

**ANNEX A**

**From:** David McCune  
Departmental Assembly Liaison Officer

**Date:** March 2010

**To:** Jim McManus  
ETI Committee Clerk

**Issue:** **Renewable Heat Incentive**

1. The ETI Committee requested information regarding why the Renewable Heat Incentive is not available in Northern Ireland.
2. Grateful if you would circulate the attached information to the Committee members as required.

**DAVID MCCUNE**

## BRIEFING NOTE TO THE ETI COMMITTEE - RENEWABLE HEAT INCENTIVE

### GB Position

The Department of Energy and Climate Change (DECC) has proposed to incentivise renewable heating technologies through a Renewable Heat Incentive (RHI). The legislation for this incentive is planned to be in place by April 2011, however, DECC has indicated that appropriate installations made after 15 July 2009 will also be eligible for the payment.

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). The RHI will apply across England, Scotland and Wales and will be open to individuals, community groups and businesses. The incentive is intended to increase the uptake of technologies such as air source and ground source heat pumps, biomass boilers, solar thermal etc. The incentive will mean that those installing eligible renewable heating technologies will be entitled to a payment which varies depending on the size and type of the technology.

The RHI will reward those who install eligible renewable heat technologies through a payment to be made annually for small micro-generation installations or quarterly for larger technologies. Generally, in the domestic sector the annual payments will be agreed in advance and will depend on the size and type of household. For large industrial sized installations the quarterly payment will be dependent on the actual heat used

The DECC consultation which was published on 1<sup>st</sup> February 2010, and closes on 26<sup>th</sup> April 2010, is available at the following link;

<http://www.decc.gov.uk/en/content/cms/consultations/rhi/rhi.aspx>

Details of how the scheme will be funded will be included the Chancellor's Budget in April 2010.

## DETI Position

The incentive is not available in Northern Ireland because 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.

However grant assistance for heat generating microgeneration technologies remains available across the UK through the Low Carbon Building Programme (LCBP) until April 2011, subject to the availability of funding.

In December 2009, DETI appointed AECOM Ltd and Pöyry Energy Consulting to undertake an independent assessment to identify and quantify the current scale, future sustainable growth potential and optimum size and scale of the renewable heat sector in Northern Ireland.

Specifically this work will;

- establish up to date and accurate statistics on the current heat and renewable heat usage in NI;
- produce a base heat map using GIS;
- benchmark the potential for renewable heat in NI against renewable heat markets in GB, RoI and two other European regions;
- present options on how the renewable heat market in NI could be encouraged;
- assess the need for an interim measure in NI in light of the introduction of the Renewable Heat Incentive in GB; and
- make projections as to an evidence based target for renewable heat to 2020, setting out clearly the potential impact of any target on other existing energy markets.

This work, which will complete by April 2010, will ensure that up to date information on heat and renewable heat is gathered, that all possible options for incentivising the NI market place are considered and that future policy decisions are based on sound evidence. The ETI Committee will be provided with a written briefing once this work has completed.

If this work indicates that a RHI would be the most effective way of developing renewable heat in NI then a legislative timetable will need to be developed. While the introduction of a RHI is planned for April 2011 in GB, it is unlikely similar legislation will be in place in NI before 2012 due to the necessary consultation process that would be required.

One key aspect of the current study therefore will be to include considerations as to options for encouraging the market in the short term so Northern Ireland is not unduly disadvantaged.

DETI will be liaising closely with DECC's Renewable Heat Team over the next number of months as they collate and assess responses to their ongoing consultation and finalise the proposals relating to the design and implementation of the RHI.