

From: [McCoy, Laura](#) on behalf of [Hepper, Fiona](#)
To: [DfE Private Office](#)
Cc: [Sterling, David](#); [Thomson, David](#); [McCune, David](#); [Baxter, Clare](#); [McCutcheon, Joanne](#); [Sinton, Dan](#); [Hutchinson, Peter](#); [Stewart, Susan](#); [Aiken, Glynis](#); [Ross, Alastair](#); [Neth Energy](#)
Subject: Desk Immediate: Renewable Heat Premium Payment Scheme (RHPP)
Date: 10 May 2012 17:38:00
Attachments: [image001.png](#)
[Renewable Heat Premium Payment Scheme \(RHPP\).DOCX](#)
[Annex A & B - Draft Letters.DOCX](#)
Importance: High

Private Office

Please see attached desk immediate submission from Fiona Hepper for the attention of the Minister.

Regards,

Laura McCoy

Personal Secretary

Department of Enterprise, Trade & Investment

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Energy



From: Fiona Hepper
Energy Division

Copy Distribution List Below

Date: 10 May 2012

To: 1. Andrew Crawford
2. Arlene Foster MLA

RENEWABLE HEAT PREMIUM PAYMENT SCHEME (RHPP)

Issue: To advise the ETI Committee and Minister McCausland of the launch of the Renewable Heat Premium Payment (RHPP) scheme.

Timing: Desk Immediate – It is proposed to launch the RHPP scheme during the week commencing 21 May. It would be helpful if the ETI Committee receive a briefing note in advance of this.

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

Background

My submission of 16 March 2012 (SUB 167/12) sought approval to proceed with the introduction of a Northern Ireland Renewable Heat Incentive (NI RHI) and the associated Renewable Heat Premium Payment scheme (RHPP). You approved this submission on 13 April 2012. As you are aware we require EU State Aid approval for the RHI and once this approval is obtained we will be finalising the appropriate legislation. Feedback from the EU has been positive – indeed DG Competition have emailed today to say that their preliminary conclusion is that the measure “can be deemed comparable with Article 107(3)(c) TFEU”. We would therefore hope to secure approval before too long.

The RHPP does not require State Aid approval and Energy Division is currently putting in place the administrative arrangements required to manage the scheme. I anticipate that the scheme will be ready to go live week beginning 21 May 2012. It would be appropriate to inform the ETI Committee prior to announcing the launch and there would also be merit in writing to the DSD Minister, Nelson McCausland, as there is a potential overlap with the DSD Boiler Scrappage Scheme.

RHPP scheme

2. The Renewable Heat Premium Payment (RHPP) scheme will allow all private sector domestic energy consumers to obtain financial support towards installing biomass boilers, heat pumps and thermal solar panels in place of their existing fossil fuel heating scheme. Although the NI Renewable Heat Incentive (NI RHI) is set to be launched (once State Aid clearance is secured) it will not initially cover the domestic sector; domestic incentives will be part of Phase 2 of the RHI which will not be introduced until at least summer 2013. The RHPP scheme will thus serve as an interim measure.
3. DFP clearance was given to the entire Renewable Heat project on 27 April 2012. This clearance applies to the RHI (and the associated administrative arrangements with Ofgem) and also the RHPP scheme.
4. Arrangements are currently being made to manage the application, approval and payment processes associated with the RHPP scheme internally. This work should be completed in time for a launch week commencing 21 May 2012. A detailed submission on the launch of the RHPP scheme will be sent to you separately.
5. The RHPP aims to provide a capital incentive to all private households in Northern Ireland to replace their fossil fuelled heating and hot water systems with renewable heating alternatives. The RHPP will extend to all areas of Northern Ireland and cover electricity and fossil fuel private domestic consumers including natural gas consumers.
6. Below are the technologies and premium payment support that will be given to successful applicants to the RHPP scheme:

Technology	Support per unit (£)
Air Source Heat Pump	1700
Biomass boiler	2500
Ground Source Heat Pump	3500
Solar Thermal	320

7. The NI RHPP scheme will be administered within DETI Energy Division. Customers will apply direct to us where an assessment of eligibility will be undertaken. Successful applicants will then be issued with a, time bound, voucher entitling them to a premium payment once the technology has been suitably installed.

Proposed DSD Boiler Scrappage Scheme

8. In June 2011, the Social Development Minister, Nelson McCausland, launched a £2m pilot Boiler Replacement Scheme which was targeted at older people who do not qualify for other Government energy efficiency improvement schemes, and was implemented in line with tackling fuel poverty as part of the Executive's Fuel Poverty Strategy.
9. The pilot scheme has now ended but DSD propose to replace it with a wider ranging boiler replacement scheme with a target of replacing 15,000 inefficient boilers in Northern Ireland. DSD anticipate that at least 6,000 homes will switch to gas fuel and the balance will either upgrade their existing oil or gas boilers or switch to a renewable heating system such as a wood pellet boiler.
10. The grant levels, for all types of new boilers, will range between £400 and £1,000 depending on the households income. Grants will be available to private sector households with an annual income below £40k but will be prioritised to lower income households. It is expected the scheme will remove a significant number of houses from fuel poverty.
11. You will note that there may be the potential for some overlap of both schemes in that DSD are providing grant for the switch to a renewable heating system such as a wood pellet boiler. Officials are aware of this and have discussed informally and measures will be put in place to avoid duplicate funding. However, it would be useful to highlight this to Minister McCausland and a draft letter is attached at **Annex B** for your consideration.

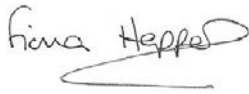
ETI Committee

12. This is a good opportunity to provide the Committee with briefing in relation to the RHPP scheme as previous briefings have concentrated more on the RHI. Therefore I have drafted an update letter to the Chair of the Committee which is attached at **Annex A**.

Recommendation

13. I recommend that you consider and approve:
 - a) the draft letter to Alban Maginness MLA, Chair of the ETI Committee which provides an update in relation to the current status on the RHPP scheme (attached at **Annex A**),

b) the draft letter to Minister McCausland (attached at **Annex B**).

A handwritten signature in black ink that reads "Fiona Hepper". The signature is written in a cursive style with a long horizontal flourish at the bottom.

FIONA HEPPER
Ext 29215

cc: David Sterling
David Thomson
David McCune
Clare Baxter
Joanne McCutcheon
Dan Sinton
Peter Hutchinson
Susan Stewart
Glynis Aiken
Alastair Ross, APS, MLA

Energy



ANNEX A

DRAFT

Alban Maginness MLA
Chairman
Enterprise, Trade and Investment Committee
Northern Ireland Assembly
Parliament Buildings
Stormont
BELFAST
BT4 3SW

x May 2012

Dear

RENEWABLE HEAT PREMIUM PAYMENT SCHEME

I am writing to formally notify the ETI Committee of the soon to be launched Renewable Heat Premium Payment (RHPP) scheme. This scheme will allow all private sector domestic energy consumers to obtain financial support towards installing biomass boilers, heat pumps and thermal solar panels in place of their existing fossil fuel heating systems.

DFP clearance was given to the entire Renewable Heat project (ie the RHPP and the Renewable Heat Incentive) on 27 April 2012. The NI Renewable Heat Incentive (NI RHI) is set to be launched later this year, once State Aid approval has been obtained and the appropriate legislation is in place. The RHI will be introduced in two phases. The first phase will include non domestic installations and a certain number of renewable technologies; phase two may incorporate additional technologies and will extend the scheme to the domestic sector. As proposed in the RHI Consultation, the RHPP scheme will be launched to serve as an interim measure for domestic consumers until the introduction of the second phase of the RHI.

As the RHPP scheme does not require state aid clearance or the introduction of legislation, preparations to launch the scheme are currently underway. I am hopeful that all necessary arrangements will be in place to enable a launch of the RHPP scheme during the week commencing 21 May 2012.

The RHPP aims to provide a capital incentive to all private households in Northern Ireland to replace their fossil fuelled heating and hot water systems with renewable heating alternatives. The RHPP will extend to all areas of Northern Ireland and cover electricity and fossil fuel private domestic consumers including natural gas consumers.

Below are the technologies and premium payment support that we will offer to successful applicants to the RHPP scheme:

Technology	Support per unit (£)
Air Source Heat Pump	1700
Biomass boiler	2500
Ground Source Heat Pump	3500
Solar Thermal	320

The NI RHPP scheme will be administered within DETI Energy Division. Householders will apply directly to DETI where an assessment of eligibility will be undertaken. Successful applicants will then be issued with a, time bound, voucher entitling them to a premium payment once their chosen technology has been suitably installed.

It is envisaged that the scheme will run for a period of at least one year from the launch date. Once the RHI is extended to the domestic sector, the RHPP will cease to operate. Installations made with the support of the RHPP scheme will remain eligible for an RHI but any future RHI support will be reduced to take account of payments under the RHPP.

I consider the introduction of the RHPP to be an important step towards meeting our targets for Renewable Heat. I am providing this information in confidence to the Committee ahead of my announcement and I would ask that you and members respect an embargo on this information until my announcement.

ARLENE FOSTER MLA
MINISTER OF ENTERPRISE, TRADE AND INVESTMENT

DRAFT LETTER TO MINISTER McCAUSLAND

Dear

RENEWABLE HEAT PREMIUM PAYMENT SCHEME

I wish to advise you that I will shortly be launching a Renewable Heat Premium Payment (RHPP) scheme. This scheme will allow all private sector domestic energy consumers to obtain financial support towards installing biomass boilers, heat pumps and thermal solar panels in place of their existing fossil fuel heating systems.

DFP clearance was given to an entire Renewable Heat project on 27 April 2012. A NI Renewable Heat Incentive (NI RHI) is set to be launched later this year, once State Aid approval has been obtained and the appropriate legislation is in place. The RHI will be introduced in two phases. The first phase will include non domestic installations and a certain number of renewable technologies; phase two may incorporate additional technologies and will extend the scheme to the domestic sector. The RHPP scheme is being launched as an interim measure for domestic consumers until the introduction of the second phase of the RHI. I am hopeful that all necessary arrangements will be in place to enable a launch of the RHPP scheme during the week commencing 21 May 2012.

The RHPP aims to provide a capital incentive to all private households in Northern Ireland to replace their fossil fuelled heating and hot water systems with renewable heating alternatives. The RHPP will extend to all areas of Northern Ireland and cover electricity and fossil fuel private domestic consumers including natural gas consumers. The technologies to be covered are – airsource heat pumps, biomass boilers, ground source heat pumps and solar thermal. My officials will provide yours with the support levels closer to my announcement.

The NI RHPP scheme will be administered within DETI Energy Division. Householders will apply direct to DETI where an assessment of eligibility will be undertaken. Successful applicants will then be issued with a, time bound, voucher entitling them to a premium payment once their chosen technology has been suitably installed.

It is envisaged that the scheme will run for a period of at least one year from the launch date. Once the RHI is extended to the domestic sector, the RHPP will cease to operate. Installations made with the support of the RHPP scheme will remain eligible for an RHI but any future RHI support will be reduced to take account of payments under the RHPP.

I am aware your Department is introducing a Boiler Replacement Scheme which will support the upgrading of an existing oil or gas boiler, enabling the switching from oil to gas, or switching to a renewable heating system such as a wood pellet boiler. There is obviously the potential for duplication of funding between the two schemes and I am sure you will agree that it will be important for our officials to work together to ensure that this issue is addressed; I understand that informal discussions have already taken place.

The introduction of the RHPP represents an important step towards meeting our targets for Renewable Heat.

ARLENE FOSTER MLA
MINISTER OF ENTERPRISE, TRADE AND INVESTMENT