

From: [Connolly, Samuel](#)
To: [McConville, Carmel](#)
Subject: FW: Draft terms of reference - cost benefit analysis of a NI Renewable Heat Incentive
Date: 28 September 2010 15:00:18
Attachments: [Terms of Reference - Cost Benefit analysis of RHI.DOC](#)

Carmel,

Some more reading

sam

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From: Hutchinson, Peter
Sent: 28 September 2010 14:42
To: Connolly, Samuel
Subject: Draft terms of reference - cost benefit analysis of a NI Renewable Heat Incentive

Sam,

Grateful for your view on a piece of work that Sustainable Energy Branch hope to commission shortly (draft terms of reference attached).

Just by way of background, this work is for a full cost benefit analysis of a Renewable Heat Incentive (RHI) for Northern Ireland and follows on from a recent study into the potential for renewable heat in Northern Ireland, carried out by AECOM and Pöyry on behalf of Sustainable Energy Branch. This work concluded that in order to reach a target of 10% renewable heat by 2020 that a RHI should be designed and implemented in NI to incentivise renewable heat technologies in the domestic, public and commercial sectors, separate work should also be carried out to assess the potential for supporting renewable heat technologies in the heavy industrial sector.

The development of renewable heat is a requirement under the EU Renewable Energy Directive, requiring all member states to have set levels of renewable electricity, heat and transport by 2020. GB intend to introduce a RHI for England, Scotland and Wales from April 2011 and consulted on its design in February 2010, however a final decision on the RHI wont be taken until after the October spending review. The differences in the heat markets in NI and GB meant that a separate assessment of the renewable heat market here was needed, this has shown that a NI RHI should be developed.

The work that we now plan to commission will carry out a full economic analysis of the proposed

RHI; determine the design and levels of tariffs; assess the potential uptake of renewable heat over the lifetime of a RHI; and carry out a full cost benefit analysis.

I would be grateful for your view on the attached terms of reference from an economist's perspective and, where necessary, make changes to current drafting.

If you wish to discuss further or have any questions please let me know.

Many thanks,

Peter

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