Key Differences Between the Great Britain Renewable Heat Incentive and the proposed Northern Ireland Renewable Heat Incentive:

This document identifies the key differences between the Northern Ireland Renewable Heat Incentive (NI RHI) and the Great Britain RHI Scheme (GB RHI).

The Northern Ireland Renewable Heat Incentive (NI RHI) is proposed to broadly follow the Great Britain scheme in structure and approach. The key areas of difference are based on the differences between the Northern Ireland and Great Britain energy markets, particularly the natural gas market in Northern Ireland which is still developing. The differences between these schemes present a number of challenges in developing the NI scheme, namely:

- Ofgem does not have a statutory role in Northern Ireland as it does in Great Britain. Ofgem will need to work with DETI to determine the best division of responsibilities in relations to areas such as payments and enforcement of scheme rules. We are currently seeking legal advice and revising the options and costs for Ofgem taking responsibility for these aspects.
- Technological differences between schemes may require changes to tariff structures. DETI have proposed the inclusion of deep geothermal in the NI RHI. Ofgem will need to work with DETI around whether they will introduce a dedicated tariff for deep geothermal from scheme commencement.
- As agreed with DETI Ofgem will not investigate the inclusion of bioliquids.
- The NI RHPP and inclusion of the Domestic Sector in the NI RHI is beyond the scope of the Initial Feasibility Study, however it may be considered as a separate project at a later stage.

A detailed breakdown of the differences between the GB RHI and NI RHI is provided in the table 1 below:

Table 1: Breakdown of key differences between the GB and NI RHI schemes.

GB RHI	NI RHI
Systems and administration:	
Customised GB systems developed for RHI including Central Register, PSP and CRM.	Advice from Andrew in preliminary discussions is that the GB RHI Systems can be adapted for the NI scheme. Requirements for IT can be based on the same main components of IT functionality/use cases. However the NI scheme introduces additional complexity, which will also present different reporting requirements.
RHPP payments provided through EST.	DETI want OFGEM to provide the RHPP. (*NICD 5.1*) Existing gas customers cannot avail of the RHPP. (*NICD 6.7*)
Technologies:	
Deep geothermal is included under the Ground Source Heat Pumps (GSHPs) tariff (though	DETI proposes that deep geothermal may initially be included under GSHPs tariff, though

eligibility criteria are subtly different). Consideration is also being given to a dedicated tariff for introduction in 2012.	may also look at developing a separate tariff. Awaiting outcome of call for evidence included in NI consultation document (Appendix 1). (*NICD 3.33*)
Combined Heat and Power (CHP) is eligible for the RHI where the fuel used meets eligibility criteria under the scheme. CHP will be considered in the RO banding review in relation to the double incentivisation provided by eligibility for both the RO and RHI. Any changes from this review will come into effect in 2013.	Renewable fuelled CHP will be eligible under the NI RHI for heat generated. Existing CHP systems that receive the NIRO uplift will not be eligible for the NI RHI. Heat from renewable CHP systems which are not and have not received the NIRO uplift will be eligible for the NI RHI. DETI will consider whether CHP systems commissioned after 1 September 2010 those have received the NIRO uplift will be eligible to switch to the NI RHI. Changes to support for CHP will not be introduced before April 2014 to give investors certainty. (*NICD 6.11-6.13*)
Biogas combustion for the direct production of heat will be eligible up to 200kWth under the tariff for biomethane injection.	Biogas combustion is not specifically dealt with in the NI Consultation Document. Biogas derived from waste materials for the purpose of heat generation broadly would be eligible for the NI RHI. No capacity limit is stated. (*NICD 3.31*)
Tariff Rates and Bands: Please refer to tables below for actual tariff rates.	
Determination of tariffs is based on the counterfactual of natural gas, which is the more prevalent heating fuel used in GB.	Determination of tariffs is based on the counterfactual of oil, which is the main heating fuel in NI. Taking this position ensures that the tariff bridges the financial gap between the majority heat demand and the renewable alternative. The oil counterfactual also provides some protection for the natural gas market in NI. (*NICD 3.38-3.39*)
Domestic Sector: ** Beyond scope of initial Feasibility Study, however this sector will need to be considered long term as the project develops in 2012.	
Domestic sector not currently in the GB RHI scheme for 2011. It is expected to be brought in later, but plans are currently not clear. Original proposals were that heat use would be 'deemed' for GB domestic installations based on an independent assessment (Energy Performance Certificates) of the heat requirements of the house, with payments	NI consultation document states that tariffs will be for actual heat outputs, though this is in the context of the initial NI RHI scheme and not specifically the domestic market. It may be necessary to recommend deeming for NI scheme as a less costly and problematic option for small scale installations once this phase of the scheme is under development. (*NICD 3.6*)

Comment [m1]: Ollie: there is no doubl incentivisation. They get incentivised fo electricity. They then get incentivised fc heat recovery: either through RO or RH

Comment [m2]: Ollie: They appear to have stated a capacity limit in the tariff table. But this would need to be in the eligibility criteria too.

made annually at a rate determined by the size and technology of installation multiplied by the deemed usage. But we do not yet know how domestics will be taken forwards in 2012.	As stated above, if NI wish to proceed with this phase before the GB scheme the costs will be considerably higher.
RHPP available to domestic sector until the RHI becomes available.	RHPP will be available to the domestic sector until the RHI becomes available in October 2012. However customers currently using natural gas as their primary heating source will be ineligible for support under the RHPP. (*NICD* 5.4)
Client:	
DECC – uncertainty around policy direction and changes to the scheme have resulted in continual set backs and unrealistic timeframes for delivery.	DETI – have set out clear expectations in their consultation document. It is important that we gain early agreement with DETI on policy and emphasise the impact that any changes to policy or key assumptions will have to delivery.
OFGEM has a statutory role.	OFGEM does not have a statutory role in NI as in GB. This will mean in the implementation and enforcement of the scheme we may need to work with DETI as to whether OFGEM will take responsibility for relevant aspects of scheme administration.

GB RHI Tariff Rates (As of March 2011 RHI Document):

Levels of support					
Tariff name	**Eligible technology**	**Eligible sizes**	**Tariff rate (pence/ kWh)**	**Tariff duration (Years)**	**Support calculation**
Small biomass	Solid biomass; Municipal Solid Waste (incl. CHP)	Less than 200 kWth	Tier 1: **7.6** Tier 2: **1.9**	20	Metering Tier 1 applies annually up to the Tier Break, Tier 2 above the Tier Break. The Tier Break is: installed capacity x 1,314 peak load hours, i.e.: **kWth x 1,314**
Medium biomass		200 kWth and above; less than 1,000 kWth	Tier 1: **4.7** Tier 2: **1.9**		
Large biomass		1,000 kWth and above	**2.6**		Metering
Small ground source	Ground-source heat pumps; Water-source heat pumps; deep geothermal	Less than 100 kWth	**4.3**	20	Metering
Large ground source		100 kWth and above	3		
Solar thermal	Solar thermal	Less than 200 kWth	**8.5**	20	Metering
Biomethane	Biomethane injection and biogas combustion, except from landfill gas	Biomethane all scales, biogas combustion less than 200 kWth	**6.5**	20	Metering

Northern Ireland RHI Proposed Tariff Rates: (NICD 3.39)

Tariff name	Sources of energy or Technology	Installation Capacity	Tariff (pence per kWh)
Small Biomass	Solid biomass including solid biomass contained in municipal solid waste and CHP	Less than 20kWth	6.2
Medium Biomass		20kWth and above up to but not including 100kWth	5.9
Large Biomass		100kWth and above up to but not including 1000kWth	1.5
Small Heat Pumps	Ground source heat pump, water source heat pump, deep geothermal	Less than 20kWth	8.4
Medium Heat Pumps		20kWth and above up to but not including 100kWth	4.3
Large Heat Pumps		100kWth and above	1.3
All Solar Collectors	Solar Collectors	Less than 200kWth	8.5
Biomethane and biogas combustion	Biomethane injection and biogas combustion	All biomethane injection and biogas combustion below 200kWth	3.0