



Northern Ireland  
Assembly

Committee for the Economy

# OFFICIAL REPORT (Hansard)

Small-Scale Green Energy Bill:  
RenewableNI; SSE Airtricity

24 November 2021

# NORTHERN IRELAND ASSEMBLY

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**Members present for all or part of the proceedings:**

Dr Caoimhe Archibald (Chairperson)  
Mr Matthew O'Toole (Deputy Chairperson)  
Mr Keith Buchanan  
Mr Stewart Dickson  
Mr Mike Nesbitt  
Mr John O'Dowd  
Ms Claire Sugden  
Mr Peter Weir

**Witnesses:**

Mr Steven Agnew	RenewableNI
Mr Stuart Hobbs	SSE Airtricity

**The Chairperson (Dr Archibald):** I welcome Steven Agnew, head of RenewableNI, and Stuart Hobbs, director of energy services at SSE Airtricity. I will hand over to you to make an opening statement. We will then open the session to members' questions.

**Mr Steven Agnew (RenewableNI):** Thank you, Chair. I will kick off and then bring in Stuart.

RenewableNI is the trade association for the renewable electricity industry in Northern Ireland. We represent over 40 member companies that are engaged in wind, solar and storage at different levels and across the supply chain.

RenewableNI welcomes the focus that the Bill has brought to micro renewable generation. We see micro renewables as a key part in ensuring that the transition to net zero is a just transition. We believe that support for micro renewables in the wider energy strategy should be brought forward through, for example, grant support and amendments to building regulations to require renewables in new homes and energy efficiency in, for example, rented properties. We see the Bill as the best way to stimulate the market for micro renewables as part of a wider energy strategy rather than on its own. That is our broad position, and I am happy to take members' questions on it. First, I will pass to Stuart to introduce himself and SSE, which is a member of RenewableNI.

**Mr Stuart Hobbs (SSE Airtricity):** Good morning, everyone. I hope that you can hear me. Thank you, Steven and RenewableNI, for the invitation today and the opportunity to speak to the Committee on the Bill.

Similar to RenewableNI, we have a vested interest in promoting the adoption of microgeneration on a broad scale across the industry in Northern Ireland. We are one of Northern Ireland's largest green

energy suppliers in the market as a whole, with over 300,000 homes and customers. We are very supportive of helping consumers and homeowners with the transition to net zero over the next 10 years and beyond. That is clearly seen in SSE's heritage and ambitions. In our half-year results announcement, we recently announced an accelerated investment of £12.5 billion in renewables across the market.

In the context of my portfolio in energy services, operating in Northern Ireland and the South of Ireland, we are clearly setting ourselves the instruction to support customers to decarbonise their homes and make them more energy efficient. Next year alone, in Southern Ireland, we propose to install over 2,000 solar photovoltaic (PV) systems for domestic homeowners, customers and commercial customers.

Aligning with what Steven said, we are supportive of the principle and adoption of microgeneration. In the context of the Bill, whilst the intent is well placed in accelerating the promotion of microgeneration, there is a broader perspective to be considered. That means looking at the whole end-to-end life cycle, from the adoption of microgeneration from grants through to low-cost financing models to core customers. It is about looking more holistically at the Bill in the context of a broader energy strategy and what might be done in that regard.

Whilst we welcome the Bill and its intent, there might need to be a broader consideration. I welcome any questions.

**The Chairperson (Dr Archibald):** Thank you both for your initial comments. The Committee has been focused on the energy strategy. We have, just this morning, agreed to write to the Department to ask for the publication timescale, because we had been expecting it before now, and we have been pushing for that.

That is the context in which we are looking at this. The Department does not intend to introduce legislation in respect of the energy strategy in this mandate, so there is an opportunity with the private Member's Bill (PMB) to get some sort of legislation in respect of small-scale renewables on to the statute book, hopefully in advance of the end of the mandate.

We have heard stakeholders' views on how the Bill fits into the energy strategy. How do you see it being rolled into the energy strategy, or are there changes that you would like to see to the Bill that could facilitate that? It is a framework Bill. Any schemes would be for the Department to develop once the Bill was passed. Those would be to incentivise the uptake of renewables and to ensure that the objectives, particularly in respect of a just transition and supporting those least able to afford it, are met. What are your views on those issues?

**Mr Agnew:** You mentioned a just transition. One of our concerns is about setting a minimum price. Power NI sets a regulated tariff for export. To set a minimum tariff could put up the cost for the general consumer and benefit those who have already invested in micro renewables. It may or may not generate investments, but it will benefit those who have been able to make that investment and are already being supported through renewables obligation certificate (ROC) payments. We are concerned that this benefits an already, to some extent, privileged consumer at a cost to the general consumer, including those in fuel poverty.

Another concern that we have about the 5% minimum generation is that we do not really fully understand what our current baseline is. I saw the RaISe briefing, and there is an issue in that we do not know how much of non-export is microgeneration. That ties into the issue of elective smart metering in Northern Ireland.

There is a lack of data around this issue, and we would need that before bringing forward effective proposals. We need that data to inform the decision-making, and we do not think that it is available at present.

**Mr Hobbs:** Our view is similar to what Steven expressed. The Bill needs to be part of a broader perspective. As part of microgeneration and any kind of tariff, while we recognise the need for fair remuneration of consumers for any export that might be available to them for the power from their install, we will probably end up remunerating just the people who already have those systems. As part of that more holistic view, we need to consider how we will support customers to get over that initial investment hurdle through, say, Exchequer-funded grant programmes, supported by utilities and remuneration through export.

We have also considered what we see more broadly across Europe, and a key principle that we see as being important is that, as we design and install systems for microgeneration in homes, the first, key principle needs to be self-consumption. Actively promoting export by setting minimum prices has, perhaps, been driving the wrong behaviours, such as oversizing systems and putting on unnecessary pressures, and consumers avoiding, for example, using what they need on site and investing in, say, on-site storage, whether that be for batteries and stuff, and taking some of the pressures off. From our perspective, whilst we view remuneration and export remuneration for consumers as key, we think that it is part of a broader, more holistic view that needs to be considered. We want to see consumers, as they start to install systems, thinking about self-consumption as the first principle. That will certainly help to manage and drive down the cost of energy in their homes and, obviously, make them more self-sufficient in that regard as well.

**The Chairperson (Dr Archibald):** Thanks for that. Those are really useful points from you both in respect of potentially benefiting those who have already invested. John, the Bill sponsor, is looking to come in. Obviously, the Bill would be supported, potentially, by other incentive schemes that would be developed out of the energy strategy to get people over the initial hurdle of being able to invest in the technology. The point about promoting self-consumption is also important. Some of the discussion that we have had about the Bill has been on the opportunity for people in rural communities or cooperatives, for example, to come together, invest in the technologies and then use that for their own purposes, but then also have the opportunity to export any additional capacity. It is really useful to get those views. I am sure that John will take them on board, as will the Committee in its considerations. John is the next person who is looking to come in. He may want to pick up on those points.

**Mr O'Dowd:** Thank you, Chair, and thanks to Stuart and Steven for their written presentation and commentary thus far. As Steven will know only too well, private Members' Bills take quite a long time even to get to this stage. This one has been in development for over a year. I had hoped that, by this stage, we would have had the energy strategy, so that I could match the Bill against it and see how it fitted or did not fit in that context. Therefore, as the Chair said, it is unfortunate that we do not have the energy strategy. It does not appear as though we will have it any time soon. I hope that I am proved wrong on that point.

With regard to the stage that we are at, my Bill does not dictate the definitive terms of a scheme. It sets out a number of parameters for a future scheme in terms of targets, dates and major companies, although I have to define what a "major company" is in detail. Sometimes, we get a step ahead of ourselves in thinking about what will be in the scheme or whether the Bill will define what the scheme is. That is not where we are at. Even on the question of whether consumers will receive double payment with ROC payments, it is not my Bill's intention that they will, nor is it the intention that vulnerable people in society will pay for the funding of any scheme in the future. I accept that that may be the outcome of a scheme, but it would certainly not be a scheme that I would support.

What percentage of current microgeneration in your sector do you take as part of your contribution to the grid and your sales to consumers?

**Mr Agnew:** Go ahead, Stuart. I think that that is one for you.

**Mr Hobbs:** In a Northern Ireland context, we are not really in the market for offering an export tariff for microgeneration nor in providing, say, an install programme in Northern Ireland. I can give you some context around where we are in a Republic of Ireland (ROI) context.

We are seeing acceleration coming in for the future. It seems that we are going to make a lot of excuses today about the energy strategy coming in and what that might do to help define what the next 10 years looks like for a Northern Ireland landscape, but I think that it is true, so I can only reflect on where we are in other jurisdictions that I operate in and, certainly, in ROI.

From an ROI perspective, we see a massive acceleration in solar PV in particular. We have an ambition to support and help customers to install over 2,000 systems next year. We welcome the fact that there is a new microgeneration tariff coming out down here in the next number of months. We welcome that. That will give clarity to suppliers and help to support us.

It is very much being focused in the context of payment linked to wholesale prices but allowing suppliers to operate that on a competitive basis. We see that as being key to help drive value for consumers. We see it in the switching market. It is a very active and competitive market. We think that

utilities and suppliers will have to respond by offering attractive export rates in tariffs for consumers. So, from our perspective, that is key to how we will help and support customers on a tariff basis.

The real successes in ROI in particular have been through those grant support schemes and through a lot of innovation. We have seen in the market more recently low-cost financing options, and a lot of that is being driven by the private sector and private equity financing that is being delivered. From our perspective, we see that as being key to success.

We do not really have a target for how many microgeneration export tariffs we will have on board, but we see it becoming much more prevalent in the market as people adopt the technologies.

In answer to your question, John, on the Bill in Northern Ireland, we have existing microgenerations that are installed, but it is slightly putting the cart before the horse. We need to consider how we are going to promote the adoption of microgeneration to the mass market. One of the key barriers that we see at the moment is that initial investment hurdle. Microgeneration prices have come down, but we see a hurdle in making that initial investment. Without having the systems in place, it becomes a moot point to have a more progressive microgeneration obligation tariff.

**Mr O'Dowd:** In your view of microgeneration, is it fair to say that you accept that it is achievable and doable, but the question that is in your head — it is a legitimate question — is this: how will it be funded and supported going into the future?

**Mr Hobbs:** With the right kind of environmental factors and policy and political factors, we see the acceleration of it being an achievable ambition, but we see it as being part of a whole picture view. Where we have seen that working and being successful is in setting a target and ambition. We have seen that in ROI in the context of the climate action Bill and strategies around climate action, which has created a really strong social narrative. We have seen that backed and often supported by the right kind of environmental factors for investment, be it through grant schemes or low-cost financing models.

Again, those are probably some of the factors that do not exist today in Northern Ireland, but that is not to say that they will not exist when we start to see the emergence of what will be a clear and cohesive view on the energy strategy for Northern Ireland, of which, I have no doubt, microgeneration and the support of microgeneration, both in remuneration terms through a tariff scheme and in investment support terms, will be part. I do not think that it is unreasonable to suggest that we cannot see those numbers coming up, but we do not have a clear view on it yet, because of a lack of data.

**Mr O'Dowd:** Finally, on the issue of self-consumption versus export, is the scheme that you are talking about in the South focused on self-consumption or is it export? Do you have any views on that?

**Mr Hobbs:** The clear articulation in terms of policy and strategy around microgeneration and also in the microgeneration tariff discussions and regulations that are being defined is of the view that we should be promoting self-consumption as a first and key principle and that we should not be oversizing systems to focus on export and people being remunerated.

One of the big challenges that we will also face is that we need to be clear not to over-egg the pudding in setting expectations for customers of how much they might earn from or be remunerated for export. If we do not get the narrative and the expectation-setting right, that could be a barrier to the adoption of microgeneration more broadly, which is a key principle for the decarbonisation of our housing stock. If we do not set the expectations right, we will have consumers who think that they will get hundreds of pounds of export remuneration back. If it ends up being a very small percentage of their overall energy bill, that sets a poor expectation, which bleeds into broader society in terms of whether it is worth the investment. We need to be really careful. We should always focus on self-consumption as the first and key principle for consumers, because that will, clearly, help to reduce their energy bills and decarbonise their homes, and, obviously, it is the right thing to do. If there is some kind of additional spillover, there should be fair and equitable remuneration for that export, but the first principle should be self-consumption.

**Mr O'Dowd:** Thank you very much. That was very useful.

**Mr O'Toole:** Thank you both for your evidence. I do not know whether there is a contradiction, Stuart, but, in the South, SSE is completely on board with and helping to facilitate growth in microgeneration. More work is happening. There is another Bill. There was also the Microgeneration Support Scheme

Bill in 2017. You think that the emphasis should be on self-supply rather than simply export to the grid, but, at the same time, you are cool on the Bill up here. Am I fairly describing your position?

**Mr Hobbs:** This Bill is legislation in isolation, and it focuses on a minimum tariff piece. That is the main area that we see as being a challenge with it. Just to be clear, we are absolutely supportive of microgeneration. We are happy to help consumers to adopt that; we do that through our energy services teams. We are also very supportive of defining and developing a microgeneration export tariff for the South of Ireland, but we see that very much as being led and supported by a competitive market as opposed to, say, setting minimum tariffs.

**Mr O'Toole:** OK. Presumably, part of your observation about the Bill being in isolation is the absence of an energy strategy. What is the latest that you or Steven have heard about the energy strategy?

**Mr Agnew:** I echo John's comments. I am concerned that the energy strategy is not coming quickly enough. When I took up post in 2019, there was no Assembly at that time, but we were told that the energy strategy would be ready for the Minister coming in by the end of 2020. We are now at the end of 2021. We hoped, and were certainly led to believe, that it would have come in advance of COP26 as part of a suite of what the Executive were doing on climate change. We are concerned that it has been further delayed. If it comes in a matter of weeks, that is reasonable delay. If it is a matter of months, that becomes unreasonable. I have been told that it is weeks. I hope that final drafting is taking place and that it will be presented to the Executive within weeks. However, we, and the investors, will believe it when we see it. It is worth pointing out that, in the absence of energy policy, no new large-scale renewables have connected in the past three years. Some megawatts are due to come online by the end of this year, but it is still not at the capacity that we need to act with urgency on climate change or achieve the expected 70% renewables target.

**Mr O'Toole:** The energy strategy will not mean that there is legislation quickly, for obvious reasons, but we do not even know whether it will guarantee, or even prescribe, legislation in the next year or two. Does that not mean that a fundamental function of creating the legal context for the shift to renewables is passing a law? Are we not risking making the perfect the enemy of the good by saying, "Well, this is one Bill that facilitates some additional microgeneration", whatever view you have about communicating the emphasis on export versus self-supply? Are we not risking making the perfect the enemy of the good if we say that all legislation, even relatively discrete legislation, has to wait for a strategy?

**Mr Agnew:** On the wider point about the energy strategy and the legislation, a lot can be done through policy. For example, we are pushing for the extension of the UK Committee on Fuel Poverty scheme to Northern Ireland. That has already been legislated for. A legislative consent motion was passed for that, so that is a matter of policy that is being taken forward by the Department for Business, Energy and Industrial Strategy in Great Britain and the Department for the Economy. If the Department commits to that, it can be done in the absence of legislation.

I take your point that one of the positives of the Bill is that it puts an obligation on the Department to bring forward a scheme to support microgeneration. In that respect, it is positive, and, as I said from the outset, we welcome the focus that it has brought on microgeneration. In our response to the energy strategy consultation, we asked for support for microgeneration. In that regard, it is positive. We are not sure about the 5% minimum. As we see it, we have an export guarantee, albeit market-set rather than a set minimum price. Part of the Bill is not needed, because it is already there. As I said, the 5% minimum is difficult, because we do not have the data on what we have currently. Can you set a 5% minimum if you do not know what the current microgeneration proportion is? Other work needs to be done. Smart meters are paramount; that roll-out is part of something that we need.

**Mr Hobbs:** The energy strategy will not be a panacea for all ills, and we cannot hang everything on it. However, it will give clarity and a sense of direction. We are waiting to see what legislation might be put in place. Businesses will have to operationalise up to the ambitions of the energy strategy. Once we see a direction of travel and what legislation is forthcoming from the energy strategy, there will be innovation. It will mean that, once legislation starts to flow through from the strategy, businesses will be ready and will not come at it from a standing start. The defined intention would help to give good signals to the market and businesses such as ours.

**Mr K Buchanan:** Thanks, Stuart and Steven. Stuart, you referred to the Republic of Ireland and spoke of your support for the 2,000 systems, including solar PV, that are coming in place. I presume that your definition of export is, technically, that. If a domestic dwelling is using 4 or 5 kWh a day, for

instance, and using it on themselves — you referred to it as self-consumption — it is not, technically, exported. Where do you define that figure? Do you define it as self-consumption or as a bit of both?

**Mr Hobbs:** There will always be an element of residual generated capacity that will not be able to be utilised in the home. Without any on-site storage, such as a battery etc, or without any utilisation of hot water diverters that can utilise the solar PV to put hot water into your water tank as well as save energy consumption in the home, there will always be an element of export. The key principle on self-consumption is that roughly 70% of what you produce can be used in the home, and there will be a residual balance left over. Again, it is how we can help consumers to innovate around how to best utilise that by having a smart meter, for example, smart meter data or specific time-of-use tariffs that will blend in with the adoption of the like of on-site battery storage or on-site demand control. When you set minimum export tariffs, people can become overly focused on the export side rather than on how they will use the energy that is produced in the home. That is what I was talking about. I do not know whether that answers your question or confuses the matter further.

**Mr K Buchanan:** No, that is fine. Stuart, do you know what that figure is? In those meters, you obviously have imports and exports, but when it comes to that additional 10% to 20% being exported, what percentage of that goes into the grid?

**Mr Hobbs:** We do not know, because, again, we do not have a full roll-out of smart meters in the South of Ireland. On an interim basis, they were looking at things like deemed export value, for example, but, until we have more definitive and effective microgeneration with a view to setting up suppliers to support that, we do not have that data as such. Again, you could be talking about anything up to 20% or 30% of what might be produced in a home. That would depend on different seasonality factors as well.

**Mr K Buchanan:** How do they get paid for that, if there is no way of metering it?

**Mr Hobbs:** At the moment, they do not. The intent of the new microgeneration tariff design that is being brought in through regulation is looking to define that. That has been delayed in the South, but we will have that at some stage. Some kind of reconciliation will be done by suppliers at the time to define what that is and to set the market prices for what they would be, for example, through suppliers having to innovate around those export tariffs. We do not have an export view for domestic customers in the South just yet.

**Mr K Buchanan:** This question may be for Steven or Stuart. In Northern Ireland, what is the position? If you have solar panels on your roof and you use 80%, is the capacity currently there for you to get a fee for exporting?

**Mr Agnew:** Power NI's tariff is regulated. I think that Power NI made the point that the tariff is based on what the expected market price would be. The other side of that is that, when it comes to what the householder exports, it is deemed exports. We do not know exactly how much is being exported to the grid, because we do not have smart meters. That means that an estimation is made of what a household is expected to use and export. When it comes to the price that is given and the amount that it is given for, you are working on estimations. That is all regulated by the Utility Regulator.

**The Chairperson (Dr Archibald):** Stuart and Steven, I do not have anybody else indicating that they have questions.

**The Committee Clerk:** John O'Dowd.

**The Chairperson (Dr Archibald):** Sorry, John. I did not see your message.

**Mr O'Dowd:** I have a quick question to get some information. Steven, do any of the companies represented by Action Renewables currently purchase electricity from microgeneration?

**Mr Agnew:** You said Action Renewables. We are RenewableNI, but Action Renewables *[Inaudible owing to poor sound quality.]*

**Mr O'Dowd:** Sorry.

**Mr Agnew:** Will you repeat the question?

**Mr O'Dowd:** Do any of the companies that you represent purchase electricity from microgeneration?

**Mr Agnew:** I suppose that Power NI is one of our members by virtue of being part of the Energia Group. It certainly would, yes.

**Mr O'Dowd:** OK. That is grand. Thank you.

**Mr Agnew:** Hopefully, that is the answer that you are looking for.

**Mr O'Dowd:** I was wondering whether any of the smaller companies did so. If you have that information to hand later, and you can share it with us, please do so.

**Mr Agnew:** Yes, I am happy to.

**Mr O'Toole:** I want to follow on from John's question. I want to be clear. You said that Power NI is part of the Energia Group. Obviously, that means that it is part of a bigger all-island group, but can you be sure that Power NI itself is a purchaser of microgenerated renewable energy?

**Mr Agnew:** Yes. Obviously, it provides the regulated tariff. It is, essentially, acting as a purchaser in that regard. It is more that the Energia Group is a member of RenewableNI, but Power NI is part of that group. I am just making sure that I give the fullest answer.

**Mr O'Toole:** I am not quite sure, but anyway.

**The Chairperson (Dr Archibald):** Power NI is the only electricity provider that is regulated, so it has the regulated tariff for microgeneration. Is that right?

**Mr Agnew:** Other suppliers can provide a tariff. If, say, RenewableNI set the regulated tariff, I suppose that other suppliers could compete. Typically, we do not, among our membership, focus on supply. We are more on the generation side. As I say, the membership of Power NI is more by virtue of its being part of the wider Energia Group, which includes renewable generation. Those other suppliers are not members of ours. I do not have a lot of information on their tariffs etc. However, if it is helpful, I will try to get that information.

**The Chairperson (Dr Archibald):** Thanks for that, Steven. That is a useful clarification in respect of Energia being part of RenewableNI as generators, as opposed to Power NI as suppliers. That is useful.

No other members are indicating that they want to speak. Thank you very much for your time. The briefing has been very useful to us, as always. If you have any further information that you think is of use to the Committee for our consideration of the Bill, we would be happy to receive it.

**Mr Agnew:** Thank you, Chair.