

Comments on SL1
Renewable Heat Regulations
By
Action Renewables

- We are generally very supportive of the proposal within SL1. There is a pressing requirement to address heat from renewable sources, as over 50% of the energy that we consume within Northern Ireland is heat.
- We agree that the option chosen, to develop a tailored NI RHI scheme, is the correct one. There was a considerable groundswell of opinion, within the market place, at an early stage, that we should adopt the GB scheme. However we recognise the economic argument that the counterfactual position in NI is very different to GB and that our solution should take account of this.
- It is reasonable to recognise that we have a different heat market here, primarily because the heat market in GB is largely reliant on gas. We are largely reliant on oil.
- We have not seen the outcome of the review by CEPA/AEA, that was prompted by the response from the Consultation. There were several basic assumptions, within the original report that were inappropriate for Northern Ireland, mostly around the cost of wood chip. We assume that these were adequately addressed before the final figures were released.
- We agree that a 20 year commitment is required to provide certainty for investment
- It is acceptable to launch the non domestic sector scheme first, followed by the domestic sector in 2013.
- With regards to the rates proposed, the significant drop in biomass support, from 5.9p to 1.5p, at the 100kWth level, will create distortion in the market. It will lead to applicants installing boilers with a smaller

capacity than is required, at the 100kW level and supplementing their heat from oil generation, as it will be the most remunerative way of exploiting the scheme. We would suggest that consideration be given to introducing an additional band of funding, say 2.5p between 100 and 200kW, and 1.5p in the range 200Kw to 1000kW. We do not have the economic assessment to support this, but we are keen to avoid situations where boilers are installed at the wrong scale, to exploit the banding.

- The rate for biomethane only applies to small scale plants, that are likely to be a relatively insignificant part of the overall mix. This banding cut-off, at 200kW, excludes support for heat from Anaerobic Digestors, most of which will be generating about 500-800kW of heat. We therefore suggest that an additional band be introduced, to support heat from biomethane/biogas, in the range 200-1000kW, at a rate of 1p/kWth.
- Air source heat pumps have been excluded from the support mechanism. We would suggest that this should be reassessed, particularly when there is a company in Northern Ireland making Air Source heat pumps, on an international scale.

Michael Doran
Executive Director