

From: [Johnston, Iris](#) on behalf of [Thomson, David](#)
To: [Rooney, Eugene](#)
Cc: [Mills, John \(DETI\)](#); [Cooper, Trevor](#); [Thompson, Mike](#); [Smith, Alan](#); [McCay, Davina](#); [Sinton, Dan](#)
Subject: Casework Papers for Phase 2 of the Northern Ireland Renewable Heat Incentive
Date: 28 May 2014 11:02:16
Attachments: [Eugene Rooney-Casework Papers for Phase 2 of the Northern Ireland Renewable Heat Incentive.DOCX](#)

Eugene

Please see attached from David Thomson.

Many thanks

Iris Johnston

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From: David Thomson

Date: 28 May 2014

To: Eugene Rooney

CASEWORK PAPERS FOR PHASE 2 OF THE NORTHERN IRELAND RENEWABLE HEAT INCENTIVE

You will have received papers outlining the proposals from Energy Division regarding the introduction of the second phase of the Northern Ireland Renewable Heat Incentive (RHI). These papers are to inform the meeting of the Casework Committee scheduled for **Monday 9 June at 3pm**.

The EU Renewable Energy Directive in 2009 set a binding target that 20% of the EU's energy consumption should come from renewable sources. Renewable heat is part of this and DECC developed a GB Renewable Heat Incentive but, in recognition of the different situation in NI, not least due to the high dependence on oil, it was recognised that separate arrangements would be needed for Northern Ireland. In October 2010, the Chief Secretary to the Treasury wrote to the First and deputy First Ministers advising of an allocation of funding to NI should we introduce our own scheme.

The RHI is a major policy initiative designed to develop the renewable heat market to an overall market share of 10% by 2020, in-line with EU and SEF targets. To support the uptake of renewable technologies, the RHI is designed to provide ongoing support to equalise the cost of conventional heating and alternative renewable heating technologies.

Phase 1 of the scheme (which is for the non-domestic market) was launched in November 2012 following casework, DFP and ministerial approvals. At that time, the business case made clear that the Department intended to extend the scheme to the domestic market in due course and the DFP approval covers the total expenditure. In the interim, the domestic market has been supported through the Renewable Heat Premium Payment scheme (RHPP) which provides capital support towards the costs of installations.

Significant work and research has already been undertaken by Energy Division to assess how the RHI scheme can be developed for the domestic market and the appropriate support levels. This work included procuring consultancy advice to develop policy proposals, a public consultation on the proposals and consideration of how the scheme can best be administered.

The final proposals for the domestic scheme are similar in many ways to the equivalent GB scheme which was launched on 9 April 2014. It would be advantageous if the Northern Ireland scheme is implemented as soon as possible to ensure that the local renewable heat market is not unduly disadvantaged.

I am content that the proposals outlined have been thoroughly researched, analysed and appraised and note the supportive comments from the economist. This second phase is building on what is already in place and from the evidence available, I consider that the RHI in Northern Ireland represents the most appropriate way for the renewable heat market to be incentivised to a level of 10% by 2020. The development of the renewable heat market will support wider Energy Division policy, and indeed Departmental and Executive policy goals of energy security, reduced emissions and 'green jobs'.



DAVID THOMSON
Head of DETI Policy Group

cc John Mills
 Trevor Cooper
 Mike Thompson
 Alan Smith
 Davina McCay
 Dan Sinton