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ENERGY STRATEGY E-BULLETIN

Issue 2: July 2020

IN THIS EDITION:

- Key issues arising in Power
- Research into future of renewables
- Introduction to the Expert Panel on the Future of Energy

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WELCOME TO THE ENERGY STRATEGY E-BULLETIN

Welcome to the second of our regular updates to stakeholders. This edition introduces our new Expert Panel on the Future of Energy, a group that will provide critical challenge and external insight on the overarching strategy. We are delighted that this Panel is involved and look forward to working with them. Our first thematic update comes from the Power Working Group, and outlines some of the key issues raised from the Call for Evidence. Finally, research into new renewable electricity targets from Cornwall Insight is also summarised here. As ever, all feedback is welcome!

Thomas Byrne
Director, Energy Strategy

KEY ISSUES ARISING IN POWER

The electricity sector accounts for approximately 17% of both energy consumption and greenhouse gas emissions in Northern Ireland. It is also a sector that has undergone significant change over the last decade, with nearly 47% of our electricity now coming from renewable sources, mostly onshore wind. Building on this success, the Energy Strategy will address the changes required to decarbonise the electricity system, taking into account the potential for greater linkages between power, heat and transport.

How is this being addressed?

As an initial step, five key work streams have been agreed and we will be developing policy options for these over the coming months, supported by the Power Working Group:

Transforming the Power Sector – issues raised through the Call for Evidence include the conversion of fossil fuel power stations to low carbon alternatives; use of hydrogen; interconnection; security of supply; a more flexible power system; and the role of the Single Electricity Market.

New Renewable Electricity Target – topics here included grid investment; the repowering of existing renewables; and potential alternative targets e.g. the carbon intensity of electricity.

Route to Market for Renewables – stakeholders raised topics such as future financing of renewables, for example incentives, the use of taxation, new revenue streams or corporate Power Purchase Agreements, as well as a reduction in cost.

Diversifying the Technology Mix – most renewable electricity in Northern Ireland comes from onshore wind, and the role of other technologies, including offshore wind (fixed/floating), marine (tidal/wave) and energy storage will be considered.

Public Support for Renewables – stakeholders referred to the role of planning and local Councils in new renewable energy projects; grid connection policy; and the potential for community energy.

The Power Working Group consists of members drawn from DfI, DAERA, local Councils, the electricity network sector, NIAUR, the renewable electricity industry and suppliers.

RESEARCH INTO FUTURE OF RENEWABLES

Last year the Department commissioned a report into the future of renewables in Northern Ireland. Based on extensive research of the electricity sector in NI and multiple stakeholder interviews, the report provides an assessment of the current state of play for renewable electricity in Northern Ireland and some future options for routes, costs and options for new renewables targets. Whilst time has passed since this report was completed, meaning some of the policy issues will have moved on, the report forms one part a part of a much broader evidence base informing a new NI Energy Strategy.

Modelling

Consultancy firm Cornwall Insight developed a high-level model to investigate various possible outcomes at different levels of renewable electricity combined with possible system security considerations. Scenarios run at the time looked at renewable electricity targets of 70%, 55% and 40% by 2030. The Power Working Group is subsequently testing targets of 60%, 70% and 80% using the model.

Key findings

The report suggests that route-to-market support is necessary to meet any new target, although some onshore wind may be taken forward without support. It highlights that NI could face security of supply issues by 2030 if there is no new deployment of renewables, as existing generation requires repowering or replacing. This would be exacerbated if the North/South Interconnector is not developed. In addition, it notes that diversity of technology is an important consideration for grid capacity and security of supply. With regards to Community Energy projects, these could benefit from targeted support through some form of 'renewable energy association'.

Costs and benefits

The report finds that targets will impact electricity network investment, with a range of between £388m and £672m predicted. Also in terms of cost, it notes that cost recovery of any support scheme would be a key consideration. Overall, of the targets considered, Cornwall Insight suggested a 70% target represents the most efficient form of carbon minimisation, and in line with UK and ROI targets, albeit at a higher cost than low-ambition. A final finding notes the importance of cross-departmental policy coordination going forward. We agree strongly with this and are pleased to be working with other government departments as we develop the Energy Strategy.

The full report has been published alongside this bulletin.

EXPERT PANEL ON THE FUTURE OF ENERGY

We are pleased to introduce our new Expert Panel on the Future of Energy. This Panel comprises a group of independent external experts, acting in their personal capacities, whose role is to support the Energy Strategy Project Board and inform the development of the Energy Strategy for Northern Ireland. Panel members will provide additional challenge on emerging policy options, along with support and advice on the Energy Strategy, and will complement the contributions made by the working groups and the new research commissioned through the energy strategy process.

The Panel will also critically support and provide independent advice and input to the future strategic direction of energy matters for Northern Ireland in order to help address the climate crisis and we look forward to working with them.

Laura Sandys (Chair)
Laura Sandys CBE is a Senior Independent Director at SGN Network and the Energy Systems Catapult. She is Chair of the BEIS/ Ofgem Energy System Data Taskforce. She was appointed as a member of the Advisory Panel for the Government's Cost of Energy Review, and is on the Council for Carbon Capture Utilisation and Storage. She is co-founder of POWERful Women, Co-Chair of the IPPR Environment and Justice Commission, a member of the Carbon Tracker Advisory Board and was Deputy Chair of the Food Standards Agency.

She was previously a Member of Parliament for South Thanet, a member of the Energy and Climate Change Select Committee, and Parliamentary Private Secretary to the Minister for Energy and Climate Change. Described by The Times as 'one of the sanest of all MPs' and as 'lateral-minded, original and free-thinking'.

Paul Allen
Paul Allen has been working at the Centre for Alternative Technologies in Wales for 30 years. He has been coordinating the Zero Carbon Britain Project at CAT since its inception in 2007. He was a member of the Wales Science Advisory Council (2010-14), the Climate Change Commission for Wales (2007-2015) and a board member of the International Forum for Sustainable Energy (2008-2013)

The Zero Carbon Britain project carries out ambitious up-to-date modelling focusing on reliable, renewable and flexible energy supply as well as co-benefits in ecosystems, food supply and linkages with growing employment and poverty reduction. Paul aims to facilitate the combined expertise at CAT's Zero Carbon Hub and Innovation lab through his participation on the Expert Panel.

EXPERT PANEL ON THE FUTURE OF ENERGY *(continued)*

Jillian Anable
Professor Jillian Anable is Chair at the Institute for Transport Studies at the University of Leeds and has been Professor of Transport and Energy since 2016. She is the current Chair of the Research and Evidence Working Group for the National Transport Strategy for Scotland, a Steering Group member of the Electric Vehicle and Energy Taskforce and a member of the EPSRC Peer Review College and a Policy Advisor for the Campaign for Better Transport.

Previously, Jillian was a scientific advisory on the RCUK Energy Scientific Advisory Committee and the Chair of Transport and Energy Demand at the University of Aberdeen. Her current interests include 'the future of the car' and transport, energy and climate change policy.

John Fitzgerald
Professor John FitzGerald is one of Ireland's leading economists and an Adjunct Professor in TCD and UCD.

He is currently Chairman of the government's Climate Change Advisory Council which was established to advise government departments and agencies on the actions required to decarbonise the Irish economy by 2050.

John is a former research professor at the Economic and Social Research Institute and is a member of the Commission of the Central Bank of Ireland. He was a member of the Northern Ireland Authority for Energy Regulation from 2003-2006.

David Green
David Green OBE is Chair of Warmworks Scotland. He was a member of the Westminster Governments Energy Advisory Panel for the whole 10 years of its existence either side of the change of UK Government in 1997.

He is the former chief executive of the Clean Energy Council in Australia and co-founder of UK fuel poverty charity National Energy Action, of which he is now a Vice President. He is also the Vice-President of the Association for Decentralised Energy. In Australia David co-chaired the stakeholder panel for the Federal Energy Minister in Canberra, and was member of the State of Victoria's Energy Panel. David continues to advise Energy Consumers Australia.