

Table 10.2: Total monetised cost of each option, in £m, 2010 prices, compared to “do nothing”

	Do nothing	Challenge fund	50% Capital Grant	GB RHI	NI RHI – DECC	NI RHI – Alt	NI RHI – Alt no Solar Thermal
Funding 1 - Short term funding: £25 mto 2014/15	0	54	53				
Funding 2 - Long term funding: £25 mto 2014/15, additional £5m/year from 2015/16		351		374	151	602	257
Funding 3 - Long term funding: £25 mto 2014/15, £12m per year thereafter		156		185	151	189	177

Finally, we subtract monetised costs from monetised benefits to yield the net cost/ benefit figures in Table 10.3 below. Again, figures are shown relative to do nothing.

Table 10.3: Net monetised benefit/ (cost) of each option, in £m, 2010 prices, compared to “do nothing”

	Do nothing	Challenge fund	50% Capital Grant	GB RHI	NI RHI – DECC	NI RHI – Alt	NI RHI – Alt no Solar Thermal
Funding 1 - Short term funding: £25 mto 2014/15	0	-8	-47				
Funding 2 - Long term funding: £25 mto 2014/15, additional £5m/year from 2015/16		-114		-265	-85	-365	-140
Funding 3 - Long term funding: £25 mto 2014/15, £12m per year thereafter		-23		-131	-85	-120	-95

Table 10.2: Total monetised cost of each option, in £m, 2010 prices, compared to “do nothing”

	Do nothing	Challenge fund	Capital Grant	GB RHI	NI RHI – DECC	NI RHI – Alt
<i>Funding 1 - Short term funding: £25 m to 2014/15</i>	0	32	33			
Funding 2 - Long term funding: £25 m to 2014/15, additional £5m/ year from 2015/16		212	218	519	371	405
Funding 3 - Long term funding: £25 m to 2014/15, £12m per year thereafter		119	108	186	191	174

Finally, we subtract monetised costs from monetised benefits to yield the net monetised cost/benefit figures in Table 10.3 below.

Table 10.3: Net monetised benefit/ (cost) of each option, in £m, 2010 prices, compared to “do nothing”

	Do nothing	Challenge fund	Capital Grant	GB RHI	NI RHI – DECC	NI RHI – Alt
<i>Funding 1 - Short term funding: £25 m to 2014/15</i>	0	14	-11			
Funding 2 - Long term funding: £25 m to 2014/15, additional £5m/ year from 2015/16		-24	-74	-394	-217	-242
Funding 3 - Long term funding: £25 m to 2014/15, £12m per year thereafter		50	-48	-128	-98	-87

The first message from these tables is that, purely on the basis of monetised costs and benefits, most of the options – in particular, all the RHI options - have a negative net monetised cost-benefit. This of course takes no account of non-monetised costs and benefits, and is heavily influenced by our assumption about the future carbon price.

In monetised cost-benefit terms; however, the NI RHI – DECC and NI RHI – Alt options are clearly preferable to the GB RHI rates, and as noted earlier they deliver more renewable heat. The choice of RHI rate is therefore between those two options. From Table 3, the cost per unit of renewable heat is comparable for both options, but as Table 1 showed, the “Alt” rates deliver more renewable heat in “funding 2”, and roughly the same amount in “funding 3”. We therefore recommend those rates.