

From: Olivia Martin  
20 July 2009

cc: Peter Hutchinson  
Celine Murray  
Dan Sinton  
Barbara Swann  
Seamus Fitzsimons o/r

Alison Clydesdale o/r

## **RENEWABLE HEAT: HANDOVER NOTES**

I apologise that I wasn't able to get the following to you before I and then you went on leave. The note below details the background to renewable heat for Peter's benefit and then what has been done and planned on renewable heat for you to take forward at your discretion.

### Background and drivers

Pearce Buckley of SEI, who has been doing work for the DARD Minister on renewables, recommended the following International Energy Agency book on renewable heat policies which may be helpful background for Peter. It is an e-book saved at: DT1/09/0028092.

The background and drivers for renewable heat are set out in Jenny's submission to the Minister of 30 April (DT1/09/0037785). The Minister agreed that Energy Division should proceed with the work programme.

### SEF

The draft SEF recently issued for consultation (DT1/09/0285345 – and in Peter's induction pack). It set out plans for an interim target of 10% renewable heat by 2020 which we plan to confirm or alter following further evidence-based work (see below).

### Heat vs renewable heat

You will be aware that DECC considers heat holistically and works towards decarbonising heat, rather than only promoting renewable heat, although that will clearly be a big part of decarbonisation. I think this is the correct approach; however, we in energy division will be limited as to what we can do on this from a resources point of view – both on our side and on energy markets side.

In addition, important stakeholders will have concerns e.g. gas industry already concerned that roll out of renewable heat will negatively affect their business; Iain Osborne of NIAUR commented (DT1/09/0227014) (on the draft SEF) that we had not considered this fully – I acknowledge this, but it is a resource issue; and because any subsidy is likely to add to the cost of fossil fuels.

In the SEF, we said "Some commentators have noted the dangers inherent in intervening on renewable heat in a way that could distort the wider heat market. Recognising the force of this argument, DETI will aim to ensure that the impact of work in this area on fossil-fuel-generated heat is given due consideration in the context of a wider emphasis on lowering the carbon footprint of heat production in Northern Ireland. In addition, any renewable heat strategy will aim to address surplus or waste heat, even where this is not waste heat from renewable electricity or renewable heat generation."

Work for 09/10

It had been my intention, as set out in the divisional plan (in Peter's induction pack) and submissions, to use EU money on consultants to help NI "catch up" as far as possible on renewable heat. I had envisaged a 4-pronged programme of work for the consultants:

- **Heat and renewable heat statistics** - Action Renewables commissioned work on renewable heat from AEA (DT1/08/0026187), and we have used some of the statistics from that report in our briefings as the only available information. I understand that these statistics were based on second hand evidence. DETI needs to own heat and renewable heat stats as well as other departments (DECC and DSD) and ensure that they are up-to-date and consistent.
- **Economic analysis of renewable heat subsidy/incentive suitable for NI** - DECC will provide financial support for renewable heat through the Renewable Heat Incentive (RHI) for which primary powers were taken via last minute amendments to what is now the Energy Act 2008. We advised (DT1/08/0064537) that (a) the timing was too tight to get a Legislative Consent Motion through the Assembly for extension of powers for an RHI to NI and (b) Energy Division was unable to advise categorically that an RHI was the best course of action for NI, because of the lack of any evidence base or detail on the DECC proposals.
- **Renewable heat strategy** – drawing on the main themes identified by the focus groups, we need to get an evidence-based RH target out for consultation and a strategy/action plan to support the target along with what we are going to do on
- **Heat mapping** – I had originally thought that we might get consultants to undertake some high-level heat mapping. Having attended a briefing session by Land and Property Services on GIS recently, I think that it might now be more appropriate to pursue heat mapping via GIS through LPS once the consultants have put us on a firmer footing statistically. I don't know if a change here might require us to ensure the permissions etc are still OK. You will want to consider this yourself.

I think the consultants might usefully be guided by a project steering group – I have not got approval for this from Jenny – made up of key civil servants and private sector stakeholders. I had envisaged the need for this primarily on the basis that I was not confident that I had all the information necessary to guide consultants – you may feel that this is not necessary. I thought that the meetings might be monthly to ensure that consultants could deliver in the tight timeframe.

As part of the RES, we have discussed with DECC the need to have evidence-based assessments of heat potential (and electricity) for each DA. We would need to ensure that any heat assessment was in line with what DECC want us to do. The contact is Irrelevant information redacted by the RHI Inquiry, she is leading on this work for the RES. Her number is 020 7215 0287 and her email is Irrelevant information redacted by the RHI Inquiry @decc.gsi.gov.uk.

Renewable Heat focus groups and other stakeholders

You will remember that Action Renewables (Leanne Rice) and I organised a series of four renewable heat focus groups in spring this year. The summaries and lists of attendees are available in TRIM folder (DT15/160/245/2/). The groups were valuable in identifying a wide range of issues that would need to be addressed in taking forward renewable heat through a strategy document. The attendee list will form the basis of any consultation list you might need in the future.

It will be important to keep these groups informed and engaged as work progresses. I had thought that some attendees might be useful as project steering group members to help assist DETI and consultants in work on renewable heat. I would be happy to discuss this with you and any additional knowledge, e.g. statisticians, that would be needed on the group.

## Role of Action Renewables

I had envisaged that project steering groups would be administered by AR (setting up meetings, taking notes etc) but chaired by DETI. I had also thought that Michael Doran of AR would have a place on the project steering group because of his experience in his previous role at Rural Generation.

## Governance

All the necessary permissions (Minister, EU programmes, DFP) have been obtained to tender for consultancy up to £250k to take forward work. The business case and all these approvals can be found in TRIM folder (DT15/160/245/4/).

## Tender

Consultancy work of this size will need to go in the Official Journal. **I would suggest that Terms of Reference for the tender should be drawn up immediately (I would be happy to assist) and discussions with CPD be undertaken with a view to getting this out to tender as soon as possible.** I had intended to set up the project steering group in a virtual capacity (my fancy term for emailing a few people) first in order to comment on the terms of reference for the tender.

## Bioenergy

Clearly there is an overlap between Renewable Heat and Bioenergy work and I would be grateful if you would ensure that Barbara is kept informed of relevant developments on renewable heat as appropriate and that both sides ensure that strategies and documents are consistent and compatible with Bioenergy. Since Dan has been on the Bioenergy group since its inception, this should be easily achieved.

## Geothermal

You will be aware of the drivers to take forward geothermal licensing within the renewable heat package – not least because of developments in Ballymena. Derek Reay in GSNI is to forward some material on what he thinks is needed on this. It may be that DWS may be able to advise on what will be required from a legal point of view.

## DECC

DECC issued a heat call for evidence back in early 2008 – you can see the document and responses at the following address

<http://webarchive.nationalarchives.gov.uk/+http://www.berr.gov.uk/energy/sources/heat/page43671.html>

It would be useful background reading.

It then published the Heat and Energy Savings Strategy for consultation in early 2009.

[http://hes.decc.gov.uk/consultation/consultation\\_summary](http://hes.decc.gov.uk/consultation/consultation_summary)

The results can be viewed at:

<http://hes.decc.gov.uk/>

This will be useful background reading.

As you know DECC announced this month a series of publications as part of its low carbon transition package. These can be found at:

[http://www.decc.gov.uk/en/content/cms/publications/lc\\_trans\\_plan/lc\\_trans\\_plan.aspx#1](http://www.decc.gov.uk/en/content/cms/publications/lc_trans_plan/lc_trans_plan.aspx#1)

The Renewable Energy Strategy is also there and will have important things to say about renewable heat, presumably drawing on all of the above.

### DECC contacts

Head of Heat Policy at G5 level: [Irrelevant information redacted by the RHI Inquiry] works for him and [Irrelevant information redacted by the RHI Inquiry] has spoken to [Irrelevant information redacted by the RHI Inquiry].

RHI contacts in DECC Renewables Financial Incentives team: [Irrelevant information redacted by the RHI Inquiry]; Nicola Barber.

### Scottish contact

Christie McKay works on renewable heat for the Scottish Government, contact details as below. Here is a link to some helpful Scottish Government work on heat from 2008:

<http://www.scotland.gov.uk/Publications/2008/03/11102501/0>

Christie McKay: 0141 242 (2)5797

email: [christine.mckay@scotland.gsi.gov.uk](mailto:christine.mckay@scotland.gsi.gov.uk)

I think that's everything that I can think of. I am happy to discuss.



**OLIVIA MARTIN**