework Document***

***Comments by***

**Northern Ireland Environment Link**

**18 July 2010**

Northern Ireland Environment Link (NIEL) is the networking and forum body for non-statutory organisations concerned with the environment of Northern Ireland. Its 58 Full Members represent over 90,000 individuals, 262 subsidiary groups, have an annual turnover of £70 million and manage over 314,000 acres of land. Members are involved in environmental issues of all types and at all levels from the local community to the global environment. NIEL brings together a wide range of knowledge, experience and expertise which can be used to help develop policy, practice and implementation across a wide range of environmental fields.

These comments are agreed by Members, but some members may be providing independent comments as well. If you would like to discuss these comments further we would be delighted to do so.

Prof Sue Christie, Director  
Northern Ireland Environment Link  
89 Loopland Drive  
Belfast, BT6 9DW  
P: 028 9045 5770  
E: [Sue@nienvironmentlink.org](mailto:Sue@nienvironmentlink.org)  
W: [www.nienvironmentlink.org](http://www.nienvironmentlink.org)

*Northern Ireland Environment Link is a Company limited by guarantee No NI034988 and a Charity registered with Inland Revenue No XR19598*

## **Introduction**

We welcome the opportunity to participate in the consultation process on phase 2 opening of the Northern Ireland Sustainable Energy Programme to competition and the new operational arrangements and the Programme Framework Document. Energy efficiency is a key aspect of sustainable energy use and it is necessary to provide financial incentives to improve the energy efficiency of domestic properties. NIEL fully supports the aims and objectives of NISEP and we are particularly pleased that phase 2 will continue to allocate 80% of funding to vulnerable customers in view of the high rate of fuel poverty in Northern Ireland. What is less pleasing is that the proposed incentive scheme fails to give adequate support for renewable energy technologies with the result that NISEP will fail to provide socially and environmentally sustainable long term energy supplies, and this is claimed to be one of its three aims.

## **Comments on Specific Questions in the Consultation Document**

### **1.0 Background**

Q1 NIEL supports the aims and general form of NISEP. We support energy efficiency, the provision of socially and environmentally sustainable long term energy supplies and the achievement of best value for consumers while having due regard for vulnerable customers.

Q2 We agree that only fit and proper organisations should be permitted to register as primary bidders.

Q3 The criteria set out in section 1.4 of the draft Framework Document should ensure that only fit and proper organisations register.

Q4 We approve the accedence document set out in Appendix 8 of the draft Framework Document and we agree that all registered primary bidders (including licence holders) should be required to sign the accedence document.

Q5 We believe that the criteria set out in 1.4 are sufficient.

Q6 The responsibilities of the primary bidder are clear and adequate and the terms and conditions are clear.

Q7 We agree with the objectives of and reasons for an incentive mechanism.

Q8 We agree that the quality of measures is a central issue and that incentives should be withheld where significant quality issues are not dealt with. The circumstances listed appear to be comprehensive.

Q9 NIEL agrees with the other circumstances under which incentives may be reduced or energy savings apportioned.

Q10 We agree that the methodology suggested is the best method of ensuring that the aims and objectives of the programme are achieved.

Q11 We agree that the Framework Document is set out in a clear and understandable format.

Q12 There are no sections that need to be clarified.

Q13 The Framework Document delivers its stated aims and objectives.

Q14 The Programme timetable as set out is clear and understandable.

Q15 We recognise that costs for vulnerable customers may often result in schemes involving the use of fossil fuels but we would hope that NISEP will promote the adoption of renewable technologies wherever possible.

## **2.0 Phase 2 Opening the NISEP to Competition**

Q2 We agree that only fit and proper organisations, who are financially and technically capable of delivering NISEP schemes, should be permitted to register as NISEP primary bidders.

Q3 The registration criteria set out in section 1.4 of the draft Framework Document appear to be appropriated and their application should ensure that only fit and proper organisations register.

Q4 The accedence document set out in Appendix 8 of the draft Framework Document would appear to be fit for purpose. We agree that all registered primary bidders (including licence holders) must sign the accedence document.

Q5 We believe that the criteria set out in 1.4 are adequate and fit for purpose.

Q6 The responsibilities of the primary bidder as regards operating schemes in accordance with their bid are clear and comprehensive and the terms and conditions are also clear.

## **3.0 Incentives and the Incentive Mechanism**

Q7 We agree with the objectives of and reasons for an incentive mechanism.

Q8 We agree that the quality of measures is a central issue and that incentives should be withheld where significant quality issues, as defined in the consultation paper on page 18, are not dealt with.

Q9 We agree with the other circumstances under which incentives may be reduced or energy savings apportioned.

Q10 We do not agree fully with the AECOM recommendation on the incentive mechanism because it does not appear to address the fundamental problem that it is difficult to bring renewable energy schemes forward on the basis of cost effectiveness. The proposed incentives are based on the Programme Administrator's assessment of what is appropriate given the technology type. We believe that renewable energy schemes should always be given priority over fossil fuel based schemes because they are

inherently more sustainable and the recommended option as described in the consultation paper does not achieve this.

#### **4.0 NISEP Framework Document**

Q11 We agree that the Framework Document is set out in a clear and understandable format.

Q12 No sections of the Document need to be clarified.

Q13 We do not agree that the Framework Document delivers its stated aims and objectives. It delivers an increase in the efficiency in the use of energy at best value to consumers while also having due regard for vulnerable customers. However, it does not deliver socially and environmentally sustainable long term energy supplies because it fails to promote adequately renewable technologies. It therefore fails in one of its three aims.

Q14 The Programme timetable as set down in the Framework Document is clear and understandable.

Q15 It is much easier to measure and control cost effectiveness than sustainability of energy efficiency measures. However, a good attempt must be made to promote sustainability or NISEP will be fundamentally flawed and will ultimately fail. Short term savings will be made but these are useless in the long term. We cannot rely on the Programme Administrator's assessment of appropriate technology in every scheme and there will always be economic pressure to adopt the cheapest solution. Without adequate promotion of renewable energy, NISEP will be doomed to failure.