

Jane Pierce

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**Subject:** FW: possible upcoming NI RHI policy changes  
**Attachments:** Non domestic phase 2 policy review template - Extension of 6.3 pence biomass tariff rate. (additional to consultation).DOCX; Non domestic phase 2 policy development template - Challenge Fund Alternative.DOCX; Non domestic phase 2 policy development template - District Heating.DOCX; Non domestic phase 2 policy development template - Large Solar.DOCX; Non domestic phase 2 policy development template - Bioliquids (Heat only).DOCX; Non domestic phase 2 policy development template - Deep Geothermal.DOCX; Non domestic phase 2 policy development template - Large Biogas over 200kWh and Landfill gas.DOCX; Non domestic phase 2 policy development template - Air Source Heat Pumps.DOCX; Non domestic phase 2 policy development template - biomass direct air heating.DOCX; Non- Domestic Phase 2 policy development template- Biomass and Bioliquid Combined Heat and Power.DOCX; Non domestic phase 2 policy development template - Large Biomass over 1MW.DOCX

**From:** Hughes, Seamus [<mailto:Seamus.Hughes@detini.gov.uk>]  
**Sent:** 26 February 2015 09:50  
**To:** Atika Campbell  
**Cc:** Wightman, Stuart; Nadia Carpenter  
**Subject:** NI RHI Phase 2 - Policy Review templates

Atika

As discussed in our telecom yesterday afternoon I am forwarding to you a number of template documents which set out the DETI proposals for amendment to technologies and tariffs under our phase 2 review of the NI RHI arising from the 2013 consultation. At this stage we would welcome initial comments from Ofgem which we can factor into our ongoing consideration and ultimate agreement on the way forward with our Minister.

Over the coming days I will also draft a project plan/timeline document for the proposed changes. There are also a number of other non technology based proposals around setting standards, improving performance and cost control for which templates are under development and we will share these with you in due course.

Many thanks

Regards

Seamus

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[Internal Only]

**PROPOSAL****EXTENSION OF BIOMASS 6.3 PENCE TARIFF RATE UP TO 200kW****RATIONALE**

Although not part of the consultation it is now proposed to extend the current 20 - 99kW 6.3 pence per kW tariff for biomass installations up to 200kW. This is in response to representation from Ofgem and from stakeholders in the intervening period since the consultation including feedback from the CAFRE event at Greenmount on 28 October 2014. The extension of the tariff would broadly bring the NIRHI into line with the GB scheme for small and medium biomass, although the GB scheme does have a tiered system in operation which we are not proposing to introduce in Northern Ireland.

A qualifying system can be made up of a single boiler or multiple boilers. It is the overall capacity of the plant that determines the tariff. The original policy intent was for larger plants (including plants made up of multiple boilers) to receive lower incentives. However, it is clear that Ofgem has been receiving multiple 99kW RHI applications for single sites rather than one application for a single larger capacity plant. As at 26 January 178, (over half of the total), of the approved applications were of 99kW capacity. The multiple applications each qualify for the higher 6.3p / KWh tariff. The proposal to extend the 6.3p/KWh tariff up to and including 199 KW should help to incentivise the installation of larger capacity plants in line with the original policy intent and reduce multiple RHI applications for the same site.

Because the industry was already receiving the 6.3 p/KW tariff via multiple 99KW applications, increasing this tariff banding to cover plants up to and including 199KW should not increase RHI payments. There are currently no accredited RHI installations with a capacity of over 99KW and less than 200KW so there shouldn't be any need for retrospective tariff payments.

The majority of RHI applications are for installations below 200kW capacity. **Not sure this is relevant!!**

The proposal will also encourage the development of small (district heating) domestic / non-domestic heat networks.

A proposal to extend support for large biomass over 1MW was included as part of the formal consultation.

**CONSULTATION RESPONSES**

- Feedback to RHI presentations at events such the CAFRE on-farm renewable energy event is in support of extending the 6.3 pence tariff rate.
- Ofgem has highlighted the issue of multiple 99KW applications for single sites in the course of its application processing.
- Informal communication with the industry has demonstrated their support for the proposal.

**DISCUSSION**

- ✓ Discussed at a meeting on 28 January 2015.
- ✓ Even though this wasn't covered in the consultation the proposal can only be viewed as beneficial to both customers and DETI.
- ✓ This proposal will encourage small heat networks,(district heating).
- ✓ Agreed that proposal should proceed as party of RHI Phase2.
- ✓

**Ofgem COMMENT**

**RECOMMENDATION**

**LEGISLATIVE CHANGES NEEDED**

Final policy agreed

Signed:-

Date:-