

**From:** [Clydesdale, Alison](#)  
**To:** [Private Office DETI](#)  
**Cc:** [Pyper, Jenny](#); [Hutchinson, Peter](#)  
**Subject:** FW: additional info requested by Andrew - (DETI SUB 173/2010) re: Update on Renewable Heat Study.  
**Date:** 26 April 2010 17:55:00  
**Attachments:** [SUB 173 Andrews comments.pdf](#)  
**Importance:** High

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**Michael / Christine – Please note that this submission included a letter to be sent from our Minister to the DSD Minister, the purpose of this letter was to advise the DSD Minister of the current renewable heat study and invite her to nominate an official from her department to attend a meeting on 26 April. Obviously as this meeting has now already taken place the letter to the DSD Minister should not be issued. The submission can continue on to the Minister, if Andrew is content to update her on the current work but the attached letter should not issue.**

Andrew,

The 15% Renewable Energy Directive target includes electricity, heat and transport. This is the UK member state target and our NI targets will contribute to it. DECC and Scotland have set sub targets for heat and DECC has set a target of 12% renewable heat by 2020 for England and Wales, Scotland has a target of 12% and the Irish Republic 11%. DECC has publicly committed to an RHI which is retrospectively dated to July 2009 by way of signalling long term support to the industry. We are already fielding many queries claiming that the NI biomass industry is disadvantaged.

As yet there is no finalised NI target for renewable heat for 2020, the draft SEF included an indicative target of 10% however this was set on a limited evidence base. One of the outputs of the work currently being undertaken by DETI Sustainable Energy Branch is the development of an evidence based target to 2020. The preliminary findings of the consultants have shown that a 10% target would be appropriate; the current contribution of renewables to the overall heat demand is 1.7%.

However, the 10% would not be able to be achieved without DETI policy intervention and some form of financial support. You will be aware from previous correspondence that DECC intend to reward renewable heat installations with a Renewable Heat Incentive (RHI) from April 2011. This scheme aims to pay owners of renewable heat installations a certain tariff depending on the type and scale of the technology.

As NI is not included in this measure our current study is also considering the appropriateness of a similar scheme locally. There will of course be various policy options for the Minister to consider, each of which will have a cost attached. The final report is expected to include these scenarios and financial implications. Some indicative costs emerging from our work at present are a cost of £10m/year/% point of the target. Over 10 years there could be a £200m net resource cost - costs to consumers could be anywhere up to £95 per bill per year - we are amending the report after this mornings

meeting and will forward it to you as soon as it is available. The figures I quote are only indicative at present and are liable to change as we refine our assumptions. There is also an issue emerging in relation to the limitations of the biomass resource in NI going forward.

We are also keeping in touch with colleagues in DECC as they finalise their RHI proposals. To date DECC has not yet announced how the RHI scheme will be funded (it was supposed to be in the budget) and we have sought further information on this on a number of occasions.

Happy to discuss.

Alison

**Alison Clydesdale**

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**From:** McLaughlin, Christine  
**Sent:** 23 April 2010 15:50  
**To:** Pyper, Jenny  
**Cc:** Sterling, David; Davison, Janice; Thomson, David (DETI); Clydesdale, Alison; Hutchinson, Peter; Aiken, Glynis; Stevenson, Valerie; Duffy, Michael

**Subject:** (DETI SUB 173/2010) re: Update on Renewable Heat Study.

I refer to submission of 9 April 2010 (DETI SUB 173/2010) re: Update on Renewable Heat Study.

Andrew Crawford has made the following comments:

**“Is there a specific target for RHI in NI or do we fall under the UK RHI 15% target?”**

**Need costings before we make many commitments.”**

Grateful for a response to Andrew’s comments to reach **Private office no later than noon Monday 26 April 2010.**

Many thanks

**Christine McLaughlin**

Private Office

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