

Submission**From:** Stuart Wightman**Tel No:** Ext 29425**Date:** xx September 2015**cc:** Copy distribution list below**To:** 1. Timothy Cairns
2. Jonathan Bell MLA**COR 1199- 2015 RENEWABLE HEAT INCENTIVE**

Issue: *Correspondence from Steven Agnew, MLA about the Renewable Heat Incentive Scheme, (RHI).*

Timing: *Routine*

Executive Committee Referral: *N/A*

PFG Implications: *None*

Presentational Issues: *None*

FOI Implications: *Fully disclosable*

Financial Implications: *None*

Legislation Implications: *N/A*

Statutory Equality Obligations: *N/A*

Recommendation: *To note the background to the query and to reply to Steven Agnew, MLA using the draft provided at **Annex A***

BACKGROUND

- 1 Steven Agnew, MLA, has written to you about the Renewable Heat Incentive, (RHI), and his understanding of changes to come into effect on 5 October 2015. He asks about details of the proposed changes, whether these will be consulted on, and if there is a minimum period of notice that must be given before changes take effect, (see **Annex B**).

DETAIL

2. My submission of 8 July 2015 which you cleared on Thursday 9 September sets out the proposed changes to the non domestic RHI from November 2015. These changes are some of the out working of the phase 2 review consultation from October 2013 and provides for a new Combined Heat and Power, (CHP), tariff to coincide with changes in the ROC's regime and also cost control measures to ensure the RHI is brought within budget and remains affordable going forward.

3. The proposed cost control measures will impact on biomass which has been the most popular technology. This will see the current medium biomass banding range extended upwards from 99kW to 199kW which is in line with GB, and this will help encourage the installation of larger and more efficient boilers. In addition a two tier tariff structure will be introduced for all biomass which will see the first 1314 peak hours, (15% of maximum possible annual running hours as used by DECC), paid at the standard tariff, and hours thereafter paid at the lower 1.5 pence per kWh rate, again this is in line with the position in GB. A cap of 400,000kWh will apply as a maximum annual heat payment.
4. The new CHP arrangements will see the introduction of two new tariffs, one of 3.5 pence per kWh for new renewable installations and a second tariff of 1.7 pence per kWh for installations converting from fossil fuels to coincide with the removal of the 0.5 ROC uplift under the NIRO.
5. In terms of notification whilst there is no specific notice period requirement officials have been engaged with key stakeholders over the past number of months to make them aware that changes will be put in place later in the year as an outworking of the phase 2 review, and have given a broad overview of the likely changes to provide as much advance notice as possible. The agreed final policy was published on 4 September which will bring clarity to the situation.

RECOMMENDATION

6. To reply to Steven Agnew using the draft provided at **Annex A**

Stuart Wightman
Head of Energy Efficiency Branch

Distribution List:

Sean Kerr, PS/Minister
Chris Stewart
John Mills
Ian McCrea MLA, Assembly Private Secretary
Press Office

Annex A**DRAFT REPLY**

Steven Agnew, MLA
Green Party NI
Room 258
Parliament Buildings
Belfast
BT4 3XX

Xx September 2015

Dear Mr Agnew

DOMESTIC RENEWABLE HEAT INCENTIVE

Your correspondence of 20 August 2015 to the Minister about the Northern Ireland Renewable Heat Incentive, (RHI) refers.

I can confirm that there are changes planned to the Non domestic RHI in early November as part of the outworking of the phase 2 review consultation undertaken in late 2013. The final policy for these changes was published on 4 September 2015. The first change will see the introduction of two new tariffs for Combined Heat and Power, (CHP) installations to coincide with the changes to the NIRO and the removal of the 0.5 ROC uplift from October 2015. These are 3.5 pence per kWh for new renewable installations, and 1.7 pence per kWh for installations converting from fossil fuels.

The other changes concern cost control measures to ensure the RHI is brought within budget and to maintain affordability going forward. These cost control measures will impact on the most popular biomass technology. The current medium biomass banding will be extended upwards from 99kW to 199kW in line with GB to encourage the installation of larger and more efficient boilers. In addition a two tier tariff structure will be introduced for biomass which will see the first 1314 peak hours,(15% of maximum possible annual running hours), paid at the standard tariff and hours thereafter at the lower 1.5 pence per kWh rate, again this is in line with the position in GB. A cap of 400,000 kWh will apply as the maximum annual heat payment.

With regard to prior notification whilst there is no specific notice period requirement DETI has been engaged with key stakeholders over the past number of months to make them aware that changes are to be put in place later in the year as an out working of the phase

2 review, and given a broad overview of the changes to provide as much advance notice as possible.

I hope that this is helpful to you.

Yours sincerely

JOHN MILLS
Director of Energy Division

Annex B



Steven Agnew MLA
Room 258
Parliament Buildings
Belfast BT4 3XX

20th August 2015

Minister Jonathan Bell
Department of Enterprise, Trade & Investment
Netherleigh
Massey Avenue
Belfast
BT4 2JP



Dear Minister Bell,

I am writing to you regarding the Renewables Heat Incentive. It is my understanding that there are planned reductions to the Renewables Heat Incentive, due to be implemented on the 5th October 2015. However there is uncertainty about the precise details of these reductions.

Could I ask you to confirm and provide details of the proposed Renewables Heat Incentive levels for each technology and whether these will be consulted on?

Furthermore, can I ask whether your department is required to give notice of any reduction within a minimum period? If this is not the case, I suggest that it would be good practice to give the industry as much notice as possible.

Any info you can provide would be appreciated.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Steven".

Steven Agnew



Steven Agnew MLA, Leader, Green Party in Northern Ireland
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