

From: [Hepper, Fiona](#)
To: [Private Office DETI](#)
Cc: [Sterling, David](#); [Thomson, David](#); [Baxter, Clare](#); [McCutcheon, Joanne](#); [Sinton, Dan](#); [Hutchinson, Peter](#); [Aiken, Glynis](#); [Stewart, Susan](#); [Ross, Alastair](#); [Neth Energy](#); [Press Office](#)
Subject: COR/465/2012: RENEWABLE HEAT INCENTIVE (RHI)
Date: 16 August 2012 12:34:39
Attachments: [COR 465 2012 RHI Fermanagh DC.DOC](#)

Private Office

Please see attached for consideration

Fiona

Fiona Hepper

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From: Fiona Hepper
Energy Division

Copy Distribution List Below

Date: 16 August 2012

To: 1. Andrew Crawford
2. Arlene Foster MLA

COR/465/2012: RENEWABLE HEAT INCENTIVE (RHI)

Issue: Gerry Knox, Director of Technical Services, Fermanagh District Council has written to you, following your announcement of the RHI, enquiring about the likely expansion of the scheme to include the utilisation of landfill gas.

Timing: Routine

Need for referral to the Executive: Not applicable

Presentational issues: None

FOI implications: None

Financial Implications: N/A

Legislation Implications: N/A

PSA/PFG Implications: A target for renewable heat is in the Programme for Government.

Statutory Equality Obligations: None

Recommendation: That you approve the draft response to Mr. Knox which is attached at Annex A.

Background

Mr. Gerry Knox, Director of Technical Services, Fermanagh District Council, has written following your announcement on the RHI, enquiring about the possible inclusion of landfill gas in the scheme. Fermanagh Council has two landfill sites, one with an electricity generation facility and the other currently under development.

Representatives of the contractor – Devine and Associates Ltd – have previously been in contact with Energy Division to discuss landfill gas and the RHI.

Renewable Heat Incentive – Current position

2. On 19 July you announced some details on the introduction of phase 1 of the NI RHI in Autumn 2012, subject to the appropriate legislation being passed by the Assembly. The first phase of the RHI is for the non domestic sector and includes specific technologies; the utilisation of landfill gas is not included in this phase.
3. DETI has indicated that phase 2 of the scheme will include domestic installations and potentially some additional technologies. However, the introduction of phase 2 will require a further economic appraisal to assess the feasibility of incentivising the various additional technologies. This will be a complex piece of work as the technologies to be considered are less well developed and understood than those in phase 1. The development of phase 2 will also necessitate a further public consultation and then all the necessary approvals, including EU State Aid approval, will need to be obtained. As a result, it is likely to be Summer 2013, at the very earliest, before the second phase could be implemented.
4. Landfill gas will be considered under phase 2 of the scheme. However there are a number of not insignificant issues already identified which will need to be addressed at the economic appraisal stage:-
 - Landfill gas is not currently being incentivised under the GB RHI, so DETI would need to explore and take the lead on all the issues relating to this technology e.g. adopting standards, metering and measurements. This will be a resource intensive piece of work and we will have to consider if/how it could be managed;
 - Landfill gas already qualifies for support under the NIRO and therefore linkages between the two schemes will need to be considered further (see para 5 below);
 - Landfill gas sites tend not to be in areas where there is significant heat load i.e. no local housing, businesses or buildings. Therefore providing a RHI could lead to the development of artificial heat loads;
 - Energy production from landfill gas is timebound and therefore the 20 year RHI tariffs are unlikely to be suitable.

Northern Ireland Renewables Obligation

5. The recent Government response to the consultation on changes to the Northern Ireland Renewables Obligation in 2013 confirmed that electricity generated from landfill gas will continue to receive 1 ROC until 2015; it is being discontinued in GB from 2013. In addition to retaining the 1 ROC, a new band has been introduced across all three Renewables Obligations which provides an additional 0.1 ROCs/MWh for waste heat to power (WH2P). This is intended to offer

additional support to those landfill gas stations which do not have a local heat customer but where the additional heat generated can provide greater electrical efficiency. Both the existing site and that in development referred to by Mr Knox would be eligible for this additional 0.1 ROC for WH2P added after 31 March 2013.

Way Forward

6. The Terms of Reference for Phase 2 of the RHI is currently being drafted and it is anticipated that work on the economic appraisal will commence around October 2012. The utilisation of landfill will be considered as part of this exercise, with a view to establishing whether a tariff is needed and if so the appropriate value and duration. The study will also consider the additional issues around this technology such as those listed above in para 4. At this stage, it is impossible to say whether landfill gas will be included in final proposals. However, there will be a Public Consultation which will give Fermanagh District Council, Devine and Associates Ltd and all other interested parties the opportunity to provide comments and evidence.

Recommendation

7. It is recommended that you reply to Mr Knox outlining the current position and a draft letter is attached at **Annex A** for your consideration.

(signed)

FIONA HEPPER
(Ext 29215)

cc: David Sterling
David Thomson
Clare Baxter
Joanne McCutcheon
Dan Sinton
Peter Hutchinson
Glynis Aiken
Susan Stewart
Alistair Ross MLA, APS
Neth Energy
Press Office

Annex A**Draft letter to Mr G Knox**

August 2012

Mr G Knox
Director of Technical Services
Fermanagh District Council
Killyvilly
Tempo Road
Enniskillen
BT74 6HR

Dear

Renewable Heat Incentive

Thank you for your correspondence of 9 August 2012 regarding the Renewable Heat Incentive and the potential for the utilisation of landfill gas. I am committed to developing the renewable heat market and as you have heard, I propose to introduce the first phase of the Northern Ireland Renewable Heat Incentive (NIRHI) shortly, subject to the appropriate legislation being passed by the Assembly.

This first phase of the NIRHI, which is for non domestic installations, will be for a number of specific technologies and as you are aware the utilisation of landfill gas is not included. However, under Phase 2 of the scheme there is the potential to expand the list of eligible technologies and the feasibility of including landfill gas will be explored as part of the development work which is due to commence in the autumn. Once policy proposals have been developed, there will be a public consultation which will give you and other interested parties the opportunity to provide comment and evidence to inform the final policy position.

Meanwhile, I would draw your attention to the announcement made on 2 August in relation to the Northern Ireland Renewables Obligation. Specifically, the retention of the 1 ROC/MWh for electricity generated from open and closed landfill gas sites until

31 March 2015, after which closed landfill sites seeking accreditation will still be able to avail of 0.2 ROCs/MWh. In addition to retaining the 1 ROC, a new band has been introduced which provides an additional 0.1 ROCs/MWh for waste heat to power (WH2P). This is intended to offer additional support to those landfill gas stations which do not have a local heat customer but where the additional heat generated can provide greater electrical efficiency. Both the existing site in Fermanagh and that in development would be eligible for this additional 0.1 ROC for WH2P added after 31 March 2013.

I trust you find this response helpful.

Arlene Foster MLA
Minister of Enterprise, Trade and Investment