

Feeling hot hot hot!

By Chris Osborne, Senior Policy Officer

Legislation was passed last week in the Assembly meaning that the Renewable Heat Incentive (NIRHI) is one step closer for non-domestic users with eligible installations in Northern Ireland. OFGEM will administer the NI RHI including dealing with applications, accrediting installations, making incentive payments and monitoring compliance with the rules and conditions of the scheme. DETI is responsible for developing the underpinning NIRHI policy including setting tariffs, establishing the legislative framework, and the introduction of further scheme elements in phase two.

This has been a long time in the making with the UFU being involved from the initial stages of its inception back in 2009 when the renewable heat market in NI was assessed as well as the needs of generators and customers. Following on from this DETI conducted a series of consultations to which the UFU responded. This concluded with the joint DETI/OFGEM consultation on the proposed guidance notes for the scheme which concluded on 12 October.

Background to the NIRHI

The RHI is a key policy measure in supporting the achievement of the NI Executive target of 10% renewable heat by 2020 and the wider UK target of 15% renewable energy by 2020 as required by the European Union.

NIRHI is a financial incentive scheme designed to increase the uptake of renewable heat technologies and reduce the UK's carbon emissions. Broadly speaking, the scheme provides a subsidy per kWhth of eligible renewable heat generated from accredited installations and a subsidy payable to producers of biomethane for injection.

Domestic Customers

Support for domestic customers will follow. Earlier this year DETI did announce an interim payment for domestic customers in the form of the NI Renewable Heat Premium Payment (NIRHPP), a separate, complementary grant scheme to the RHI.

NIRHI Scheme Eligibility

The following renewable heat technologies will be supported initially:

- solid biomass and solid biomass contained in municipal waste (including CHP)
- ground and water source heat pumps
- geothermal (including CHP)
- solar thermal (at capacities of less than 200 kWth)
- biogas combustion (except from landfill gas but inc CHP;(capacities of less than 200 kWth)
- biomethane injection.

Participants will also need to meet several other eligibility requirements, including demonstrating that the heat is used for an eligible purpose, that metering arrangements are appropriate, and that grants have not been received for certain purposes.

Participants will be able to apply via the Ofgem NIRHI website from the start of the scheme, expected to be before the end of 2012.

Ongoing obligations

Participants will need to comply with a number of ongoing obligations, such as regular submission of heat data, meter readings and fuel data for certain bioenergy installations. Participants will also be expected to maintain their heating equipment and meters, and report any significant changes to their installation or heat uses to OFGEM.

Initial Tariffs

Table One – Tariffs

The following tariffs apply to the period from the start of the scheme up until 31 March 2013.

Tariff Name	Sources of energy or Technology	Proposed Installation Capacity	Proposed Tariff (pence/kWh)
Small Heat Pumps	Ground source heat pump, water source heat pump, deep geothermal	<20kWth	8.4
Medium Heat Pumps		>20kWth<100kWth (but not including 100kWth)	4.3
Large Heat Pumps		>/ 100 kWth	1.3
Small Biomass	Solid Biomass; including solid biomass contained in municipal solid waste and CHP	Less than 20kWth	6.2
Medium Biomass		>20kWth<100kWth (but not including 100kWth)	5.9
Large Biomass		>/ 100 kWth	1.5
Biomethane	Biomethane injection and biogas combustion	Biomethane, Biogas Combustion <200 kWth	3.0
All Solar Collectors	All Solar collectors	"All solar collectors" <200 kWth	8.5

Key Questions

The following common questions have been asked since the NIRHI has been reached the public domain;

- **How will the payments be made?**

Payments will be made on a quarterly basis by OFGEM. The payments will be made by multiplying the actual metered heat output over the quarter with the designated tariff.

- **Metering**

All technologies installed under this phase of the RHI must have an appropriate heat meter installed. The UFU responded to the consultation citing instances where agricultural buildings have individual metres installed and how this would need to be avoided due to extra cost.

- What about Anaerobic Digestion?

If you have an AD plant and you are receiving NIROCs you will not be able to claim the RHI. However, with moves to establish small on-farm AD plants, in the event that they don't receive ROCs DETI have confirmed that they will be eligible.

- Will the tariffs change over time?

Once accredited, they will receive a fixed level of support. To ensure cost effectiveness, the tariffs will be reviewed over time and new tariffs will be applied to new entrants. Tariff levels will be amended annually to reflect the Retail Prices Index.

- How long will the incentive payments last?

For this first phase, support is for the lifetime of the eligible technology, up to a maximum of 20 years.

- I already have a Renewable heat technology installed, am I eligible?

Eligible equipment commissioned on or after 1 September 2010 can avail of the RHI, however a suitable metre must be installed.

Going Forward

The UFU believe that this is a crucial first step in developing a renewable heat market in Northern Ireland. DETI have informed the UFU that Phase Two will be consulted on in the New Year with probable implementation in Summer 2013.

As far as "other" heat technology is concerned, the UFU acknowledge that the cheaper-cost technologies were given priority, yet we will be continuing to urge that gasification and biomass CHP etc will be included in the next phase of the RHI.

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