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Subject: FW: Renewable Heat Incentive - Update for ETI Committee
Date: 09 December 2013 10:34:07
Attachments: [Update for ETI Committee.DOCX](#)

Jim

Please see attached an update on the Northern Ireland Renewable Heat Incentive.

This has been cleared by the Minister

FOI Status: Disclosable.

Thanks

John

John Murray

Legislative Monitoring Unit

Department of Enterprise, Trade & Investment

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Please consider the environment - do you really need to print this e-mail?

Update on Renewable Heat Incentive

Background

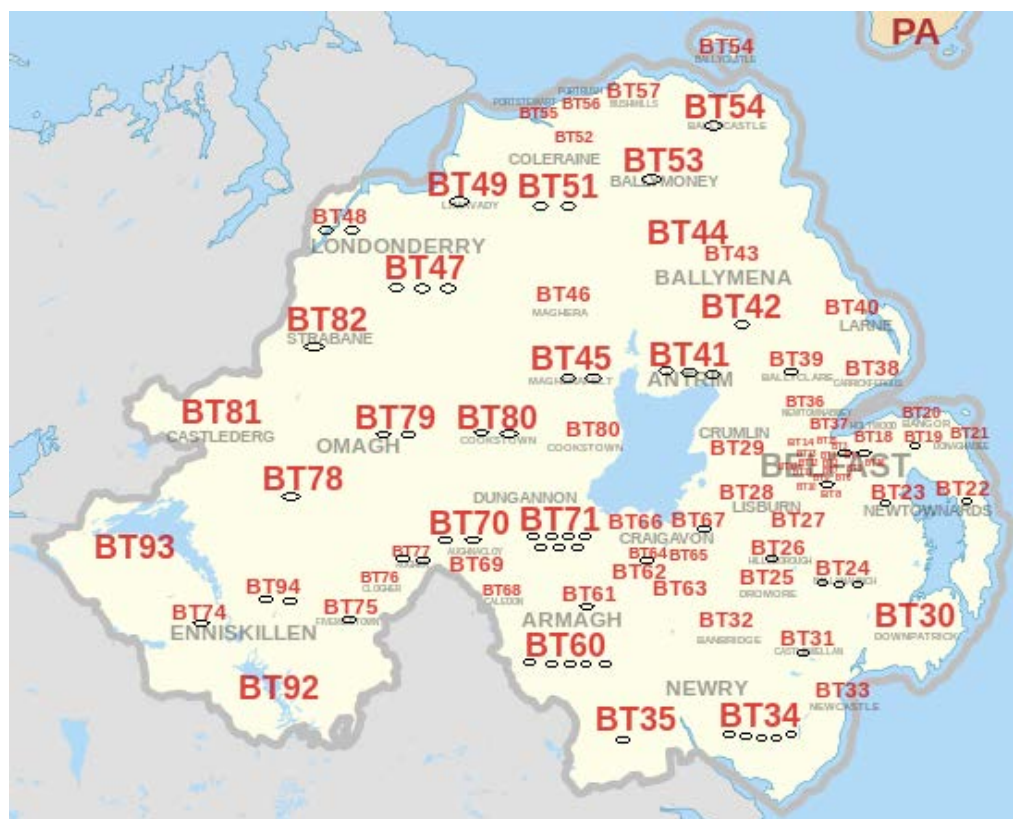
The Northern Ireland Renewable Heat Incentive (RHI) is a DETI scheme that provides financial support to non-domestic renewable heat generators and producers of biomethane.

The primary objective for the RHI is to increase the uptake of renewable heat to 10% by 2020 (baseline position of 1.7% in 2010).

Renewable Heat Incentive – Phase 1

1. The first phase of the Northern Ireland Renewable Heat Incentive (RHI) was launched on 1 November 2012. This phase provides long term financial support for non-domestic properties wishing to switch from conventional heating to renewable heating solutions, such as biomass; heat pumps and solar thermal. Payments are made quarterly, for the lifetime of the installation (maximum 20 years) and are determined by the heat output of the installation and the relevant tariff for the technology installed.
2. The scheme is administered by Ofgem (the GB Utility Regulator) and as at mid November they have received 65 applications. Of these applications 45 have been accredited, 19 are currently being processed and one installation has been rejected (this decision is currently under review by DETI).
3. All 65 applications are for solid biomass boilers and the majority have installation capacity in the 20-99 kWh range. The total capacity of the applications to date is in the order of 9.8 MW, with 6.7 MW accredited.

4. The applications received are from across Northern Ireland as shown in the following diagram.



5. The GB RHI was launched a year before the NI RHI in November 2011. The current NI uptake compares favourably with the GB uptake at the same point in time and on a pro-rata (3%) basis. Applying the GB uptake rate we would have expected around 35 NI applications in the first year and we have received 65. The NI scheme is currently tracking at 6.1% of GB applications, 4.9% of accreditations and 2.9% of heat capacity, suggesting that NI will experience a higher volume of applications but for smaller installations. Projecting forward it could be expected that over 100 applications will be received by end March 2014 and at least 80 will be accredited.

Renewable Heat Premium Payment (RHPP) scheme

6. The Renewable Heat Premium Payment (RHPP) scheme was launched in May 2012 as a forerunner to a domestic RHI. This scheme provides grant support to eligible domestic installations and is managed within Energy Division, DETI. As at 25 November 2013, 1,348

applications have been received and Energy Division has issued offers to 1,009 of these. This represents support of £1.85 million and a total investment in the sector of over £7.55 million.

7. Of the 1,009 vouchers issued, 714 have made claims to date. As at 25 November 2013, 568 claims amounting to a total of £977k have been paid.
8. Four types of technology are supported by the RHPP; Air Source Heat Pumps, Biomass Boilers, Ground Source Heat Pumps and Solar Thermal Panels.
9. The breakdown of offers and installations by technology is given in the table below.

Technology*	Offers of Support	Installations Made
Air Source Heat Pumps	10%	9%
Biomass Boilers	48%	43%
Ground Source Heat Pumps	10%	9%
Solar Thermal Panels	32%	39%

** Different technologies have different lead in times which may account for the different technology splits between offers and installations*

10. The RHPP scheme will remain in place until the final domestic RHI policy is developed and all RHPP installations will remain eligible to apply for the RHI.

Renewable Heat Incentive Phase 2

11. Development work for the second phase of the RHI is ongoing. It is proposed that Phase 2 will extend the scheme to domestic installations and will consider some amendments to the non domestic scheme which may include a specific tariff level for deep geothermal heating (currently treated like ground source heat pumps); the introduction of a tariff for additional technologies e.g. air source heat pumps and bioliquids; support for large biomass installations and the potential development of an “uplift” to for community or district heating schemes.

12. Policy proposals were subject to a public consultation which closed on 14 October 2013.

During the consultation process, DETI held stakeholder events in Belfast, Armagh and Coleraine which were generally well attended. The Department received 50 responses to the consultation; these included responses from installers, trade bodies, public sector organisations and members of the public. DETI is currently considering these responses prior to developing the final policy position which will then require the appropriate approvals (including EU State Aid approval for the non domestic elements). The current legislation will then need to be amended for the changes to the non domestic scheme and new legislation will need to be laid for the domestic RHI.

13. Given that the domestic RHI does not require State Aid approval, it is likely that it can be launched earlier than the non domestic aspects of phase 2 - probably Spring 2014.

Publicity

14. DETI continues to promote the scheme under the 'EnergyWise' sustainable messaging brand. A publicity campaign was run alongside the launch and also in Spring 2013. A fresh campaign is planned for Jan/Feb 2014 which will include TV advertising, 48 sheet posters across Northern Ireland, bus streetliners, on line presence and print media. DETI continues to attend a number of events, organised by local councils and trade bodies, to promote both the RHI and the RHPP.

Energy Division, DETI

9 December 2013