


PORE 12/2/2015 EMISSIONS (CAPPE)

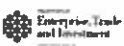
**Northern Ireland
Renewable Heat Incentive**

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Energy Division
18 February 2015



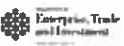
Overview

- o This session will aim to cover the following;
 - o Background to the NI RHI
 - o RHI Phase 1
 - o RHI Phase 2
 - o Update on the Domestic RHI Scheme
 - o Proposed extension of Non-Domestic Scheme
 - o Next steps
 - o Question and Answer



Background

- The RHI is a mechanism whereby non-domestic & domestic generators of eligible renewable heat are paid for the renewable heat output for the lifetime of the technology.
- The primary objective for the Northern Ireland RHI is to increase the uptake of renewable heat to 10% by 2020. The 10% target for renewable heat equates to 1600GWh (or an additional 1300GWh when considering existing levels).
- It is expected that the RHI will have a number of other wider benefits in terms of fuel security, lower emissions and 'green jobs'.
- Renewable heat technologies are currently unable to compete with existing fossil fuel alternatives given the often higher capital costs and also the lack of understanding and awareness amongst consumers.



RHI Phase 1 (Non-domestic)

- The Non-domestic RHI Scheme was launched in Nov 2012 and is administered by Ofgem (through a SLA with DETI).
- The Renewable Heat Incentive Scheme Regulations (Northern Ireland) 2012 provide the legal basis for the scheme.
- Phase 1 of the Non-domestic RHI covered the most well-established renewable heat technologies for the non-domestic sector. Eligible technologies are Biomass, Biomethane, Solar Thermal & Ground Source Heat Pumps (GSHP)
- RHI Statistics at 15 February 2015:
 - 486 applications had been received
 - 286 accredited installations
 - Total installed heat capacity of 28MW
 - Total installed heat output 129GWh



Non-domestic launched November 2012
(administered by OFGEM)

486 applications

286 accredited installations

RHI Phase 1 (Non-domestic)

- The RHI aims to compensate investors for the additional costs of renewable heat compared to traditional fossil fuel systems.
- Tariffs take into account all the various types of costs involved (including capital, financing, barrier, fuel and operating) to produce a pence per kWh cost figure.
- A rate of return is included in order to stimulate interest in a developing unknown marketplace and to provide compensation for financing costs.
- Once an installation is accredited under the scheme they will receive a fixed level of support which will be adjusted annually in line with inflation with payments made on a quarterly basis.
- Annual RHI payments will continue for 20 years.



RHI Phase 1 (Non-domestic)

Tariff Name	Eligible Technologies	Size (kWth)	tariff levels (pence per kWh)
GSHP	Including water source heat pumps and deep geothermal	Less than 20kWth	8.9
		20 kWth and above up to but not including 100 kWth	4.5
		100 kWth and above	1.6
Biomass	Solid biomass: municipal solid waste	Less than 20kWth	6.6
		20 kWth and above up to but not including 100 kWth	6.0
Biomethane	Biomethane injection and biogas combustion, except from landfill gas	100 kWth and above up to but not including 1000 kWth	1.5
		All scales biomethane, biogas combustion < 200	3.2
Solar Thermal		< 200	9.6



Biomass - 5B

Small < 200kWth = 8.6 / 2.2

Medium > 200kWth < 1000kWth = 5.3 / 2.2

Large > 1000kWth = 1

New 1 paid up to 1314 hours (15% of ARO)

RHI Phase 1 (Non-domestic)

Exceptions to duty to accredit (recent amendment to payback restriction clause)

23. (1) The Department must not accredit an eligible installation unless the applicant has given notice (which the Department has no reason to believe is incorrect) that, as applicable—

(a) no grant from public funds has been paid or will be paid or other public support has been provided or will be provided in respect of any of the costs of purchasing or installing the eligible installation; or

(b) such a grant or support has been repaid to the person or authority who made it.



RHI Phase 1 (Domestic)

- The Renewable Heat Premium Payment Scheme (RHPP) was launched in May 2012 as an interim measure for households in advance of the full domestic RHI scheme.
- The RHPP provided upfront support towards the installation costs of a domestic renewable heating system. It closed in December 2014

	Voucher value (£)	% Share
ASHPs	1700	12%
Biomass	3500	47%
GSHPs	3500	12%
Solar thermal	320	29%

- The RHPP provided in the order of £2.3m of funding and incentivised some 1300 renewable heat installations (20MW capacity).



RHPP

Awards interaction

RHI Phase 2 Proposals

- Public consultation on the Phase 2 proposals was completed in October 2013:
 - expanding the scheme to cover domestics – the domestic RHI was launched on 9 December 2014.
 - introduction of new non-domestic tariffs to cover additional renewable heat technologies.
 - consideration of some administrative aspects regarding biomass sustainability, air quality, metering etc.



**RHI Phase 2
Domestic Scheme**

- Launched on 9 December 2014, 40 applications received to date
- Domestic properties only – i.e. A property that is solely, or predominately, used for domestic uses and has not been adapted for commercial reasons.
- Provision of domestic EPC is a key determinant.
- Second homes, holiday homes and rental properties are eligible but require metering. Farmhouses (rating = "House (Agricultural)") will be treated as domestic.
- Technologies supported will be same as RHPP (ASHPs, Biomass, GSHPs & Solar Thermal). Same upfront payments but also 7 year tariff based payments.

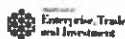


Domestic RHI - opened 9/12/14
- 40 applications to date

**RHI Phase 2
Domestic Scheme**

- Payments are calculated for the asset life (20 years) and then compressed to pay out the full amount through an upfront payment and 7 annual tariff payments.
- Households with accredited RHPP installations will be able to apply for domestic RHI tariff payments.

	Proposed Tariffs	
	Up front	Tariff for 7 yrs (pence per kWh)
Air to Water Heat Pumps	£1700	3.5
Biomass	£2500	5.6
Ground / Water Source Heat Pumps	£3500	8.2
Solar thermal	£320	11.5



Can you claim Domestic and Non-domestic?
- separate boilers - to claim both
farmhouses needed as domestic unless you
may have been notified for business purposes
Domestic RHI for a simple dwelling house

**RHI Phase 2
Domestic Scheme**

- In most cases payments will be made on the 'deemed' heat demand of the property, calculated using the potential heating requirements provided on the property's Energy Performance Certificate (EPC).
- Meters will be required for "Second homes" (rental prop, holiday homes, social housing) or in properties, where a 'back-up' boiler remains.
- Meters won't be required for solar thermal.
- Where meters are installed the payments will be capped at the deemed level as calculated using the EPC information
- All payments will be capped at £2500/year.



Domestic - payments capped at £2500 pa


Metering requirements

Second property - would need to be metered.
(i.e. property provided for farmhouse use)

Information & Guidance

Northern Ireland Renewable Heat Incentive - Guidance

Northern Ireland Renewable Heat Incentive - Guidance



Email: ni_rhi@detini.gov.uk
Web: www.energy.detini.gov.uk
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Domestic RHI payments
Energy-Wise

Domestic RHI payments

Domestic RHI payments have two elements, an upfront payment paid when you are accepted into the scheme and an ongoing incentive payment paid annually. The upfront payment is a set amount based on your technology and the ongoing payment varies depending on the heat requirements/use in your property.

Upfront payments

Type of heating	Payment
Biomass	£2,500
Air source heat pump	£1,700
Ground source heat pump	£3,500
Solar thermal	£ 320

If you have already received support under the RHPP you will receive the ongoing payment only.

Ongoing payments

The ongoing payments are calculated multiplying a tariff with the heat demand/use in your home.

The current tariff rates in pence per kilo watt hour (p/kWh) are as follows:

Type of heating	Tariff
Biomass	5.6p/kWh
Air source heat pump	3.5p/kWh
Ground source heat pump	8.2p/kWh
Solar thermal	13.5p/kWh

(These will be reviewed annually according to the Retail Price Index)

Calculating payments

Payments are calculated differently depending on whether the technology is solar thermal, a primary technology that is deemed or a primary technology that requires metering.

Solar thermal

For solar thermal installations the methodology for making payments is straightforward. The tariff rate is multiplied by the estimated annual generation figure (as detailed on the MCS certificate).

The estimated annual generation figure is calculated by your MCS installer, taking into account MCS guidance.

For example, a solar thermal installation with an estimated generation figure of 2,000kWh's would receive £262 per annum.

Biomass

As biomass is a primary technology the annual incentive payments will be calculated using the EPC provided for the property. The information needed from the EPC include:

- potential heating costs (£)
- potential hot water costs (£)
- potential lighting costs (£)
- total floor area (m²)
- potential energy use (kWh/m²)

These figures are used to make three calculations. Firstly the potential heating costs as a proportion of total energy, as below:

$$\frac{\text{potential heating costs + potential hot water costs}}{\text{potential heating costs + potential hot water costs + potential lighting costs}} = \text{potential heating costs as a proportion of total energy}$$

This calculation provides an estimate on the heating element of your property's total energy requirements (removing the lighting element). This proportion figure is then used to determine the potential heat demand, as below:

$$\text{potential annual heat demand} = \text{potential heating costs as a proportion of total energy} \times (\text{total floor area} \times \text{potential energy use kWh/m}^2 \text{ per year})$$

This potential annual heat demand figure provides DETI with an estimate of what the heat requirements of the property would be if it carried out all reasonable energy efficiency measures. This figure is used, rather than actual or current heat demand, to encourage home owners to become more efficient.

The final calculation is used to determine annual payment, as below:

$$\text{annual payment} = \text{potential annual heat demand} \times \text{relevant tariff}$$

Heat Pumps

The calculations for heat pumps are similar to those made for biomass installations. However before the final calculation is made to determine payments a separate calculation is made relating to the seasonal performance factor of the heat pump. This calculation is as follows:

$$\text{potential annual heat demand adjusted for SPF} = \text{potential annual heat demand} \times \left(1 - \frac{1}{\text{SPF}} \right)$$

The payment is then calculated as below:

annual payment = potential annual heat demand adjusted for SPF x relevant tariff

Payments for installations that are metered

Where a property has required metering then the payments will be made based on the heat meter readings but capped at the deemed level.

Cap on payments

To protect the scheme and to guard against instances where larger or less efficient homes could be over-incentivised there will be a cap on payments of £2,500 per annum. No property will receive more than £2,500 per annum for the ongoing incentive payments.

Your responsibilities

You have to agree to keep to the scheme rules. These include:

- keeping the heating system and metering equipment (if you have it) in good working order
- telling us if the equipment breaks down and isn't working while you're waiting for repairs
- telling us if you sell your house (with the heating system in it), in which case payments to you will stop and switch to the new owner if they apply to the scheme and satisfy certain other conditions
- telling us if you make any changes to your heating system, for example if you replace part of it
- telling us if there are changes that mean your property needs to be metered, for example if you purchase a second home
- telling us if there is any change in circumstances that may affect your eligibility to receive payments

Audit checks

Every year you'll have to complete a declaration confirming that you've kept to the rules and these will be audited.

Contact us

For all general queries about the Northern Ireland Domestic RHI contact:

- Telephone 028 9052 9219
- Email ni.rhi@detini.gov.uk

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Info session tomorrow (Wed 18 Feb) for anyone with HND/degree interested in Revel Systems Sales Academy. Details: nidirect.gov.uk/revel-systems-...



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Closing date for applications to Recruitment Academy training programme is tomorrow (Wed 18 Feb). More info: nidirect.gov.uk/news-feb15-rec...

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