

Financial Support for Renewable Heat

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What are we trying to achieve?



- EU Renewable Energy Target – 2020
- Current central scenario for 2020:
 - 32% Elec; 14% Heat; 10% Transport
- Close to maximum achievable by 2020 in each sector
- All have a role to play:
 - Local and Central Government,
 - Renewables and wider industry
 - Individuals
 - Organisations, communities

Financial Support for Renewable Heat



- Starting from a low base – 0.6% of heat from renewables
- Need a dramatic shift in the way we all get our heat - away from fossil fuels to renewables
- Need a range of measures to kick start and then maintain the uptake of renewable heat
- Key measure will be financial support through the Renewable Heat Incentive (RHI)
- This will provide financial support to generators of renewable heat.

How will financial support work?



- Main objectives of scheme
 - simple
 - accessible
 - easy to understand
- RHI should bridge gap in cost between conventional heating to renewable and provide incentive to switch
- Will support all sizes of generating equipment from solar thermal panels installed on homes to large industrial biomass boilers.

Role of local authorities



- Dramatic shift means involving individuals, local communities, service sector and big industrial companies
- For local authorities, benefits include:
 - helping to tackle fuel poverty issues,
 - waste management,
 - local renewables and carbon reduction targets
- Already good examples of local authorities making the most of the benefits that renewable heat can offer
- In addition, switching from fossil fuel to renewable heat will avoid cost of levy which will fund this scheme.

Role of local authorities (2)



- We are keen to work with local authorities :
 - to look at the role they could have in encouraging take-up of renewable heat technologies
 - to ensure that the financial support we develop works at a local level
 - to identify opportunities which are specific to local communities and what we can do to take this into account when developing the financing scheme
 - to ensure once developed they it is clear what is available and how the money can be accessed.

Next Steps



- We will be publishing a consultation on the high level design of the RHI in summer 2009.
- Would encourage local authorities to respond to the consultation and if you have views and comments following today feed these in ahead of the consultation.
- Following on from this there will be a further consultation later in the year which will set out the more detailed aspects off the scheme
- Aiming to introduce RHI 2011.