

Submission Action Sheet

**DEPARTMENT OF AGRICULTURE AND
RURAL DEVELOPMENT**

*PRIVATE OFFICE, Dundonald House,
Stormont Estate, Belfast, BT4*

Unclassified

From: Alexandra Bryce
Private Office

To: Tony McCusker

CC List :

PS/PERM.SEC. (DARD)

Pat Toal

Roy McClenaghan

Bert Houston

Dr George McIlroy

Gerry McWhinney

Gerry Lavery

Malcolm Beatty

Stanley McBurney

Conall McDevitt

Ian McKee

Date: 30/09/2002

SUB/1064/2002 : RENEWABLE ENERGY: NEED FOR A DARD POLICY REVIEW

The Minister has seen and read your submission of 30/09/2002 and has noted its contents and agreed to Mr McCusker's Policy Group considering the issue of renewable energy with the objective of submitting proposals early in the New Year.

Many thanks.

Submission Action Sheet

Submission Action Sheet

FROM: TONY McCUSKER
Alexandra Bryce(Private Office)

Dundonald House Tel: 20860

cc Secretary
Mr Toal
Mr McClelland
Dr McIlroy
Mr Houston
Mr Beatty
Mr McWhirter
Mr Lavery
Mr D Small
Mr McKee
Mr McBurney
Mr McDevitt

PS/MINISTER

RENEWABLE ENERGY: NEED FOR A DARD POLICY REVIEW

Summary

Issue: To advise the Minister of the need for a DARD policy review on renewable energy.

Timescale: Routine.

Recommendation: The Minister is invited to note the content of this submission.

Background

1. The purpose of this submission is to advise the Minister of the need for a DARD policy review on the subject of renewable energy. There are a number of reasons for this. First of all DARD has never defined what its policy objective is (or if it is appropriate to have one at all). Second, DARD is being approached by interest groups, the energy industry and MLAs on renewable energy matters on the basis that this Department is responsible for the general use made of agricultural land. Third, as no formal cross-cutting mechanism exists (eg with DETI energy objectives, Invest NI technology development objectives, wider DOE environmental objectives) this should be considered as well.

Submission Action Sheet

Minister

To agree, to Policy Group considering the issue of renewable energy with the objective of submitting proposals early in the New Year, if content.

FROM: TONY McCUSKER
30 September 2002

Thank you

Alex

30/9/02

cc Secretary
Mr Toal
Mr McClenaghan
Dr McIlroy
Mr Houston
Mr Beatty
Mr McWhinney
Mr Lavery
Mr D Small
Mr McKee
Mr McBurney
Mr McDevitt

agreed
B.R
30/9/02

PS/MINISTER

RENEWABLE ENERGY: NEED FOR A DARD POLICY REVIEW

Summary

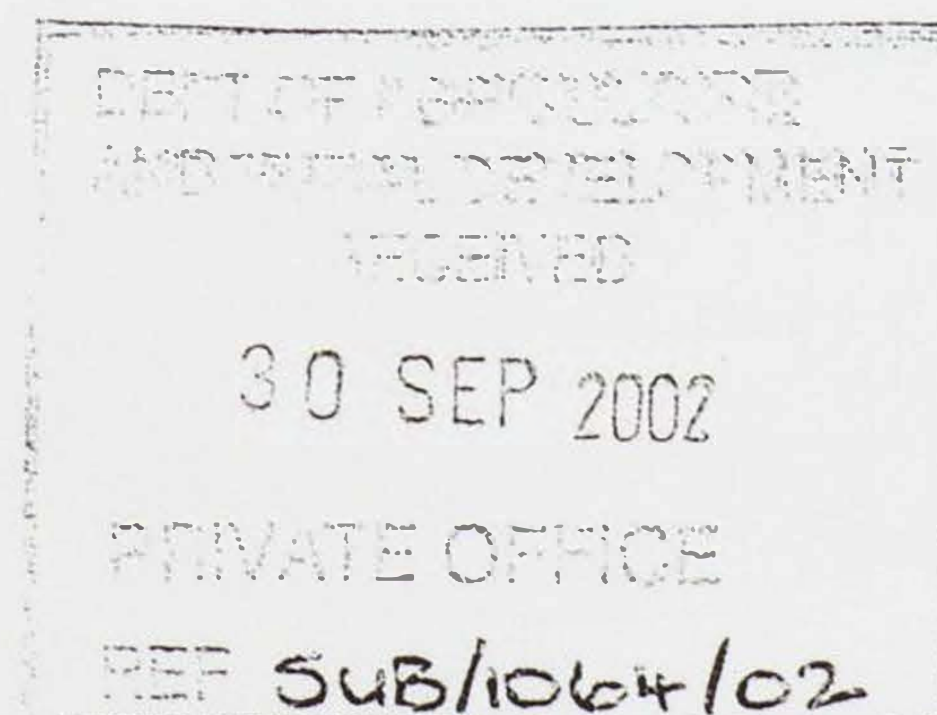
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30 September 2002

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2. DARD's input to renewable energy relates to Research and Development on Short Rotation Coppice (SRC), particularly willow biomass, as a possible renewable energy crop. This has been undertaken by the **Science Service** at Loughgall. The Combined Heat and Power (CHP) technology to use SRC was trialled at Enniskillen College and was translated into the private sector.
3. The **Forest Service** also has a policy and practical interest. Energy generation is a possible output from woody material and one major industrial company in Northern Ireland is investigating the use of sawmill co-products as fuel for combined heat and power (CHP) purposes and as pellets for CHP plants off-site. Potential resources include conventionally grown trees, forest residues and sawmill co-products, as well as SRC. The Forest Service is also responsible for administration of the woodland grant scheme to encourage all forms of private sector afforestation including on-farm planting of SRC. There have been some requests for increases in grant aid for this purpose.
4. **Rural Development Division** is currently investigating a number of potential proposals involving renewable energy, including anaerobic digestion. Proposals are mainly to support community based CHP projects.
5. The **Agri-Food Development Service** also have an interest in renewable energy as a potential to provide alternative business opportunities. However, SRC may also provide an associated benefit as a bioremediation/anti-pollution mechanism. Willow chips may also be able to provide greater welfare benefits than imported wood shavings as a floor covering in poultry houses.

Difficulties

6. The two key essentials for developing a renewable energy resource using agricultural land are to establish a symbiotic relationship between growing the resource and the probable market. As there is a substantial element of risk for private sector investors in both growing the resource and in turning

this into renewable energy, there is likely to be a need for significant public support to ensure that any policy objective in this area is met.

Role of DETI

7. DETI is the lead Northern Ireland Department as far as Energy matters are concerned and has recently issued a major consultation document on the development of an Energy Strategy for Northern Ireland. The document looks at the creation of a renewables policy. The traditional demarcation line has been that DARD concentrates on scientific research and the growing of energy crops, while DETI handles equipment, infrastructure and the how the end product is to be utilised. Government policy in relation to energy pricing and taxation tariffs will also have a part to play.

Vision Report

8. Vision recommendations state that DARD should (a) develop, in association with DETI and DOE, a strategic approach to the development of sustainable energy systems at rural community level and (b) that opportunities for the growing of crops to provide alternative energy sources should be reviewed under this process.

UK Energy Strategy

9. Government has given a commitment to achieve a 12.5% reduction in CO₂ emissions on 1990 levels by 2012. This requires an increase in the UK's electricity supply through renewable sources such as from wind and wave generation. SRC, which is CO₂ neutral, may also have a part to play. To achieve this objective, the Prime Minister announced that an extra £100 million would be made available to support renewable technologies on a UK basis. Money will also be made available under the New Opportunities Fund, although this will be for larger capital projects and Northern Ireland is unlikely to benefit initially. However, the failure of 2 large-scale SRC/CHP projects in England may require readjustment of policy toward small-scale community-based projects, which may be more appropriate to

Northern Ireland. DEFRA, together with the devolved administrations, is currently considering proposals for a Bio-energy Infrastructure Scheme.

10. The Minister will be aware from recent correspondence from Mr Douglas McIlldoon, the Electricity Regulator, that new schemes are in place whereby the green energy tariff would allow direct support for the utilisation of energy crops, particularly using CHP technology, at community level. There is an implication in this that DARD should increase the element of public support in favour of green energy by increasing the level of establishment grant to SRC growers.

EU Dimension

11. Under LEADER+ there have been a considerable number applications submitted by community-based groups for funding to support community-based renewable energy initiatives. Money is also available under the BSP Programme and INTERREG III. Funding may also become available under modulation for renewable energy crops under the forestry chapter of the rural development programme. Also EU environmental legislation, which will be implemented by DOE, may provide the incentive to employ SRC for bioremediation and as a consequence provide the resource for CHP.

North/South Dimension

12. There is also the possibility of developing renewable energy projects on a North/South dimension and this is something which needs to be explored.

Pressures

13. DARD is under pressure from a number of sources to develop a strategy for renewable energy and to increase the funding for the growing of energy crops. For example, the Programme for Government states that the Executive will promote action in all sectors to reduce consumption of natural resources and encourage the development of renewable sources of energy. An increase in the number of Assembly Questions and

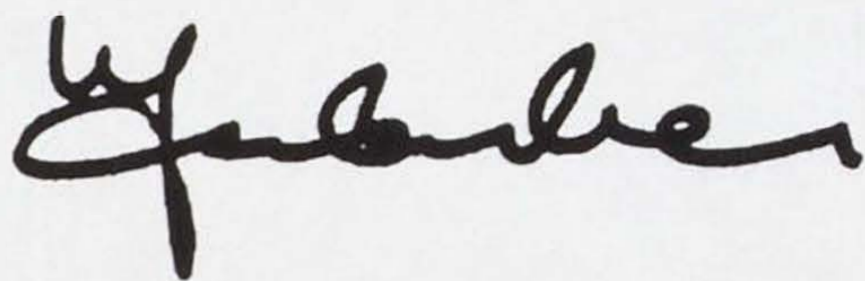
correspondence cases demonstrates that there is considerable interest on the issue of renewable energy as a result of effective lobbying.

Conclusion

13. Renewable energy is an issue which impacts on the review of forestry policy, on Vision, the Programme for Government and the wider UK and EU political agenda. DARD therefore needs to agree to a collective policy for renewable energy and clarify its role in the context of the cross-cutting responsibilities of other Departments. I believe it would be appropriate to undertake a policy review on this issue as a matter of priority. I propose that my embryonic policy group should undertake this work as soon as possible and involve DETI and DOE as necessary.

Recommendation

15. The Minister is invited to agree that my Policy Group should consider the issue of renewable energy with the objective of submitting proposals early in the New Year on an appropriate DARD renewable energy policy and how best to implement it.



TONY McCUSKER
Deputy Secretary
☎ 5(24628)