

From: [McCoy, Laura](#) on behalf of [Hepper, Fiona](#)
To: [Private Office DETI](#)
Cc: [Sterling, David](#); [Thomson, David](#); [McCutcheon, Joanne](#); [Dolaghan, Paul](#); [Sinton, Dan](#); [Hutchinson, Peter](#); [Ross, Alastair](#); [DG DETI Press Office](#); [Neth Energy](#)
Subject: FW: Correspondence -- Ref. Number: COR/59/2013 : WARM HOMES/ BOILER REPLACEMENT SCHEME
Date: 14 February 2013 14:35:11
Attachments: [image003.jpg](#)
[image004.png](#)
[COR 59 2013 - Warm Homes Boiler Replacement Scheme.DOCX](#)
Importance: High

Private Office

Please see attached briefing from Fiona Hepper for the attention of the Minister.

Regards,

Laura McCoy

Personal Secretary
Department of Enterprise, Trade & Investment
Netherleigh
Massey Avenue
Belfast, BT4 2JP
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Please consider the environment - do you really need to print this e-mail?

From: Christine.McLaughlin@detini.gov.uk [mailto:Christine.McLaughlin@detini.gov.uk]
Sent: 11 February 2013 15:28
To: Hepper, Fiona
Cc: [Dolaghan, Paul](#); [Neth_Energy](#); [Sterling, David](#); [Lewis, Colin](#); [Thomson, David](#); [Aiken, Glynis](#); [Stevenson, Valerie](#) (DETI Private Office); [DG_DETI Press Office](#); [Hegarty, Damien](#); [McLaughlin, Christine](#) (DETI)
Subject: Correspondence -- Ref. Number: COR/59/2013 : WARM HOMES/ BOILER REPLACEMENT SCHEME

DEPARTMENT OF ENTERPRISE, TRADE AND INVESTMENT

URGENT - CORRESPONDENCE

Reference: COR/59/2013
Raised By: DSD

Subject: WARM HOMES/ BOILER REPLACEMENT SCHEME

Referred To: HEPPEL FIONA (MRS) (Energy Branch)

Date Referred: 11/02/2013

ACTION REQUIRED

Please provide part input for clearance by the Minister. 1. Andrew Crawford 2. Arlene Foster MLA 3. DSD

To be with Private Office not later than 13/02/2013 before Close of Play

For further information etc. contact :

Christine McLaughlin (Private Office)
Netherleigh House Tel : Ext 29222

Copied To For Information:
cc Energy
Hegarty Damien (Mr)
McLaughlin Christine (Mrs)



From: Fiona Hepper
Energy Division

Date: 14 February 2013

To: 1. Andrew Crawford
2. Arlene Foster MLA
3. DSD

Copy Distribution List Below

COR/59/2013: WARM HOMES/ BOILER REPLACEMENT SCHEME

Issue: Cllr Cadogan Enright has written to Minister McCausland regarding the DSD Boiler Replacement scheme and its interface with the Renewable Heat Premium Payment Scheme (RHPP).

Timing: Routine

Need for referral To the Executive: Not Applicable

Presentational Issues: None

Freedom of Information: This submission is fully disclosable.

Programme for Government /PSA Implications: Not Applicable

Financial Implications: None

Legislation Implications: Not Applicable

Statutory Equality Obligations: None

Recommendation: That you note the advice and provide a part input to DSD. A draft for your consideration is attached at **Annex A**.

INTRODUCTION

Cllr Cadogan Enright wrote to Minister McCausland expressing concerns over two schemes run by DSD. One of these, the Boiler Replacement scheme, offers grant support for biomass boilers in low income households. Cllr Enright is concerned that householders applying to the DSD boiler replacement scheme (to install a biomass boiler) are excluded from DETI's RHPP scheme. DSD has passed the correspondence to DETI for a part input to the reply.

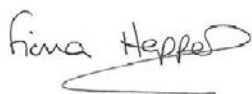
BACKGROUND

2. In his letter Cllr Enright makes the incorrect assumption that DSD mistakenly prohibited people from applying to both the Boiler Replacement scheme and the Renewable Heat Premium Payment (RHPP) scheme. In fact officials in both Departments consulted on this and agreed the way forward. The documentation for the RHPP makes it clear that no other financial support can be applied for and the applicant signs a declaration to confirm they comply with this. There is good reason why this is the case.
3. The RHPP is a forerunner to a domestic Renewable Heat Incentive (RHI). The RHI is already in place for non-domestic customers and offers long term financial support for new renewable heat technologies. The RHI will be extended to the domestic sector as part of a second phase of the scheme. The RHPP was put in place as an interim measure to encourage domestic customers to install new technologies in advance of the RHI.
4. The RHI is designed to cover **all the additional costs** incurred by consumers when installing renewable heat technology rather than a conventional fossil fuel system. The domestic RHI will be designed in the same way, however support already offered under the RHPP will be factored into payments to ensure that some consumers are not over-incentivised. As the RHI provides adequate support to cover all the additional costs involved in renewable heat, any additional grant funding (either from public or private sector) would amount to over-incentivisation. Therefore the RHI and the RHPP is not compatible with any other type of grant funding.
5. Through the RHPP scheme, DETI offers a grant of £2,500 towards the installation of a biomass boiler. This is a fixed amount and is not dependent on the actual cost of the installation. To date we have seen costs ranging from £2,800 to £12,000 for biomass boilers. Therefore to the smaller low income household there is a reasonable prospect of the RHPP covering more than 50% of the initial cost of installing a biomass boiler. If the householder opts to go with the RHPP, (and DETI and DSD officials agreed in discussion this would be the preferred option), they will then be eligible to apply for the RHI, leading to annual incentive payments.

6. Cllr Enright is also incorrect in his assertions about the make-up of the domestic RHI; this is still being considered in GB and in Northern Ireland it is part of our current work to develop phase two of the NIRHI.
7. The current position with the RHPP is that there have been 620 applications with DETI making offers of £970k.

RECOMMENDATION

8. That you consider this brief and provide a part input to DSD. A draft is attached at **Annex A** for your consideration.



FIONA HEPPER
Energy Division
Ext: 29215

cc David Sterling
David Thomson
Joanne McCutcheon
Paul Dolaghan
Dan Sinton
Peter Hutchinson
Press Office
Neth Energy
Alastair Ross MLA

ANNEX A

PART INPUT

The Renewable Heat Premium Payment (RHPP) scheme was launched on 24 May 2012 and before its launch DETI and DSD officials agreed that there should be no overlap in funding between the Boiler Replacement scheme and the RHPP.

The RHPP is a forerunner to a domestic Renewable Heat Incentive (RHI) that will provide long term financial support for domestic consumers installing renewable heat technologies. The domestic RHI is currently under development but will be designed to cover all the additional costs incurred when installing renewable heat instead of a conventional fossil fuel system. Installations made with the support of the RHPP will remain eligible to apply for the domestic RHI when it is introduced in Northern Ireland. As the RHPP and the ongoing RHI payments will be designed to cover **all** the additional costs involved in renewable heating any additional grant funding would amount to over-incentivisation. Therefore the RHPP (and the RHI) is not compatible with other grant schemes.

You will wish to note that the final design of the Northern Ireland **domestic** RHI (and indeed the GB domestic scheme) has not yet been decided. Proposals for the NI scheme are currently being developed and will be subject to a public consultation (Summer 2013).

To date, the RHPP has given offers of grant to around 600 households in Northern Ireland and 40% of these have been for biomass boilers. The costs, as presented to DETI, to complete a biomass boiler installation range between £2,800 and £12,000. A grant of £2,500 towards a low cost installation could therefore be attractive to a lower income family.



From: Fiona Hepper
Energy Division

Date: 14 February 2013

To: 1. Andrew Crawford
2. Arlene Foster MLA
3. DSD

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To the Executive:** Not Applicable

Presentational Issues: None

Freedom of Information: This submission is fully disclosable.

**Programme for Government
/PSA Implications:** Not Applicable

Financial Implications: None

Legislation Implications: Not Applicable

**Statutory Equality
Obligations:** None

Recommendation: That you note the advice and provide a part input to DSD. A draft for your consideration is attached at **Annex A**.