

Minister: for your consideration and if correct signature please
DOF-17583
S Heagerty
4/9/2015

Submission

From: Stuart Wightman

Tel No: Ext 29425

Date: 3 September 2015

cc: Copy distribution list below

To: 1. Timothy Cairns
2. Jonathan Bell MLA

COR 1191/ 2015 DOMESTIC RENEWABLE HEAT INCENTIVE

Issue: Correspondence from Simon Hamilton, MLA about the Domestic Renewable Heat Incentive Scheme, (RHI).

Timing: Routine

Executive Committee Referral: N/A

PFG Implications: None

Presentational Issues: None

FOI Implications: Fully disclosable

Financial Implications: None

Legislation Implications: N/A

Statutory Equality Obligations: N/A

Recommendation: To note the background to the query and to reply to Simon Hamilton, MLA using the draft provided at **Annex A**

BACKGROUND

1. Simon Hamilton, MLA has written to you on behalf of an unnamed constituent about the level of support under the Domestic Renewable Heat Incentive (RHI) (see **Annex B**).

DETAIL

2. The crux of the issue is an assertion that (virtuous) energy efficiency houses (often new builds) are penalised compared to inefficient (often older) properties. Mr Hamilton's constituent says this favours those who use heat profligately as opposed to those who are 'green'. He suggests different regimes for old and new properties and that his investment in renewable heating (a ground source heat pump in this case) will not be covered by the RHI payments he receives. This is because the level of support is calculated on the basis of the heat usage and an energy efficient house will require less heat. The main aim of the RHI is to replace heating from

- fossil fuels with renewable heating technologies. Therefore, where there is less fossil fuel to replace, the support is less.
3. We acknowledge that energy efficient premises will require less RHI support. However, their fuel costs are much less to begin with. The Executive has set a PfG target of 4% renewable heat by 2015 and, from our point of view, there is only a small amount of fossil fuel to be replaced in highly energy efficient premises. It should be noted that the RHI does not reward thermally inefficiently premises. Payments are based on the Energy Performance Certificates (EPCs) which estimate a property's potential energy usage. This assumes, for example, that necessary standards of insulation are met. If these standards are not met, the RHI does not compensate households for having inefficiently heated premises.
 4. Officials are in discussion with colleagues in the Department of Finance and Personnel, (DFP), to introduce changes to the Northern Ireland EPC to bring it into line with that in use in GB. This will provide a more accurate assessment of heat requirements. Working towards this change has revealed some minor anomalies. Once these are addressed, a number of RHI customers will receive slightly higher payments including Mr Hamilton's constituent.

RECOMMENDATION

5. To reply to Simon Hamilton using the draft provided at **Annex A**

Stuart Wightman
Head of Energy Efficiency Branch

Distribution List:

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