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"Hassle" or "barrier" costs include for example, the time required researching different technologies, the inconvenience experienced during installation, and the ongoing inconvenience of operating the system e.g. biomass fuel deliveries.

The figures used by DETI in the NI RHI are consistent with those used by DECC within the GB RHI (as detailed in the relevant DECC Impact Assessment¹) and are based on research carried out by Enviros Consulting (2008) – 'Barriers to Renewable Heat'²

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The Northern Ireland tariffs are generally lower than the GB RHI levels, not only for biogas and ground source heat pump 100+. The tariffs proposed by the NI RHI, as detailed in the notification paper, are detailed below.

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	Between 20kWth and 100kWth	5.9		
	Between 100kWth and 1000kWth	1.5	Between 200kWth and 1000kWth	Tier 1: 4.9 Tier 2: 2.0
	Above 1000kWth	No tariff	Above 1000kWth	1.0
Biomethane	Biomethane all scales, biogas combustion less than 200kWth	3.0	Biomethane all scales, biogas combustion less than 200kWth	6.8
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	100 kWth and	1.3	100 kWth and	3.2

¹ <http://www.decc.gov.uk/assets/decc/11/meeting-energy-demand/renewable-energy/3775-renewable-heat-incentive-impact-assessment-dec-20.pdf>

² http://www.decc.gov.uk/assets/decc/Consultations/Renewable%20Energy%20Strategy%20Consultation/Related%20documents/1_20090501125221_e_@@_2Part1FinalReportv70.pdf

	above		above	
Solar thermal	Below 200kWth	8.5	Below 200kWth	8.5

The only case where Northern Ireland levels are higher than GB is for GSHPs under 20kWth, this is due to the difference in banding as the first banding in the GB scheme is 4.5p for installations up to 200kWth.

- **I have been asked to confirm that it will not be possible for any new installation to benefit from the RHI and at the same time receive a grant contributing to the direct costs of heat production, and to clarify whether the same issue as the one in the mainland UK scheme could arise on CHP installations being potentially eligible for grants under another scheme.**

From the launch of the scheme it will not be possible to receive grant funding that contributes to the direct costs of a heat production installation and to receive RHI tariffs as well.

Installations commissioned during the transitional period (from 1 September 2010 to the date the regulations come into operation) that have received a government grant for the direct costs of heating will have two options. Either the grant is repaid and the full RHI is received or the RHI will be reduced by an amount equivalent to the other grant. This will ensure these sites are neither disadvantaged nor over-incentivised.

Combined heat and power (CHP) installations that are eligible under the RHI scheme and under the Northern Ireland Renewable Obligation (NIRO) scheme will have to choose one of the support schemes. Plants completed after 1 September 2010, that have been claiming the RO plus the 0.5 ROC CHP are not eligible to apply for the RHI.

From April 2014, it is proposed that new biomass CHP stations will have a one-off choice to claim the RO + CHPQA uplift, or the RO (minus CHPQA uplift) plus the RHI. The transition period will run from 1 April 2014 to 31 March 2016 and will be available only to new accreditations and new additional capacity added between those dates. This will give developers and investors time to understand the support available under the RHI, and the interaction with the RO, while preventing them from receiving a double subsidy of CHP uplift and RHI. Generating capacity which chooses to receive the CHP uplift will be ineligible for the RHI. This is in line with GB.

Under the Northern Ireland scheme, Anaerobic Digestion sites that are in receipt of NI Renewable Obligation Certificates for electricity generation will not be able to avail of a RHI tariff.

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For all the incentivised technologies, barring solar thermal, a rate of return of 12% is provided in addition to net costs of the renewable heat technology in comparison to the fossil fuel counterfactual, which is an oil boiler. This rate of return has been assessed by independent consultants (as detailed in the reports by Cambridge Economic Policy Associates and AEA Technologies that were previously supplied) and is in-line with the GB RHI scheme.

In regards to solar thermal, as there is no conventional investment as an alternative, as solar thermal do not usually replace a primary heating system, a separate calculation has to be made. Therefore, the proposed solar thermal tariff compensates the full cost of the solar thermal installation. DETI has taken the same approach as used within the GB RHI and set a tariff that is equivalent to the level allocated to offshore wind, which is the marginal cost-effective technology for reaching the 15% UK renewable target.

- **I have been asked to clarify whether, as in the UK mainland scheme; there will be any two-tier approach to small and medium biomass installations.**

The GB RHI scheme includes a tiering system within the rates for small and medium biomass installations. The tiered incentive rates were calculated to limit subsidy to any incremental fuel expense should the installation exceed a 15% load factor. In developing tariffs DETI also considered this issue however in all cases, the subsidy rates were found to be lower than the incremental fuel expense. Therefore no tiering is required within the NI RHI.

- **Finally, I would need some more information on the transitional period – why is it needed, and why are transitional period installations included? As for para 62 of the RHI mainland UK decision.**

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This scenario is similar to GB which deemed installations commissioned since 15 July 2009 as eligible (as per para 62 of the GB RHI decision).

It is necessary to deem installations commissioned since 1 September 2010 as eligible as a guarantee was made by the DETI Minister to this effect to ensure the renewable heat market didn't stall with installers adopting a 'wait-and-see' approach. The adoption of a transitional period to ensure continued interest and to prevent against the market stalling is consistent with the GB approach, as per para 62 of the GB RHI decision.

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The Northern Ireland tariffs are generally lower than the GB RHI levels, not only for biogas and ground source heat pump 100+. The tariffs proposed by the NI RHI, as detailed in the notification paper, are detailed below.

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	and 100kWth			
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"Hassle" or "barrier" costs include the costs of additional installation work when installing renewable heat (man hours), the inconvenience experienced when installing and time required researching different technologies. All of these issues are additional to installing conventional fossil fuels and therefore must be considered.

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From: [Hutchinson, Peter](#)
To: [Moore, Stephen](#); Rebecca.Ireland@fco.gsi.gov.uk
Cc: [Carr, Paul](#); [Ryan, Damien](#); [Porter Kate \(CCP\)](#); [Hepper, Fiona](#); [McCutcheon, Joanne](#)
Subject: RE: Case SA.34140 - Renewable Heat Incentive - NI - Some questions
Date: 30 May 2012 16:39:00
Attachments: [NI RHL - State Aid queries.DOCX](#)
[image001.png](#)

Rebecca,

Please see attached response to the questions asked by the Commission regarding the Northern Ireland RHI.

Grateful if you would consider and respond on our behalf to the Commission.

Thanks in advance.

Peter

Peter Hutchinson

Renewable Heat
Department of Enterprise, Trade & Investment
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Textphone: 028 9052 9304
Web: www.detini.gov.uk



www.ni2012.com

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

From: Moore, Stephen
Sent: 29 May 2012 11:47
To: Rebecca.Ireland@fco.gsi.gov.uk
Cc: [Carr, Paul](#); [Ryan, Damien](#); [Porter Kate \(CCP\)](#); [Hutchinson, Peter](#); [Hepper, Fiona](#); [McCutcheon, Joanne](#)
Subject: FW: Case SA.34140 - Renewable Heat Incentive - NI - Some questions
Importance: High

[Rebecca](#)

[I've discussed with Peter and this shouldn't be a problem.](#)

[Stephen](#)

Stephen Moore

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