

Northern Ireland Affairs Committee

Oral evidence: Renewable Energy and Net Zero in Northern Ireland, HC 428

Tuesday 12 March 2024, Stormont

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Members present: Sir Robert Buckland (Chair); Stephen Farry; Sir Robert Goodwill; Claire Hanna; Carla Lockhart; Bob Stewart.

Questions 103-151

Witnesses

I: Ian Snowden, Permanent Secretary, Northern Ireland Department for the Economy, and Richard Rodgers, Director of Energy, Northern Ireland Department for the Economy.

Examination of witnesses

Witnesses: Ian Snowden and Richard Rodgers.

Q103 Chair: I am delighted to welcome colleagues to this meeting of the Northern Ireland Affairs Committee at Stormont, and particularly our two witnesses this morning: Ian Snowden, the permanent secretary at the Northern Ireland Department for the Economy, and Richard Rodgers, the director of energy at the Department. Gentlemen, thank you so much for joining us for our inquiry into the net zero obligation and the renewable energy situation here in Northern Ireland.

I thought I would open with a question for you both as to identifying the opportunities and the challenges that the net zero targets specific to Northern Ireland pose, and specifically the challenges and opportunities that they pose for your Department.

Ian Snowden: There is a fantastic opportunity in Northern Ireland to achieve energy self-sufficiency, possibly for the first time in the history of the region. We have the ability to generate sufficient energy and perhaps even become an exporter of energy because of our natural resources as we move away from fossil fuels. In addition, there is a tremendous economic opportunity, because we have a lot of innovators and entrepreneurs here who are working on net zero technologies. All parts of the world need that technology, and we are leading the way on some of that. There is a tremendous additional opportunity here to be world leaders in that kind of engineering expertise.

In terms of the challenges, there are issues around catching up after the period of hiatus that we have had with the absence of a functioning Assembly and Executive. There are a number of policy changes that need to be made, there is legislation that needs to be taken forward and there are new schemes to incentivise and support renewable energy generation that we would need to take forward, so there are some challenges that we need to pick up now.

I think we have sight of a pipeline of energy generation schemes that would take us to 80% renewables by 2030. It will be extremely challenging to push all of that through in the timescale, but it is possible. That is not to say that it is certain to happen, but it is certainly possible for us to do it.

Chair: We might come back to that. Mr Rodgers, do you want to add anything?

Richard Rodgers: I would just re-emphasise the need for urgency. We have got to a 23% reduction on emissions since 1990; under the Climate Change Act, we have to get to 48% by 2030, as you are aware from the evidence that you have received. What we have done in 23 years now has to be done in six. We do not have the time. From our perspective in the Department, it is all about urgency and redoubling efforts to catch up, as Ian said.



Q104 Claire Hanna: Throughout this inquiry, we have heard from different witnesses, including developers, grid operators and academics, that Northern Ireland is not on track to meet our targets. However, having stretch and ambitious net zero targets is important for galvanising people and for driving ambition. You will know that Rishi Sunak recently resiled from the UK's net zero targets. Can you confirm that the Department and the Minister remain committed to the targets, as laid down in law in the 2022 Act?

Ian Snowden: The targets are in legislation, so we have to strive to meet those targets.

Q105 Claire Hanna: And is the Minister committed to those, including the legislation that will no doubt be required around energy? Will the Bill be brought forward in this mandate?

Ian Snowden: There are a number of pieces of legislation that we will be looking to bring forward in the current year of the mandate, to start the process of taking them through. Those include powers for the Utility Regulator in relation to net zero and decarbonisation. In the Minister's statement to the Assembly on 19 February, he was quite clear about decarbonisation being one of his four priorities for the economy of Northern Ireland. He has not given us any reason to think that he is anything but entirely committed to achieving all those objectives.

Richard Rodgers: I would add that the Minister made it clear that he has four priorities for the economy. The first three are good jobs, regional rebalancing and productivity; the fourth is decarbonisation, which will support the other three. There is such a great opportunity, because we have been a price taker, linked to global commodity markets, over the past 150 years, and it has not served us well. Yes, at times energy was very cheap, but at other times we have felt the pain. The whole cost of living crisis has been driven by the dramatic increase in what we have had to pay. We have no say on that.

The opportunity for regional rebalancing is that we will produce a lot of the energy that Ian talked about in rural areas. That will be an opportunity to develop communities, create employment opportunities and real benefit for local communities, and help to rebalance. It really is a very exciting time, but we have to get on and enable it. That is our job as officials.

Q106 Claire Hanna: What is the timeline for that legislation? Is an energy Bill something that was prepared during the period when the Assembly was down? When do you hope to introduce some of that legislation to the Assembly?

Ian Snowden: The first piece, relating to the powers of the Utility Regulator, will be introduced in the next couple of months. It is quite a short piece of legislation. The primary energy legislation could be done in one very large Act, but it would be quite substantial and it would take a long time to work through the process, so our approach will be to break it up into component parts and take it through.

Q107 **Claire Hanna:** In this mandate?

Ian Snowden: Yes, that will be the objective.

Q108 **Claire Hanna:** What do you see as the key barriers to allowing Northern Ireland to meet its targets?

Ian Snowden: To meet the target of 80% by 2030, the only viable technological options are onshore wind and more solar, both of which will require planning permission. There is a real challenge for the planning system to balance the public interest in achieving the renewable energy target against the concerns that there are in communities. The speed at which we can progress planning applications, or indeed the ability to get them passed at all, will be a significant barrier to us achieving that. Quite a large renewable energy wind application in the Sperrins was rejected a short time ago. We need to find ways in which we can progress those schemes through the planning system and get them delivered. It is not a problem unique to Northern Ireland, of course—this applies everywhere in the UK and Ireland—but getting contentious schemes through the system will be one of the significant barriers.

After that, there is the financial incentive for the energy generators to invest in the system. We need to have some kind of scheme that will give them security of revenue, which will encourage investment. We have not been able to progress that since the Northern Ireland renewables obligation scheme closed in 2016, largely because of the periods of lacking an Executive and an Assembly, with covid in between. That will need to be brought forward as a matter of urgency, and we are working on that.

Then there are less significant but also important issues around connections and grid capacity. Northern Ireland Electricity Networks' next plan will start from April 2025. It includes substantial investment in the grid in Northern Ireland, which will need some significant reconfiguration and investment to support a different model of generation and distribution across Northern Ireland.

Q109 **Claire Hanna:** I think colleagues are going to pick up on each of those and on interconnection, but just to confirm, are you saying that you do not think we are on track but that you still think it is possible? I think the phrase used was, "If the finger was pulled out, it is possible." Is that something that you believe? Is the Department treating this as the emergency that it is? Is it being properly framed as an Executive-wide priority? Things like planning are not directly within your remit, but are these things happening on a cross-departmental, Executive-wide basis?

Ian Snowden: Yes. We have a lot of contact and liaison with other Executive Departments around us, including Infrastructure and Communities. It is one of those issues that needs a cross-Executive impetus. It is possible, because there are sufficient schemes in the pipeline—either in the planning system or that we are aware are to be brought forward. That would deliver us the additional generation capacity that would allow us to achieve that target. I did say that it would be



challenging to get those through the system, and the planning issues are indeed one part of that.

- Q110 Sir Robert Goodwill:** Good morning. You said that Northern Ireland is on track to be self-sufficient in energy. I am guessing that that means electricity, not overall energy, including gas and oil.

Ian Snowden: The renewable energy electricity generation can be used to produce green hydrogen, which is one of those issues in which we are probably more advanced than other regions. Green hydrogen can be used to create biofuels and e-fuels, which will replace some of the other fossil fuels. It is possible we could create a situation in which we are overall self-sufficient and do not have to import any fossil fuels. Richard is the expert on that.

Richard Rodgers: This is about power, heat and transport. It starts absolutely with electricity, because it is, if you like, the base—the abundance of wind that we should be heading towards. It is not just the 2030 target and, as Ian said, the visibility on the pipeline of the capacity that we need, which is around 2000 MW of new capacity. We are also advancing quite a significant detailed plan to deliver offshore wind, which will add to getting us from 80% to 100% in the next decade of renewable electricity.

- Q111 Sir Robert Goodwill:** That is 100% of current demand for electricity?

Richard Rodgers: Yes, and that demand has been stagnant. It has been at about 1,600 MW for several years, but that will grow when we get the growth in heat pumps. It will grow less because of electric vehicles, as much of the charging will happen overnight.

- Q112 Sir Robert Goodwill:** That was my next question. We have been told that we might need three or four times as much electricity to charge cars and have heat pumps. Is that something that we are on track to deliver?

Richard Rodgers: Yes. We have done the modelling. We created an energy transition model as part of the development of the energy strategy. That was done in an open-source model, with Dutch company Quintel, which has a good track record on this. That is there for everybody to play with. The assumptions are in there and we can see the scenarios that would get us to full self-sufficiency and indeed excess electricity being produced, which we could then store.

The great asset that we have in the natural gas pipeline is twofold. Some of the pipeline network will be used for biomethane in future, and that will play into the agriculture sector. Part of it will be used to store hydrogen, not for burning in people's homes but to put through solid oxide fuel cells to create electricity whenever the wind does not blow.

We can see a balance, and the size of the region supports us in that: 1.9 million people, 850,000 premises. We can see that in this tight region we have been able to get to the balance of all our energy needs. We start with that wind energy, solar and biomethane, and also geothermal, for which we have a couple of pilot demonstrators under way. We foresee a fully



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integrated energy system that is self-sufficient and can then export alongside that, through the interconnection that we need for security as well.

- Q113 Sir Robert Goodwill:** There are people in this building who bear the scars from the renewable heat incentive scheme. I suspect politicians will be very cautious in making progress in that area, but are there plans to bring forward a scheme of that type that would provide good value to the taxpayer and would demonstrate clear environmental benefits?

Ian Snowden: The resolution of the renewable heat incentive scheme is something that we need to prioritise and take forward. It is currently acting as a brake on our ability to take other schemes forward. We need to get that resolved and closed down within a short space of time. That will allow us to use the money that is available from the UK Government to invest in those sorts of renewable technologies and help move the incentives along. We have a number of schemes that we will be going to consultation on as we move through this process, but that would need to look at things like capital support for heat pumps on domestic properties. That is one of the key things; there are others.

Richard Rodgers: Just to be clear to the Committee, we intend to consult on the high-level design for the renewable electricity support scheme in the coming weeks, and we intend to consult on the way forward on low-carbon heat in the first half of this year; certainly by the end of June we will consult on that. All being well, that in turn will lead to the capital support scheme that Ian referred to, on the assumption that we get a resolution on RHI.

- Q114 Sir Robert Goodwill:** Would you agree that this is still a political minefield, and that there is going to be a lot of rolling of the pitch before people are prepared to accept that these will deliver good value for money?

Ian Snowden: Yes. We are starting from a very low position—there is no question about that. Credibility has been completely lost. I am very much aware, having come into this job, that there is a massive piece of work to be done to get us to a point where the participants in the scheme will agree and accept that we are acting in good faith, and where the public can be reassured that we are approaching it with good value for money and in a robust way.

- Q115 Sir Robert Goodwill:** One of the ways in which investors have been reassured in the North sea off my constituency is with delivery through schemes like contracts for difference. I understand that we have not quite got to that level here, but is that something that you are looking at? That would reassure investors about the long-term benefit. If energy prices rise, there is a windfall for the taxpayer, too.

Ian Snowden: That is one of the schemes that Richard has just mentioned.



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Richard Rodgers: Yes. We will consult in the coming weeks on the high-level design for a contracts-for-difference scheme. We hope that we have learned from the experience in GB and also from the experience on the other part of the island on the renewable electricity support scheme.

We will bring forward our version. Effectively, it is the tried and tested global version of contracts for difference that you described. There is another benefit to that: not only does it give confidence about an investment being bankable, but it gives protection for consumers. There is a stable price, as you say, and any excess that the market delivers can be returned; the Government also guarantees the price. This is the stable price that we seek, and that is what the design of the scheme will deliver.

Q116 Sir Robert Goodwill: Are we looking at offshore wind, onshore wind, photovoltaic and other schemes? Are we looking at tidal?

Richard Rodgers: Yes.

Sir Robert Goodwill: So it is right across the spectrum.

Richard Rodgers: Yes. We signed a statement of intent with the Crown Estate last year. We have also published an offshore renewable electricity action plan. We are working closely with the Crown Estate to get to the point of being able to identify the exact capacity this year. We will have the HRA—the habitats regulations assessment—and the strategic environmental assessment completed to state the exact capacity that we have in the Northern Ireland waters off our shores. We are making good progress, but that will be from 2030, and quite a few developers are showing interest in that.

Yes, offshore wind and onshore wind, as Ian said, is the main driver in the next six or seven years. Solar PV is really important. We are doing quite significant solar PV, and it pays for itself, with payback periods of five or six years for investment that lasts for a couple of decades. And there is biomethane and geothermal, so it all comes together nicely.

Q117 Sir Robert Goodwill: There were many concerns in places like Lincolnshire that PV schemes are taking away good agricultural land. Is that something you are in conversation about with DAERA to ensure that we are not undermining our food security by taking away good land for electricity production?

Ian Snowden: There is always a balance to be struck in relation to that. As part of the Climate Change Act, there are quite significant changes required in the agriculture industry here in Northern Ireland. I think that there are opportunities if we need to move away from certain types of more traditional agriculture in Northern Ireland. There are opportunities to look at some of the renewable energy options as alternative income sources for farmers. We are very close to DAERA around all of this. They obviously lead on the Climate Change Act and the climate action plans, but energy is a very significant part of that, so we are in very close consultation with them at all times.

Sir Robert Goodwill: Thank you.

Q118 Stephen Farry: Good morning to our witnesses. Picking up on the questions from Sir Robert, do you accept that at the moment there is a serious problem with investor confidence in Northern Ireland, just from the uncertainty with the planning process?

Ian Snowden: Yes, there is a problem with investor confidence. The planning is one part of it, but the contracts for difference-type scheme that Richard was just talking about is the other component of that. Investors will invest if they know that there are good opportunities for them to get revenue, that that revenue is stable and that they can predict what it is going to be. At the minute in Northern Ireland, we cannot give them that since the NIRO scheme came to an end.

Q119 Stephen Farry: Looking ahead at what is probably a fairly challenging piece of work—to reach the targets, including the 2030 target—what are the resourcing challenges, both human and financial, for the Department when it comes to being in a position to do that? How does that stand with the competing priorities not only in the Department, but at the Executive table?

Ian Snowden: We have in DFE an energy group that Richard is the head of. That group leads on all these renewable energy issues. The issue is not necessarily that we have human resource deficits in the Department; it is more that the skills in the economy need to be developed and built in order to allow us to take forward those renewable technologies, and to get them implemented and delivered.

We need the engineering and other skills that go along with that. Again, our Department has quite a substantial role, as you will know from your own previous career in employment, education and training, so that is another key growth area for training and skills development in Northern Ireland.

On financial resources, it is no secret that the financial position of the Northern Ireland Executive is pretty tight. Substantial sums of additional money will not be available. We need to look at the sources of funding available to us and that might be available to us, and at how we can maximise all those. We are looking at more effective use of, for example, financial transactions capital and how that can be used to support investment.

There is also the AME funding that is available, which is used for the RHI scheme. Our full annual allocation is not available to be used at the minute, because the RHI situation has not been fully resolved and there is still a financial risk that the Treasury wants us to continue to manage. If we can get the RHI resolved, that would release up to £33 million per year to be invested as well. We need to be as clever as possible about using the resources available to us, so that we can take this forward.

Q120 Stephen Farry: Finally, I want to ask about the three different scheme models that are available either in the Republic of Ireland or in Great



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Britain—in some senses, they are two sides of a coin. To what extent are the three—the small-scale renewable energy scheme, the renewable electricity support scheme and the cap and floor schemes in GB—models that we can learn from? Also, to what extent are their presence and operation causing distortions in investment, in particular being conscious of the single electricity market on the island? With some of those opportunities in the south, to what extent is that skewing the investment flow at the same time?

Richard Rodgers: From a UK perspective, we are 3%, so we will always be that, whatever perturbations of what happens in GB take effect here. There is no significant impact just because we are doing what we are doing—it is not material.

There has been a flight of capital from Northern Ireland. We invested from zero to get to the 45% to 50% range of renewable electricity that we are currently stagnant in, and that was like the Klondike for renewable electricity, but it ended in 2016.

In the past year, 95% of money invested in renewable electricity on the island is in the other jurisdiction. That is sad, because it means that capital that could be developing the economy here is happening down there, and jobs that could be developing here are happening down there. In fact, some of our key skills and resource is travelling across the border to work every day. There is a significant impact in terms of what is happening on the rest of the island, where they have had the leadership of a Green Minister for the past several years.

Q121 Stephen Farry: Finally, to pick up on Ian's point at the end about the green jobs and training and just to make a plug, which I am sure Ian will echo, for the FE sector, which is something that can adapt very quickly in terms of scale. I know that South West College, for example, is a leader in that particular respect.

Ian, do you want to expand on that in any way in terms of the training opportunities that exist and the infrastructure we have?

Ian Snowden: Yes. In Northern Ireland, the further education sector and the colleges are one of the real assets for the economy and certainly one of the most important ways in which we can develop the skills we need in all kinds of sectors of the economy. It is a sector that we are going to work very hard with to see what we can do to develop the skills and the courses that are necessary.

As you say, the colleges are very responsive whenever the opportunities are presented so we have to work with them to make sure that is done as efficiently and effectively as possible. We would not want to create a situation where there might be competition between colleges, which could be wasteful of resources and inefficient, so a lot of work needs to be done with them to make it as effective and efficient as possible.

Richard Rodgers: If I could quickly add to that, there are some great examples of local entrepreneurs who have located here because of the



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skills set that comes out of the FE and the HE colleges—for example, Artemis Technologies, who are developing the net zero boats. We have ferries and work boats, and their comments to us are that the engineering graduates who come out of the local institutions are pragmatic and it plays to the DNA of this place. That is what we really need to develop.

Q122 Chair: Can I press you on cap and floor, which operates in GB? Do you think it could be feasibly implemented in Northern Ireland?

Richard Rodgers: I would not want to get too technical.

Chair: Don't worry; we're all ears.

Richard Rodgers: No, I mean it might find me out, Sir Robert. Our preferred approach is contracts for difference because we think it suits the size of the region. We think it suits the size of the opportunity. The high-level design will look across all options when we publish that in the coming weeks. Our preferred option will be contracts for difference because we think it provides the fair balance between the investor and the consumer.

Q123 Carla Lockhart: Thank you for your evidence so far. I want to pick up on a couple of points from the conversation. One would be a follow-on from Sir Robert Goodwill's question around RHI. I certainly do not want to get stuck in the quagmire of RHI by any stretch, but I believe it has an impact on how Northern Ireland is shaping and going forward on renewables and trying to support people in moving in that direction.

Can I ask for more information around where we are in supporting those who entered the scheme in good faith and are now operating at a loss and in financial hardship because they are not even eligible for the amount that, say, their counterparts in GB would get? From memory, I think we heard from your colleagues in the Select Committee a number of months ago that there was a scheme nearing consultation. Can we have an update on that? I would be very keen for the UK Government to take it on and resolve it, but I am keen to hear where we are from a departmental perspective.

Ian Snowden: This is about the tariff paid to the existing participants.

Carla Lockhart: Yes.

Ian Snowden: It has been recognised that the tariff needs to be revised. We have a business case on the revision of the tariff, which is with the Department of Finance for its consideration currently. The revision of the tariff requires legislation. It is secondary legislation but under the affirmative procedure so it can be made only when the Assembly is sitting. It is therefore only really in the past five weeks that we have had the mechanism to take the regulations forward to change it.

Our intention will be to bring that legislation forward whenever the business case has been through the process with the Department of Finance and we have addressed all the questions and concerns around that. Then, that will introduce a revised tariff, which will bring us back to a point that is more equivalent to what it should be. That is one part of the



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process and hopefully if we get that resolved in the timescale that we intend, the revised tariff will be introduced later on this year.

The second part is about the long-term future of the scheme, which I referred to earlier on. Our view is that the policy itself has failed in terms of its own objectives, and it is actually acting as a blocker to a number of other things that we could do. We will need to come up with a mechanism to close the scheme that will be fair to the current participants and provide them with a payment that will allow us to close the scheme down. I think that that would be our direction.

Of course, that policy will need to be taken to the Executive and agreed by the Executive, and then primary legislation will be required to take that through. I think that your colleague's questions around the credibility issues, in relation to the RHI scheme and the politics of it, will play into that process, so I anticipate that it will be a difficult ride, but I think that it is something that we will need to address.

Q124 Carla Lockhart: I think that it needs a sensible approach, and I think that everyone is hopefully in the business of being sensible and actually supporting those who did not abuse the system and were honourable in what they were doing and what they entered into.

Just for clarity, because I know that there will be people who are quite interested in this, you anticipate that when a business case is presented to Finance, it will then be subject to approval or be sent back to yourselves, and then there will be some secondary legislation. At what stage do you anticipate the primary legislation for the actual closure of the scheme? That will concern people, probably—that they will find themselves with the scheme closed and maybe not eligible for support.

Ian Snowden: The process to get primary legislation introduced will require us to take the policy to the Executive first—so the Minister needs to take that policy to his Executive colleagues—and we hope that it will be possible to do that relatively soon. Then, after that, we need to come back and draft the legislation itself and then take that to the Executive for the approval of the draft Bill before it is introduced to the Assembly.

It will be complex, and probably quite a significantly sizeable Bill, so it will not be done this side of the summer recess, I don't anticipate; it will be later on in the year. Then, it will be introduced to the Assembly, and I imagine that the Economic Affairs Committee here will be very keen to give that some detailed scrutiny, so I expect that the Committee stage will probably take quite a time. So in the normal legislative process, I think we are talking about two years before that is passed.

Q125 Carla Lockhart: Thank you; that is really helpful. On a more local issue, obviously we know that Northern Ireland has much to do, and we have certainly been hearing that from all the evidence presented, but there are some really good examples—I am thinking of the one down in Tyrone, around Granville industrial estate.

Obviously, there is learning from it—how can we take that learning and



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actually feed that in to ensure that, when Government design schemes, they are schemes that actually work and that industry can actually access and be part of? What mapping is there of what already exists and of what is working, and how is that then feeding into the bigger picture?

Richard Rodgers: Well, to talk specifically for a moment about the Granville experience, the really positive thing, which is probably not publicised well enough just yet, is that, since November, all of the gas in Dungannon has been net-zero gas. It is biomethane produced from food waste in the industrial estate—for the whole of the town. It is the first decarbonised and net-zero-heated town in the region—perhaps anywhere across the islands at the moment—because, actually, it is fully biomethane.

That required no Government support because the market price for natural gas is quite high at the moment. Our concern would be the sustainability of that approach. The biomethane will be sold to the highest bidder, so to speak. For example, the renewable transport fuel obligation means that biomethane is quite often used as compressed natural gas in HGVs.

What we have been able to do, with broad support from the Utility Regulator and the gas distribution operator in Dungannon, is create the conditions to allow the injection of that biomethane on a continual basis out of the production plant and into the network in Dungannon. Our worry would be that if the price of natural gas drops significantly, that gas may be diverted elsewhere. The town is still connected to the natural gas network that comes from the North sea, so that is not a security of supply issue.

What we are working on as part of the development of the biomethane policy—we will put out consultation on biomethane in the coming months—is what a sustainable picture for biomethane is. We have to work with DAERA now, as Ian mentioned earlier. Agriculture policy is really important; the events at Lough Neagh towards the end of last summer are an example of how the biomethane can be part of the solution to the nutrients issue.

We are working closely with colleagues in DAERA and the cost of the biomethane for energy will be reduced by unlocking the value of the other parts of the supply chain, which are in the agriculture sector. The really important message is that in all these renewable energy solutions—and this is a great example—we need collaboration across the Executive.

It would certainly be our Minister's intention to meet shortly with the DAERA Minister, who is leading on the Climate Change Act. We are part of delivering the Climate Change Act, but also a significant amount of emissions come from agriculture. In turn, that creates great economic opportunity. It is good for the economy of Mid Ulster and at the same time it is dealing with the climate emissions issue.

Ian Snowden: As a general observation to what you said about how we ensure that the policies we introduce are going to be effective, one of the



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things we have to bear in mind is that this is a completely new technological area. We are at the start of a journey, which in 25 or 50 years' time will look completely different—the whole energy network and system will be completely different from what we currently have.

In any situation like this, lots of ideas are floating about. Ideas will come about in five years' time that will overtake; the pace of technological change is very fast. Although we can do quite a lot in the process of developing the policies—calls for evidence, consultations, involving stakeholders, co-design and all those other things—there is still a significant degree of uncertainty in the policy framework, what we are trying to achieve and what would be the best solution at any point in time.

We may make decisions that will turn out to be wrong. What we need to have then is a system that allows us to learn quickly and effectively, to apply that learning quickly and then not get bogged down in looking back at where decisions could have been taken differently in the past, but help ourselves to move forward. That requires an agile policy development process. But we can't predict what they are going to be at this point. We will almost certainly make some errors along the way.

Q126 Carla Lockhart: Well, that is a given. But industry is key and it is important that we do not take control of the likes of Granville as a Government, but bring in experts and those already doing it very well.

On future Government-backed renewable support schemes, can you give us an outline of what is in the pipeline and when we can expect them to be announced or made available to the general public?

Richard Rodgers: Three things are a focus this year: the renewable electricity support scheme high-level design consultation is coming imminently; a consultation on low-carbon heat policy, which will include potential support, will happen in the first half of this year; and also a consultation on the approach to energy efficiency.

We need then to make the most of the opportunity with the Assembly to bring forward the enabling legislation to allow that policy to be enacted. We will do some of that this year, as Ian outlined, but next year will be very important too. Next year will be the middle of the decade. I come back to the point that I made at the beginning: time is not on our side.

Q127 Carla Lockhart: You would be hopeful that over, say, the next year and a half or two years, you will see new schemes on the ground.

Richard Rodgers: Yes. That is necessary.

Q128 Carla Lockhart: To poke a little more at the planning side of things, obviously on our journey a significant number of complaints and concerns have been raised about planning. Can you explain in layman's terms to the many people who are watching this evidence session what is being done in planning, what we can expect and how it will actually flow down to councils? How will there not be anomalies around different councils doing different things, and maybe taking different approaches? Obviously, with a



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lot of planning the concern is that it is contrary to where the public are at on these issues, with the likes of the aesthetics of these things going forward. How are we going to marry those, improve the planning and bring forward something that will transform planning?

Ian Snowden: The Department for Infrastructure is working on a draft strategic planning and policy statement in relation to decarbonisation, climate change and those kinds of initiatives. You pretty much alluded to it there, and I mentioned it earlier on, but there is a tension in the public interests around these schemes. It is between the need to promote and progress with renewable energy generation, and installations that have a physical impact on the landscape. Wind turbines and solar farms are highly visible; some people don't mind them, and some can't stand them. Set against the need to generate renewable energy we have people who are concerned about things like aesthetics, the tourist industry and the impact of these installations on their own residential properties, with noise and other concerns that are frequently cited.

So there is a difficult tension to manage in the planning policy; it has got to allow the energy generation to take place, while at the same time being done in such a way that it will address community concerns. From our perspective, we would like quite a radical approach on the planning policy to make it more feasible for us to deliver the renewable energy that we like. The nature of planning policy change tends to be quite evolutionary and gradual. I do not think we are going to get everything that we would like out of that review of the planning policy, although we are involved in all of the discussions.

In my previous job, one of my responsibilities was for the Ordnance Survey. We started a project to look at mapping all of the publicly owned land and property in Northern Ireland. We found that, with the forests and other land holdings, quite a large proportion—about one sixth—of Northern Ireland's land is actually owned by the public sector, including large areas that are quite distant from people and residential properties. There are plenty of opportunities to explore whether that land could be used for renewable energy without it having the same impact as some of the private sites would have. We want to get into a discussion with the Department for Infrastructure about whether it would be possible to get permitted development rights on some of those locations, which would allow us to move more quickly through the planning process.

In addition, there is the need to look at what kind of community benefits can be derived from renewable energy schemes. There is some activity around that. There is quite a large wind farm not far from the village where I live, and the community association there gets an annual sum of money from the wind farm. There are things that that is used for in the community. There could be an expansion or an evolution in that kind of support. That might help to assuage some of people's concerns that they have to bear the costs of the installation being in their community, but do not see any of the benefits, which tend to flow to the people who own it and generate revenue. So there are a number of things we can do to try to



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help smooth it along, but we have to operate within the planning system that we have currently got.

Carla Lockhart: Well, there's no better man to do it, Ian.

Ian Snowden: I'm not sure about that.

Q129 **Carla Lockhart:** Finally, I think it is good that people get a feel for the local things that are going on. Obviously, city deals will have an impact on renewable. Within the ABC area, where my constituency is, there is a significant project around hydrogen. Do you find the connectivity between city deals and the Department is good? Is there a good flow of information? Will those city deals be able to help you guys along the way in relation to delivering some of this stuff?

Ian Snowden: The Department for the Economy is the accountable Department on the largest number of the city deal projects, so we have quite a close connection to quite a few of them and we know quite a lot of information about them. One of the things we need to do is to try to help move these projects along a bit faster. There are quite a number of parties involved in assessing and developing each one of the projects, and it could be made a little more streamlined. That is one of the things that I have been working on—helping to move those things along—since I joined the Department. We have plenty of connections through to the city deals projects, and we are well aware of what is going on there.

Q130 **Carla Lockhart:** I think that is important, because they have been talked about a lot, but there has been very little on the ground. It is important that if you are the accounting Department, this is taken by the scruff of the neck and delivered on.

Richard Rodgers: There are the current opportunities in Mid Ulster and in the south-west, in Derrylin, with Mannok. They are two great decarbonisation opportunities that have really developed quickly off the back of the city deal, because they were not there a couple of years ago. It is quite an exciting time.

Carla Lockhart: Thank you.

Q131 **Chair:** Thank you. I think the thrust of Carla Lockhart's question is: as a Department, do you feel that you have a responsibility or role in helping to join up planning policy better? It is the responsibility of local authorities—it has been devolved to them—and local decision making is important, but it does lead to fragmentation, which is difficult for this type of enterprise. What sort of role do you see your Department having in helping to join up that policy through things such as the city deals and other initiatives?

Ian Snowden: It is the Department for Infrastructure that is responsible for planning policy, as I said. We have very close engagement with the Department for Infrastructure around planning policy. I suppose one of the positive things from the restoration of the institutions here is that the Minister for the Economy and the Minister for Infrastructure are from the same political party. They will give us some additional opportunities to try to join up the policy.



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Our influence on planning is actually through that process of engaging and consulting with the Department for Infrastructure. There are then the local authorities. Our influence will be about the support that we can give to help the projects to move forward, whether that be financially or in terms of the policy framework that allows the schemes to take place. Our ability to intervene, other than as a statutory consultee on any individual planning application, is quite limited. The main route by which we can make progress on the planning issues is through that engagement with the Department that sets the policy. Quite a number of these large renewable energy schemes are called in to the Department centrally for it to assess and look at, so engaging with the Department whenever it looks at those major projects is also something we are quite active on.

Q132 Claire Hanna: You mentioned, and we have been hearing, that limited grid capacity is a big barrier to meeting our targets. What is your Department doing to address that?

Richard Rodgers: First, RP7 is the big investment plan. It applies and will be delivered from next April. However, that does not mean to say that significant work is not already being done at the end of RP6. We worked with the Utility Regulator to help to unlock opportunity for investment, for grid capacity, over the past couple of years. That is happening on the ground now. Ian and I met with—

Q133 Claire Hanna: How do you unlock the investment?

Richard Rodgers: It is through the mechanisms of the price control. The great thing about this is that detailed regulatory scrutiny ensures that consumers pay the fair price. It is up to the regulator to do the analysis; it is not for us to fetter the discretion of their decision. The regulator does the analysis and says, "This is a fair investment, and this is a fair return on it."

The analysis shows that the investment in the grid to unlock the constraints is important. That is happening, and that has been happening over the past couple of years. It is fundamentally important over the next six years of the next price control that that happens too, and that is what the draft determination indicates will happen. We met with the senior executives of NIE Networks a couple of weeks ago. They laid out very clearly what the plan is, and it is such an opportunity. You are too young to know, and certainly I am too, I hope—

Claire Hanna: That's very flattering—you would be surprised what I know.

Richard Rodgers: In the 1940s and 1950s, rural electrification was the greatest investment in the electricity network and brought rural communities on to the grid. This is greater than that. The amount of activity—£1.4 billion in quick order—is such a great economic opportunity. As I alluded to earlier, the investment is needed to unlock the renewable electricity capacity and connections and such, but it is also creating high-value jobs and opportunity in local economies through the supply chains. The number of contractors involved with NIE will quadruple over the



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period. It is a fantastic rural economy opportunity alongside everything that is happening in the cities.

Q134 Claire Hanna: We heard about the potential for mutualisation and, in general, about ways to galvanise people and buy people into the scale and speed we are going to require here. We heard that major community benefit projects would be useful, particularly in communities that are effectively hosting major infrastructure. Is that something you are exploring?

Ian Snowden: Yes. I mentioned it a bit in relation to what Ms Lockhart said. There are community benefits that accrue from renewable energy installations. That tends to go to community associations and get invested in community halls, facilities, playgrounds and that kind of thing. But there are lots of other options we could get into, thinking about what would be the best way to make sure that those community benefits accrue and are sustained over the long term, and that people in communities feel direct benefit from that. That might include looking at how we deal with charging for electricity for people in affected communities. There are lots of options you can look at.

Q135 Claire Hanna: Is that stuff you are thinking about?

Ian Snowden: Those are options that can be considered. I suppose that would fall to the Utility Regulator in their space to have a look at how the charging works out. You are quite right that the community has to have bought into all this. Quite often it can feel like one particular community has been expected to carry the cost of this, such as the presence of visually intrusive turbines or other installations, and other people in other locations get the benefit of it. It typically tends to be that rural communities feel that they are having to bear the brunt of this while urban communities are actually the ones who get the renewable electricity. We need to find a way to make sure that people are bought into all this.

You are absolutely right. My long background in community development tells me that it is not always that straightforward. There are lots of techniques we will have to use to get people involved. It is not simply a consultation exercise or identifying one or two community leaders. It has to be quite a detailed, thoughtful and intentional process to make sure that it works in practice.

Q136 Claire Hanna: One of the other things that came up when we met with the grid operators was around the fact that we are still fairly developer-led. If people say, "I would like to do a wind farm here," obviously some of that is going to match where it is windy, but there is not really a way of currently directing where there is capacity required or where there is potential. We have to wait and see what the investor wants. Do you see the Department having a role in that sort of shaping of the investments and the direction?

Ian Snowden: In terms of where they are?

Claire Hanna: Yes.

Ian Snowden: One of the interesting things about going down the renewable route is that we are shifting from a model where there might have been three or four locations where the electricity is generated, or is brought into Northern Ireland and distributed from those points across the whole of Northern Ireland, to a point where much more distributed generation is required.

Q137 **Claire Hanna:** Exactly, but it is not matching up. If you look at, say, the Republic, they are actively trying to corral things. If you are doing a data centre, for example, it would be somewhere where there is loads of wind energy to reduce the amount of capacity required for storage and transfer and stuff. Is that happening in a joined-up way?

Ian Snowden: Again, a lot of that is decisions by investors. The second part of that is not just where the investment goes into the energy generation capacity but where an investor would choose to locate themselves. They may see energy security as being one of the key things. Things like data centres take up huge amounts of energy but have very few jobs in them, but there will be other kinds of economic activity, and that might be more.

Q138 **Claire Hanna:** Is that all just for the market, or is anybody overseeing it?

Ian Snowden: It is the most efficient way to do it, but then it gets tied into the planning process as well. Again, what we are left with is that the places where the energy can be best generated tend to be rural, slightly more remote and less accessible. It is not always as straightforward as it might sound in practice.

Richard Rodgers: Just to be clear, we need a spatial plan for the integrated energy system. Yes, that is something we are working on, but what Ian says is absolutely right. A lot of it is being developer-led and, no surprises, it is typically where it is windiest. We can over-engineer this. At the end of the day, this is a small place, relatively speaking.

The way this will work is that there will be distributed wind sites, which are pretty much mapped already. It is not a secret; it's there when you go through the detail of the planning system. Then there will be the gas network, which is a valuable asset mainly for two things. Where biomethane is available and sustainable, it can be used for that, and a separate part of the network is for storing the hydrogen for keeping the lights on whenever the wind doesn't blow. That will be done through the likes of solid oxide fuel cells, which were taken forward in the pilot phase. Those same solid oxide fuel cells are 65% efficient at turning the hydrogen back to electricity, and the other 35% is a heat source that can be used in a local heat network.

Coming back to the investment model that you asked about at the beginning, it all depends on risk. Yes, the regulator determines the cost of capital and the cost of debt for the regulated monopolies in terms of the infrastructure in NIE Networks. We have mutual energy, which is 100% debt but low risk, and the consumers take that low risk because they guarantee the payments. Then you get the likes of social enterprise. That



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has potential in rural communities where, for example, a local heat network could be considered and there would be an appropriate return on that through the regulatory environment. It is quite an interesting, complex position, but that is the kind of thing we are looking at.

Q139 Chair: It is my understanding that you are trying to anticipate potential future private investment. Tied into that, what would a Government-led support scheme look like, and is that feasible? Could it be funded here by the Executive? Are you looking at both streams?

Ian Snowden: In terms of how it can be funded, we are working on a proposal for a scheme that we will use for financial transactions capital—it won't come directly from the Executive—which could be quite substantial. It is based on a model that we already have for property development called the Northern Ireland investment fund, but it will look at net zero projects. That is one example where we have it.

What we need to do in policy is pass on the management of that fund to a third-party expert who is able to do it, but we set the policy parameters for the use of the fund and what kind of projects can be attached to it. That is where we get into the ability to be a bit more directive without being state interventionist on individual projects. So that is the route by which we could make some progress towards shaping the energy and economic development landscape that we are looking for.

Q140 Bob Stewart: Talking about energy policy, between the UK mainland and Northern Ireland/the Republic of Ireland, is there—or could there or should there be—some sort of forum or oversight body to try to bring things into line?

Ian Snowden: It depends what you mean by oversight and what sort of thing you have in mind.

Bob Stewart: I am thinking of someone who might try to say, "Look, it looks good there; let's try to do it here."

Ian Snowden: A sort of co-ordination mechanism?

Bob Stewart: Yes, that sort of thing. Have you got that already? Informally, it seems that you probably have.

Ian Snowden: We have the interconnectors. We have connections with our policy colleagues both in Britain and in the Republic. One interesting question about the move towards renewable energy is, what do you do whenever the wind stops blowing? Of course, it never stops blowing everywhere on the British Isles all at one time, so there does need to be some joining up of the energy distribution system if we all move towards renewables at the same time. There is bound to be an evolution of a process whereby we start to share that east and west, because if we have calm weather here in Ireland, it will be quite windy on the east coast of England and Scotland, and likewise north and south.

Q141 Bob Stewart: So it is happening informally anyway. From your lofty



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position, looking at it overall—I don't mean to be rude in any way, but from a position of co-ordination—do you think that this is a silly idea? We don't want to set up quangos just for the bloody sake of it.

Ian Snowden: No. We do have mechanisms under the Belfast/Good Friday agreement, with the North South Ministerial Council and the British-Irish Council. Those are the mechanisms by which we might get—initially, anyway—the best movement. If you start to create additional bodies to oversee it, I think they take on a life of their own and you maybe don't necessarily get the benefit out of it, and quite a lot of time and energy can be expended in putting them in place. If there is a helpful way in which we can use the existing mechanisms, that is certainly something we should be looking at. I know that on the British-Irish Council they have groupings, or work strands—

Q142 **Bob Stewart:** In short, your answer is that it is not really necessary.

Ian Snowden: I don't see the gap in it at the minute.

Q143 **Bob Stewart:** Okay. In other words, it is worth looking at but, in your view, probably not worth doing.

Ian Snowden: If you want the short answer, there would be quite a significant cost in time and effort to do it, and you would need to see that there would be a clear benefit to be derived.

Bob Stewart: And it wouldn't achieve much.

Ian Snowden: And I don't see the benefit that would be derived just yet—but somebody could persuade me.

Q144 **Bob Stewart:** I totally get that. My second question is: are there policies, rules or legislation in the Republic or on the mainland that could be usefully adapted for Northern Ireland?

Ian Snowden: We have already mentioned the absence of any kind of financial support mechanism for the industry here. They have the contracts for difference in Britain and an equivalent scheme in the Republic, so certainly we can learn from that. I think I said in response to—

Q145 **Bob Stewart:** We certainly saw yesterday that there was quite a lot of co-ordination either side of the border when we went to SONI—

Ian Snowden: Oh, the single electricity market operator.

Bob Stewart: Yes. We were talking electricity, of course.

Ian Snowden: There are always policies being developed. In response to something Ms Lockhart asked, I said that this is a very fast-moving and quite young area of policy and technology. It is inevitable that in a year from now, somebody in England, Scotland, Wales or the Republic of Ireland will have come up with an idea that could be useful. We all need to learn from each other and share that practice, and that is where the



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networks between the different Departments are critical. Making sure those relationships are maintained is a key part of our job.

Richard Rodgers: I will give you one specific example that happened while the Assembly was down. We worked with colleagues in DESNZ on the development of their legislation on heat networks. Now we are in a position to bring the subsidiary legislation through the Assembly here on the basis of what we were able to do with them in terms of the primary legislation in Westminster for heat networks here. That means we are further along the road than we would have been otherwise. It is a good, pragmatic example, I think.

Q146 **Bob Stewart:** Thank you, Richard. While I have you, and with the Chairman's permission, can I go off-piste and ask you about a pet subject of mine? Who is the authority for cyber-attacks on the energy system in Northern Ireland? Is it you? It certainly wasn't SONI. Does it come all the way to you?

Richard Rodgers: It is the Utility Regulator.

Q147 **Bob Stewart:** Is the Utility Regulator powerful enough to deal with a massive cyber-attack? I don't want to go after a red herring here, but it is a bit of a pet subject of mine.

Ian Snowden: There is a pretty well-developed and extensive civil contingencies framework for Northern Ireland, and it includes provisions to deal with a number of different types of risks. Cyber-attacks on critical national infrastructure is one of the categories of risks that they look at and are planning for in quite some detail. Within that, if there happened to be an attack, there is a plan for how you would respond to it, and this Department is obviously heavily involved in that.

Q148 **Bob Stewart:** And of course it would go south of the border, too, particularly looking at electricity.

Ian Snowden: Yes, if there was a cyber-attack on the other side of border, because of the single network, there is potential that there could be a problem.

Bob Stewart: I don't want to delay the Committee more than that. I just wanted to raise the matter, as someone who is concerned about it. Thank you, Chairman.

Q149 **Chair:** Thank you, Bob. Can we end on this note? We have to think about the consumer in all this. There is genuine concern at the moment that the way in which carbon pricing works does not make the cost of carbon energy versus renewable energy reflective of the actual costs. That has consequences for the consumer. What steps can your Department take to ensure that the price of carbon does reflect its actual costs? Would it need legislation? Just give me a sense of what you are doing to think about it from the point of view of those that consume energy, because, of course, there is a fear that the renewable transition could exacerbate fuel poverty if we are not careful.



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Ian Snowden: On carbon pricing, I suppose really the only mechanism to achieve that is through taxation, and that kind of taxation is not devolved, so there is a very limited amount that this Department can do. In my previous job, one of my responsibilities was for rating policy and the operation of the rating system. We had taken a look at whether the system could be used to incentivise movement, for both businesses and residential properties, towards low-carbon energy use and heat. That would be quite a significant departure. Data collection is a key thing there, and how the system would work, in terms of either a surcharge on those using fossil fuels or a discount on those using renewable energies, would need to be teased out, but that would be the only lever available to the devolved Administration in Northern Ireland to go down that route.

If you wanted to start pricing carbon, then we are looking at things like fuel duties and other taxes of that nature. In the Republic of Ireland, they have moved some direction towards this. I think they are planning a kind of escalator of charging over the next number of years.

Q150 **Chair:** So, in a nutshell, it would still be a matter for the UK Government.

Ian Snowden: It is, yes. That is one side of it. The other side of it is the cost of the renewable energy. We were having a discussion about this yesterday. Currently, a heat pump is a much more efficient way of generating heat, in terms of input of energy and output of energy, than a gas boiler; it is about three times more efficient than a gas boiler. The problem is that the electricity costs are about three times per unit what the gas costs are, so we then have to look at how you can bring down the costs of the renewable solution so that it would actually justify the investment in the capital cost of replacing the boiler. For example, my current boiler is approaching 20 years old, and I have a decision to make at some point in the next few years about whether to pick a heat pump or a replacement boiler.

Claire Hanna: You've jinxed it now!

Ian Snowden: Yes, exactly. So I have to create a situation in which it would be more beneficial for me to choose the renewable option. That is one side of it.

There was a second part of your question, but I cannot remember what it was now.

Q151 **Chair:** Basically, the role of the GB Government is very clear in all of this, and I suppose I was trying to pursue it from a consumer point of view, about the transition exacerbating fuel poverty. Can I link in with that consumer awareness and the development of a consumer one-stop shop for energy-related information so that we give consumers more information—and power, in effect—to make informed choices? How are we going to deal with this question of fuel poverty?

Ian Snowden: The Northern Ireland Housing Executive is the home energy efficiency authority for Northern Ireland; that is one of its responsibilities. It was very active; I certainly remember that, when I was



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approaching the time that I was buying my first house, there was lots of activity in that sort of space. I am much less aware of activity on that now. There are definitely things that we can do to work with them to improve the amount of information that is available, and also to make sure that the one-stop-shop option is there. It is a large organisation with a network of 39 offices across Northern Ireland, so it has the geographical coverage and the spread that will get us right into communities. That would certainly be helpful.

In the end, it is the information that is provided to the consumer and the householder that will be critical. On the other side, larger users would be in businesses, so we will also have to look at what we can do around that, although there is a very strong network of business-representative organisations that we could certainly make a lot of use of.

In terms of fuel poverty, I think that the transition to net zero gives us the opportunity, if we achieve stable pricing of electricity, to start to look differently at how we approach fuel poverty. There are three components to it: the price of the fuel, how much you use in the property, and the energy efficiency of the property itself. Up to this point, fuel poverty policy in Northern Ireland has largely focused on the third of those things, which is the thermal efficiency of the property and the installation of more efficient insulation and double glazing—that kind of thing. It has not really dealt with the other two points. If you have a stable price platform you can start to build a different approach to fuel poverty, which might help us to eradicate it, in terms of working out what you might do with financial support for fuel and what other things you can do in terms of breaking the third of those parts of the triangle.

Chair: Thank you very much indeed for going through quite a range of questions there. We are extremely grateful to you both for your evidence this morning.

Ian Snowden: Sorry for the delay in arriving.

Chair: No, that's fine—you were on time. We are very grateful to you both for your evidence. Thank you.