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Subject: Future Executive Paper - DETI seeking LCM for powers on Renewable Heat
Date: 31 January 2011 17:11:00
Attachments: [2008 Energy Act RHI powers.PDF](#)

All,

For your information, DETI will shortly be circulating an Executive Paper seeking the Executive's approval for DETI to table a Legislative Consent Motion (LCM) which in turn will allow the Department of Energy and Climate Change (DECC) to extend powers relating to renewable heat to Northern Ireland.

Background

Just by way of background, the Strategic Energy Framework (SEF) includes a target of 10% renewable heat for Northern Ireland by 2020, the current level of renewable heat is estimated at 1.7%. In order for the take-up of renewable heat technologies to be increased DETI has proposed the introduction of a Renewable Heat Incentive (RHI). This was announced by Minister Foster in September 2010

(<http://www.northernireland.gov.uk/index/media-centre/news-departments/news-deti/news-deti-september-2010/news-deti-200910-foster-recognises-importance.htm>)

and a full economic appraisal of the policy option has recently begun. This economic appraisal is being carried out by Cambridge Economic Policy Associates (CEPA) and is primarily a piece of analysis which will advise on possible structures of a Northern Ireland RHI, it will also assist in developing appropriate tariff levels for renewable heat technologies and in designing a cost-effective and appropriate RHI. It is hoped that this work will complete in April 2011.

GB Position and required legislation

The RHI to be designed for Northern Ireland is similar to the scheme proposed in Great Britain by DECC, however the differences between the heat markets in GB and Northern Ireland mean that a separate scheme, specifically tailored for Northern Ireland is required. However, currently DETI does not hold any primary powers for renewable heat and therefore before an incentive scheme could be introduced DETI will need the necessary legislative powers to create tariff structures, set eligibility standards, make payments etc. DECC took primary powers for renewable heat via last minute amendments to the 2008 Energy Act, these are very general enabling powers that in turn will allow the RHI to be designed and implemented through specific secondary regulations.

Through discussions with DECC the opportunity has arisen to extend the powers taken in the 2008 Energy Act to Northern Ireland (I have attached the renewable heat provisions in the 2008 Act), this will be done through an amendment to the current DECC 2011 Energy Bill. In order for this amendment to be tabled a legislative consent motion must be tabled and passed in the Assembly, the tabling of this motion must be agreed by the Executive in

advance. Taking these powers via this method would allow DETI to introduce an incentive scheme via detailed secondary regulations in a timely manner, this is how DECC are developing the GB scheme. If this opportunity is missed there could be significant ramifications for the date at which an incentive scheme could be introduced which, in turn, would have a negative impact on the local market and result in losing an element of funding which has been provided by HMT.

Future workplan

Taking these general powers for renewable heat does not in any way determine the type of the incentive scheme that is introduced in the future, it will only ensure that once a scheme is designed, agreed and consulted on that it can be introduced, through secondary regulations, in a timely manner. In advance of any such scheme being introduced all relevant Departments will be consulted and a full public consultation will be carried out. This will follow the conclusion of the ongoing economic appraisal.

Action

The draft Executive paper, that will hopefully be circulated to Departments by the end of the week, will provide more detail on this workstream and the need for these powers. If Executive approval is gained and if appropriate legislative language can be drafted and agreed with DECC then a LCM will be tabled in the Assembly before *puirde*.

I would be grateful if you have any issues with the Executive paper that you seek to raise these as a matter of urgency as the timescales for a LCM to be passed are extremely challenging.

I am also happy to discuss further if required.

Many thanks,

Peter

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