



**Response by Energia to the Utility
Regulator Consultation on the Northern
Ireland Sustainable Energy Programme**

*Consultation on extension to programme and
reallocation of costs between customer groups*

11 May 2015

1. Introduction

Energia welcomes the opportunity to respond to this Utility Regulator (UR) consultation on the extension to the Northern Ireland Sustainable Energy Programme (NISEP) and the reallocation of costs between customer groups. Energia welcomes this further extension to the NISEP and is of the view that this programme has been effective in achieving its objectives in a cost-effective and meaningful way. The extension of the programme also avoids a hiatus in activity during a period of major change in relation to energy efficiency in Northern Ireland.

However, Energia's support for NISEP is not unconditional and while the comments contained in this response do not explicitly address points raised in the consultation paper, it is felt that the proposals outlined herein can give rise to further success for the programme, in what is likely to be its final year. These proposals are primarily focussed on the non-domestic sector of the market where Energia are active in assisting customers with achieving energy efficiency savings.

2. Proposed Changes to NISEP

The proposal(s) contained herein can better be view perhaps as extending a high level principle of the programme to sectors of the economy heretofore excluded from NISEP but with whose participation, significant savings could be made in important sectors of the Northern Ireland economy. The cost effectiveness targets contained in NISEP (currently 0.23p/kW for non-domestic customers), represent a significant barrier to a number of projects. This target effectively excludes projects in instances where the customer/facility is not operating somewhere between 16 and 24 hours per day. This limitation creates a potentially unnecessary and counter-productive barrier to a number of business sectors accessing the scheme and realising material energy efficiency savings.

Currently the majority beneficiaries of the funding are manufacturers, supermarkets, hotels and hospitals. Sectors who have traditionally been unable to access the programme, due primarily to their lower operating hours, include; schools, offices, surgeries, bars, café's and restaurants. We proposed that through the introduction of additional flexibility in the NISEP, this issue could be addressed to the benefit of a wider group of customers and the programme itself.

Energia's proposals are not for radical reform of the NISEP scheme rules, merely that some flexibility be introduced for highly efficient projects which do not meet the cost effectiveness target due exclusively to the lower running hours. We are not proposing the removal of thresholds, rather that projects that meet certain minimum requirement be admitted on the basis that such projects would have met the thresholds had they been operating for 16-24 hours per day.

Finally, as this is the last year of the program we consider it appropriate for consideration to be given to exhausting the full amount of the programme's funding in the coming year to avoid the requirement for a redistribution of surplus funding. The proposals we have outlined herein, for enhanced flexibility, could ensure the full value of the fund is put to its most beneficial and efficient use.