

Northern Ireland Renewable Heat Incentive

Seamus Hughes
Energy Division
8 September 2017



Department of
**Enterprise, Trade
and Investment**
www.detini.gov.uk

BAE-17669

Overview

- This session will aim to cover the following;
 - Background to the NI RHI
 - RHI Phase 1
 - RHI Phase 2
 - Update on the Domestic RHI Scheme
 - Proposed extension of Non-Domestic Scheme
 - Next steps
 - 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 23 Aug 2015:
 - 800 applications had been received
 - 589 accredited installations
 - Total installed heat capacity of 77MW
 - Total installed heat output 359GWh



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)

Received from DAERA on 22/09/17
Annotated by RHI Inquiry

Tariff Name	Eligible Technologies	Size (kWth)	NI levels (pence per kWh)
GSHP	Including water source heat pumps and deep geothermal	Less than 20kWth	9.0
		20 kWth and above up to but not including 100 kWth	4.6
		100 kWth and above	1.5
Biomass	Solid biomass; municipal solid waste	Less than 20kWth	6.7
		20 kWth and above up to but not including 100 kWth	6.4
		100 kWth and above up to but not including 1000 kWth	1.5
Biomethane	Biomethane injection and biogas combustion, except from landfill gas	All scales biomethane, biogas combustion < 200	3.3
Solar Thermal		< 200	9.1

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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	2500	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).



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, 345 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.



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	3.6
Biomass	£2500	5.7
Ground / Water Source Heat Pumps	£3500	8.3
Solar thermal	£320	13.7



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.



RHI Phase 2

Extension to Non-domestic Scheme

Consideration being given to extending existing non-domestic scheme to include tariffs for :

- Air Source Heat Pumps
- Deep Geothermal (currently treated as GSHP)
- Bioliquids (heat only)
- Large Biomass (>1MW)
- District Heating
- Extension of the biomass 6.4 pence tariff up to 199kW



RHI Phase 2

Extension to Non-domestic Scheme

No current plans to extend Non-domestic RHI scheme to cover:

- Large biogas over 200kw
- Landfill gas
- Large solar over 200kw.



RHI Phase 2

Non – domestic stage 1

- New tariffs for combined heat and power (CHP).
- Medium biomass tariff banding changed to 20-199kW range.
- Tiered tariff introduced for biomass.
 - **Tier 1 first 1314 hours paid at standard rate (6.4p or 6.7 p per kWh)**
 - **Tier 2 remaining hours paid at 1.5 p per kWh**
- A cap of 400,000kWh in annual heat payment will apply to all new small or medium biomass installations

RHI Phase 2 Non – domestic stage 2

- Air Source Heat Pumps
- Deep Geothermal (currently treated as GSHP)
- Bioliquids (heat only)
- Large Biomass (>1MW)
- District Heating
- Automatic tariff digression
- Biomass sustainability
- Air quality standards

Biomass Sustainability

- Requirements likely to mirror GB
- Must source fuel from approved suppliers
- For non domestic RHI quarterly self reporting to Ofgem
- Independent annual report on biomass fuel used
- Installations under 1MW can use EU default GHG emission values
- Self suppliers permitted but must be registered as such
- Domestic RHI annual declaration to DETI on fuel used

Next Steps

- Ongoing delivery of both non domestic and domestic RHI Schemes.
- Non domestic Phase 2 stage 1 amendments in place from 4 November 2015.
- Assessment and finalisation of policy for stage 2 extension of Non-domestic RHI Scheme during 2016.



Information & Guidance

Department of Enterprise, Trade and Investment
Northern Ireland
Renewable Heat Incentive

Guidance

Northern Ireland Renewable Heat Incentive – Guidance

Volume 1: Eligibility and How to Apply
November 2012

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Renewable Heat Incentive

Renewable Heat Incentive

The Northern Ireland Renewable Heat Incentive (RHI) is a scheme run by the Department of Enterprise, Trade and Investment (DETI) that provides financial support to non-domestic renewable heat generators and producers of biomethane who are based in Northern Ireland.

The purpose of the scheme

The primary objective for the RHI is to increase the uptake of renewable heat to ten percent by 2020. The ten percent target for renewable heat equates to 1.6TWh (or an additional 1.3 TWh when considering existing levels). This target was included in the Strategic Energy Framework and an interim target of four percent renewable heat by 2015 has been included in the Programme for Government.

In addition to achieving the set target, it is expected that the RHI will have a number of other wider benefits in terms of fuel security, lower emissions and 'green jobs'.

Who is the scheme for?

- Energy wise
- Insulation
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- Renewable heat grants
 - Renewable Heat Premium Payment
 - Eligibility for the RHPP scheme
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Email: ni.rhi@detini.gov.uk

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