

ENERGY STRATEGY E-BULLETIN

ISSUE 10: APRIL 2021

IN THIS EDITION:

**Policy Options Consultation Paper
launched 31 March 2021**

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WELCOME TO THE 10TH EDITION OF OUR ENERGY E-BULLETIN.

I am delighted that Minister Dodds has launched the public consultation on a new Energy Strategy.

This consultation has been informed by a substantial collaborative work programme that started with our Call for Evidence in December 2019 and has been supported by five working groups involving over 30 organisations, an Expert Panel and an overarching Government Stakeholders Group.

An extensive research and analytical work programme has also been ongoing resulting in the publication of the first ever Energy Transition Model for Northern Ireland's energy system.

I would like to thank everyone involved in this extensive programme of work to date.

There are three key aspects to the policy options consultation:


1. A new **strategic framework** outlines our proposed vision for the Energy Strategy, a range of underlying principles around which all energy policies will be developed and key issues to prioritise in our delivery;
2. A range of **energy scenarios** to help visualise the impact different policy decisions could have on our future energy system and the resulting carbon emissions; and
3. A series of **potential policy options** structured around our proposed principles and accompanied by consultation questions which follow on from the information provided through the Call for Evidence.

We need a bold response to address our climate emergency. Decarbonising energy will affect everyone in Northern Ireland so your views on how we do this are really important. A comprehensive suite of policy options is available to view at [Energy Strategy for Northern Ireland - Consultation on Policy Options](#) (economy-ni.gov.uk). We also recognise that

energy is complex, so we've developed a [user friendly version](#) of key proposals that will affect domestic and business consumers to help you understand issues relevant to you.

You can tell us your views by answering the questions relevant to you on [Energy Strategy for Northern Ireland: Consultation on Policy Options - NI Direct - Citizen Space](#). The consultation opened on 31 March and will end on **30 June 2021**.




Thomas Byrne Director,
Energy Strategy

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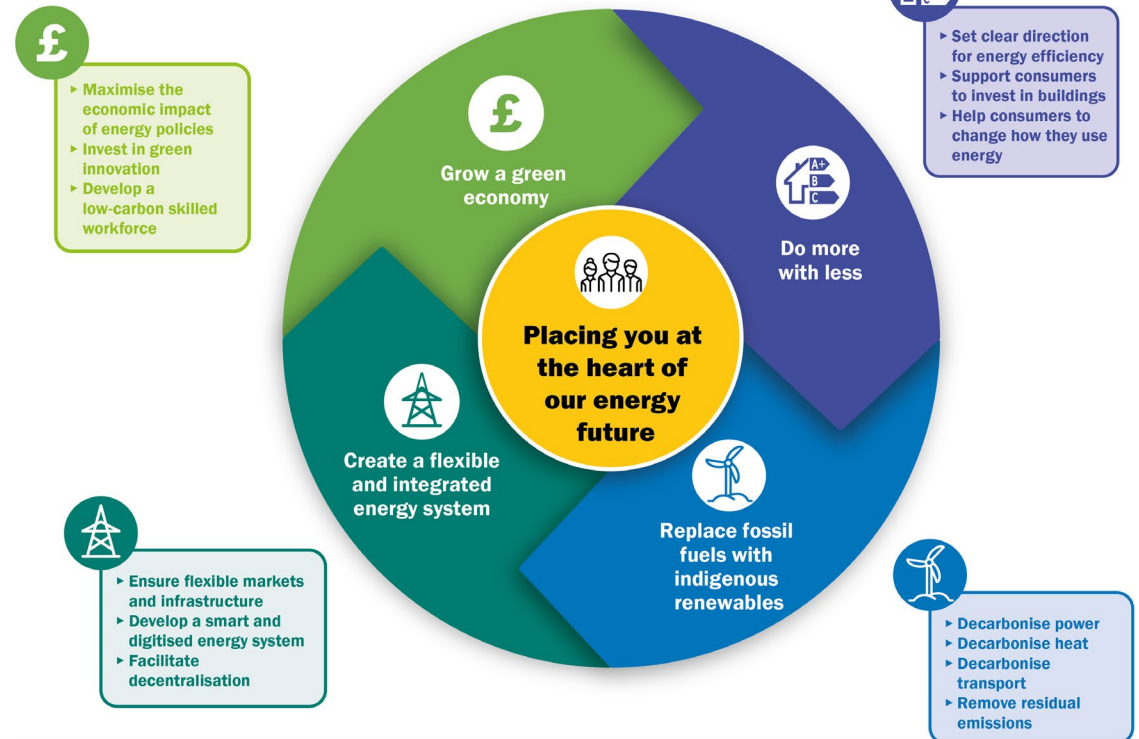
VISION: NET ZERO CARBON AND AFFORDABLE ENERGY

To achieve our proposed vision, we have identified five supporting principles that will set the direction for the strategy and all energy policies going forward, as well as delivery priorities. The options consultation is structured around these. We'll explore the key points of each in this eBulletin.

“Placing you at the heart of our energy future”

We are planning to engage directly with consumers during the consultation period through our partners in the Consumer Council.

How we work, live, travel and interact with the energy system will all change. This is referred to as the “energy transition”. **We want to engage directly with energy consumers to better understand the opportunities and challenges of the energy transition.** This will help shape policies that fit consumers’ lives – at home, work and in leisure time. We recognise that not everyone will be able to do this without support. The policies within all the principle areas in the consultation will be built on measures that will ‘enable or protect’ consumers on their journey to net zero.



The key options we are consulting on are:

- Establishing a new “one stop shop” for information, technical advice and relevant support for all energy consumers;
- Shaping energy policies to enable and protect consumers during the transition to decarbonise energy; and
- Ensuring affordability and fairness in meeting the investment costs of net zero energy carbon emissions.

GROW A GREEN ECONOMY

As we emerge from Covid, rebuilding a greener economy is a government priority. The Economic Recovery Action Plan outlines substantial investment opportunities in the creation of low carbon skills and jobs; strengthening competitiveness; and realising carbon, energy and cost savings.

We must also address the financial investment required, and how this will be financed - through the private sector, taxpayers' money or energy consumers' bills.

We have identified four priority areas that can contribute to net zero energy emissions and also stimulate our local economy:

- **Being at the forefront of the growth of the hydrogen economy;**
- **Investing in renewable energy across power, heat and transport;**
- **Improving energy efficiency in our building stock; and**
- **Adopting the principles of the circular economy.**



The key options we are consulting on are:

- **Maximising the economic impact of clean energy policies focused on the hydrogen economy, energy efficiency and renewable energy;**
- **Supporting the growth of the hydrogen economy by focusing on hydrogen production, demand and supply chain opportunities;**
- **A pilot green innovation challenge fund to support demonstrator projects that can stimulate growth in the green economy; and**
- **Establishing an energy skills forum to shape skills development for a low carbon workforce.**

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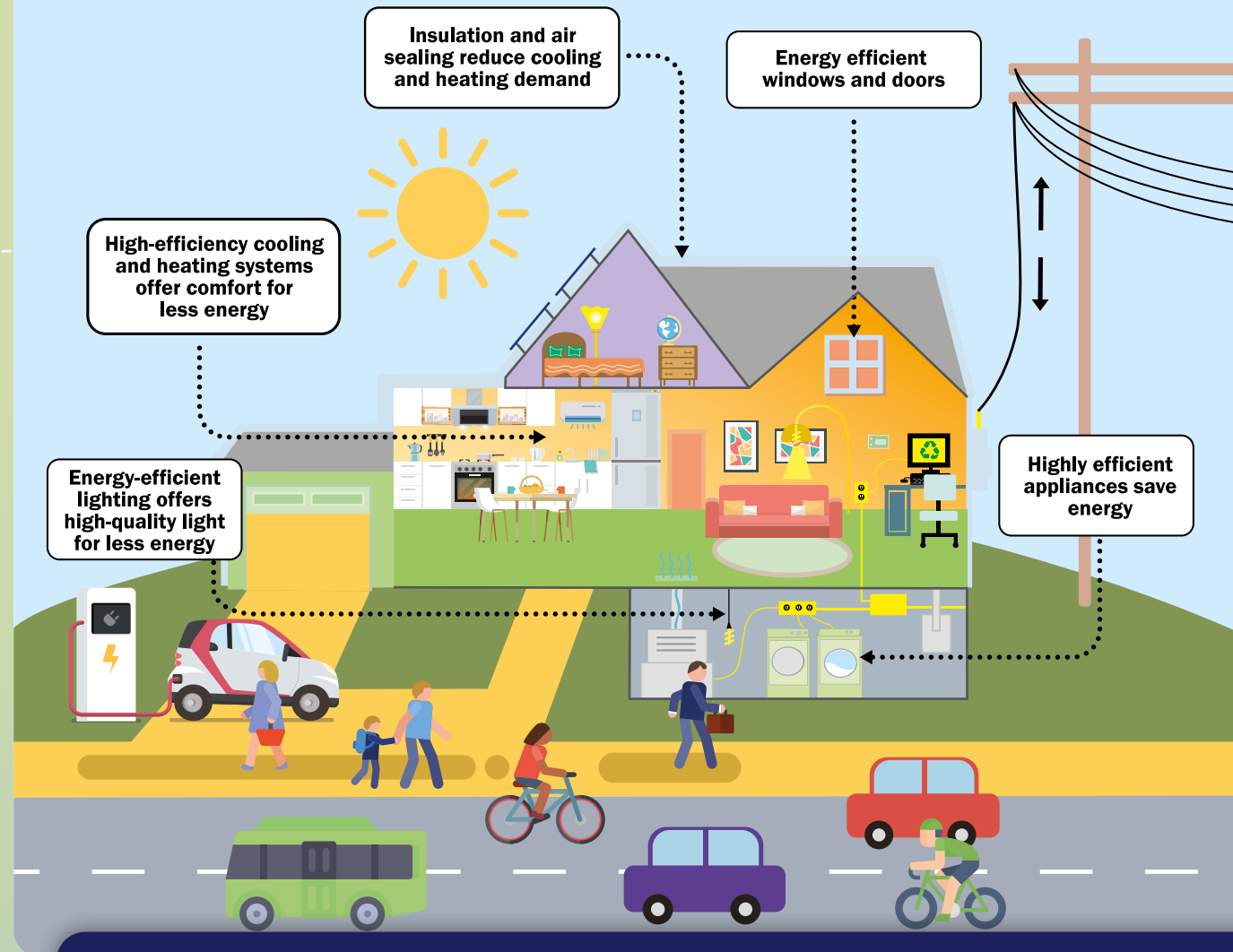
DO MORE WITH LESS

This principle is about domestic and business energy consumers, and how government can support them to 'do more with less'. Reducing the overall amount of energy we consume will play a significant role in reducing emissions. It will also reduce the investment needed in zero-carbon energy technologies as less energy is needed. We need to serve the energy needs of a growing economy and population whilst being more efficient with our energy use.

This can partly be achieved through smart and energy efficient appliances and technologies. It can also be achieved through 'behind the grid' solutions such as minimising efficiency losses and ensuring fuels are used for the most efficient applications.

We have identified three key objectives:

1. We will set clear direction for energy efficiency to ensure that the necessary targets, standards and regulations are in place;
2. We will support consumers to invest in buildings through a range of measures tailored to individual needs and circumstances; and
3. We will seek to help consumers change behaviours towards energy use through a range of approaches that benefit individuals and society.



Key options we are consulting on are:

- Introducing an energy savings target, minimum energy efficiency standards for buildings and uplifted building regulations;
- Comprehensive additional energy efficiency support for domestic and business consumers;
- A range of approaches to build consumer trust and confidence in energy efficiency work carried out by the industry; and
- Measures aimed at changing consumer behaviours around how we use energy and travel.

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REPLACE FOSSIL FUELS WITH INDIGENOUS RENEWABLES

We predominantly use fossil fuels in Northern Ireland. Most of the energy we use comes from petroleum products (petrol, diesel and kerosene oil) and natural gas. Meeting net zero means ending our dependency on fossil fuels and replacing them – as far as it is possible – with clean energy sources such as renewable electricity, biogas and hydrogen.

We have identified four objectives in phasing out fossil fuels:

1. We will **decarbonise power** by building on our renewable electricity success to date with new generation and more diverse technologies;
2. We will **decarbonise heat** by introducing the removal of fossil fuel heating sources and replacing them with low carbon heating solutions;
3. We will **decarbonise transport** through electric vehicles and alternative vehicle fuels to replace petrol and diesel vehicle; and
4. We will **remove residual emissions** that remain through deploying new technologies and having an appropriate regime for fossil fuel exploration.



Key options we are consulting on are:

- A **70% renewable electricity target by 2030 with flexibility to increase this if it proves achievable and cost effective;**
- **Extending Contracts for Difference to Northern Ireland, along with a targeted action plan to bring forward offshore & marine renewables;**
- **A phased approach to removing fossil fuel heating sources;**
- **Adopting parallel on and off-gas grid approaches to decarbonise heating, keeping a range of potential solutions open at this stage.**
- **Providing pilot support for low carbon technologies, alongside trials of heat pumps, decarbonised gas and biofuel and;**
- **Developing an Electric Vehicle infrastructure plan and taskforce, along with demonstrator projects to trial alternative vehicle fuels.**

CREATE A FLEXIBLE AND INTEGRATED ENERGY SYSTEM

The growth of renewables has already changed our electricity sector, with wind and solar technologies now integrated into what was previously a centralised fossil fuel power system. This is only the beginning of developing a truly integrated and flexible energy system of the future.

As we replace fossil fuels with indigenous renewables, the energy system will become increasingly dominated by renewable energy with the power system at the centre of this. This will present significant challenges and opportunities for our network operators to increase the levels of renewable electricity generation whilst integrating heating and transport into the power system.

Future investments in the energy system must be focused on increasing flexibility in order to integrate renewable energy in a way that minimises costs for consumers and strengthens security of supply.

To achieve this, we have identified three objectives:

- We will ensure **flexible markets and infrastructure** that are necessary to facilitate an integrated energy system based around our power sector;
- We will **develop a smart and digitised energy system** that uses data and technology to minimise system costs and reduce consumer bills; and
- We will **facilitate decentralisation** that supports demand-side flexibility as a tool to empower consumers and minimise network investment costs.

Key options we are consulting on are:

- **Increasing flexibility in our electricity infrastructure supported by markets that deliver the best outcomes for consumers;**
- **Trials of geothermal, waste and biomass heat networks;**
- **A new cost benefit analysis of smart meters to gather and utilise energy data as part of a smart energy system; and**
- **Enabling consumers and communities to generate, use, sell and share energy, with access to energy market revenue streams.**

Have your say in our energy future by clicking the link below:

<http://www.economy-ni.gov.uk/consultations/consultation-policy-options-new-energy-strategy-northern-ireland>