

**To:** Committee Members

**From:** Jim McManus, Committee Clerk

**Date:** 10<sup>th</sup> September 2012

**Subject:** **Oral Briefing – SL1 – Renewable Heat Regulations**

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### **Background**

1. The Committee considered the renewable Heat Regulations SL1 at the meeting on 19th April. The Committee agreed to receive more detail from the Department on incentives for domestic installations (Regulation 15 (1) (a) and 15 (2)) and on payments to participants, levels of tariffs and how these will be calculated (Regulation 37).
2. The Department responded that, as EU State Aid approval has not yet been received, exact details of bandings and tariff levels cannot be provided. The Committee agreed to wait until bandings and tariff levels are available before considering further.
3. Following consideration of the banding and tariff levels at the meeting on 5<sup>th</sup> July, the Committee agreed to receive an written briefing from Action Renewables outlining the organisation's views on the policy proposals contained in the SL1 prior to making a determination. The briefing from Acton Renewables in included in papers. The Committee also agreed to receive oral evidence from DETI Energy Division officials.

### **Summary of Content/Clerk's Analysis**

4. Banding and tariff levels are included in the table at paragraph 6 along with the tariff levels proposed in the consultation and a comparison with GB levels. In almost all cases tariff levels are higher than those proposed in the July 2011 consultation. The exception is solar thermal where there has been no change. All tariff levels are lower than those in GB however, the Department states that incentivisation is calculated against a counterfactual position of heating oil as the dominant fuel, whereas in GB gas is used as the counterfactual position.
5. Details of tariff levels for the Renewable Heat Premium Payment (RHPP) element of the scheme are provided at the table at paragraph 13 of the Department's paper. This is an interim measure before Phase 2 of the RHI is introduced for the incentivisation of domestic installations. It is likely that it will be at least summer 2013 before this is introduced.
6. Action Renewables is broadly supportive of the SL1 proposals. The organisation raises a number of issues. These include proposed rates and bands for biomass and bio-methane/biogas. Action Renewables also suggests that, especially given the fact that there is a company in Northern Ireland making air source heat pumps on an international scale, there should be support for this technology. It is however understood that it is the Department's intention to introduce air source heat pump technology in Phase 2.

### **Suggested Way Forward**

7. Members may wish to address Action Renewables concerns with officials and suggest that further consideration be given to the organisation's proposals in Phase 2.

8. If the Committee is content with the policy proposals in the SL1, the Department will be informed.