



Belfast City Council

Report to:	Strategic Policy and Resources Committee
Subject:	Consultation on DETI Draft Strategic Energy Framework for Northern Ireland 2009.
Date:	18 th September 2009.
Reporting Officer:	Mr. William Francey, Director Health and Environmental Services (ext. 3260).
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Relevant Background Information

In 2004, the Department of Enterprise, Trade and Investment published its first Strategic Energy Framework, which tasked government with reducing Northern Ireland's energy costs relative to other UK/EU regions, building a competitive energy market, enhancing the sustainability of Northern Ireland's energy and maintaining a reliable energy supply.

A performance review of the 2004 Framework was completed during 2008 and concluded that the abovementioned four objectives should remain key priorities for Northern Ireland. DETI subsequently sought Assembly approval for the development of an updated Strategic Energy Framework, which would also take account of the increasing need to tackle climate change and ensure security of energy supply, set against a backdrop of supporting continuing economic development.

Key Issues.

The 2009 Strategic Energy Framework describes its main objectives under the four interrelated themes of competitiveness, security of supply, sustainability and infrastructure. Key actions under these themes are summarised as follows:-

Competitiveness - DETI will continue to promote the Single Energy Market with a view to securing the lowest wholesale electricity price and will encourage more companies to enter the energy supply market. DETI will also encourage greater links with other European regional energy markets. Within Northern Ireland, DETI will continue to extend the gas network, encourage investment in combined heat and power, improve 'smart' metering provision and promote greater energy efficiency within industrial and commercial sectors.

Security of supply – DETI will work with partners to strengthen the electricity grid and will maximise the consumption of indigenous renewable electricity and heat. DETI will also investigate the feasibility of establishing underground gas storage facilities, of utilising compressed air energy storage and of maintaining oil stock in Northern Ireland.

Sustainability – DETI will improve electricity grid infrastructure to enable 40% of electricity to be generated from renewable sources by 2020. DETI will also implement the Strategic Action Plan for offshore wind and marine-based renewables and will increase the amount of heat from renewable sources to at least 10% by 2020.

Infrastructure – DETI has committed to strengthening the electricity grid, identifying opportunities for installing district heating systems, investigating opportunities for distributed generation and encouraging a shift from oil to gas for domestic heating.

The Framework also outlines a range of actions for encouraging better engagement and for fostering collaborative working between government Departments and NIAUR. Finally, the Framework considers the financial implications of developing the electricity grid, generating renewable electricity and extending the gas network.

In publishing the draft Strategic Energy Framework for Northern Ireland 2009 for consultation, DETI has included a range of questions for consideration by consultees. The Council has sought to respond to questions where applicable by way of its consultation response. The draft response is detailed in Appendix A.

Resource Implications

Financial.

N/A

Human Resources.

N/A

Asset and Other Implications.

N/A

Recommendations

The Strategic Policy and Resources Committee is invited to endorse the attached consultation response in respect of the draft Strategic Energy Framework for Northern Ireland 2009 consultation and to recommend that it be submitted to the Department of Enterprise, Trade and Investment by 30th September 2009. At the time of submission, DETI will be advised that comments are subject to Council ratification at its meeting of 1st October 2009.

Key to Abbreviations

DETI - Department of Enterprise, Trade and Investment.

EU - European Union.

NIAUR - Northern Ireland Authority for Utility Regulation (responsibility for regulation of the electricity, gas and water and sewerage industries within Northern Ireland).

Documents Attached

Appendix A - Belfast City Council Consultation response to the draft Strategic Energy Framework for Northern Ireland 2009.

Appendix A.

Belfast City Council Consultation response to the draft Strategic Energy Framework for Northern Ireland 2009.

Chapter 2 – Competitiveness.

Question 2 - Is greater availability of natural gas the most effective means of delivering greater fuel choice, security of supply and lower carbon emissions?

Although natural gas is one of the least polluting fossil fuels, it is recommended that the draft Strategic Energy Framework does not prioritise this fuel at the expense of incentivising the development of other more sustainable energy sources such as inshore and offshore wind and solar power, which have been identified as viable long-term energy sources.

Question 5 - How can the job creation potential of the renewable energy sector be maximised?

Northern Ireland is highly dependent upon fossil fuel for electricity and heat and virtually all of this fuel is currently imported, in the form of oil, coal, gas and electricity. Given that around 40% of Northern Ireland's electricity will have to be generated from indigenous renewable sources, if an appropriate regional contribution to the European Union 20:20:20 targets (a 20% cut in emissions of greenhouse gases by 2020, compared with 1990 levels; a 20% increase in the share of renewables in the energy mix; and a 20% cut in energy consumption by 2020) is to be made, Belfast City Council considers that delivering this contribution presents significant opportunities for new business creation, existing business development and the creation of significant value-added jobs. Given Northern Ireland's rich engineering heritage, it is evident that significant experience and skills exist already within the manufacturing sector, much of which can be relatively easily adapted to the development of the "clean technologies" required to help meet these stringent targets. However, given the current low level of renewables development, it is considered that a fresh approach to the stimulation of this market is required. The development of a consortium / cluster of expertise and experience may be one method of stimulating local industry in order to fulfil its potential.

Question 6 - Do you think that supporting businesses to increase their resource efficiency will lead to improved competitiveness?

Increasingly, businesses are becoming aware of the need to become more sustainable from both a financial and environmental standpoint. However, all too often businesses believe that these two areas are mutually exclusive, given the enduring perception that environmental improvement is associated with higher costs. Belfast City Council believes that there is considerable merit in working with the business community in order to educate them in the compatibility of these two areas. It is considered that any support that can be provided to businesses to make them more energy efficient, particularly in the challenging economic times we find ourselves in will provide a significant boost to their competitiveness. Increased energy efficiency can translate into cost savings and thus provide competitiveness improvements.

It is considered that a holistic approach to resource efficiency can help overcome the significant barriers to progress within the environmental improvement agenda. Support to help businesses truly understand the financial and environmental impacts of their waste and inefficiencies, the use of raw materials, water, consumables and energy throughout their business processes would be welcome. Indeed, it is estimated that the true cost of business inefficiencies can be up to 10 times more than the cost of providing support at the outset to tackle these inefficiencies. Successful national role models, as well as more locally relevant case studies, could be utilised to encourage the stimulation of this important area of business performance. Practically speaking, resource efficiency should equate to reducing or even eliminating wastage at source. Although a substantial amount of current and historical emphasis has been placed upon recycling, it is considered that significant savings can also be found in reducing or eliminating inefficiencies in the first instance.

Chapter 3 – Security of Supply.

Question 1 - Do the consultation document proposals sufficiently address security of supply issues? Are there other aspects to consider?

Section 3.6 of the draft Framework document highlights that increasing the amount of energy derived from indigenous renewable sources has a vital role to play in enhancing Northern Ireland's security of supply. Although the strategy acknowledges that onshore wind will continue to produce the majority of renewable electricity consumed in Northern Ireland, it is considered that there should be greater consideration within the strategy around the contribution from other non-wind based renewable energy sources. The costs associated with supply issues also need to be transparent.

Question 4 – How should research and development of new energy technologies be encouraged or supported?

It is considered that government and industry should seek to create opportunities and support the development of 'energy networks' where technological research can be nurtured towards a commercial outcome. Government will undoubtedly have the greatest obligation towards incentivisation.

Chapter 4 – Sustainability.

Question 2 - Is the proposed scenario for a renewable heat target to 2020 sound and achievable?

The draft Framework proposes that 10% of Northern Ireland's heat should be sourced from renewable sources by 2020 but although the draft strategy acknowledges that energy from waste offers a significant opportunity to diversify the energy mix and reduce reliance upon fossil fuels, DETI has highlighted that EFW projects need to be balanced with wider environmental and social considerations. Nonetheless, in order to make an appropriate contribution towards the 2020 target, it is considered, that where energy from waste plants are established, DETI should take appropriate steps to incentivise and support the utilisation of any associated heat energy.

Belfast City Council is currently utilising landfill gas at its North Foreshore site in order to generate a form of sustainable electricity, which in turn is to be exported to the electricity grid. The Council is also investigating the feasibility of a mini district heating system between the electricity generators on the North Foreshore site, and the Council's Duncrue Complex located some 350 metres away. The heat required for the complex is only a small percentage of what is available from the on-site generators however, and consequently, the distribution network could be extended to provide renewable heat to other nearby premises, if appropriate funding and incentives are made available.

Question 4 - Is a cross-departmental group the right mechanism to stimulate a joined up approach to sustainable energy across all NI departments? What would you expect a joined up mechanism to deliver over and above what is being delivered with the existing provisions across a number of departments as at present?

Within Annex A of the Framework document, DETI has detailed that its statutory duty in relation to electricity is to principally protect the interests of electricity consumers by promoting effective market competition and in relation to gas, DETI is required to promote the development and maintenance of an efficient, economic and co-ordinated gas industry in Northern Ireland. Given this relatively constrained remit, DETI has highlighted that an Inter-departmental Working Group on Sustainable Energy was convened in November 2008, to ensure a more coordinated approach across government to the promotion of sustainable energy.

Belfast City Council considers that an Inter-departmental Working Group on Sustainable energy is fundamental to stimulating a joined up approach to sustainable energy across NI departments. In terms of actions to be delivered over and above what is being delivered with existing provisions, Belfast City Council considers that the working group should seek to develop initially a coherent overarching sustainable energy policy for Northern Ireland with associated targets and then identify how individual sectors including for example energy from waste can contribute to the achievement of the targets.

Question 6 - Should energy efficiency interventions be on as broad a base as possible or should they only be targeted at specific sectors?

It is considered that energy efficiency interventions should be on as broad a base as possible. For example, energy efficiency could be promoted within the workplace and the techniques continued into the home.

Question 8 - Compliance with Part F of the Building Regulations is based on meeting a target CO₂ emissions rate for a building. Following this most, if not all, new buildings will incorporate some form of micro-generation as Building Regulations move towards zero-carbon standard. Do you agree with this approach, which is being adopted by the Department of Finance and Personnel in the Building Regulations, to mainstreaming micro-generation in new buildings?

It is recommended that the use of microgeneration be mainstreamed within in new buildings via the Department of Finance and Personnel Building Regulations. Indeed, if government wishes to achieve its stated energy targets, then the introduction of microgeneration also needs to be incentivised within existing domestic properties since they constitute the largest proportion of premises needing energy improvement. It is suggested that existing domestic properties need to achieve a Standard Assessment Procedure (SAP) rating of between 70-80 and therefore the challenge for government is to persuade owners to install renewable energy sources within existing properties.

Chapter 6 – Cross Cutting Themes and Engagement.

Question 2 - How can the contribution of other players in the energy arena be harnessed and maximised for the benefit of Northern Ireland plc?

Since 1993, Northern Ireland public sector organisations have been able to apply to the Department of Finance and Personnel managed Central Energy Efficiency Fund. The fund is well established within the public sector with organisations relying predominantly upon it to ‘pump prime’ their energy efficiency initiatives and renewable energy projects. Unfortunately, the financial support underpinning the fund has diminished substantially over recent years, forcing organisations to look elsewhere for financial assistance. Moreover, as the need to tackle the causes of climate change has become more widely accepted, so the fund has become more oversubscribed each year with the result that eminently viable projects are being turned down due to a lack of funding. Accordingly, Belfast City Council recommends that in order to ensure that the contribution from public sector players is harnessed and maximised, the Central Energy Efficiency Fund should be robustly supported by government and organisations should be encouraged to apply, since those projects that are implemented will deliver ongoing energy and carbon savings.

Question 3 - Do consultees agree with the approach of developing a unifying communications strategy that incorporates all stakeholders and Departments equally?

It is considered that since stakeholders and government departments are subject to common overarching energy efficiency objectives, all stakeholders will have a vital role to play in reaching a consensus as to how ongoing energy provision within Northern Ireland should be secured, supplied, regulated and tarified. It is recommended therefore, that any communications strategy should be directed at stakeholders and government departments equally.