



To: Eugene Rooney

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From: David Thomson

**CASEWORK PAPERS FOR PHASE 2 OF THE NORTHERN IRELAND
RENEWABLE HEAT INCENTIVE**

You will have received papers outlining the proposals from Energy Division regarding the introduction of the second phase of the Northern Ireland Renewable Heat Incentive (RHI). These papers are to inform the meeting of the Casework Committee scheduled for **Monday 9 June at 3pm**.

The RHI is a major policy initiative designed to develop the renewable heat market to an overall market share of 10% by 2020, in-line with EU and SEF targets. To support the uptake of renewable technologies, the RHI is designed to provide ongoing support to equalise the cost of conventional heating and alternative renewable heating technologies. Phase 1 of the scheme (which is for the non-domestic market) was launched in November 2012 following Casework, DFP and Ministerial approvals. At that time, the business case made clear that the department intended to extend the scheme to the domestic market in due course and the DFP approval covers the total expenditure.

In the interim, the domestic market has been supported through the Renewable Heat Premium Payment scheme (RHPP) which provides capital support towards the costs of installations.

Significant work and research has already been undertaken by Energy Division to assess how the RHI scheme can be developed for the domestic market and the appropriate support levels. This work includes procuring consultancy advice to develop policy proposals, a public consultation on the proposals and consideration of how the scheme can best be administered.

The final proposals for the domestic scheme are similar in many ways to the equivalent GB scheme which was launched on 9 April 2014; it is therefore important that the Northern Ireland scheme is implemented as a matter of urgency to ensure that the local renewable heat market is not unduly disadvantaged.

I am content that the proposals outlined have been thoroughly researched, analysed and appraised and note the supportive comments from the economist. This second phase is building on what is already in place and from the evidence available, I consider that the RHI in Northern Ireland represents the most appropriate way for the renewable heat market to be incentivised to a level of 10% by 2020. The development of the renewable heat market will support wider Energy Division policy, and indeed Departmental and Executive policy goals of energy security, reduced emissions and 'green jobs'.

I would be grateful if you consider the documentation provided in assessing the appropriateness of this scheme.

David Thomson
Head of DETI Policy Group

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