

EXPLANATORY MEMORANDUM TO

The Renewables Obligation (Amendment) Order (Northern Ireland) 2021

SR no.

1. Introduction

- 1.1. This Explanatory Memorandum has been prepared by the Department for the Economy to accompany the Statutory Rule (details above) which is laid before the Northern Ireland Assembly.
- 1.2. The Statutory Rule is made under Article 66(2) of the Energy (NI) Order 2003 and is subject to the draft affirmative resolution procedure.

2. Purpose

- 2.1. The Statutory Rule, lasting for 1 year, amends the Renewables Obligation Order (Northern Ireland) 2009.
- 2.2. The SR will bring NI legislation into line with GB legislation, brought forward by BEIS, being made in Westminster.

3. Background

- 3.1. The Combined Heat and Power Quality Assurance (CHPQA) scheme, launched in 2001, is a UK wide voluntary programme, administered by the Department for Business, Energy and Industrial Strategy (BEIS), open to CHP sites to assess and certify efficient CHPs.
- 3.2. The scheme certifies energy efficient Combined Heat and Power (CHP) plants across the UK as Good Quality, providing access to financial incentives, such as exemption from Climate Change Levy. The CHPQA Standard outlines the methodology, definitions, and criteria for Good Quality certification. COVID-19 lockdowns and restrictions mean some previously Good Quality CHP operators may not qualify for such incentives in 2021 based on 2020 operational data meaning they will lose financial support. The CHPQA Standard will be updated to introduce, for a period of 12 months beginning with the day that this Order comes into operation, an easement in the certification process which will provide continuity of financial support, preventing a secondary financial hit to organisations in 2021.

4. Consultation

- 4.1. Due to the straightforward nature of the changes, narrow stakeholder interest and timing pressures to confirm certification for 2021, a UK wide consultation was held, by BEIS, between 15 December 2020 and 29 January 2021. This was paired with direct stakeholder engagement based on key stakeholders identified by each impacted policy team within BEIS as well as all CHPQA schemes certified in 2019.
- 4.2. 15 responses, including 2 identified as coming from NI operators, were received covering 159 sites across the United Kingdom. All stakeholders agreed and welcomed the change with no major concerns raised. A response to the consultation was published by BEIS on 10th March 2021.

- 4.3. Additionally, in line with Article 55E of the Energy (Northern Ireland) Order 2003, the Department has consulted with the Utility Regulator and Consumer Council and both organisations are in favour of the amendment.

5. Equality Impact

- 5.1. A Section 75 screening was completed and no impact, positive or negative, was identified in any of the categories.

6. Regulatory Impact

- 6.1. A Regulatory Impact Assessment was completed with no impact, negative or positive, to communities identified.

7. Financial Implications

- 7.1. Whilst there are no financial implications for the Department there may be potential implications for NI businesses that potentially could be eligible to receive the annual benefits, such as Climate Change Levy exemption, associated with Good Quality CHPQA certification.

8. Section 24 of the Northern Ireland Act 1998

- 8.1. This SR does not contravene Section 24 of the Northern Ireland Act 1988.

9. EU Implications

- 9.1. Not applicable.

10. Parity or Replicatory Measure

- 10.1. Equivalent legislation in Great Britain in being taken through the legislative process, by BEIS, in Westminster. The SI was laid in Parliament on 17 March, coming into operation during May 2021.

11. Additional Information

- 11.1. The legislation is temporary, lasting only for 1 year from date of coming into operation.