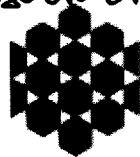


Winder: Grateful for your
clearance to an Assembly Researcher

Michael
23.2.10



Department of
**Enterprise, Trade
and Investment**

www.detini.gov.uk

From: Peter Hutchinson
Sustainable Energy Branch

Date: 23 February 2010

1. Andrew Crawford
2. Arlene Foster MLA

A25/2

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A27/2 content

DETI SUB 088/2010

ASSEMBLY RESEARCH QUERY – RENEWABLE HEAT STUDY

Issue:	An Assembly Researcher has requested information on; <ol style="list-style-type: none"> (i) the role of the Heat Oversight Group in the ongoing study into the potential of renewable heat in NI; and, (ii) the timescale for the study, its publication and the need for public consultation.
Timing:	Routine
Need for referral to the Executive:	Not at this stage
Presentational Issues:	None, at this stage.
Freedom of Information:	This note is fully disclosable.
Financial Implications:	Not applicable.
Legislation Implications:	There are a number of potential legislative issues which may need to be addressed in the future in relation to renewable heat.
PSA/PFG Implications:	None at present, but it is likely that new PSA targets in relation to renewable heat may be needed for the future.

Statutory Equality Obligations: **Not Applicable.**

Recommendation: **That you note the submission and agree to the briefing note at Annex A to be forwarded to the Assembly Research in question.**

BACKGROUND

DETI Assembly Liaison Unit received a request from an Assembly Researcher on behalf of an MLA. The researcher asked the following questions;

- Is the Heat Oversight Group overseeing the study, "Assessment of the potential for development of Renewable Heat in NI"?
- When is the study likely to be published and will a public consultation follow?

RENEWABLE HEAT STUDY

2. You will be aware from previous submissions on this matter, that the EU Renewable Energy Directive requires the UK to ensure that 15% of its energy consumption comes from renewable sources – and that this extends beyond electricity to heating and cooling and transport.
3. In light of the Renewable Energy Directive's requirement in respect to renewable heat, Sustainable Energy Branch commissioned a significant piece of work exploring this issue. No reliable up to date information on renewable heat in NI existed and therefore it was essential an evidence base was developed before wider policy decisions could be taken.
4. AECOM Ltd and Pöyry Energy Consulting were appointed in December 2009 to undertake this study. Specifically they were asked to;
 - i. Assess and quantify the current scale, future sustainable growth potential and optimum size of the renewable heat sector in NI;
 - ii. Make recommendations as to the options for encouraging the deployment of renewable heat technologies in NI in the short, medium and long term; and
 - iii. Make recommendations for an appropriate evidence based renewable heat target, and how this may impact on the existing heat markets in NI.

GB POSITION

5. DECC recently announced that it intends to incentivise low carbon heating technologies through a Renewable Heat Incentive (RHI) from April 2011. The incentive will apply across England, Scotland and Wales. The RHI will

be open to individuals, community groups and businesses and is intended to increase the uptake of technologies such as air source and ground source heat pumps, biomass boilers, solar thermal etc. Indeed, DECC are currently consulting on the proposed RHI and this has generated increased interest here. One issue that is emerging is that DECC are considering allowing retrospective support for their RHI, and if this goes ahead the industry here may claim that Northern Ireland companies are significantly disadvantaged.

6. DECC has statutory powers to implement a RHI via last minute amendments to what is now the Energy Act 2008 (in advance of the Renewable Energy Directive coming into force). At that time (September 2008) the timing was too tight to get a Legislative Consent Motion through the Assembly for extension of powers for an RHI to Northern Ireland and Energy Division was unable to advise categorically that an RHI was the best course of action for NI, because of the lack of any evidence base or detail on the DECC proposals and the significant difference in the NI and GB heat markets.

ROLE OF THE OVERSIGHT GROUP

7. A DETI led Oversight Group was created in order to support and verify the work of AECOM by offering guidance, direction and expertise. The group will also be asked to consider the draft report and recommendations produced by AECOM by March 2010.
8. The members of this group are as follows;

<ul style="list-style-type: none"> - Jenny Pyper, DETI (Chair) - Alison Clydesdale, DETI - Dan Sinton, DETI - Peter Hutchinson, DETI - Alan Maitland, OFMDFM - Liam McKibben, DARD - Tim Irwin, DOE - Garth Earls, GSNI 	<ul style="list-style-type: none"> - Olive Hill, Invest NI - Damian McDonnell, MATRIX - Michael Doran, Action Renewables - Geoff Smyth, Carbon Trust - Dr Elaine Groom, Queen's University - Prof Neil Hewitt, University of Ulster - Graham Furey, Ulster Farmer's Union - John Martin, Biomass NI
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9. The first meeting of the Oversight Group was held on Wednesday, 19th January 2010. At this meeting AECOM gave an overview of their study and all members of the Oversight Group were invited to comment and advise how they might be able to help with gathering information and providing support or expertise.
10. The next meeting of this group is scheduled for Thursday, 11th March 2010. It is envisioned that this group will meet for again in mid April 2010 to comment on the final report by AECOM.
11. This group, with the same or revised membership, may be asked to continue to meet after the finalisation of this report to advise on

consequent work including policy development and formulation of a strategy. Iain Osborne, for example, who was unable to be part of this original group, has expressed an interest in being involved in follow up work.

TIMECALES AND NEXT STEPS

12. It is expected that the final report will be completed in April 2010; we will then be seeking your views on the next steps and on the various policy options, before beginning further work to develop a wider strategy.
13. The current work is seen as the first phase in the development of a strategy for Renewable Heat in NI (to be considered by the NI Executive), accompanying legislation and an appropriate NI equivalent to the GB Renewable Heat Incentive. It is not clear at this stage if primary or secondary legislation will be required, but if our work indicates that a RHI is appropriate for NI then a legislative timetable would have to be developed in due course.
14. Consultation on a strategy/ any legislative proposals will be required and it is hoped that this will commence in the third quarter of 2010.

RECOMMENDATION

15. It is recommended that you note this submission and agree that the briefing note at **Annex A** is forwarded to the Assembly Research Office. The information in the note is largely already in the public domain.

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