

11-30

**Email Message**

---

**From:** O'Neill, Lynne [EX:/o=NIGOV/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=1416859]  
**To:** Coulter, Kieran [EX:/o=NIGOV/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=2204134], Scott, Peter (DARD) [EX:/o=NIGOV/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=0266031]  
**Cc:**  
**Sent:** 13/05/2013 at 19:51  
**Received:** 13/05/2013 at 19:51  
**Subject:** Note to file - meeting re development of RHI phase 2

---

**Attachments:** Note to file - meeting re Phase 2 RHI.DOCX

---

Kieran/ Peter,

Please find attached a note to file from the recent meeting with Peter Hutchison on Phase 2 of the RHI. This will need to stay on the CCREB/RECG agenda in relation to implications primarily around sustainability criteria and air quality. Peter H has agreed to attend the RECG to discuss, will be worth timing the meeting to allow for feedback on the consultation, expected end May/June.

Given that the starting point is likely to be the DECC position, you may want to review their proposals which are set out in their response to the consultation, a link to which is included on the Recent Policy Development Papers for the last RECG meeting.

Peter - Although phase 2 will primarily focus on the domestic RHI it is also likely to propose changes on the non-domestic side, similar to the DECC consultation which was split into Part A and Part B (which from memory was the part that included emissions etc)

Lynne

Lynne O'Neill  
 Climate Change and Renewable Energy Branch  
 Department of Agriculture and Rural Development  
 Room 430  
 Dundonald House  
 Stormont Estate  
 Upper Newtownards Road  
 Belfast  
 BT4 3SB

Tel: 0289052 4143 (internal ext 24143)

**Note to file - meeting with Peter Hutchison regarding phase 2 development of Renewable Heat Incentive**

**Netherleigh House**

**11 April 2013**

**Present:**

**Peter Hutchison**

**Kieran Coulter**

**Lynne O'Neill**

**Agenda Items:**

- 1. Renewable Heat Incentive developments:**
  - a. DETI commissioned study by consultants (biomass potential)
  - b. Sustainability Criteria and Air Quality Limits; Development Timescale
  
- 2. Review of DARD's Renewable Energy Action Plan**

**Domestic RHI**

Peter advised that consultants have been engaged to work out what the domestic RHI will look like and make projections in relation to the future development of RHI (domestic) including the tariff, security of supply issues/ constraints/ assumptions around availability of supply and potential growth. He highlighted that they had held a consultation with industry stakeholders, whose estimates around growth were significantly more conservative than the consultant's assessment of potential growth.

It was noted that AFBI/CAFRE and Forest Service had not yet responded to Peter's query on the potential for biomass. Lynne advised that she had spoken with Chris Johnston at AFBI and was aware he had prepared a response which was currently with AFBI colleagues for comment. Although not aware of the specific detail of the response, it was likely to be more in line with industry projections for potential.

It is hoped that the consultants work will be completed by the end of April, ready to go out to consultation by the end of May. The consultation and proposals will be similar to the GB position.

Peter noted that at present a 7 year tariff is proposed and up-front support will be required to encourage installation by reducing costs including those associated with energy efficiency meter, which needs to be factored in. Similar standards will also apply (MCS).

Given the domestic focus this phase can be developed more quickly as no state aid is involved.

Peter indicated that DECC has delayed commencement of RHI non-domestic legislation to April 2014. The DETI timetable not finalised, but may get ahead of DECC in relation to domestic side as a result.

### Non domestic RHI

Peter gave a brief overview of the current RHI (limited to 200kw for biomass) and the developments under consideration in phase 2 including the need for support for large scale biomass installations and supply issues around this.

Consideration is being given to the introduction of tariffs for:

- 1) Over 1MW
- 2) Biomass CHP

In relation to Biomass CHP, Peter noted the 2 ROCS available, with 0.5 ROCS disappearing 2015, leaving 1.5 rocs + 4.1p. In this context support for over 1mw CHP makes sense. Biomass CHP will closely follow NIRO and sustainability criteria will apply.

Peter indicated that projections were currently 25,000 domestic and 15,000 commercial eligible technologies.

Peter confirmed that Ofgem record fuel types and that EU standards apply but that no immediate plans around air quality issues (PM and NOX) and these had not addressed in any detail in plans for consultation. They may be addressed at high level but unlikely to make proposals on these elements. Peter intends to speak to DECC to confirm their position and come to a view. Lynne requested that if these issues are to be addressed at a high level within the consultation, careful consideration is given to the approach as she would be concerned that too general a question may lead to support for criteria and limits without a full understanding of the implications within the NI context.

It was indicated that DARD and DOE may have differing perspective on emission limits. DOE appear content to introduce the GB position, while DARD want to ensure local circumstances are reflected, in particular the potential impact on the local willow industry. Peter recognised the different circumstances in NI such as in the agriculture industry, largely rural compared with urban and associated air quality impact, likely scale of adoption, willow industry not prevalent in UK.

It was noted that DARD and DOE are jointly undertaking research into this, via AFBI. DETI will effectively be neutral on this, these are DOE areas and they will need to put forward any limits and the rationale for this. Peter suggested meeting with all 3 to discuss at some point. Peter confirmed that DETI have power to set own levels in relation to sustainability criteria and emissions limits (within EU limits), however it is likely they would follow the DECC approach unless there is good evidence not to.

The joint DARD/DOE research into willow emissions was highlighted. DARD would like to see this concluded before any decisions are taken, as this was the point of doing the research.

Peter outlined the following timescale:

- Public consultation in May/June
- Domestic implementation to begin as soon as possible, subject to administrative arrangements.
- State aid approval will be required for non-domestic side – this will impact on timescale.
- Decisions required on tariff and eligibility.
- Lynne requested that Peter provides early warning of any content on emissions limits and sustainability criteria, if this is at all possible, Peter will try but may not have the opportunity due to a tight timescale and approvals required.
- It was noted that AFBI/CAFRE and Forest Service had not yet responded to Peter's query on the potential for biomass. Lynne advised that she had spoken with Chris Johnston at AFBI and was aware he had prepared a response which was currently with AFBI colleagues for comment. Although not aware of the specific detail of the response, it was likely to be more in line with industry projections for potential.

### **Development of the DARD REAP**

An overview of the REESG report and recommendations was provided, highlighting a key focus was joined up working between government departments involved in renewable energy. The Group has expressed a desire for DARD to be more integrated and visible in energy policy. DARD is mindful of Departmental remits but we are keen to explore if we can make greater contribution and be more involved.

Peter suggested writing to Minister/Director to progress. We advised we are currently considering an approach to DETI, it is unlikely we will make an approach via the Minister. We are in the meantime taking the opportunity to informally discuss this on an official to official basis to see if there are day to day areas where we can improve engagement. Attending future RECG meetings would be one way to improve links and Peter indicated he would be happy to attend.

### **Actions:**

Kieran to ensure the development of RHI stays on the agenda and Peter is invited to RECG to discuss in advance of consultation closing and ensure formal response is issued.

Lynne (FS) and Kieran (AFBI/CAFRE) to pursue responses to DETI consultant queries.