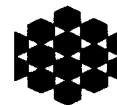


From the Office of the Minister



Department of  
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and Investment**

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**Your Ref: MD/PC/2907101**

**Our Ref: DETI COR 364/2010**

Mark Durkan MP MLA  
Constituency Office  
23 Bishop Street  
LONDONDERRY  
Co Londonderry  
BT48 6PR

14<sup>th</sup> August 2010

*Dear Mark,*

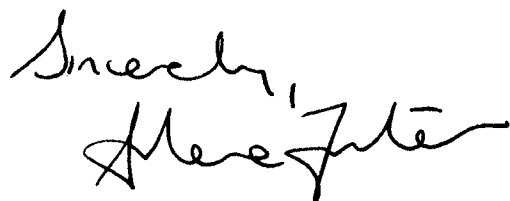
Thank you for your letter of 29 July 2010 in relation to renewable heat policy and the Renewable Heat Incentive (RHI) in Great Britain. I can assure you that I am committed to developing the renewable heat market in Northern Ireland and, as you rightly point out in your letter, there are many benefits in doing so such as increased fuel security, reduced carbon emissions and the opportunity in this sector for 'green' jobs.

In your letter you make reference to the study my Department has been undertaking into the potential development and deployment of renewable heat in Northern Ireland. This study has recently completed and will now be considered in detail by my Department.

The study came about as a result of developments in renewable heat policy both in Europe, through the EU Renewable Energy Directive (RED), and in Great Britain, in the shape of the proposed RHI scheme. The RED requires that the UK ensures that 15% of its energy consumption comes from renewable sources – for the first time this requirement extended beyond electricity to heating and cooling and transport. Northern Ireland is expected to contribute to the United Kingdom's share of this target and, therefore, I have included an indicative target of 10% renewable heat by 2020 in the draft Strategic Energy Framework.

In respect of the RHI, you are aware that this scheme, as it stands, only applies to England, Scotland and Wales. The reason for this is that at the time the amendments to the Energy Act were made to allow for a RHI, there was not sufficient time to pass a Legislative Consent Motion through the Northern Ireland Assembly for extension of powers. Further to this, there was a lack of evidence to suggest that a RHI would be the most appropriate method to incentivise the Northern Ireland heat market, which you will understand is quite different from the GB market.

This has been a comprehensive study and the report makes a number of recommendations that will need to be carefully considered and the potential options for incentivisation assessed. I am sure that you are aware that the funding mechanism for the GB RHI is still to be determined; and, given the financial position faced by the Northern Ireland Assembly, you will appreciate that it is only prudent to ensure that any new policies or potential incentive schemes are fully costed before commitments are made.

A handwritten signature in black ink, appearing to read 'Arlene Foster', written in a cursive style.

**ARLENE FOSTER MLA**  
Minister of Enterprise, Trade and Investment