



### **Renewable Heat Initiative Launch in GB**

On 10 March 2011, DECC (Department of Environment and Climate Change) announced details of the Renewable Heat Initiative (RHI) in England, Scotland and Wales, which is worth £860m. This is the first financial incentive of its kind in the world and the UFU will be lobbying for it to be introduced here in Northern Ireland.

Renewable Heat is heat generated from renewable sources (such as biomass materials etc) rather than fossil fuels. The RHI is a long term financial support mechanism designed to stimulate demand for renewable heat, by rewarding owners who install eligible technologies. This will in turn stimulate the supply chain and in GB, the RHI is expected to raise green capital investment by £4.5 billion up to 2020 and stimulate a new market in renewable heat.

### **Why has it not been introduced in Northern Ireland?**

NI currently lacks the primary legislation which would allow ourselves to be included in the RHI. In order to address this, Department of Enterprise, Trade and Investment (DETI) presented a Legislative Consent Motion to the NI Assembly on Renewable Heat powers and this was passed on 14 March. This should allow DECC to amend the current GB Energy Bill to extend renewable heating powers to Northern Ireland before such time that the Bill reaches Royal Assent in July 2011. The UFU are encouraged by the fact that DETI are working with colleagues in DECC to have the relevant amendment tabled at the appropriate time. By taking primary powers in this way DETI should be able to introduce a RHI in Northern Ireland.

### **Need for an RHI in Northern Ireland**

The Coalition recognises that the RHI will create job opportunities at a time of austerity and the UFU are calling for the NI Executive to do the same. Such job creation opportunities are much needed in Northern Ireland, both in terms of the rural and wider economy. Aside from benefiting renewable heat producers, the RHI will benefit rural dwellers. It will enable these communities who do not have access to the gas grid to benefit from a widened range of affordable heating options.

### **Implementation of the RHI in GB**

There will be a phased approach to implementing the RHI in GB. The first phase will involve long-term tariff support for significant emitters from the non-domestic sector, it is feasible that this could include farmers. The UFU concern would be if this was to be rolled out in NI, it could be a case of "first come, first served", which would not be acceptable. In NI, consideration must be given to a structured and phased introduction.

### **Questions which will need to be answered before the RHI is introduced in NI**

- **Finance**
  - **Banded tariff** - UFU are concerned that smaller-medium sized businesses could potentially miss out from drawing down this support. GB RHI tariffs are to be banded by type and size, UFU are seeking a similar application in NI, with higher tariffs for smaller installations.

- **How will the NI RHI be funded?** The GB RHI is to be funded from central Government. In GB there was a fear that the RHI could have a negative impact upon rural heating bills. But since the funding is to be from central govt rather than a levy on fossil fuels, this will not be the case and the UFU urge that funding to drawn in a similar manner in NI.

- **Application Process**

In GB applicants will apply directly to OFGEM. How would this work in NI? Will NI installations have to apply to OFGEM? The OFGEM accreditation is a prerequisite – will that be so in NI? If so, this must be a simple process.

- **Supported Technologies including Anaerobic Digestion**

The UFU supports the technologies supported within the GB RHI. However, the UFU stresses that heating from biogas combustion, including AD is a pre-requisite for any RHI in NI. If AD is to have a chance of being a sustainable technology in NI it will need support from any RHI which is introduced.

#### UFU Concerns

- **Energy Crops** - The RHI in GB recognises that Bioenergy (solid and gaseous biomass in particular) has the greatest potential of all renewable heat solutions to deliver significant and cost effective carbon savings. As far as AD feedstocks are concerned, a certain amount of energy crops are required, often in combination with animal slurry.

The UFU are concerned that DECC are investigating the possibility of excluding “large-scale use of energy crops in AD” from RHI support. There is no clear indication as to what “large-scale use” and this will need to be clarified.

- **Appropriate Level of Support Needed for Heat from Biogas Combustion** – Government needs to encourage local food processors to make efficient use of their entire energy output. In light of this, the UFU considers that all anaerobic digestion plants should be eligible for the RHI payment regardless of heat output; not just those under the 200kW limit. This would be banded again so as to ensure that small-medium sized installations benefit.

Looking to the longer term, medium sized anaerobic digestion plants, with an electrical output of less than 500kW, have the potential to make good use of available surplus heat and the UFU believes that DECC should consider including all new anaerobic digestion plants (from July 2011) in the RHI for the first 200 kW of thermal energy that is used in one of the permitted uses.

#### Conclusion

The UFU welcome the RHI, but several areas need to be addressed before it is introduced in NI. However, the RHI will go a long way towards increasing the amount of renewable heat generated in NI (the Strategic Energy Framework Directive has a target of 10% of heat to come from renewable sources) and utilise local renewable sources and create local jobs.