

**From:** [Robinson, Susan](#) on behalf of [McGinn, Paul](#)  
**To:** [Willis, Adele](#)  
**Subject:** RHI - Tariffs  
**Date:** 12 January 2017 14:00:44  
**Attachments:** [McGinn - RHI - Tariffs - 11 1 17.docx](#)

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Please see attached from Mr Paul McGinn.

Many thanks.

Susan

*Susan Robinson*

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### **Citation and commencement**

1.-(1) These Regulations may be cited as the Renewable Heat Incentive Scheme (Amendment) Regulations (Northern Ireland) 2017 and shall come into operation in accordance with Paragraph (2).

(2) These Regulations shall come into operation on the day after the European Commission gives approval that the provision made by the Regulations, to the extent that it constitutes the granting of aid to which any of the provisions of Article 107 or 108 of the Treaty on the Functioning of the European Union applies, is, or would be, compatible with the internal market, within the meaning of Article 107 of that Treaty.

(3) These Regulations shall cease to have effect on [       ]

### **Application**

2.-(1) These Regulations shall have effect in relation to periodic payment calculated and paid after these Regulations come into operation.

(2) In paragraph (1) 'periodic payments' have the same meaning as in the Renewable Heat Incentive Scheme Regulations (Northern Ireland) 2012.

### **Amendment of Principal Regulations**

3. The Renewable Heat Incentive Scheme Regulations (Northern Ireland) 2012 are amended in accordance with Regulations 4 and 5.

4.-(1) In Regulation 36(3) for 'paragraph (7)' substitute 'paragraphs (7) and (7B)'.

(2) For Regulation 36(5) substitute:-

“(5) Subject to paragraphs (6), (7), (7A) and (7B), the tariff for an accredited RHI installation is the tariff set out in Schedule 3, 3A or 4 as the case may be in relation to its source of energy or technology and installation capacity.”.

(3) In Regulation 36(6) for ‘paragraph (5)’ substitute ‘paragraphs (5), (7A) and (7B)’.

(4) Regulation 36(7) shall cease to have effect in relation to installations falling within the small or medium biomass tariffs set out in Schedule 3A and accordingly, in Schedule 3, the references to such installations shall cease to have effect.

(5) After Regulation 36(7A) insert:-

“(7B) The tariffs for installations accredited before 18<sup>th</sup> November 2015 and falling within the small or medium biomass tariffs set out in Schedule 3A are the tariffs set out in that Schedule adjusted by the percentage increase or decrease in the retail prices index for the calendar year 2016 (the resulting figure being rounded to the nearest tenth of a penny, with any twentieth of a penny being rounded upwards).”.

(6) After Regulation 36(9) insert:-

“(9A) Where an accredited RHI installation falls within the small or medium biomass tariffs set out in Schedule 3A:-

- (a) the tariff for the initial heat generated by the installation in any 12 month period commencing with or with the anniversary of the date of accreditation (regardless of whether that date falls before or after the coming into operation of the Renewable

Heat Incentive Scheme (Amendment) Regulations (Northern Ireland) 2017) is the relevant Tier 1 tariff specified in Schedule 3A;

- (b) the tariff for further heat generated in that same 12 month period up to a maximum of 400,000 kWhth is the relevant Tier 2 tariff specified in Schedule 3A; and
- (c) any further heat generated over 400,000 kWhth in the same 12 month period shall not be eligible for periodic payments.

(7) In Regulation 36(10) for 'paragraph (9)' substitute 'paragraphs (9) and (9A)'.

5. After Schedule 3 there shall be inserted the Schedule set out in the Schedule to these Regulations.

**EXPLANATORY MEMORANDUM TO**  
**THE RENEWABLE HEAT INCENTIVE SCHEME (AMENDMENT) REGULATIONS**  
**(NORTHERN IRELAND) 2017**

**SR 2017 NO.**

## **1 INTRODUCTION**

- 1.1 This Explanatory Memorandum has been prepared by the Department for the Economy (“the Department”) to accompany the above Statutory Rule which has been laid before the Northern Ireland Assembly. The Explanatory Memorandum is designed to assist the reader in understanding the Statutory Rule. It does not form part of the Statutory Rule.
- 1.2 The Statutory Rule is made under Section 113 of the Energy Act 2011 and is subject to the draft affirmative resolution procedure.

## **2 PURPOSE**

- 2.1 The Northern Ireland Renewable Heat Incentive Scheme (RHI) was introduced on 1 November 2012, following the passage of the Renewable Heat Incentive Scheme Regulations (Northern Ireland) 2012. This scheme provides long term incentive payments for new generators of eligible renewable heating in the non domestic sector. The RHI was further extended to the domestic sector through the Domestic Renewable Heat Incentive Scheme Regulations (Northern Ireland) 2014 on 9 December 2014.
- 2.2 The Renewable Heat Incentive Schemes (Amendment) Regulations (Northern Ireland) 2015 introduced a number of changes to the RHI, including new tariffs for Combined Heat and Power (CHP), tiered tariffs for small and medium biomass boilers, change to the medium biomass boiler banding and an annual payment cap.
- 2.3 A number of further changes are now being introduced to the RHI. These changes are the first stage of cost control measures for installations accredited before 18<sup>th</sup> November 2015 and falling within the small and medium biomass tariffs which will also be introduced by this Statutory Rule putting in place a two tier tariff structure and an annual payment cap. These Regulations will cease to have effect on 31<sup>st</sup> March 2018.
- 2.4 The Statutory Rule prescribes matters relating to eligibility criteria of participants of the RHI scheme as impacted by the scheme changes.

## **3 BACKGROUND AND POLICY OBJECTIVES**

- 3.1 Heating energy accounts for around half of all total energy consumed within Northern Ireland. Over 95% of our heating fuels come from imported fossil fuels. A target to increase the level of renewable heat to 10% by 2020 was included in the Strategic Energy Framework and an interim target of 4% renewable heat by 2015 was included in the then Programme for Government target in line with Northern Ireland’s expected contribution to the United Kingdom’s obligations under the EU Renewable Energy

Directive<sup>1</sup>. The target also supports the Department's wider energy policy goals of increased diversity of energy supply, reduced emissions and potential for 'green jobs' and skills.

- 3.2 These regulations put in place the first stage of cost control measures to permit further consideration of longer term cost control measures which are to be in place by the cessation of these Regulations on 31<sup>st</sup> March 2018.

#### **4 CONSULTATION**

- 4.1 There has been no opportunity to consult on the introduction of these first stage measures. As part of the next stage, the Department will give consideration to consultation.

#### **5 EQUALITY IMPACT**

- 5.1 As part of the next stage, an Equality Impact Assessment will be carried out.

#### **6 REGULATORY IMPACT**

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- 7.1 The Financial implications will be further examined as part of the next stage.

#### **8 SECTION 24 OF THE NORTHERN IRELAND ACT 1998**

- 8.1 This Statutory Rule does not contravene Section 24 of the Northern Ireland Act 1998.

#### **9 EU IMPLICATIONS**

- 9.1 The Renewable Energy Directive requires the UK to ensure that 15% of its energy consumption comes from renewable sources. The requirement extends beyond electricity to heating and cooling and transport. Almost half of the final energy consumed in the UK is in the form of heat, producing around half of the UK's CO<sub>2</sub>.
- 9.2 The requirement to meet the very challenging 15% renewable energy target falls at Member State level, not at Devolved Administration level. However, while energy is a devolved matter for Northern Ireland, each devolved administration is expected to contribute as much as possible to the overall UK target.

#### **10 PARITY OR REPLICATORY MEASURE**

- 10.1 Similar legislation to this is in place in Great Britain in respect of the RHI scheme in operation there. Ofgem is responsible for developing and administering the scheme on behalf of the Department of Business, Energy and Industrial Strategy. However, whilst

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Ofgem delivers the non domestic RHI scheme on behalf of DfE the specifically tailored Northern Ireland domestic RHI scheme is administered in-house by DfE.

## **11 ADDITIONAL INFORMATION**

### **Commencement**

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## **11 ADDITIONAL INFORMATION**

### **Commencement**

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VERSION 5

**EXPLANATORY MEMORANDUM TO  
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Comment [LM1]: Need to make sure that the Statutory Rule is laid.

## 2 PURPOSE

- 2.1 The Northern Ireland Renewable Heat Incentive (RHI) was introduced on 1 November 2012, following the passage of the Renewable Heat Incentive Scheme Regulations (Northern Ireland) 2012. This scheme provides long term incentive payments for new generators of eligible renewable heating in the non domestic sector. The RHI was further extended to the domestic sector through the Domestic Renewable Heat Incentive Scheme Regulations (Northern Ireland) 2014 on 9 December 2014.
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- 2.3 A number of further changes are now being introduced to the RHI. These changes are interim-the first stage of cost control measures for installations accredited before 18<sup>th</sup> November- 2015 and falling within the newly introduced small and medium biomass tariffs as introduced by this Statutory Rule(introduced in November 2015) which will see put in place a two tier tariff structure put in place and an annual payment cap. These Regulations will cease to have effect after 12 months on 31<sup>st</sup> March 2018.
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3.2 The regulations put in place ~~interim~~ the first stage of cost control measures to permit further consideration of longer term cost control measures to be in place by the cessation of these Regulations on 31<sup>st</sup> March 2018.

**4 CONSULTATION**

~~There has been no opportunity to consult on the introduction of these- first stage measures. As part of the next stage, the Department will give consideration to consultation. interim measures given the urgent need to put cost control measures in place. The Department will issue a public consultation on the longer term cost control measures in late summer 2017.~~

- Comment [JA2]: Do we say none undertaken due to need for urgent action buty consultation will be undertaken on long term measures?
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**5 EQUALITY IMPACT**

~~As part of the next stage, a~~ An Equality Impact Assessment will be carried out as part of the public consultation on longer term cost control measures.

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- Comment [JA3]: Reference that the Regs are intended to reduce cost to PE?
- Comment [AW4]: I think we need a better line here
- Comment [JA5]: Can we not reference the Business Case for the regulatory impact and financial implications?

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VERSION 4

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- 2.2 The Renewable Heat Incentive Schemes (Amendment) Regulations (Northern Ireland) 2015 introduced a number of further changes to the RHI, including new tariffs for Combined Heat and Power (CHP), tiered tariff for small and medium biomass, change in medium biomass banding, and an annual payment cap.
- 2.3 A number of further changes are now being introduced to the RHI. These changes are interim cost control measures for installations accredited before 18<sup>th</sup> November- 2015 and falling within the newly introduced small and medium biomass tariffs as introduced by this Statutory Rule(introduced in November 2015) which will see put in place a two tier tariff structure put in place and an annual payment cap. These Regulations will cease to have effect after 12 monthson 31<sup>st</sup> March 2018.
- 2.4 The Statutory Rule prescribes matters relating to eligibility criteria, requirements and obligations of participants of the RHI scheme as impacted by the scheme changes.

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## **3 BACKGROUND AND POLICY OBJECTIVES**

- 3.1 Heating energy accounts for around half of all total energy consumed within Northern Ireland. Over 95% of our heating fuels come from imported fossil fuels. Increasing the level of renewable heat to 10% by 2020 is a Programme for Government target and is in line with Northern Ireland’s expected contribution to the United Kingdom’s obligations

under the EU Renewable Energy Directive<sup>1</sup>. It also supports the Department's wider energy policy goals of increased diversity of energy supply, reduced emissions and potential for 'green jobs' and skills.

- 3.2 The regulations put in place interim cost control measures to permit further consideration of longer term cost control measures to be in place by the cessation of these Regulations on 31<sup>st</sup> March 2018.

#### 4 CONSULTATION

There has been no opportunity to consult on the introduction of these interim measures given the urgent need to put cost control measures in place. The Department will issue a public consultation on the longer term cost control measures in late summer 2017.

**Comment [JA1]:** Do we say none undertaken due to need for urgent action buyt consultation will be undertaken on long term measures?

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#### 5 EQUALITY IMPACT

An Equality Impact Assessment will be carried out as part of the public consultation on longer term cost control measures.

#### 6 REGULATORY IMPACT

A Regulatory Impact Assessment will be carried out as part of the public consultation on longer term cost control measures.

#### 7 FINANCIAL IMPLICATIONS

The Financial implications will be examined as part of the public consultation on longer term cost control measures.

**Comment [JA2]:** Reference that the Regs are intended to reduce cost to PE?

**Comment [AW3]:** I think we need a better line here

**Comment [JA4]:** Can we not reference the Business Case for the regulatory impact and financial implications?

#### 8 SECTION 24 OF THE NORTHERN IRELAND ACT 1998

8.1 This Statutory Rule does not contravene Section 24 of the Northern Ireland Act 1998.

#### 9 EU IMPLICATIONS

- 9.1 The Renewable Energy Directive requires the UK to ensure that 15% of its energy consumption comes from renewable sources. The requirement extends beyond electricity to heating and cooling and transport. Almost half of the final energy consumed in the UK is in the form of heat, producing around half of the UK's CO<sub>2</sub>.

<sup>1</sup> <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2009:140:0016:0062:EN:PDF>

9.2 The requirement to meet the very challenging 15% renewable energy target falls at Member State level, not at Devolved Administration level. However, while energy is a devolved matter for Northern Ireland, each devolved administration is expected to contribute as much as possible to the overall UK target.

## 10 PARITY OR REPLICATORY MEASURE

10.1 Similar legislation has been introduced in Great Britain in respect of the RHI scheme in operation there. Ofgem is responsible for developing and administering the scheme on behalf of DECC. However, whilst Ofgem also delivers the non domestic RHI scheme on behalf of DETI the specifically tailored Northern Ireland domestic RHI scheme is administered in-house by DETI.

## 11 ADDITIONAL INFORMATION

### Commencement

11.1 The Statutory Rule shall come into operation on whichever is the later date either 1<sup>st</sup> April or the day after the European Commission gives approval that the provision made by the Regulations, to the extent that it constitutes the granting of aid to which any of the provisions of Article 107 or 108 of the Treaty on the Functioning of the European Union applies, is, or would be, compatible with the internal market, within the meaning of Article 107 of that Treaty.

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VERSION 3

**EXPLANATORY MEMORANDUM TO  
THE RENEWABLE HEAT INCENTIVE SCHEME (AMENDMENT) REGULATIONS  
(NORTHERN IRELAND) 2017**

**SR 2017 NO.**

## **1 INTRODUCTION**

- 1.1 This Explanatory Memorandum has been prepared by the Department for the Economy (“the Department”) to accompany the above Statutory Rule which has been laid before the Northern Ireland Assembly. The Explanatory Memorandum is designed to assist the reader in understanding the Statutory Rule. It does not form part of the Statutory Rule.
- 1.2 The Statutory Rule is made under Assembly under Section 113 of the Energy Act 2011 and is subject to the draft affirmative resolution procedure.

## **2 PURPOSE**

- 2.1 The Northern Ireland Renewable Heat Incentive (RHI) was introduced in 1 November 2012, following the passage of the Renewable Heat Incentive Scheme Regulations (Northern Ireland) 2012. This scheme provides long term incentive payments for new generators of eligible renewable heating in the non domestic sector. The RHI was further extended to the domestic sector through the Domestic Renewable Heat Incentive Scheme Regulations (Northern Ireland) 2014 on 9 December 2014.
- 2.2 The Renewable Heat Incentive Schemes (Amendment) Regulations (Northern Ireland) 2015 introduced a number of further changes to the RHI, including new tariffs for Combined Heat and Power (CHP), tiered tariff for small and medium biomass, change in medium biomass banding, and an annual payment cap.
- 2.3 A number of further changes are now being introduced to the RHI. These changes are interim cost control measures for installations accredited before 18<sup>th</sup> November- 2015 and falling within the newly introduced small and medium biomass tariffs as introduced by this Statutory Rule(introduced in November 2015) which will see put in place a two tier tariff structure put in place and an annual payment cap. These Regulations will cease to have effect after 12 monthson 31<sup>st</sup> March 2018.
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## **3 BACKGROUND AND POLICY OBJECTIVES**

- 3.1 Heating energy accounts for around half of all total energy consumed within Northern Ireland. Over 95% of our heating fuels come from imported fossil fuels. Increasing the level of renewable heat to 10% by 2020 is a Programme for Government target and is in line with Northern Ireland’s expected contribution to the United Kingdom’s obligations

under the EU Renewable Energy Directive<sup>1</sup>. It also supports the Department's wider energy policy goals of increased diversity of energy supply, reduced emissions and potential for 'green jobs' and skills.

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#### 4 CONSULTATION

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9.2 The requirement to meet the very challenging 15% renewable energy target falls at Member State level, not at Devolved Administration level. However, while energy is a devolved matter for Northern Ireland, each devolved administration is expected to contribute as much as possible to the overall UK target.

## 10 PARITY OR REPLICATORY MEASURE

10.1 Similar legislation has been introduced in Great Britain in respect of the RHI scheme in operation there. Ofgem is responsible for developing and administering the scheme on behalf of DECC. However, whilst Ofgem also delivers the non domestic RHI scheme on behalf of DETI the specifically tailored Northern Ireland domestic RHI scheme is administered in-house by DETI.

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VERSION 2

**EXPLANATORY MEMORANDUM TO  
THE RENEWABLE HEAT INCENTIVE SCHEME (AMENDMENT) REGULATIONS  
(NORTHERN IRELAND) 2017**

**SR 2017 NO.**

## **1 INTRODUCTION**

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under the EU Renewable Energy Directive<sup>1</sup>. It also supports the Department's wider energy policy goals of increased diversity of energy supply, reduced emissions and potential for 'green jobs' and skills.

- 3.2 The regulations put in place new tariffs for CHP, (new renewable installations and those converting from fossil fuels) and also cost control measures for small and medium biomass through a two tier tariff structure and change in the medium biomass banding upwards to 199kW as with GB to encourage larger more efficient boilers. An annual payment cap of 400,000 kWh is also being introduced for new installations. These control measures are required to bring RHI spend back within budget and to ensure affordability of the scheme going forward.

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