

DETI MINISTER'S FIRST DAY BRIEF – (MAY 2011) SECTION 3

Division/NDPB: Energy Division

Subject: Renewable Heat Incentive (RHI) for Northern Ireland

Current Position:

The Department of Energy and Climate Change (DECC) intends to introduce a Renewable Heat Incentive (RHI) in Great Britain from July 2011. This is a mechanism that will reward new renewable heat installations with a set tariff, this tariff will either be paid on an annual or quarterly basis and will be dependent on the size and type of technology in question.

The heat market in Northern Ireland is considerably different to that in Great Britain and therefore DETI is currently assessing how the Northern Ireland renewable heat market could be best incentivised. DETI has a target of 10% renewable heat by 2020 (current level 1.7%) and is obliged to increase levels of renewable heat under the EU Renewable Energy Directive.

Way Forward:

An economic appraisal of a Northern Ireland RHI, which will advise on the appropriate design of an incentive scheme for Northern Ireland, will complete shortly.

Energy Division will then submit proposals for an incentive scheme for your consideration, in advance of a public consultation to be held over the summer.

Key Stakeholders Other Than DETI (including other Depts):

The local renewable heat industry, representatives from various political parties and the ETI Committee have all expressed a desire for the RHI introduced in Northern Ireland.

In developing a wider strategy for renewable heat a number of Departments will have an interest;

- DFP (Public Estate/Building Regulations/Procurement)
- DSD (Domestic housing/Fuel Poverty)
- DOE (Carbon emissions/Planning issues)
- DARD (Biomass sustainability)
- OFMDFM (Sustainable Development Strategy)

Funding Issues:

Her Majesty's Treasury (HMT) has indicated that £25m will be available to DETI over the Budget period for a RHI should one be introduced in Northern Ireland.

This funding is split as follows;

- 2011/2012: £2m

- 2012/2013: £4m
- 2013/2014: £7m
- 2014/2015: £12m

Need for Primary/Subordinate Legislation:

Primary (Yes/No) Yes – An amendment to the current DECC Energy Bill is being sought that will extend enabling powers for renewable heat to Northern Ireland.

Subordinate (Yes/No) Yes – Providing the amendment to the current DECC Energy Bill is successful subordinate legislation will be developed which will prescribe the design and administration of the RHI in Northern Ireland.

Need for Referral to the Executive Yes/No (Approx Timing)

The consultation on the design and implementation of a Northern Ireland RHI will not require Executive approval; however a wider renewable heat strategy will require Executive approval in due course.

FoI Status:

Elements of this note may be exempt under Section 35 (Policy Development) of the Freedom of Information Act.

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