



**From: John Mills  
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**Date: 14 March 2016**

**cc: Copy distribution list below**

**To: 1. Timothy Cairns  
2. Jonathan Bell MLA**

**INV-0195-2016: ORAL SESSION WITH THE ETI COMMITTEE RE: THE  
DEPARTMENT'S CURRENT POLICY ON RENEWABLE ENERGY AND ANY FUTURE  
COMMITMENTS OF THE DEPARTMENT FOR THE ECONOMY**

**Issue:** Briefing for oral session on renewable energy with ETI  
Committee.

**Timing:** **DESK IMMEDIATE**

**Executive Committee  
Referral:** N/A

**PFG Implications:** N/A

**Presentational Issues:** Media releases can be expected.

**FOI Implications:** Not Discloseable prior to event.

**Financial Implications:** N/A

**Legislation Implications:** Following your appearance the Committee will consider draft legislation on NIRO closure (assembly debate timed for the evening of 15 March) and another SR concerning ISEM. The latter is negative resolution. The Committee deliberation does not affect the progress of either piece of legislation.

**Statutory Equality  
Obligations:** None

**Recommendation:** Use the attached opening remarks and lines.

**Background**

1. The ETI Committee has asked you to attend the Committee on Tuesday 15 March at 11.30. The session will be 45 minutes. The topic is renewable energy. Opening remarks and lines to take are attached at Annex A & B respectively. Andrew McCormick and Chris Stewart will accompany you at the session.

2. A pre-brief has been arranged from 10.00-11.30 in Parliament Buildings. Chris Stewart and I will attend.
3. Substantial opening remarks are attached. These cover issues other than renewables (I-SEM, Gas network extension, Energy efficiency, N/S interconnector ) which can also contribute to sustainability. These can be trimmed back if you wish your opening remarks to be shorter. The remarks on N/S Interconnector are counter to certain stated party positions. The thrust of the comments on renewables is that, while schmes may have closed, targets have been exceeded.

**Recommendation**

4. Use the opening remarks and lines at Annex A and B.



**JOHN MILLS**  
**Energy Division**

**Distribution List:**

Andrew McCormick  
Chris Stewart  
Alison Clydesdale  
Michael Harris  
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Press Office

- Thank you for your invite today to talk to you about renewable energy.
- There has been no shortage of comments, opinions, views and criticisms over the past number of months from people on this subject.
- Let's start with the facts.
- For renewable electricity, the Programme for Government target was 20% by 2015. By January 2016 we had actually achieved 25%.
- On renewable heat, the Programme for Government target was 4% by 2015. We have actually achieved an estimated 6% by 2015.
- This a very laudable achievement by our renewable industry and tributes should go to developers and investors. This has not only brought benefits through reduced carbon emissions but has also brought hundreds of millions of pounds of investment to Northern Ireland, not to mention the associated jobs.
- This has been achieved through two main schemes – the Northern Ireland Renewables Obligation and the Northern Ireland Renewable Heat Initiative. I want to say a bit about both schemes.
- This Committee will be familiar with both but I want to take a few moments to set out what they have actually helped achieve. It is very easy to focus on the negative aspects in relation to closure but that is not the whole story.

## SUCCESS OF THE NIRO

- The NIRO was established back in 2005 and was integrated with the existing Renewables Obligation for England and Wales and the Scottish Renewables Obligation.
- At that time, renewable electricity was being generated mainly by a relatively small number of wind farms and individual turbines, contributing approximately 3 percent of total electricity consumption.
- That has changed significantly over the last decade.
- There are now almost 17 thousand generating stations accredited under the NIRO with a total installed capacity of 840MW.
- We now have almost 800 onshore wind generating stations accredited under the NIRO – there were 23 back in 2005.
- In 2005, there were 5 solar PV generating stations accredited under the NIRO. Now there are almost 16 thousand stations which have a combined generation capacity of 89MW – the equivalent of 2 large wind farms.
- Anaerobic digestion is another technology which has witnessed real growth and is benefitting the local rural economy. There was only one AD station accredited when we brought in higher ROC levels in 2011 – now there are 32 with more in the development pipeline, nearly all of which are farm-based.
- And the NIRO has allowed us to address the poultry litter issue with Bombardier and Montupet both looking to utilise the biogas created from

the anaerobic digestion of the poultry litter to fuel combined heat and power generation.

- All of this has been achievable because we have had a great deal from the NIRO. I must pay tribute to whichever of my predecessors managed to negotiate a lower renewables obligation for Northern Ireland suppliers compared to their GB counterparts.
- That achievement should not be underestimated.
- That lower obligation level and the socialisation of costs across all UK consumers has been instrumental in minimising the cost to the Northern Ireland consumer whilst allowing deployment to grow at a rate that simply would not have been possible otherwise.

## **CLOSURE OF THE NIRO**

- But that linkage with Great Britain which has allowed us to enjoy these benefits also has implications when Whitehall moves to make changes at a UK-wide level.
- I am not going to go back over everything which has happened since June of last year. All I will say is that, throughout, I have tried to achieve an outcome which balances cost to the consumer against the aspirations of the renewables industry.
- I brought in legislation last autumn which closes the NIRO to non-wind technologies in 2017. That allowed important projects, including the Full Circle Generation facility at Bombardier, to reach financial close.

- The decision to close early to onshore wind was not taken lightly and not without resistance to Whitehall. Personally, I struggle to see the advantage of the Secretary of State's early closure of the Renewables Obligation.
- But I cannot ignore the consequences of failing to make changes which mean we follow broadly equivalent policies to GB. This protects our favourable position on funding brought about by socialisation of NIRO costs.
- The situation is that closure must now happen if we are to protect sunk investment. The legislation I will be bringing to the Assembly later today will confirm closure of the NIRO to large scale wind and, in doing so, provide the legislative certainty these projects have been calling for.
- Turning to small scale, this Committee has taken evidence from many on this matter. I too have listened to the sector. And later today, I will be meeting a delegation from the small scale wind industry.
- I have committed to further consultation on NIRO closure to small scale.
- And I must be clear – closure is inevitable. But where we can make adjustments which are in keeping with the position in GB, I will look to do so.
- I hope to publish a consultation later this month and it will be for my successor to decide the way forward.

**GRID ISSUES**

- Of course, the level of success in building significant levels of renewable generation in such a short space of time has presented problems, not least, in terms of the impact on the grid.
- I know that this is an issue which this Committee has examined in the past. The basic problem is that there is no answer to the saturation of the grid that does not come with a hefty price tag.
- I appreciate the frustration felt by those who want to connect but cannot due to cost or lack of grid capacity. I know this frustration is increased by the imminent closure of the NIRO.
- I have met with numerous delegations on this matter. The Committee will appreciate that I have no legislative powers to intervene on grid issues and that is only right. Grid matters are the responsibility of NIE Networks and the System Operator and it is for the Utility Regulator to determine the appropriateness of their actions.

**RENEWABLE HEAT**

- Turning to Renewable Heat. The Executive's target is to achieve 10% renewable heat by 2020 against a 2010 baseline of 1.7%. This will contribute to the UK's target of 15% renewable energy by 2020 as required by the EU Renewables Directive.

## **SUCCESS OF RHI**

- Despite the closure of both the domestic and non-domestic schemes to new applications on 29 February, the Renewable Heat Incentive has been a success.
- Over 4,700 renewable heating systems have been installed under the two RHI schemes since 2012. With over 6% of Northern Ireland's heating needs now provided through renewable heating technologies, we've exceeded the Executive's 2015 target of 4%.
- This percentage is likely to increase once all applications have been processed. So we're well on the way to attaining the Executive endorsed target of 10% renewable heat by 2020 set out in the Strategic Energy Framework.

## **RHI FUNDING**

- Both RHI schemes are paid out of Annual Managed Expenditure, (AME) which is in addition to NI block grant funding. Normally it would not have an impact on the NI Departmental Expenditure Limit (DEL) Block funding.
- However, even though total renewable heating capacity through the NI RHI equates to over 6% of total capacity in the GB scheme, the Chancellor's Autumn Statement confirmed that an AME cap for Northern Ireland would be set at the Barnett share of circa 3%. This means that the Block DEL will have to meet any funding in excess of this.



- Current forecasts suggest that over £30 million will have to be found in 2016/17 over and above the £18 million AME allocation from HMT. Over the next five years, as much as £125 million will have to be funded from the NI DEL to meet RHI commitments. This is on top of the £130 million of AME that will be provided by Treasury.
- In the circumstances I therefore had no choice but to propose immediate closure of the scheme to minimise further costs and impact on the NI block.
- Over the last 18 months, the number of non-domestic RHI applications has grown from around 200 to over 2,100.
- Over 900 of these applications were received in the run up to the scheme change I introduced on 18 November 2015. A further 318 applications were received in February prior to closure. All these recipients will receive RHI payments for the next 20 years.

## **CONTINUED INVESTMENT & JOBS**

- In addition to achieving the Executive's target, the RHI brings many other benefits in terms of jobs, investment and environmental protection.
- Ensuring a more competitive and diverse heating market in Northern Ireland remains an important goal. We need to reduce our current reliance on fossil fuels. Heat from indigenous and renewable sources must therefore be promoted.
- However, despite my support for RHI, we can't manage an Executive budget on the basis of individual schemes taking off or incurring costs

formerly funded from the UK without agreement. The Executive has many other priorities demanding funding which would have been put at increasing risk if the RHI had not been closed.

- I do want to make the point, however, that some of the reaction to the closure of the RHI implies that money has been squandered or investment lost. This is not the case.
- The RHI has seen over £50 million brought in to NI over the last four years. This has gone to help support some of our most important local industries, to bolster the rural economy and provide much needed jobs. Existing scheme participants will continue to receive support for twenty years. A further £130 million will be provided by Treasury towards these costs over the next five years.
- Although some jobs may be lost from within the energy services sector as the number of new installations reduces with RHI closure, the 4,700 renewable heating installations now in place will still need regular maintenance and, in the case of biomass, will require high quality fuel. This will help sustain jobs in the sector.

## **LOOKING TO THE FUTURE OF RHI**

- Going forward on RHI, there has been an allegation that there has been abuse of the scheme in some cases and this is being followed up. There will also be a review of the scheme's design and management as well as work with Ofgem, which administers the non-domestic scheme across the UK, to ensure it is operating in compliance with the legislation.

- On the longer term future of renewable heat I am open to suggestions on how we might engage with developers and installers and others to see what is possible. This might involve consulting on the long term position, assessing particular issues arising from scheme closure, looking at developments in other jurisdictions or considering a redesigned scheme.

## **BENEFITS OF RENEWABLES**

- It is important that we do take time to see what is affordable going forward as renewables can deliver significant benefits.
- Environmental benefits from renewables include a reduction in CO2 emissions – a major cause of climate change and also air quality improvements which have associated health benefits.
- Spending on renewables also brings employment benefits. A study by the Northern Ireland Renewables Industry Group (NIRIG) estimated that in December 2014 a total of 532 jobs were associated with the onshore wind sector in NI.
- A study for the Department last year found that achieving the 40% target level will provide a net benefit of £120 million to the Northern Ireland economy across the lifetime of the renewable energy generation.
- This positive result is achieved because of the preferential terms under the NIRO scheme compared to customers in GB.
- Northern Ireland has not been paying the full cost of our renewable electricity support because, as I mentioned earlier, the supplier obligation –

that part of our bills which pays for ROCs – is set at a much lower level in Northern Ireland compared to GB.

- This reduced obligation level will continue to apply across the lifetime of the generating plant installed under the NIRO but no preferential treatment will be available after the RO scheme is closed.
- Now all this costs money. A lot of money. The NIRO scheme for renewable electricity is paid for by consumers and costs about £40 million a year.
- But we've reached the limits of affordability – gone beyond them on RHI and schemes must close to new applications, at least, for the time being.
- Naturally, people who wanted to take advantage of these schemes are disappointed. They don't want the schemes to close. There will always be people on the edge and they'll be very disappointed.
- But, to remind the Committee again – we've exceeded our targets – 25% renewable electricity; 6% renewable heat.
- The Programme for Government target of 20% renewable electricity consumption from renewable sources has been exceeded by a quarter.
- The RHI target of 4% has been exceeded by a half.
- And of course, support will continue for up to 20 years for both RHI and NIRO.
- But that's not all we're doing.

## ENERGYWISE

- I am also pleased to be able to tell you about an important energy efficiency programme in the pipeline for the near future.
- The promotion of energy efficiency measures makes sense. Energy Efficiency helps consumers, both householders and our businesses to reduce their energy usage. This in turn helps lower their bills and also assists greatly with helping to reduce fuel poverty across Northern Ireland.
- Energy efficiency also underpins security of supply issues. An energy supply system that is built on efficient use of energy as a prerequisite will influence future levels of generation required. Reduced demand helps to make the most of the resources we have.
- Let's not forget the environmental benefits of reduced carbon emissions as well as a healthier less polluted environment.
- My officials have been working alongside colleagues in OFMDFM, DSD and the Utility Regulator to develop proposals for the "EnergyWise" scheme.
- This is a cross-cutting programme which has its origins in OFMDFM's Delivering Social Change Programme and continues to benefit from support and input from across the Executive.
- EnergyWise will provide financial support by way of grants and loans for energy efficiency retrofit measures such as insulation and boiler upgrades.
- The key objectives of the scheme are to:

- Deliver annual energy savings for NI under the Energy Efficiency Directive;
  - Improve the energy efficiency of buildings;
  - Lower carbon emissions from buildings;
  - Help mitigate against the effects of fuel poverty in the domestic sector; and
  - Stimulate the local economy by encouraging investment in energy efficiency measures, creating jobs, and providing formal apprenticeships.
- I am hopeful that I will be able to provide further details in the coming weeks via a consultation on the scheme and funding mechanisms, subject to appropriate approvals.
  - Let me turn to another important element of energy policy which can help deliver a more sustainable future.

## **INTEGRATED SINGLE ELECTRICITY MARKET (I-SEM)**

- Electricity markets across Europe are undergoing major reform to comply with the Commission's ambition of a single wholesale market with harmonised arrangements for the trading of electricity.
- The programme for ensuring our existing market, the Single Electricity Market, is compliant is led by the Regulators in Northern Ireland and Ireland, working under a governance framework developed by DETI and the Department for Communications Energy and Natural Resources in Dublin.

- New arrangements can further enhance the efficiency and effectiveness of our market by:
  - making best use of all the power on the system;
  - using interconnectors in the most efficient way;
  - sending out the right signals to investors planning to enter or leave the market; and
  - rewarding the plant that best addresses our needs in terms of cost, security of supply and environmental obligations.
- We are on target to deliver new market arrangements by end-2017.
- But we can only expect to get the best outcome with further interconnection on the island – this means the second North South Interconnector.

## **NORTH SOUTH INTERCONNECTOR**

- Interconnection is a key element of European energy policy.
- Europe recognises that the North South Interconnector is a key infrastructure project that supports its energy agenda and it has designated the Interconnector as a Project of Common Interest, critical to achievement of its energy policy ambitions of a single wholesale electricity market.

- That designation obliges us to facilitate its delivery to the extent possible.
- Interconnection is essential to allow flows of electricity across markets to enable access to electricity from the cheapest source.
- Without the second interconnector, we cannot hope to get the benefits of being part of the bigger European market, nor will we get all of the benefits from our work to redesign our existing market.
- The message we have all heard is very clear and it is that the North South Interconnector should be the highest ranking infrastructure project for the next Assembly mandate.
- It will contribute to future security of our energy supply and lower costs for consumers by removing constraints in the system that mean we have to dispatch less efficient generation to meet our needs.
- Put simply, by increasing cross-border capacity to transfer energy, we will facilitate higher levels of renewable generation in our energy mix.
- Put another way, we are currently wasting electricity that we are generating at lowest cost from renewable sources.
- And that causes me considerable concern, because why would we continue to connect increasing levels of renewables when we cannot get the value of the investment?



- The more renewables we bring on without appropriate investment in our transmission links the more we waste and the higher the costs for consumers.
- Calls to underground the line fail to appreciate the very high risk of technology failure and the cost differential of approximately 6 times that of the overhead option – costs paid by consumers.
- But they are also silent on the major environmental issues associated with an underground route - planning, delivery, maintenance and repair. What makes anyone think that undergrounding is in any way a better environmental approach?
- Time is running out for us – if this project is further delayed all analysis shows increased risks to our security of supply.
- Of course some might advocate the build-out of new conventional generating plant to meet our needs. Or, if there's no economic option for interconnection, we may be forced down this route. But I have to tell people that this runs counter to the direction of European energy policy which is firmly wedded to interconnection and renewables.

## **NEW TECHNOLOGIES**

- So, what else can we do or should we be looking at?
- I believe it's important that going forward that all forms of technology capable of meeting demand are considered.

- As we look to decarbonise our energy supplies, we need flexibility to manage the variable nature of renewable generation.
- I have spoken about I-SEM and the new market arrangements will aim to facilitate a route to market for the most cost-effective technologies.
- What might they look like?
- Solutions such as the battery storage array at Kilroot can help us to understand how we can use existing infrastructure at least cost to consumers and in an environmentally responsible way.
- Alongside this, gas and compressed air storage proposals, which have been designated as European Projects of Common Interest, may also have a future role in keeping the grid stable and contributing to security of supply.
- But this cannot be at any cost - consumers pay and must therefore see clear benefits and I support the work of the Regulator and System Operator who have to examine these issues.

## **GAS EXTENSION**

- Progress in reducing our carbon footprint is also being made through plans to extend the natural gas network to the West and East Down, and within existing gas licence areas. This will displace oil as a primary fuel for many domestic and business consumers.

- Additional availability of gas in existing and new areas will also help to reduce fuel poverty and improve business competitiveness.
- New gas infrastructure also provides future opportunities for use of biogas, which further reduces our carbon emissions.

## **GAS TO THE WEST**

- In February 2015 the Utility Regulator awarded licences to Mutual Energy and SGN to bring natural gas to towns in the West, including Dungannon, Coalisland, Cookstown, Magherafelt, Omagh, Strabane, Enniskillen and Derrylin.
- Pipelaying works to connect Strabane to gas started in November 2015 with first gas connections expected in late 2016.
- Works to install new gas pipelines between the remaining towns is to be taken forward in 2017, subject to planning approval and other consents being obtained.
- The overall project should connect around 40,000 consumers in the West to gas over the development period and is being supported by the NI Executive with grant of up to £32.5m.

**GAS TO EAST DOWN**

- In the case of East Down, in December 2015, the Utility Regulator granted Phoenix Natural Gas an extension to their Greater Belfast gas licence to connect 13 towns and villages in East Down to gas.
- Work to provide new gas pipelines to connect Hillsborough, Annahilt, Dromore, Ballygowan, Saintfield, Ballynahinch, The Spa, Crossgar, Drumaness, Downpatrick, Castlewellan, Dundrum and Newcastle to gas is expected to start in 2016.
- This should see around 27,000 consumers connected to gas, 25,000 of which are expected to be domestic consumers.

**CONCLUSION**

- I appreciate that this has been a quick canter through the main energy policies which are contributing to a sustainable energy future.
- Despite the attention devoted to closure of the NIRO and RHI we have not suddenly abandoned renewables.
- Quite the contrary. Existing support will continue for a further 20 years. We've exceeded our targets. More than a quarter of our electricity is now being delivered by renewables against a target of a fifth. We're delivering far more than GB for our size on renewable heat.
- Any fair assessment of our progress on renewables will recognise the significance of these achievements.

- Looking to the future, I believe that the renewable sector can continue play a part in helping to reduce our CO2 emissions and bring investment to our economy

3,700 words

Approx. 30 minutes

**RENEWABLES****DETI Response to the NIRO Consultation on Closure to New Onshore Wind Projects**

- I published my response to the consultation on closure of the Northern Ireland Renewables Obligation (NIRO) to new onshore wind in 2016 on 4 March.
- I have always wanted to bring closure to the NIRO in a manner that delivers the maximum amount of megawatts that can be achieved at the least cost to consumers.
- I have listened to the issues raised by both large and small scale developers and with this in mind, I have decided to close the NIRO to large scale onshore wind from 1 April 2016, with exceptions in the form of grace periods for eligible projects.
- I will be bringing legislation to the Assembly later today.
- I will consult further on closure arrangements for small scale onshore wind.

**Further Consultation on Small Scale Wind**

- The NIRO will remain open for the time being to small scale wind until further consultation is completed.

- This consultation must now be set in the context of DECC's intention to protect GB consumers if Northern Ireland does not close the NIRO on equivalent terms to GB.
- It is my intention to publish the consultation in coming weeks.

### **Closure of NIRO – What follows?**

- The NIRO provides a 20 year commitment of support so NI consumers will continue to contribute several hundred million pounds to renewables for the foreseeable future.
- Existing renewable generation will continue to be supported until 2037.
- This is likely to further increase the level of renewable electricity.
- It may also be the case that investment in key infrastructure and market changes can enable NI to make the most of the renewable energy that already exists.

### **Future of Small Scale Renewables**

- The previous DETI Minister had agreed with the previous UK Government that DECC would consider the possibility of extending the small scale Feed in Tariff (FiT) to NI.
- In August 2015, DECC confirmed in their consultation on the review of the small scale FIT in GB that they do not intend to extend the geographical scope of FiTs to Northern Ireland.

- The DECC Secretary of State has confirmed that the small scale FiT scheme will continue in GB until 2019, albeit with technology caps.
- Consideration of any alternative – such as a NI-only scheme – would need to take account of the impact on consumers.
- The existing RoI scheme ends this year and the RoI is only consulting on its replacement now.

### **Future of Large Scale Renewables**

- A decision on whether NI should become part of the UK wide Contracts for Difference is a matter for the Executive.
- The previous DETI Minister consulted on this in March 2015 highlighting the key balance to be drawn between further support for new development and costs to consumers.
- Given the Conservative Manifesto commitment to stop any future subsidies for onshore wind (which is 95% of our renewables) it is sensible to take account of the UK Government's position before proceeding.

### **Implications for 40% Renewable Electricity Target due to NIRO Closure**

- Existing proposals could bring renewable electricity consumption to around 30%.



- This is a very credible achievement for a region this size.
- Investment in key infrastructure and market changes can enable NI to make the most of the renewable energy that already exists.

## **RENEWABLE HEAT INCENTIVE**

### **Why the need to close the RHI?**

- Demand for the Renewable Heat Incentive (RHI), increased rapidly in 2015.
- I introduced cost control measures in November 2015 to address this.
- Nonetheless, applications for the non-domestic scheme doubled (from 900 to 1,800) in the few weeks prior to the controls I introduced.
- This together with reductions in funding and confirmation that NI must fund anything above the Treasury cap means we now face significant budgetary pressures.
- The Treasury cap is set at 3% of the GB budget but we are contributing 7% of renewable heat.
- In the circumstances I had no choice but to close the scheme to prevent further budgetary pressure.
- The Regulations were approved by the Assembly on 15 February and the scheme closed on 29 February.

### **Loss in Investment for NI**

- Closure of the scheme does not represent a loss of investment in NI.
- Continuing payments under the scheme for existing participants will bring around £130 million into NI over the next 5 years. This is in addition to the £50 million already provided under the RHI schemes since 2012.

**How has the RHI been funded to date?**

- Both RHI schemes (non-domestic and domestic) are paid out of Annual Managed Expenditure, (AME) which normally would not have an impact on the NI Departmental Expenditure Limit (DEL) Block funding.
- Even though total renewable heating capacity through the NI RHI equates to around 7% of total capacity in the GB scheme, the Chancellor's Autumn Statement confirmed that the AME cap for Northern Ireland would be set at the Barnett share of circa 3%.
- This means a significant shortfall in funding which has to be met from NI Block DEL.

**How did the Budget Pressures Arise**

- Low levels of uptake initially, created a £15m under-spend in the first 3 years. Uptake improved in 2015 following promotional campaigns and the introduction of the Domestic scheme in December 2014.
- A sustained increase in applications in the Spring was the catalyst for the demand control measures I brought forward for the Non Domestic scheme in November 2015.
- However, in the run up to these changes, there was an unprecedented surge in applications with over 900 applications received in 6 weeks. This doubled the number of installations on the non-domestic scheme.
- The increased costs associated with this surge in applications together with budget reductions arising from the November Spending Review means the available budget for new applications has been exceeded.

- Meeting existing RHI commitments, let alone any new ones, will have a very significant impact on the NI Executive's budget, so both schemes had to close.

### **Allegations of Fraud**

- There has been anonymous correspondence, alleging abuse of the non domestic scheme. I can confirm this has been brought to the attention of the scheme administrator - Ofgem.

### **Managing Fraud Risk**

- The unprecedented increase in demand requires special scrutiny.
- My Department is working with Ofgem, the scheme administrator, to commission an independent review.
- Measures will be taken to ensure that the operation of the schemes is in compliance with the scheme requirements and the underpinning legislation.

### **Success of RHI**

- The RHI provides homes, businesses, hotels, leisure centres, churches and schools with the opportunity to receive ongoing financial assistance to cover the costs incurred when switching to renewable heating.
- The PfG interim target of 4% renewable heat by 2015 has been met and exceeded. The current estimate suggests 6% has been achieved.
- By securing increased levels of renewable heating, Northern Ireland becomes more self-sufficient, more energy secure and reduces our carbon footprint.

**Not Consulting on the Decision**

- With the RHI budget exhausted, closure of both RHI schemes was the only viable option. Given the urgency of the situation both RHI schemes had to close to prevent further overspend.
- My decision to close both schemes quickly to minimise further overspends has been vindicated by the number of installations completed in the last few weeks before closure.
- Applications for over 670 domestic and over 300 non domestic installations were received in the last few weeks before closure. Leaving the schemes open any longer was therefore simply not an option.

**Not seeking ETI Committee Approval**

- Given the urgency of the situation both RHI schemes had to be closed as soon as was possible.
- Regrettably, the timescale did not allow time to follow the established convention of seeking the Committee's approval of the policy and draft legislation.
- I recognise the importance of the Committee's role but I had to take this course of action to address the risk to the public finances as soon as possible.

## **LINES TO TAKE – ENERGYWISE**

### **What is EnergyWise**

- Energywise is a proposed energy efficiency grant and loan scheme for households and businesses.
- Grant support will be targeted to lower income households but support will be available for all households.
- Measures delivered through the scheme will include insulation, boiler replacement, draft exclusion and LED lighting.
- Subject to the necessary approvals, EnergyWise will be in place from April 2017 to replace both NISEP and DSD's Boiler Replacement Scheme.
- Once fully operational, it is anticipated that energy efficiency improvements can be delivered in up to 10,000 households each year.

### **Have You Consulted?**

- Pre-market engagement has already taken place on the proposals but the
- I hope to be able to provide further details in the coming weeks via a consultation on the scheme and funding mechanisms, subject to appropriate approvals.

### **How much will it cost?**

The proposals are still be developed, but I hope to be able to provide further details in the coming weeks via a consultation on the scheme and funding mechanisms, subject to appropriate approvals.