Energia House, 62 Newforge Lane, Belfast BT9 5NF
Telephone: +44 (0)28 9068 5900, Fax: +44(0)28 9068 5902
www.energia.ie

Alison Farr
Social & Environmental Sustainability
The Utility Regulator

By email to: alison.farr@uregni.go.uk

12 September 2012

Consultation on revised NISEP Framework Document for 2013-14

Dear Alison,

I refer to the above consultation and welcome this opportunity to respond on behalf of Energia. We will be responding to the DETI NI Energy Bill consultation on the broader question of energy efficiency measures and will restrict our comments in this response to the specific questions asked.

We strongly agree that the NISEP should be continued in its current form as it has delivered on all of the schemes objectives. The scheme represents good value for money whilst delivering significant benefits for consumers and the environment. Energia would thus encourage only making necessary changes to the scheme that demonstrably enhance its effectiveness in delivering maximum energy savings cost effectively. We are not convinced that all proposed changes in the consultation paper satisfy this requirement. Notably;

- The rate of levy should at least remain constant in real terms and should continue to uprate using RPI otherwise the scheme will be effectively devalued which cannot enhance its effectiveness.
- It is also very difficult to rationale why placing a cap on incentives will improve the scheme's effectiveness. The incentive scheme has been purposely designed a certain way which includes a commitment to 'recycle' any incentive earned above the threshold of 8% of total scheme funds into fuel poverty, energy efficiency and/or renewable schemes which are additional to work already planned. Placing an overall cap on the incentive scheme as proposed with individual payments adjusted down on a pro rata basis is unnecessary and perversely undermines and dilutes the incentive. Incentive payments are already low, especially given the challenges of delivering energy savings in the current economic climate.
- We do not agree that a 10% ring-fence of funding for innovative and renewable energy measures (Solar PV) is more appropriate than a 5% ring-fence for renewable (Solar PV) and a 5% ring fence for innovative measures. This could result in the crowding out of innovative schemes by established Solar PV technology (developed in sufficiently large scale). Innovation should be encouraged and so we suggest instead that Solar PV be required to compete with innovative scheme for up to 5% of funding, with the remaining 5% of funding strictly ring fenced for innovation. We believe this strikes a good balance

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of ensuring Solar PV schemes have to compete for funding (with innovative schemes), whilst ensuring that innovative schemes have a ring-fenced fund to compete with each other for. At the same time, if only 2% of Solar PV measures were successful then innovative schemes could be increased to 8% of the ring fence funding which would further encourage innovation.

Energia agrees that the final date for schemes bids to be submitted to the Programme Administrator should be put back to 31 December 2012 to allow more time for schemes to be developed following this consultation and Energia has no objections to the monthly payment arrangement.

I trust you will find these comments useful but please do not hesitate to contact me to discuss further.

Yours sincerely

K Hannafin

Kevin Hannafin

Regulation Manager