

From: [Cooper, Trevor](#)
To: [Brankin, Bernie](#)
Subject: FW: TRIM: RE: ETI Committee query - LMU 137-13 - Programme for Government
Date: 11 December 2013 12:55:00
Attachments: [Exports slide.pptx](#)
[image002.jpg](#)
[Brand-Derry-Londonderry2.jpg](#)
[LMU 137-13 Further information re PFG Progress report re 28 Nov briefing.DOCX](#)

Trevor Cooper

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Please consider the environment - do you really need to print this e-mail?

From: Rooney, Eugene
Sent: 09 December 2013 12:11
To: Cooper, Trevor
Subject: FW: TRIM: RE: ETI Committee query - LMU 137-13 - Programme for Government

Trevor – see attached.

From: Johnston, Iris **On Behalf Of** Thomson, David
Sent: 06 December 2013 17:03
To: Private Office DETI
Cc: Sterling, David; Rooney, Eugene; Hutchinson, Graeme; Rodgers, Philip; Pyper, Alistair; McAllister, Susanne; Aiken, Glynis; Crawford, Andrew; Ross, Alastair; DG_DETI Press Office
Subject: FW: TRIM: RE: ETI Committee query - LMU 137-13 - Programme for Government
Private Office

Please see attached from David Thomson

Many thanks

Iris

Iris Johnston

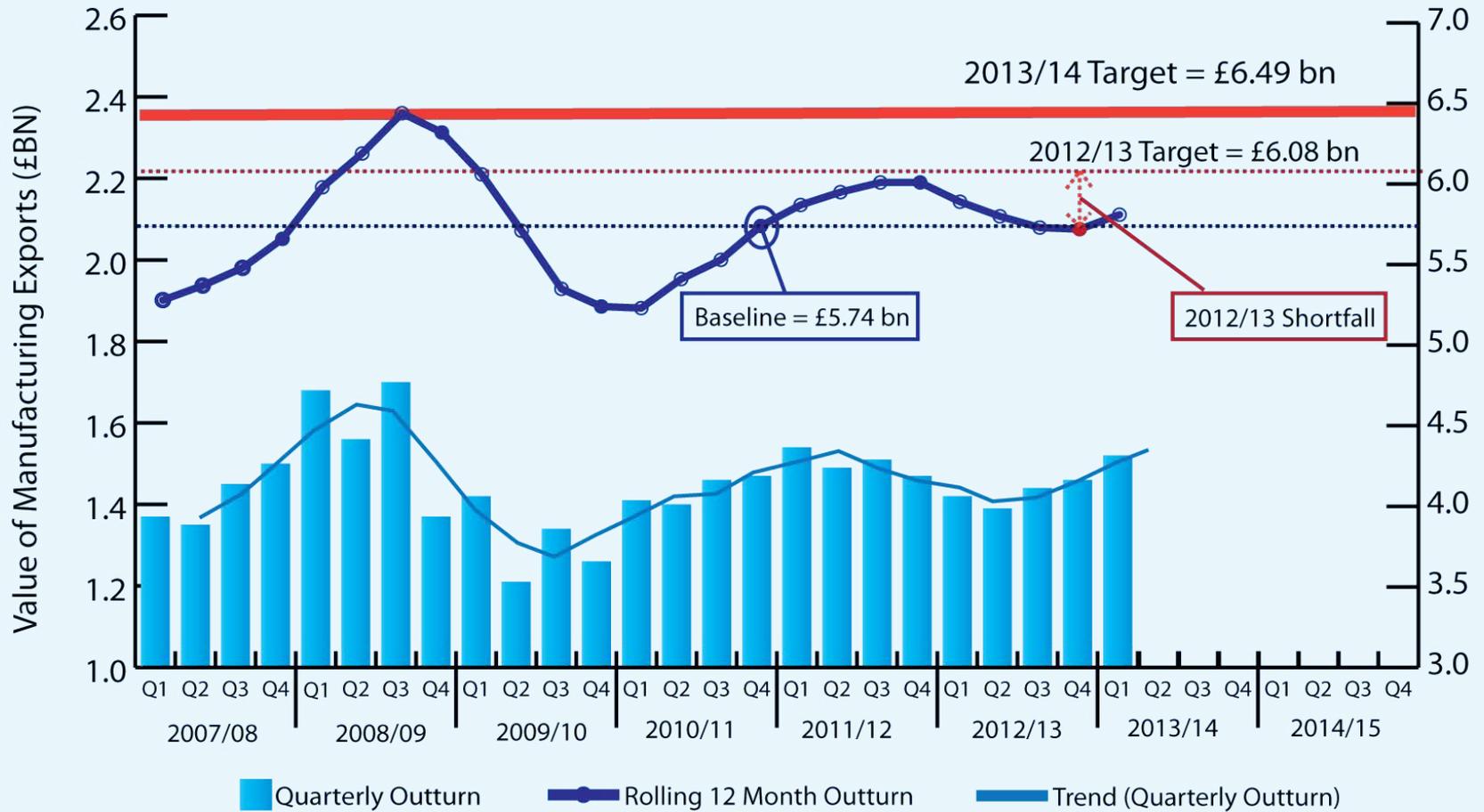
Personal Secretary to David Thomson
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30. Value of Manufacturing Exports (£BN) - Rolling Annual and Quarterly Outturns



From: DAVID THOMSON Copy distribution list below
Date: 6 December 2013
To: 1. Andrew Crawford
2. Arlene Foster MLA

ETI COMMITTEE QUERY: LMU/137/13

Issue: The ETI Committee has asked for the Department to provide further information following an oral briefing from DETI officials on 28 November regarding PfG progress report to 30 September 2013.

Timing: Routine

Executive Committee Referral: None

PFG Implications: None

Presentational Issues: None at this time.

FOI Implications: This submission is fully disclosable

Financial Implications: None at this time.

Legislation Implications: None

Statutory Equality Obligations: None

Recommendation: That you consider and agree the attached responses for issue to the ETI Committee.

BACKGROUND

1. Following the oral briefing by officials on 28 November regarding the PfG Progress report to 30 September 2013, the ETI Committee asked the Department to provide further information on the following areas:

- To provide further information from Energy Division on grid connection
 - To give a breakdown of figures from PfG #3 for the period March – September 2013
 - To forward the graphs referred to in the context of explaining PfG #4
 - To forward the briefing notes used by the witnesses to the Committee
 - To establish the baseline against which progress is measured in PfG #13
 - To provide figures from INI for PfG#7 on SMEs
 - To clarify the eligibility criteria for RHI for those who have a carbon trust loan.
2. The committee have requested sight of the “briefing notes” I used during the hearing. I was quoting from information prepared for referral to the Committee in relation to the Renewable Heat Incentive and currently pending your approval. (Submission dated 26 November from Fiona Hepper refers). I was therefore content at the session to offer this, but we need to be careful not to set a precedent for the Committee to think that it can have access to notes prepared by Officials for their attendance at hearings.
3. An answer template advising the ETI Committee of the DETI position on this report is attached for your consideration at **Annex A**.

RECOMMENDATION

4. That you agree to issue the attached responses to the ETI Committee Clerk. A draft cover note from David McCune is attached at **Annex B**.

**DAVID THOMSON**

Distribution List:

David Sterling

Eugene Rooney

Graeme Hutchinson

Phil Rodgers

Alistair Pyper

Susanne McAllister

Glynis Aiken, PS/Minister

Andrew Crawford, SPAD

Alastair Ross MLA, Assembly Private Secretary

Press Office

REQUEST TO DETI FROM THE ETI COMMITTEE

1. At its meeting on 28 November 2013 the ETI Committee received Oral briefing from the Department in relation to PfG Delivery Plans – monitoring progress against targets to 30 September 2013.

2. The Committee asked for the Department to supply the following information:
 - a) To provide further information from Energy Division on grid connection
 - b) To give a breakdown of figures from PfG #3 for the period March – September 2013
 - c) To forward the graphs referred to in the context of explaining PfG #4
 - d) To forward the “briefing notes” used by the witnesses to the Committee
 - e) To establish the baseline against which progress is measured in PfG #13
 - f) To provide figures from INI for PfG#7 on SMEs
 - g) To clarify the eligibility criteria for RHI for those who have a carbon trust loan.

DEPARTMENTAL RESPONSE**a) To provide further information from Energy Division on grid connection**

- The increasing interest in small scale renewables generation is placing a strain on a grid which was never designed for that purpose. The Department is aware that this is leading to increasing connection costs for small generators due to the need to upgrade lines to accommodate the generation.
- The recent investment approval by the Utility Regulator of up to £2.3m to facilitate additional small scale generation export from the 11kV network to the 33kV network will not reduce generation connection costs. However a number of applicants in those areas who received conditional connection offers from NIE will be able to proceed with their generation projects.
- Current grid development plans, solely associated with renewables and valued at £44m, should allow for greater penetration levels. Approval for investment in the electricity grid is a matter for the Utility Regulator and the £44m has been approved in principle and the investment is starting to flow.
- Whilst DETI has no role in the arrangements relating to grid connection policy, the Department is currently in discussion with the Regulator, NIE and the System Operator (SONI) to examine the potential to use the next round of the European Regional Development Fund to support further investment in the grid to enable the integration of greater renewable electricity generation, including small scale. Discussions are at an early stage and are subject to securing the necessary approvals. The quantum will be small in relation to the scale of requirements forecast by NIE.

b) To give a breakdown of figures from PfG #3 for the period March – September 2013

Investment target - Achieve £1billion of investment in the NI economy

- Total investment over first 2 years to 30 September has reached £929m
- Invest NI's total planned investment has already exceeded the PfG target for this year. It is now £176m this year which is up 100% on the same period last year.
- The full breakdown of investment 2011 to 30 Sept 2013 is;

Investment (£m)	2011-12	2012-13	2013-14 (to 30.9)*	Total
LOCAL	154	166	106	426
FDI	103	183	7	293
JOBS FUND	67	80	63	210
TOTAL	324	429	176	929

*All figures for 13-14 ytd provisional and may be subject to further change.

c) To forward the graphs referred to in the context of explaining PfG #4

The graph referred to in the context of explaining PfG 4 – Manufacturing exports target is attached at Annex B.

d) To forward the “briefing notes” used by the witnesses to the Committee

Update on Renewable Heat Incentive

Background

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).

Renewable Heat Incentive – Phase 1

1. 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.
2. The scheme is administered by Ofgem (the GB Utility Regulator) and as at mid November they have received 65 applications. Of these applications 45 have been accredited, 19 are currently being processed and one installation has been rejected (this decision is currently under review by DETI).
3. All 65 applications are for solid biomass boilers 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 9.8 MW, with 6.7 MW accredited.
4. The applications received are from across Northern Ireland as shown in the following diagram.

9. The breakdown of offers and installations by technology is given in the table below.

Technology*	Offers of Support	Installations Made
Air Source Heat Pumps	10%	9%
Biomass Boilers	48%	43%
Ground Source Heat Pumps	10%	9%
Solar Thermal Panels	32%	39%

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

10. The RHPP scheme will remain in place until the final domestic RHI policy is developed and all RHPP installations will remain eligible to apply for the RHI.

Renewable Heat Incentive Phase 2

11. Development work for the second phase of the RHI is ongoing. It is proposed that Phase 2 will extend the scheme to domestic installations and will consider some amendments to the non domestic scheme which may include a specific tariff level for deep geothermal heating (currently treated like ground source heat pumps); the introduction of a tariff for additional technologies e.g. air source heat pumps and bioliquids; support for large biomass installations and the potential development of an “uplift” to for community or district heating schemes.
12. Policy proposals were subject to a public consultation which closed on 14 October 2013. During the consultation process, DETI held stakeholder events in Belfast, Armagh and Coleraine which were generally well attended. The Department received 50 responses to the consultation; these included responses from installers, trade bodies, public sector organisations and members of the public. DETI is currently considering these responses prior to developing the final policy position which will then require the appropriate approvals (including EU State Aid approval for the non domestic elements). The current legislation will then need to be amended for the changes to the non domestic scheme and new legislation will need to be laid for the domestic RHI.
13. Given that the domestic RHI does not require State Aid approval, it is likely that it can be launched earlier than the non domestic aspects of phase 2 - probably Spring 2014.

Publicity

DETI continues to promote the scheme under the ‘EnergyWise’ sustainable messaging brand. A publicity campaign was run alongside the launch and also in Spring 2013. A fresh campaign is planned for Jan/Feb 2014 which will include TV advertising, 48 sheet posters across Northern Ireland, bus streetliners, on line presence and print media. DETI continues to attend a number of events, organised by local councils and trade bodies, to promote both the RHI and the RHPP.

e) To establish the baseline against which progress is measured in PfG #13**(20% renewable electricity by 2015)**

The 12% target by 2012-2013 which was included in PfG 2008-2011 is the baseline for the current PfG target of 20% by 2015. This 12% target was met in 2012-2013. A mid PfG target of 15% by 2013-2014 is likely to be met with current levels of renewable electricity standing at approximately 15% for the 12 month rolling period to end October 2013.

It should be noted that in setting out these targets, the PfG notes that they are “subject to adequate grid reinforcement being approved by the Northern Ireland Authority for Utility Regulation”.

(4% renewable heat by 2015)

The Renewable Heat targets are - a level of 10% to be achieved by 2020 and a level of 4% to be achieved by 2015. The baseline for these targets was set in 2010, following a study into the potential development of the Northern Ireland renewable heat market. The study assessed that the 2010 overall heat demand was in the order of 17,400 GWh, of which 300GWh (or 1.7%) came from renewable sources. At this time it was also assessed that by 2020 the overall heat demand in Northern Ireland would reduce to 16,700 GWh with improvements in thermal efficiency outweighing new developments. Therefore, to achieve the 2020 target an additional 1,300 GWh of renewable heat needs to be developed. To achieve the 4% target by 2015 it is assumed that an additional 400GWh renewable heat is required.

The collection of up to date data on renewable heat demand is not as straightforward as gathering renewable electricity figures, given that there is no centralised heat network that can be monitored. To assess progress against the renewable heat targets DETI will track the amount of heat incentivised by individual installations under the Renewable Heat Incentive (RHI) and the Renewable Heat Premium Payment against the predicted 1,300 GWh required. Going forward follow up research may also be required to re-evaluate the predicted 2020 total heat demand and also to measure renewable heat output, from other installations that may have gone ahead without DETI support.

f) To provide figures from INI for PfG#7 on SMEs**PfG Commitment 7**

Aid liquidity of Small and Medium Size Enterprises through a £50 million loan fund.
(£28 million in the 3 years covered by the PfG).

Growth Loan Fund Performance figures.

Year	Amount Lent	Number of Loans
2012-13	£6.9 M	30
2013-14 (to date)	£8.1 M	30
Total	£15 M	60

g) To clarify the eligibility criteria for RHI for those who have a carbon trust loan.

- The relevant legislation relating to the eligibility of an installation to receive the Renewable Heat Incentive (RHI), if it has received a Carbon Trust loan, is Regulation 23 of the Renewable Heat Incentive Scheme Regulations (Northern Ireland) 2012. This regulation states that systems cannot be accredited under the scheme where a grant from public funds has been paid (or will be paid) or other public support has been provided. Under the regulation “public support” is defined as a financial advantage provided by a public authority.
- Ofgem is the administrator of the RHI scheme. The issue of whether the Carbon Trust Loan Scheme is compatible with the Northern Ireland Renewable Heat Incentive is currently being considered by DETI under the RHI dispute resolution procedures. The outcome of the review will be published on the DETI website in due course.

Reply prepared by: Alistair Pyper

Division/ NDPB Economic Policy Division

Date 6 December 2013

COVERING NOTE TO ETI COMMITTEE CLERK

Jim McManus
Clerk
Committee of Enterprise, trade and Investment
Room 424
Parliament Buildings
Stormont
BELFAST
BT4 3XX

XX December 2013

Dear Jim

ENTERPRISE, TRADE AND INVESTMENT (ETI) COMMITTEE REQUESTS

I refer to your requests for information, on behalf of the ETI Committee regarding the oral briefing provided by DETI officials on 28 November regarding the PfG progress report to 30 September 2013.

The DETI Minister has cleared the responses to each of these requests, attached at Annexes A and B.

David McCune