

From the Office of the Minister



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**Our Ref: DETI COR 595/2013**

The Rt Hon Gregory Barker MP  
Minister of State  
Department of Energy & Climate Change  
3 Whitehall Place  
London  
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16 December 2013

Dear Gregory

**PUBLICATION OF GOVERNMENT RESPONSE FOR THE NON-DOMESTIC RENEWABLE HEAT INCENTIVE (RHI) CONSULTATIONS AND DOMESTIC RHI COST CONTROL.**

Thank you for your letter of 29 November 2013, outlining the steps your Department proposes to take regarding the introduction of changes to the non-domestic and domestic RHI schemes in Great Britain. I am grateful for the sharing of this information in advance and for the level of detail you provided. Whilst the Northern Ireland RHI and the GB RHI operate independently there are, of course, many linkages between the schemes and therefore it is very helpful when information is shared that might assist my officials in determining the potential ramifications for Northern Ireland.

I agree that the RHI mechanism is vital in the development of the renewable heat sector across the UK. Perhaps it is of increased importance in Northern Ireland where the majority of businesses and householders still use heating oil and therefore the switch to renewable heat offers greatest potential in terms of savings on energy bills and carbon reductions. The Northern Ireland RHI has only been in operation for 12 months, yet there has been an encouraging level of uptake, with the number of applications for the Northern Ireland scheme being around 7% of the number received by the GB scheme during its first year of operation. I believe this demonstrates the significant potential that renewable heat has to displace fossil fuels in Northern Ireland and, in particular, heating oil.

Regarding your proposals, I note your intention to introduce new tariffs in the non-domestic scheme and revise existing tariffs for technologies such as large biomass and ground source heat pumps. I also note your plans to introduce measures to give large installations greater certainty regarding tariffs and for biomass sustainability. My Department has recently consulted on similar proposals to expand the Northern Ireland non-domestic RHI scheme and to introduce new tariffs for more innovative technologies. In addition, consideration has been given to issues such as enhanced preliminary accreditation, biomass sustainability and cost control. Final decisions are

still to be taken on the agreed policy position but it can be expected that there will be a level of synergy with the proposals you have outlined.

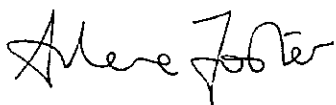
I also note that a budget of £430m has been secured for the GB RHI for 2015/16 and that this budget is from general taxation. You may be aware that the previous budget for Northern Ireland of £25m between 2011-15 came as a pro-rata share of the GB budget; I therefore assume that similar arrangements have been considered for 2015/16. I will, of course, pursue this with my colleague, the Minister for Finance and Personnel, however if you are able to provide clarity that would be most helpful.

Finally, I note your proposals for the domestic RHI in GB. Again, DETI has consulted on similar proposals for Northern Ireland whereby domestic consumers installing renewable heat technologies would receive annual incentive payments for 7 years. This would replace the ongoing Renewable Heat Premium Payment scheme which has proven popular with homeowners.

The expansion of the RHI scheme is an exciting next step for the deployment of renewable heat technologies across the UK. I believe that by extending the scheme to the domestic sector and expanding the non-domestic scheme to include new technologies, there is the potential to increase deployment levels in line with the set targets. In doing so, DETI will be supporting the wider energy policy objectives of increased fuel security, reduced carbon emissions and realising the potential for new green jobs. The development of this sector will ensure a more sustainable, more diverse and more competitive heating market in Northern Ireland.

I trust that our officials will continue to work closely on areas of mutual interest relating to the RHI.

Yours sincerely



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