

**From:** John Mills  
Energy Division

**Date:** 15 May 2014

**To:** 1. Andrew Crawford  
2. Arlene Foster MLA

**DETI SUB 257/2014**

**RENEWABLE HEAT INCENTIVE – UPDATE FOR ETI COMMITTEE**

**Issue:** The ETI Committee is due to receive an update on the Northern Ireland Renewable Heat Incentive.

**Timing:** The Committee is expecting this update to be tabled for their meeting on 29 May; it therefore needs to be with the Committee Clerk by 22 May.

**Need for referral to the Executive:** None.

**Presentational Issues:** None.

**Freedom of Information:** Fully discloseable.

**Financial Implications:** None.

**Statutory Equality Obligations:** There are no Section 75 implications.

**PFG/PSA implications:** None.

**Legislation Implications:** None.

**Recommendation:** That you approve the issue of the RHI update to the ETI Committee. Draft is attached at Annex A

**Background**

DETI currently incentivises new renewable heat technologies via the Renewable Heat Incentive (RHI) and the Renewable Heat Premium Payment (RHPP) scheme. The RHI was launched in November 2012 for non-domestic applications and the RHPP was introduced in May 2012 for domestic customers. The ETI has requested 6 monthly updates on the two schemes. A paper is attached at **Annex A** which provides an overview of the performance of the two schemes and next steps.

## Phase 2 proposals

2. DETI has proposed to expand the current non-domestic scheme to include new technologies and to introduce a domestic version to cover domestic installations. These proposals were subject to public consultation between July – October 2013.
3. We have been primarily focussed on finalising the policy on the domestic RHI scheme and preparing for implementation. The scheme is subject to approval from an internal casework committee, once this approval is received I will seek your approval for launch.
4. The other elements of Phase 2, such as new technologies in the non-domestic sector and technical changes to legislation, will be addressed once the domestic scheme is agreed.

## Recommendation

5. That you consider the attached paper at **Annex A** and agree to share it with the ETI Committee.

**JOHN MILLS**  
**Energy Division**

cc: David Sterling  
David Thomson  
Paul Dolaghan  
Davina McCay  
Dan Sinton  
Glynis Aiken  
Linda McGready  
Alastair Ross, MLA, APS  
Neth Energy  
Press Office

## Update on Renewable Heat Incentive

### **Background**

1. The Northern Ireland Renewable Heat Incentive (RHI) is a DETI scheme that provides financial support to non-domestic renewable heat generators and producers of biomethane. The primary objective for the RHI is to increase the uptake of renewable heat to 10% by 2020 (baseline position of 1.7% in 2010).

### **Uptake under the non-domestic Renewable Heat Incentive**

2. The first phase of the Northern Ireland Renewable Heat Incentive (RHI) was launched on 1 November 2012. This phase provides long term financial support for non-domestic properties wishing to switch from conventional heating to renewable heating solutions, such as biomass; heat pumps and solar thermal. Payments are made quarterly, for the lifetime of the installation (maximum 20 years) and are determined by the heat output of the installation and the relevant tariff for the technology installed.
3. The scheme is administered by Ofgem (the GB Utility Regulator) and as of 13 May 2014 they have received 145 applications. Of these applications 103 have been accredited. All but one of the applications are for solid biomass boilers, the other being for a ground source heat pump, and the majority have installation capacity in the 20-99 kWh range. The total capacity of the applications to date is in the order of 17.8 MW, with 11 MW accredited.
4. The GB RHI was launched a year before the NI RHI in November 2011. The current NI uptake compares favourably with the GB uptake at the same point in time on a pro-rata basis. The NI scheme is currently tracking at 7.2% of GB applications, 7.2% of accreditations and 4.1% of heat capacity, despite the NI heat market being only 3% of the UK market. This suggests that the NI RHI could experience a higher volume of applications but for smaller installations. Projecting forward it could be expected that

around 300 applications could be received by end March 2015 and 28MW of renewable heat capacity accredited in the non-domestic sector.

### **Uptake under the domestic Renewable Heat Premium Payment (RHPP) scheme**

5. The Renewable Heat Premium Payment (RHPP) scheme was launched in May 2012 as a forerunner to a domestic RHI in NI. This scheme provides grant support to eligible domestic installations and is managed within Energy Division, DETI. As of 13 May 2014, 1720 applications have been received and Energy Division has issued offers to 1231 of these. This represents support of £2.33 million and a total investment in the sector of over £7.73 million.
6. Of the 1231 vouchers issued, 958 have made claims to date. As at 13 May 2014, 797 claims amounting to a total of £1.44m have been paid.
7. Four types of technology are supported by the RHPP; Air Source Heat Pumps, Biomass Boilers, Ground Source Heat Pumps and Solar Thermal Panels.
8. The breakdown of offers and installations by technology is given in the table below.

<b>Technology*</b>	<b>Offers of Support</b>	<b>Installations Made</b>
<b>Air Source Heat Pumps</b>	11%	10%
<b>Biomass Boilers</b>	50%	45%
<b>Ground Source Heat Pumps</b>	10%	10%
<b>Solar Thermal Panels</b>	29%	35%

*\* Different technologies have different lead in times which may account for the different technology splits between offers and installations*

9. The total renewable heat capacity of the installations supported under the RHPP is in the order of 14 MW, therefore a total of 31 MW of new renewable heat capacity has been installed in the past 24 months.

**Renewable Heat Incentive Phase 2**

10. DETI has proposed to expand the current RHI scheme; this would include new technologies in the non-domestic sector and the introduction of a RHI scheme for domestic customers. The public consultation on Phase 2 of the RHI took place between July – October 2013 and 50 responses were received. DETI has assessed these responses and sought to finalise suitable policy positions.
11. Much of the focus from stakeholders was the proposed domestic RHI scheme. Some of the key issues raised included;
- i. Ensuring tariffs were sufficient to generate interest.
  - ii. Ensuring that applicants who have received support under the RHPP are treated equitably in comparison to applicants who have not received support under the RHPP.
  - iii. Ensuring that the methodology for payments is clear and easily understood.
  - iv. Maintaining standards for installations and technologies.
  - v. Setting appropriate energy efficiency standards.
  - vi. Ensuring the administrative procedures are appropriate.
12. DETI has been working to address these issues and prepare the scheme for launch. This has included finalising policy, seeking approvals, drafting guidance documents, preparing legislation and scoping administration options. DETI will shortly be in a position to launch the scheme; further briefing will be provided on the domestic scheme in due course.
13. In terms of changes to existing non-domestic scheme the main issues to be addressed include;
- i. Introduction of tariffs for more innovative technologies (large biomass, air source heat pumps, deep geothermal etc).
  - ii. Introduction of an ‘uplift’ tariff for biomass district heating.

- iii. Technical changes to legislation in areas such as metering, relocation of installations and the use of process heating (i.e. drying).

14. In addition, it may be appropriate to review existing tariffs based on the experience of the first 18 months of the scheme. These changes will be subject to clearance through the EU Commission in regards to State Aid compliance.

**Publicity**

15. DETI will continue to promote the scheme under the 'EnergyWise' sustainable messaging brand. Publicity campaigns have been used alongside the launch of the RHI and also in Spring 2013, Autumn 2013 and Spring 2014. This has included TV advertising, 48 sheet posters across Northern Ireland, bus streetliners, on line presence and print media. DETI has also promoted the schemes through attendance at a number of stakeholder events, organised by local councils and trade bodies, to promote both the RHI and the RHPP.

16. Further publicity may take place in 2014/15 depending on the availability of appropriate budget.

**Energy Division, DETI**

**May 2014**



## Update on Renewable Heat Incentive

### Background

1. The Northern Ireland Renewable Heat Incentive (RHI) is a DETI scheme that provides financial support to non-domestic renewable heat generators and producers of biomethane. The primary objective for the RHI is to increase the uptake of renewable heat to 10% by 2020 (baseline position of 1.7% in 2010).

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**Energy Division, DETI**

**27 May 2014**

**From:** [Dolaghan, Paul](#)  
**To:** [McCay, Davina](#)  
**Subject:** FW: Submission: SUB/257/2014 RENEWABLE HEAT INCENTIVE - UPDATE FOR ETI COMMITTEE  
**Date:** 27 May 2014 14:07:00  
**Attachments:** [SUB\\_257.docx](#)

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Davina,

To note.

Paul.

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**From:** Christine.McLaughlin@detini.gov.uk [mailto:Christine.McLaughlin@detini.gov.uk]  
**Sent:** 27 May 2014 13:11  
**To:** Mills, John (DETI)  
**Cc:** Dolaghan, Paul; Neth\_Energy; Sterling, David; Thomson, David; Rooney, Eugene; Aiken, Glynis; Stevenson, Valerie (DETI Private Office); DG\_DETI Press Office; McCune, David; Robson, Rod; Murray, John (DETI); Clarke, Rosie; Hegarty, Damien; McLaughlin, Christine (DETI)  
**Subject:** Submission: SUB/257/2014 RENEWABLE HEAT INCENTIVE - UPDATE FOR ETI COMMITTEE

DEPARTMENT OF ENTERPRISE, TRADE AND INVESTMENT

Unclassified

**From:** Christine McLaughlin  
Private Office  
**To:** Mills John (Mr)  
**Date:** 27/05/2014

Action Copy: cc Energy  
McCune David (Mr)  
Robson Rod (Mr)  
Murray John (Mr)  
Clarke Rosie (Ms)  
Hegarty Damien (Mr)  
McLaughlin Christine (Mrs)

SUB/257/2014:RENEWABLE HEAT INCENTIVE - UPDATE FOR ETI COMMITTEE

The Minister has seen and read your submission of 15/05/2014 and is content.

NB: David McCune will arrange for the briefing to go to the ETI Committee.

Christine McLaughlin (Private Office)

Netherleigh House Tel: Ext 29222

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