



EUROPEAN COMMISSION

Brussels, 29.07.2009

C(2009)6082

Subject: State aid N 22/2009 – UK
The Renewables Obligation – Northern Ireland

Sir,

1. PROCEDURE

1. By electronic notification of 15 January 2009, registered at the Commission on the same day (SANI 1973), the UK authorities, in accordance with Article 88(3) of the EC Treaty, notified the above mentioned measure.
2. By letter of 13 February 2009 (D/50599) and of 8 May 2009 (D/51956) the Commission requested additional information on the measure in question. The UK authorities submitted the requested information by letters of 1 April 2009 (A/7597) and of 9 June 2009 (A/14226), registered by the Commission on the same days.
3. The notified measure supplements the scheme N 414/2008 The Renewable Obligation – Introduction of a banding mechanism¹ with respect to the territory of Northern Ireland (there in after "the variation notification"). The aid scheme N 414/2008 was notified as modification to N 504/2000 Renewables Obligation and Capital Grants for Renewable Technologies². Based on this aid measure (N 414/2008), the Commission approved subsequently also a specific variation scheme covering the wave and tidal stream generation in Scotland (N 590/2008³).

¹ Approved by the Commission on 11 February 2009, OJ C 106, 8.5. 2009, p. 14.

² N 504/2000 Renewables Obligation and Capital Grants for Renewable technologies, OJ C 30, 2.2. 2002, p.15. N 504/200 was subsequently amended by N 209/2002, N 600/2003, N 362/2004, N 474/2005 and for Scotland by N 851/2006.

³ N 590/2008 United Kingdom (Scotland) Renewables Obligation – Introduction of a banding mechanism and specific support to wave and tidal stream generation, OJ C 109, 13.5. 2009, p. 3.

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4. The present notification concerns exclusively the Renewables Obligation as applied on the territory of Northern Ireland with respect to the level of support for generation of electricity in new landfill gas installations (thereinafter "the variation notification"). As regards the other conditions of the Renewables Obligation as applied in Northern Ireland, they are identical to the already approved scheme N 414/2008 referred to above.

2. DESCRIPTION

2.1. Objective

5. The objective of the variation notification is the support of development of generation of electricity from landfill gas in Northern Ireland. The landfill gas generation accounted in 2006/2007 for 30% of the Renewables Obligation Certificates (thereinafter the "ROCs")⁴ issued in Great Britain, no such ROCs were issued in Northern Ireland as for numerous reasons the sector has not developed. According to the UK authorities the principal reason are the additional costs associated with the landfill gas generation in Northern Ireland.
6. This was confirmed by the responses to the consultation process in Northern Ireland on the proposed "banned" Renewables Obligation which in general reduces the level of support to new landfill gas projects to 0.25 of ROC from the original 1 ROC/MWh. The responses pointed out to the need to retain the existing level of support, i.e. 1 ROC/MWh, if the sector is to be developed commercially there.

2.2. Legal basis, granting authority and scope of the notified measure

7. The UK authorities refer to the Energy (Northern Ireland) Order 2003 as amended by Energy (Amendment) Order 2009 and to the Renewables Obligation Order (Northern Ireland) 2007 as amended as to the legal basis of the notified measure.
8. The Department of Enterprise, Trade and Investment for Northern Ireland acts as a granting authority.
9. The scope of the notified measure is limited geographically to Northern Ireland and materially to the support of generation of electricity in new landfill gas installations under the Renewables Obligation.

2.3. Beneficiaries

10. Formally the beneficiaries can be all companies (large companies and SMEs), the expected number of beneficiaries is between 11 and 50. The UK authorities estimate that the variation notification will apply to approximately 12 landfill gas generators. Furthermore, the UK authorities explain in this context that the vast majority landfill gas sites concerned is owned by District Councils. However, the arrangements will typically involve the Councils granting licences to companies to extract the gas and generate electricity in return for an annual royalty.

⁴ Green certificates issued under the Renewable obligation schemes.

2.4. The aid measure: form of aid, aid amount

2.4.1. General description

11. The scheme obliges all electricity suppliers in the UK to ensure that a fix proportion of electricity supplied is produced from renewable sources of energy. Suppliers can meet this obligation either by supplying power from renewable generating stations, or by purchasing ROCs or by paying a buyout price which is adjusted annually by a price index. All proceeds from buyout payments are collected in a fund and recycled to suppliers in proportion to the number of ROCs they present.
12. Under the N 504/2000 regime, one ROC was provided for every MWh of electricity produced from renewable sources. The new N 414/2008 regime introduces banding of the ROCs in the UK: levels of support are differentiated according to the production technology. It aims at encouraging technologies which are further from commercial development and more expensive (e.g. offshore wind, tidal, wave, biomass) while maintaining support to current mainstream technologies (e.g. onshore wind). Therefore it keeps the latter at 1 ROC per ROC eligible MWh, while the former enjoy up to 2 ROCs per MWh. Finally, some technologies are banded down at 0.25 ROC/MWh (e.g. landfill gas), as the previous levels could lead for new installations to overcompensation⁵.
13. As regards the variation notification, it is proposed that new electricity generation landfill gas projects in Northern Ireland receive the level of support available to the existing landfill gas installations under the rules of the Renewables Obligation as approved in N 414/2008⁶, i.e. 1 ROC/ KWh, rather than the "banded down" level of 0.25 ROC/ KWh applied generally for new landfill gas installation across the UK.

2.4.2. Production costs considerations

14. Separate analysis of Northern Ireland landfill gas projects that are being planned on the basis of availability of 1 ROC/ MWh indicates that levelised costs of Northern Ireland projects⁷ planned showed higher relative costs:

⁵ For details on banded levels for renewable energy production per technology see table 1 (point 17) of Commission decision in N 414/2008.

⁶ For details on rules applicable to the existing installations see point 21 of Commission decision in N 414/2008.

⁷ Levelised costs reflect the amount of electricity revenue per MWh which is needed through the life of the technology to make the respective technology commercially viable. The levelised costs for Northern Ireland are calculated on the same basis as the Ernst & Young analysis for Great Britain.

Table 1: Levelised costs comparison

LEVELISED COSTS COMPARISON Northern Ireland and Great Britain		
GBP/ MWh	Northern Ireland	Great Britain
High	97	63
Medium	78	48
Low	61	32

15. The higher relative costs illustrated below result according to the UK authorities primarily from:
- smaller landfill sites that do not have economies of scale associated with the larger sites in Great Britain⁸;
 - the more rural and less industrially intensive features of the sites in Northern Ireland leading to higher grid connection costs.

Table 2: Landfill gas costs comparison

LANDFILL GAS COSTS COMPARISON Northern Ireland and Great Britain					
	Northern Ireland		Great Britain		
	Average		Average	High	%
	GBP/ MWh	%	GBP/ MWh	GBP/ MWh	
Capital Costs					
Planning	52,600	4%	50,000	70,000	5%
Infrastructure – Grid	610,700	40%	300,000	420,000	30%
Infrastructure – Other ⁹	260,500	17%	100,000	140,000	10%
Plant	601,000	39%	550,000	770,000	55%
<i>Total Capital Costs</i>	<i>1,524,800</i>	<i>100%</i>	<i>1,000,000</i>	<i>1,400,000</i>	<i>100%</i>
<i>Annual O&M Costs</i>	<i>147,000</i>		<i>110,000</i>	<i>130,000</i>	
Levelised Costs ¹⁰	78		48	63	

16. Table 2 above details the difference between landfill gas development costs in Northern Ireland and those in Great Britain and highlights in particular the additional grid infrastructure costs associated with the relative remoteness of the sites in Northern Ireland.

⁸ In Great Britain there are currently around 380 landfill gas sites registered under the Renewables Obligation. Their average capacity is 2.26 MW (the largest one is 16.4 MW). In Northern Ireland there are 14 potential sites with an average planned capacity of 1.2 MW (the largest project is 5 MW).

⁹ Costs of gas collection system, landfill gas compound, flare and gas, electrical infrastructure.

¹⁰ ‘Levelised costs’ reflect the amount of electricity revenue per MWh which is needed through the life of the technology to make the respective technology commercially viable.

17. As indicated in Table 1, the levelised costs of landfill gas generation in Northern Ireland are above those in the rest of the United Kingdom. The UK authorities explain the Northern Ireland costs are more in line with those calculated by Ernst & Young for smaller wind farm developments in low wind areas and for which the banded Renewable Obligation scheme as approved in N 414/2008 is retaining the 1ROC/ MWh award.
18. In view of these considerations the UK authorities propose that within the operation of the Renewables Obligation across the United Kingdom, the Northern Ireland Renewables Obligation should retain the 1 ROC award instead of reducing to 0.25 ROC/ MWh as applied for landfill gas installations in the rest of the United Kingdom under the banded Renewable Obligation. This is deemed necessary to ensure that the landfill gas resource can be exploited and utilized to enhance the renewables portfolio.

2.4.3. Oversubsidisation considerations

19. In line with analysis carried out by the Department of Energy and Climate Change (DECC) in support of the reform of Renewables Obligation (notified under N 414/2008), the potential for oversubsidisation was assessed for the purposes of variation notification in terms of Table 3 below.

Table 3: Landfill gas – Oversubsidisation considerations¹¹

2010: Total Production costs (GBP/MWh)	Total Revenues (GBP/MWh)
61 – 97	Grey electricity price ¹² 40.32 - 56.43
Costs based on analysis of current planned developments.	ROC value 41.64
	Levy Exemption Certificates ¹³ 3.16
	Total 85.12 - 101.23
2015: Total Production costs (GBP/MWh)	Total Revenues (GBP/MWh)
61 – 97	Grey electricity price 34.05 - 60.84
	ROC value 31.24
	Levy Exemption Certificates 3.16
	Total 68.45 - 95.24
2020: Total Production costs (GBP/MWh)	Total Revenues (GBP/MWh)
61 – 97	Grey electricity price 36.30 - 63.17
	ROC value 31.12
	Levy Exemption Certificates 3.16
	Total 70.58 – 97.45

20. The UK authorities emphasize in the context of absence of oversubsidisation that ROCs are only part of the revenue stream that is needed to offset the production costs. As such, a differential in the level of costs between Northern Ireland and Great Britain needs a proportionately higher differential in number of ROCs to bridge the gap.
21. Furthermore, the UK authorities indicate that, based on table 1 above, the levelised costs in Northern Ireland are consistently by approximately 30 GBP/MWh higher than those in Great Britain. The UK authorities link this difference to the comparison of income that would be realised for each MWh of output by projects in the 0.25 ROC and in 1 ROC bands (see Table 4 below) and highlight

¹¹ The UK authorities explain that the data (intervals) provided are consistent with the overcompensation considerations and data submitted by the UK authorities for the purposes of the Renewables Obligation (N 414/2008). The variation notification uses the same electricity price revenue ranges and differs only in that it includes in the income stream the value of 1 ROC rather than 0.25 ROC (a generally applicable level under N 414/2008). As regards the production costs they have been shown as a range as there had been no electricity generation from landfill gas in Northern Ireland until 2008. The data concerning the production costs and output amounts are provided by the industry itself for individual projects. The UK authorities submitted also a list of 11 individual projects, including for each of them its planned capacity (ranging between 0.3 – 5 MW) and levelised costs (ranging between 61 – 124 GBP/ MWh).

¹² The table assumes a wholesale price for electricity similar to that used for the Great Britain analysis. While Northern Ireland has a different industry structure than Great Britain – there is a Single Electricity Market Wholesale Pool for the island of Ireland – generators with capacity under 10 MW (which will include all landfill gas generation projects) are not obliged to engage with the Pool and will more probably enter into bilateral arrangements with individual suppliers on a basis similar to that in Great Britain.

¹³ It is assumed that ROC and LEC prices are consistent with Great Britain (this will actually be the case) although in line with the variation notification for landfill gas the 1 ROC/ MWh will be granted.

a difference of 31.23 GBP/ MWh in 2010 and less than 25 GBP/ MWh for both 2015 and 2020. Based on this analysis, the UK authorities conclude that the additional funding provided by retaining a 1 ROC band for landfill gas in Northern Ireland would appear appropriate (and less than sufficient after 2010) to counteract relatively higher costs in Northern Ireland.

Table 4: ROC Revenue under banned Renewables Obligation

ROC Revenue under banded Renewables Obligation (GBP/ MWh)		
Year	0.25 ROC band	1 ROC band
2010	10.41	41.64
2015	7.81	31.24
2020	7.78	31.12

22. As regards the internal rate of return, the UK authorities explain that given that until 2008 there has been no landfill gas generation in Northern Ireland, this information is not available. They point out in this context that the analysis of levelised costs for landfill gas generation was based on the 10% cost of capital (return on invested capital) over a 12 year lifetime.

2.4.4. Energy policy¹⁴ and environmental considerations

23. While the potential landfill gas resource is small it can according to the UK authorities nevertheless make an important contribution to Northern Ireland’s renewable energy portfolio. Northern Ireland is highly dependent (99%) on imports of fossil fuel for its primary energy with implications for security of supply, price volatility and greenhouse gas emissions.
24. The Renewables Obligation has helped stimulate renewables development over the past 5 years to the extent that renewables generation now represents around 7% of total electricity consumption¹⁵. However, Northern Ireland is highly dependent (97%) on wind for its renewables generation. This is currently presenting problems for grid management due to variability of wind generation and it is therefore critical for Northern Ireland to broaden the range of renewable technologies and stimulate increased baseload renewables (such as landfill gas generation) in the mix. According to the UK authorities the recognition of this need adds further to the importance of retaining a 1ROC award for landfill gas.
25. In addition, the UK authorities point out that the award of 1 ROC/ MWh for landfill gas will help to ensure that landfill gas is utilised and not only burned

¹⁴ The UK authorities explain in this context that while the Northern Ireland Renewables Obligation (NIRO) operates in tandem with Great Britain in a UK wide market for the ROCs, the Northern Ireland Assembly has developed the responsibility for energy policy generally within Northern Ireland and, as in the case of the Renewables Obligation for Northern Ireland (see Section 2.2. above), separate legislation exists from that which covers energy policy in Great Britain. Policy and support mechanism need not therefore be identical in Great Britain and Northern Ireland, but rather will reflect the relative priorities of respective jurisdictions.

¹⁵ The current renewable electricity target of Northern Ireland is 12% of electricity consumption to be met by 2012 from indigenous renewable energy sources 15% of which should be generated from non-wind sources.

off. As the majority of sites at hand are owned by local Councils, not only will this resource be wasted, but also the costs involved in the legal requirement to collect and dispose of the gas on those sites will fall on local taxpayers if the landfill gas projects are not supported and developed.

26. The UK authorities thus conclude that development of landfill gas potential for electricity generation has a strategic importance in Northern Ireland's wider renewable energy policy.

2.4.5. Viability and competitiveness considerations

27. As regards the viability of landfill gas generation without the aid the UK authorities point out that they have serious concerns that any of the proposed projects would be developed without a 1 ROC/ MWh award. This would reduce the UK's renewables potential by 53 GWh per annum. The need for support to ensure viability is according to the UK authorities best illustrated in the absence of any landfill gas generation in Northern Ireland until now. This generation has been only stimulated by the introduction of the Renewables Obligation in 2005 offering 1 ROC/MWh.
28. With respect to competitiveness of landfill gas generation the UK authorities emphasize that the aid granted on the basis of the variation notification is intended to compensate the Northern Ireland producers for their higher costs, rather than promoting inefficiency. The UK authorities refer in this context to the general review mechanism of the Renewables Obligation scheme as laid down in the respective legislation referred to above and confirm that special attention will be given to the review of the banding of landfill gas technology in the future, in particular with regards to the costs of real projects as implemented in practice.
29. In terms of the effects on ROC market the award of 1 ROC/MWh of electricity generated from landfill gas would add further 40,000 ROCs to the total number of ROC traded across the UK each year which would lead to the reduction of ROC values by less than 0.09%. In case the rules for the existing installations will be applied to more than 5.5 MW of landfill gas generation capacity, the impact on ROC prices will be even more insignificant. As regards the impact on generation of electricity from renewable energy sources in Northern Ireland, the UK authorities explain that there has been no landfill gas generation in Northern Ireland until 2008 and that the electricity generation from renewables consist primarily of wind energy (97%). The landfill gas potential linked to the variation notification is 53 GWh per annum. Based on 2012 projections for electricity consumption and the 2012 renewable electricity target of 12%, it is estimated that the landfill gas potential under the variation notification would represent about 4.5% - 4.9% of indigenous renewable generation in Northern Ireland (depending on the electricity consumption projections, the latter estimation takes into account the effect of economic down turn).

2.5. Budget

30. The total budget for the whole duration of the overall UK Renewables Obligation is GBP 23,200 million (EUR 25,460 million). The actual annual expenditure linked to the variation notification depends on how many MW of the estimated landfill gas capacity of 15.5 MW¹⁶ will be still covered by the rules applicable to the existing installations as approved in N 414/2008 under which such existing installations are eligible for retention of 1 ROC/MWh; and how many will fall under the scope of the variation notification. In case the variation notification concerns 10 MW capacity, as expected by the UK authorities, the annual expenditure will amount approximately to GBP 1.8 million (EUR 2 million¹⁷), based on ROC value of GBP 45 (EUR 49.3). The UK authorities nevertheless mention that the variation notification may also concern only around 5.5 MW (depending of the progress of the projects concerned), which would lower the annual expenditure and number of beneficiaries accordingly¹⁸.

2.6. Duration

31. The aid will be granted as from the date of Commission approval. The duration of the notified measure is until 31 March 2027. The UK authorities argue that in order to incentivise the investment decisions in the field of electricity generation from renewable energy sources it is necessary to provide a degree of certainty over revenue streams for a significant proportion of the payback period, i.e. an expectation of support for 15-20 years is crucial for securing investment. The UK authorities undertake to renotify the measure at hand every 10 years.

2.7. Other conditions

32. If not specifically referred to in sections 2.1. – 2.6. above, the general conditions of the Renewables Obligation, as approved by the Commission in N 414/2008, apply.

3. ASSESSMENT

3.1. Lawfulness of the aid

33. By notifying the aid measure before its implementation, the UK authorities fulfilled their obligation according to Article 88(3) of the EC Treaty.

¹⁶ According to the UK authorities there had been no existing landfill gas installation until opening of 0.5MW site at Lisbane in 2008. It is expected that a further site (5 MW) in Belfast will secure accreditation in time in order to be covered by the rules applicable to the existing installations of the general scheme N 414/2008. In addition, it is suggested by developers that it is possible to advance the development of further sites accounting for up to 4.5 MW so that they qualify for 1 ROC/MWh under the rules applicable for the existing installations referred to above.

¹⁷ Based on exchange rate EUR 1 = GBP 0.91120 applicable on the day of notification, i.e. on 13 January 2009. The same exchange rate is applied in the whole document.

¹⁸ For details see footnote No 16.

3.2. State aid in the sense of Article 87(1) of the EC Treaty

34. The Commission decision concerning State aid N 414/2008 Renewables Obligation refers to the fact that the Renewables Obligation has already been considered a State aid covered by Article 87(1) of the EC Treaty under Commission decision of N 504/2000 of 28 November 2001. The variation notification does not alter this conclusion.

3.3. Compatibility of the aid

35. The scheme was first approved by decision on 28 November 2001 in case N 504/2000¹⁹, under the 2001 Community guidelines on State aid for environmental protection²⁰ which expired on 1 April 2008. The 2008 Community guidelines on state aid for environmental protection (thereinafter "the Environmental aid guidelines")²¹ entered into force since then. The compatibility of the variation notification has thus been assessed according to Article 87(3)(c) of the EC Treaty and in the light of the Environmental aid guidelines.
36. As stated above, the Commission has already approved the introduction of banding for the UK in its decision on State aid No. N 414/2008. The same support levels will apply for Northern Ireland through the Northern Ireland Renewables Obligation, except for its specific higher level of support for electricity generation from landfill gas at the level of 1 ROC/ MWh. As support to production from other renewable energy sources have already been declared as compatible under Commission's decision in case N 414/2008, the compatibility assessment will therefore be limited to the higher support levels for the landfill gas generation.
37. Firstly, the Commission notes that landfill gas is covered by the definition of renewable energy sources as laid down in point 70(5) of the Environmental aid guidelines.

3.3.1. Aid to suppliers

38. Given the fact that the level of support itself does not alter the nature of the scheme as far as its mechanism is concerned, the Commission, as concluded in decision on N 414/2008 (based on previous Commission approval in N 504/2008) takes the view that, also with respect to the variation notification, the aid to suppliers is necessary in order to run the system, is limited and about 80% of support is transferred to the generators of electricity from eligible renewable sources.

¹⁹ For details see footnote No. 2.

²⁰ OJ C 37, 3.2.2001, p. 3.

²¹ OJ C 82, 1.4.2008, p. 1.

3.3.2. Aid to producers

39. As regards aid to generators, the Commission will assess the scheme on the basis of point 110 of the Environmental aid guidelines, which lay down the conditions under which certificates which allow producers of renewable electricity to benefit indirectly from guaranteed demand for their energy, at a price above market price for conventional power, can be allowed when they constitute State aid. The conditions are the following:
- a) Support is essential to ensure the viability of the renewable energy sources concerned;
 - b) Support does not in the aggregate result in overcompensation;
 - c) Support does not dissuade renewable energy producers from becoming more competitive;
 - d) Support is limited to duration of 10 years.

Ad a) Support is essential to ensure the viability of the renewable energy sources

40. Considering primarily the fact that prior to the introduction of support level of 1 ROC/ MWh for landfill gas in 2005 there was no interest in developing the landfill gas generation in Northern Ireland among private investors and that the first installation started the generation of electricity from landfill gas only in 2008, it seems that the higher award at the level of 1 ROC/ MWh (instead of generally applicable banded level 0.25 ROC/ MWh) is necessary in order to ensure the viability of landfill gas generation in Northern Ireland. The Commission thus concludes that the aid to be granted under the variation notification complies with the above mentioned condition of viability and appears necessary so that the landfill gas generation in Northern Ireland achieves its potential.

Ad b) Support does not in the aggregate result in overcompensation

41. In order to verify whether there is no overcompensation in the aggregate, the Commission needs to verify that the revenues of the generators do not exceed the costs of production and a reasonable benefit in aggregate of the scheme i.e. over time and over technologies. These revenues include the ROCs, the wholesale electricity price, and other revenues such as those derived from Climate Change Levy Exemption Certificates (LECs).
42. Firstly, the Commission takes note in this context of the information that the relevant data submitted by the UK authorities with respect to no overcompensation of the landfill gas generation in Northern Ireland (Table 3 above) are in line with the analysis carried out for the purposes of supporting the notification of case N 414/2008. Furthermore, as in its decision concerning N 414/2008, the Commission notes that it understands difficulties in establishing precise forecasts of production costs and revenues streams for the time period envisaged.

43. As regards the production costs, the UK authorities submitted a detailed comparative analysis of levelised production costs of landfill gas generation installations in Northern Ireland and in Great Britain (Table 2). The submitted data clearly show the increased production costs in Northern Ireland, in particular with respect to the grid infrastructure costs associated with relative remoteness of the sites in Northern Ireland.
44. Given the absence of existing installations²², the levelised production costs data for Northern Ireland are based on the analysis of individual investment projects.
45. Furthermore, the Commission notes that, due to the unavailability of data on internal rate of return (no existing installations until 2008), the analysis of the levelised costs of landfill gas projects was based on the 10% cost of capital over 12 year lifetime. The Commission considers these levels as reasonable assumptions.
46. As for the revenue side of the analysis, the Commission notes that the submitted data are consistent with the data submitted by the UK authorities with respect to the approved State aid in case N 414/2008, except the fact that for purposes of the variation notification for landfill gas the 1 ROC/ MWh will be granted.
47. The Commission also takes note of the consistency of the difference between the levelised production costs in Great Britain and in Northern Ireland (Table 1 above) and the difference between the ROC revenue in 0.25 ROC band (were it be applied in Northern Ireland) and 1 ROC band proposed in the variation notification (Table 4) as described in point 21 above (in both cases the difference amounts to approximately GBP 30/ MWh or less).
48. Finally, the Commission takes into account the review mechanism of the Renewables Obligation in order to prevent overcompensation and the confirmation of the UK authorities that special attention will be given to the review of the banding of landfill gas technology in the future, in particular with regards to the costs of real projects as implemented in practice.
49. Considering the above, in particular the analysis of the production costs and revenues streams, and in line with the Commission conclusions in N 414/2008, the Commission takes the view that even if the system might overcompensate generators in the beginning of application of the scheme, the market mechanism and the review commitment as referred to in points 28 and 48 will prevent the overcompensation in the aggregate through the duration of the Commission approval.

Ad c) Support does not dissuade renewable energy producers from becoming more competitive

²² The first installation started operation only in 2008.

50. Firstly, the Commission notes in this context the review mechanism as referred to in points 28 and 48.
51. Furthermore, as regards the effect on the UK-wide ROC market as well as on generation of electricity from other renewable sources in Northern Ireland, it can be concluded, based on details described in point 29 above, that the impact of the variation notification appears to be limited.
52. Accordingly, the Commission takes the view that support will not dissuade producers from becoming more competitive over time, thanks to the review mechanism; and with respect to different technologies, considering the limited crowding-out effect of support to landfill gas generation in Northern Ireland.

Ad d) Support is limited to duration of 10 years

53. Given the commitment of the UK authorities that they will re-notify the variation notification in 10 years, the Commission considers the above mentioned condition as fulfilled even if the national formal duration of the scheme is until 31 March 2027.
54. The Commission points out in this context that the approval of the variation notification is limited to the period of 10 years following the adoption date of the Commission decision.
55. Accordingly, the Commission comes to the conclusion that the notified scheme complies with the Environmental guidelines and is therefore compatible with the common market in accordance with Article 87(3)(c) of the EC Treaty.

4. DECISION

56. The Commission finds that the aid scheme "The Renewables Obligation – Northern Ireland" is compatible with the common market in accordance with Article 87(3)(c) of the EC Treaty and has therefore decided not to raise objections to the notified measure.
57. The Commission reminds the authorities of the United Kingdom that, in accordance with Article 88(3) of the EC Treaty, plans to refinance, alter or change this scheme have to be notified to the Commission pursuant to provisions of Commission Regulation (EC) No 794/2004 implementing Council Regulation (EC) No 659/1999 laying down detailed rules for the application of Article 93 [now 88] of the EC Treaty²³.

²³ OJ L 140, 30.4. 2004, p.1.

58. If this letter contains confidential information, which should not be disclosed to third parties, please inform the Commission within fifteen working days of the date of receipt. If the Commission does not receive a reasoned request by that deadline, you will be deemed to agree to the disclosure to third parties and to the publication of the full text of the letter in the authentic language on the Internet site:

http://ec.europa.eu/community_law/state_aid/index.htm

Your request should be sent by registered letter or fax to:

European Commission
Directorate-General for Competition
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Yours faithfully,
For the Commission

Antonio TAJANI
Member of the Commission