

## **DEPARTMENTAL NOTE: SUPPORT FOR RENEWABLE HEAT TECHNOLOGIES IN THE DOMESTIC AND NON-DOMESTIC SECTORS**

The RHI is the first of its kind in the world and provides long term support for renewable heat technologies like heat pumps, biomass boilers and solar thermal panels. On 28 November I gave the House categorical assurance that this Government is absolutely committed to driving the renewable heat agenda and undertook to provide further information on the timetable for delivery of RHI early in 2012.

In November 2011, the RHI was opened for commercial, public sector, industrial and community renewable heating installations (referred to as 'non-domestic'). To ensure the success of the non-domestic scheme we will prioritise the delivery of a cost control regime that incorporates lessons from other schemes and meets previous commitments<sup>1</sup>. To do this, we are developing a package of policy options that include modified pre-accreditation, degression and reviews. We will consult on proposals in July 2012, with a view to laying Regulations in November and for the policy to be implemented by the end of the current financial year. This consultation will also include amendments to the existing scheme covering air quality and biomass sustainability issues as outlined in the original RHI Policy document. As with the proposals above we hope to lay these into Parliament in November and implement as soon as possible thereafter. In the meantime, we are consulting on a proposal to enable us to keep within the budgetary limits set by the Comprehensive Spending Review (CSR) and we intend for this to be in place by the Summer subject to Parliamentary approval. We will also consider extending support to new technologies within the scheme and we will consult on proposals to do this in September 2012, with a view to ensuring new support will be available from Summer 2013.

The Renewable Heat Premium Payment (RHPP) has provided support to the domestic sector since August 2011. I am announcing today a second phase of this scheme, worth £25m (£10m more than the first phase), to provide support for the installation of renewable heat technologies in the household sector. The support will consist of a new voucher scheme for domestic households and a new social landlords' competition building on the experiences of Phase 1 of the RHPP. I am making some small but important changes to the voucher scheme to ensure that we learn as much as we can from the installations it supports. It also includes a new £8m Communities Competition which will help to bring renewable heat to a wider pool of householders. Potential applicants for the voucher scheme will be able to pre-register with the Energy Savings Trust from Monday 2 April. Further details on eligibility criteria and the competitions will be announced in due course.

Government remains committed to the deployment of renewable heat in households and we are exploring options for providing longer term support to promote deployment. We plan to consult on proposals in September 2012. Further information about the timing of implementation will be included within the consultation because different options are likely to have different projected delivery dates, but we anticipate this will be from Summer 2013. As we are taking a fresh look at the policy options for household-scale renewable heat technologies, the tariffs set out in the consultation document in March 2010 should not be used as a basis for predicting what future support may be.

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<sup>1</sup> "Renewable Heat Incentive" March 2011