



Airtricity Response to

**Consultation on the detailed operational
arrangements and the revised Framework Document
for the Northern Ireland Sustainable Energy
Programme**

21st August 2009



The Northern Ireland Sustainable Energy Programme (formally the Energy Efficiency Levy Programme) has been, to date, highly effective in the energy savings it has so far achieved.

However we believe that there are number of key areas where improvements would greatly enhance the programmes ability to meet its stated objectives, namely:

- Focusing the funding on areas most likely to achieve high energy and carbon emission reductions.

We elaborate on our recommend changes in this area below. Our responses to the specific question raised in the consultation follow these recommendations.

Targeting carbon emissions reductions

We believe that the Sustainable Energy Programme (SEP) should have a greater focus on energy efficiency measures that better support governmental and European targets to reduce carbon emissions. This would strongly align the thinking and outputs of the SEP with those of the UK Climate Change Bill which has set the very challenging target of a 26% reduction in carbon dioxide emissions by 2020 and 80% by 2050, against a 1990 baseline.

In order to facilitate these government targets, **we believe that the current apportionment and relative focus on vulnerable customers of the Levy should be re – examined.** It is important that suppliers are able to target customers which will achieve the largest carbon emission reductions in the most cost effective way.

We understand that there is a balance to be struck between alleviating Fuel Poverty and reducing carbon emissions. However the current focus on the fuel poor, while understandable, does not ensure that the supported measures are the most cost effective or deliver the maximum level of carbon reductions.

Bidders should be afforded the maximum flexibility in designing and proposing schemes for levy funding. If the current ring fencing arrangements were relaxed or removed it would enable the proposals submitted to target the most cost effective areas where carbon emissions reductions could be maximised.

Responses to specific questions raised in the consultation document are as follows:

Question 1 – Respondents are asked to comment on the level of detail contained in the attached framework document. Are there any points which need to be clarified in order to facilitate the smooth operation of the schemes for the year commencing April 2010.

Response:

We would ask that the framework document contain the justification behind keeping the ring fencing at the 80% level for vulnerable customers. We would ask that the framework document clearly shows how this figure of 80% was reached, and what analysis was done to show that other % breakdown amounts such as 50% would not have achieved more cost effective higher energy saving programmes achieving funding.

Question 2 – Respondents are asked to comment on whether or not they agree with the proposal to carry out a further round of consultation on the types of organization permitted to bid for funding, before the second wave of opening up the NIESP to competition begin?

Response:

The process for bidding for levy funding should be transparent and equitable. We are supportive of the proposal to further consult on what criteria should be used in determining eligibility for applying for levy funding.

Question 3 – Respondents are asked to comment on whether or not they agree with the stated purpose of the target setting and incentive mechanism and the list of criteria for a good incentive mechanism as presented in Table 1 of the consultation document?

Response:

No comment

Question 4 – Respondents are asked to comment on whether or not they agree with the target setting and incentive mechanisms as set out in sections 3.9 and 3.10 of the attached Framework Document and as detailed in section 3.0 of this consultation document?

Response:

We believe that targets should be set Ex – Ante before bids are received. This will enable the Utility Regulator to set challenging yet realistic targets, which will ensure that only the most cost effective schemes will be accepted for levy funding.

We would also ask that the actual calculations for the target cost effectiveness figures are given.

Question 5 – Respondents are asked to list any topics/issues which they would like to be further considered when preparing the Framework Document for September 2010 and beyond.

Response:

As state above we strongly believe that the current apportionment and relative focus on vulnerable customers of the Levy should be re – examined as we believe that bidders should be afforded the maximum flexibility in designing and proposing schemes for levy funding. This would help to ensure that the most cost effective schemes are the ones to receive funding.

To discuss this document please contact:

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