



Department of

**Enterprise, Trade
and Investment**

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ETI-05925

Alex McGarel
Environment Committee Office
Room 245
Parliament Buildings
Ballymiscaw
Belfast
BT4 3XX

Your Ref: ENV116

Our Ref: LMU 4-12

21 February 2012

Dear Alex

RE: RENEWABLE FUEL TARGETS

I am writing in response to the letter of 13 January 2012 from Anna Lo, Chair of the Environment Committee. In this correspondence, further clarification was sought as to why DETI does not expect to introduce specific fuel targets for the renewable heat incentive (RHI). The Committee also has asked when an announcement can be expected in relation to the decision taken in regard to the RHI.

In regards to renewable fuel targets, it is not generally the case that targets would be set for specific technologies, rather the targets set are based on total energy consumption i.e. 40% renewable electricity consumption by 2020 and 10% renewable heat. The RHI has been designed to bridge the financial gap between renewable heat technologies and an existing fossil fuel counterfactual, with tariffs set to make each technology equally attractive to investors. Therefore the uptake of various technologies will be led by market demand, rather than DETI policy and hence no specific targets for technologies have been set.

For the challenging renewable heat target to be met it is essential that a range of technologies are supported and incentivized.

You will be aware that a public consultation on the design and implementation of a Northern Ireland RHI was launched in July 2011 and closed for comment in early October with approximately 80 responses received. The majority of respondents welcomed the proposals however in relation to a number of issues raised, DETI has been carrying out further research and analysis to address these. This further analysis has included assessment of tariff levels and banding, consideration of eligible technologies and the treatment of large industrial sites. This work should complete shortly and will inform the final policy position.

The Minister will make an announcement on the final structure and design of a Northern Ireland scheme in due course, when all work has been completed and appropriate approvals obtained.

I hope you find this response helpful

Yours sincerely

David McCune
DALO
Department of Enterprise, Trade & Investment