

# **GAIN CONFERENCE 2010**

## **30th June**



## **THE RENEWABLE HEAT INCENTIVE**

**Presented by Jo Greasley, Head – Renewable Heat Incentive, Office of Renewable Energy Deployment  
Joanna.greasley@decc.gsi.gov.uk**



# Why new incentives?

- EU Renewables target
  - Currently no incentive scheme for heat
- Carbon targets
- Instrumental in changing behaviour
- Need simple incentives - particularly at small scale
- Associated benefits including:
  - Security of energy supplies
  - Economic benefits, new jobs

## FITs launched on 1 April



- ~6000 installations transferring from Renewables Obligation
- ~2000 new installations so far, majority PV
- Seeing third party provision of solar panels – company supplies PV panels and claims FITs, homeowners get free electricity
- Some plans for large scale PV

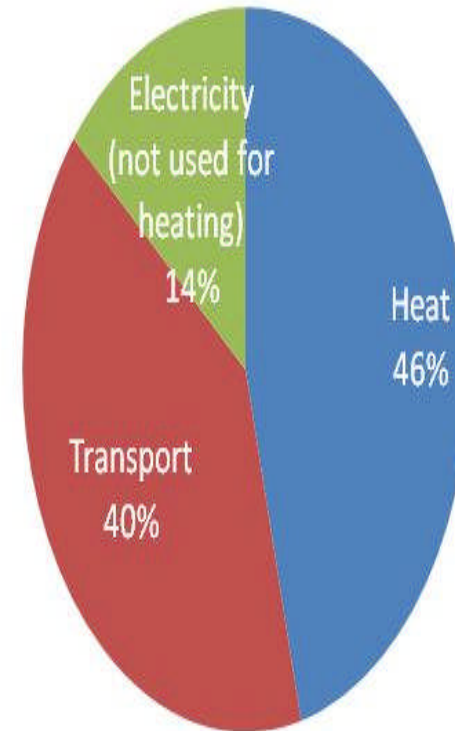
# Heat is half the battle

Heat, including electrical heating, accounts for around:

- 46% of primary energy consumption
- 47% of UK CO<sub>2</sub> emissions, and
- 42% of all greenhouse gas emissions

54% of heat use is domestic;  
30% industrial; and 16%  
commercial/public sector

Total UK energy consumption in 2007



# RHI consultation proposals



- All scales – domestic to industrial
- Wide range of technologies – must count towards renewables target under Renewable Energy Directive:
  - Ground and air source heat pumps
  - Biomass boilers – heat only and heat from CHP
  - Solar thermal
  - Biogas combustion (anaerobic digestion of wastes)
  - Biomethane injection into the gas grid
- Only installations completed post 15 July 2009

# Tariff setting proposals



- Compensate for cost difference between renewable and fossil fuel heating
- Rate of return of **12%** (6% for solar thermal)
- Plus compensation for barrier costs and inflation adjustment
- Tariff lifetime = expected equipment lifetime (10-23 years)
- No degression until first review
- Fixed tariffs (grandfathering)
- Deeming of heat load to prevent over-generation

- ~700 responses from a range of people, organisations and business
- Broadly supportive of proposals
- Key issues raised included:
  - Microgeneration Certification Scheme
  - Energy efficiency
  - Backup boilers
  - Inclusion/exclusion of certain technologies
  - Support levels/banding for certain technologies
  - Sustainable supplies of biomass/biofuels

## What now on RHI?



- Consultation closed on 26 April – proposals made under previous Government
- New Government committed to renewables target and renewable heat but also need to consider the costs of all policies, including RHI
- Aware of renewable industry's need for clarity
- Will be making further announcements in autumn

# Scale of delivery



- Estimated numbers of RHI installations in 2020:

Additional renewable resource in 2020	TWh	1,000 installations
Domestic	11	1,728
Non-domestic	62	144
Total	73	1,872

- Estimated numbers of FITs installations in 2020:

Additional renewable resource in 2020	TWh	1,000 installations
Domestic	1.7	750
Non-domestic	4.3	30
Total	6	780