



Copy Distribution List Below

From: Alison Clydesdale
Sustainable Energy Branch

Date: 5 January 2011

To: 1. Andrew Crawford
2. Arlene Foster MLA

COR 628/2010: FUNDING FOR RENEWABLE ENERGY IN NORTHERN IRELAND AS PART OF THE 2010 SPENDING REVIEW SETTLEMENT

Issue: The First Minister and deputy First Minister have written to you in regards to the NI Renewable Heat Incentive and linkages with the Sustainable Development Implementation Plan.

Timing: Routine.

PfG implications: Not applicable

Need for referral to the Executive: Any future renewable heat strategy will require Executive approval in due course.

Presentational Issues: Not applicable.

Freedom of Information: Elements of this submission may be exempt under Section 35 of the Freedom of Information Act.

Financial Implications: HMT has advised that £25m of AME is available over the spending period should Northern Ireland choose to introduce a RHI.

Statutory Equality Obligation: Compliant; there are no Section 75 implications.

- Legislation Implications:** **The implementation of a RHI in Northern Ireland will require legislation. DECC has advised that the current “Green Economy and Energy Security Bill” may be able to be amended in due course to include primary powers for renewable heat for Northern Ireland.**
- Recommendation:** **That you respond using the attached draft at Annex B.**

Background

The First Minister and deputy First Minister have written to you regarding the ongoing renewable heat work and the linkages a future Renewable Heat Incentive (RHI) scheme would have with the current Sustainable Development Implementation Plan. This letter is attached at **Annex A**.

The Sustainable Development Implementation Plan

2. The Sustainable Development Implementation Plan is part of the wider Sustainable Development Strategy, published on the 27 May 2010. The Implementation Plan includes priorities and actions for each government department and a number of non-government agencies (Carbon Trust, NILGA, NI Environment Link etc.)
3. DETI’s priorities and objectives within the Implementation Plan are focused on the implementation of the Strategic Energy Framework (SEF) and include increasing energy security; increasing the level of renewable energy consumption and increasing the number of low carbon jobs. All these actions will be supported through the development of a RHI for Northern Ireland. There are therefore obvious linkages between RHI policy and the Sustainable Development Implementation Plan and Energy Division officials will ensure that RHI is specifically included in the Implementation Plan when appropriate.

Development of a Northern Ireland RHI

4. The next stage in developing the RHI for Northern Ireland is a full Economic Appraisal, to begin shortly. This assignment will refine the need for a RHI in Northern Ireland, will outline the objectives for introducing such a scheme, advise on possible structures of a RHI and assess the cost/benefit. The assignment will also involve considering a range of methods for developing the heat market, either through the RHI structure or other means. This will ensure that the most cost-effective method of developing renewable heat is implemented.

5. One element of this work will be to develop SMART targets for renewable heat policy which will outline the objectives of the RHI scheme. These targets could include;
 - "X" thousand of green jobs by 2020.
 - "X" MW of renewable heat to be generated by 2018/2019/2020 and beyond.
 - Use of home heating oil to be "X"% lower in 2020 based on 2010 levels.
 - "X" tonnes of CO₂ below the level in 2010, by 2020.
6. Such targets would form the basis of a Renewable Heat Strategy and could also be included within the wider Sustainable Development Implementation Plan. In going forward, there will also be a need for significant cross-departmental working with roles for DOE, DARD, DSD, OFMDFM, Invest NI and others.

Recommendation

7. That you respond to the First Minister and deputy First Minister using the draft letter at **Annex B**.

ALISON CLYDESDALE
SUSTAINABLE ENERGY BRANCH
(Ext 29248)

Distribution List:

cc: David Sterling
David Thomson
Fiona Hepper
Ann Williamson
Peter Hutchinson
Glynis Aiken
Neth Energy
Press Office

Annex A



Stormont Castle
BELFAST
BT4 3TT

TEL: 028 9037 8158
FAX: 028 9037 8040
e-mail: ps.ministers@ofmdfmi.gov.uk

Our Ref: GM/213/10
Your Ref: SUB/511/10

FROM: FIRST MINISTER & DEPUTY FIRST MINISTER cc Minister Wilson
Minister Murphy

DATE: DECEMBER 2010

TO: MINISTER OF ENTERPRISE, TRADE & INVESTMENT

FUNDING FOR RENEWABLE ENERGY IN NORTHERN IRELAND AS PART OF THE 2010 SPENDING REVIEW SETTLEMENT

We have noted with interest your memo of 8 November to the Minister of Finance and Personnel regarding the above. The Renewable Energy Directive has, in our opinion, the potential to be one of the most effective mechanisms by which the Executive's sustainability agenda may be progressed.

We agree that the implementation of a Renewable Heat incentive (RHI) is an effective means of developing the renewable energy sector, tackling fuel poverty and reducing carbon emissions, and it is important that Departments can work together, where appropriate, to create beneficial multiplier effects.

With this in mind, and given that our departments are presently working together on the development of our Sustainable Development Implementation Plan, we would be grateful if, and at the discretion of the Minister of Finance, you could give consideration to the inclusion in the Implementation Plan of any out-turns resulting from RHI (and National Investment Plan) funding being made available.

RT HON PETER D ROBINSON MLA
First Minister

MARTIN McGUINNESS MP MLA
deputy First Minister

Draft Letter

FROM: ARLENE FOSTER MLA
Minister of Enterprise, Trade and Investment

DATE: 5 January 2010

TO: FIRST MINISTER & DEPUTY FIRST MINISTER

**FUNDING FOR RENEWABLE ENERGY IN NORTHERN IRELAND AS
PART OF THE 2010 SPENDING REVIEW SETTLEMENT**

Thank you for your letter 21st December in regards to a future Renewable Heat Incentive (RHI) and the linkages that this scheme would have to the Sustainable Development Implementation Plan.

I agree that there are obvious linkages between a future RHI scheme in Northern Ireland, and the impact that it would have, and the aims and objectives of the Sustainable Development Strategy. It is envisioned that the RHI will support the growth of the green economy, reduce Northern Ireland's dependence on fossil fuels and assist in tackling current levels of carbon emissions.

My officials will endeavour to ensure that the RHI, as it is developed, is considered as part of the Sustainable Development Implementation Plan and that OFMDFM are included in any cross-departmental working groups.

ARLENE FOSTER MLA
Minister of Enterprise, Trade and Investment