



Department for
Business, Energy
& Industrial Strategy

BEIS UPDATE & RENEWABLE HEAT INCENTIVE

Presentation to Ground Source Energy Expo
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BEIS / RHI TIMING UPDATE

BEIS

- **Merger of BIS & DECC:** after moving some areas to new departments (DIT, DfE)
- **Business as usual:** Energy teams so far remaining in same structure as before
- **Priorities:**
 - Economic growth in all parts of the country
 - Robust Industrial Strategy & Secure Energy Supplies, that are
 - Reliable, affordable, clean, deliver climate change ambitions

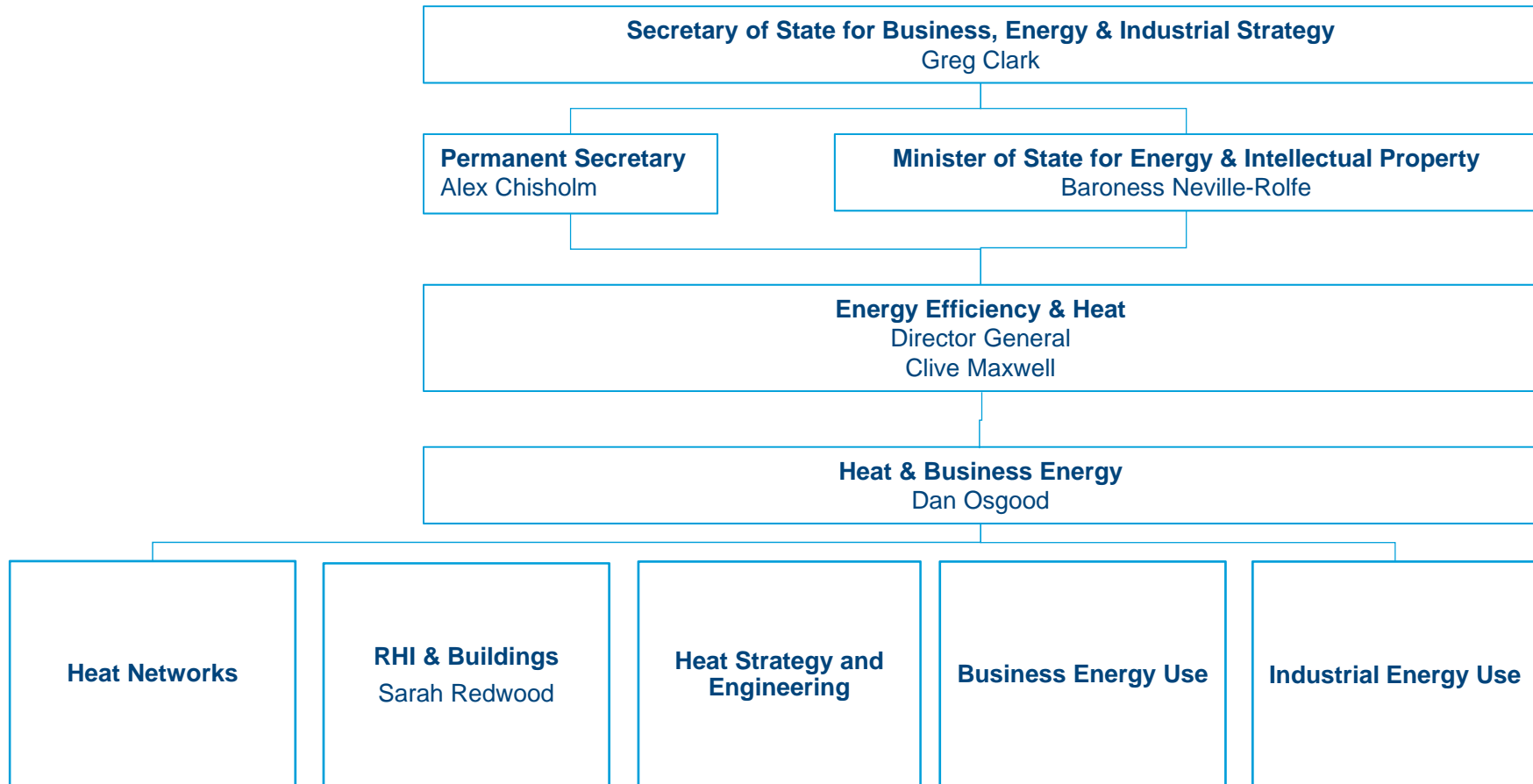
RHI Reform Progress & Timing

- **Policy Proposals:** going through approvals and being discussed with ministers, HMT, Scottish Government, State-Aid
- **Government response:** expected this autumn
- **“2nd Package” of regulations:** expected early 2017



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ORGANOGRAM





RENEWABLE HEAT INCENTIVE

Objectives:

- Carbon abatement
- Renewable deployment
- Building a robust supply chain towards mass roll out of low carbon heat technologies

The **RHI budget** to cover both schemes has been confirmed to March 2021, rising each year to a total of £1.15bn.



RHI Reform aims

- **Is affordable:** Ensuring that the RHI is affordable by firmly controlling costs.
- **Offers value for money:** Maximising the benefits of the scheme including carbon and renewable heat to achieve the value for money for the taxpayer.
- **Fits Government's vision for the long-term decarbonisation of heat:** Providing support to strategically important technologies to help build markets that are sustainable in the future.
- **Promotes widespread access:** Support families that are less able to pay in accessing the scheme.
- **Incorporates robust scheme design:** Avoid the creation of or respond to existing perverse incentives and minimising the risk of overcompensation as far as possible.



Cross cutting consultation proposals

- Ensuring **affordability** by introducing a budget cap mechanism to allow the suspension of the scheme to new accreditations
- Protecting **value for money** by ending support for new solar thermal systems
- Protecting **value for money** by introducing a change, from April 2016, to move to tariff indexation based on CPI



Domestic scheme proposals

Improving access for those less able to pay by:

- Removing the GDAR requirement – from April 2016
- Introducing assignment of rights to payments
- Heat pumps with shared ground loops

Focussing on long-term vision by increasing Air-Source (ASHP) and Ground-Source Heat Pump (GSHP) tariffs to drive deployment of strategically important technologies.

Promoting value for money by introducing heat demand caps to limit payments to new participants, and so limiting returns for larger homes.



Non domestic scheme proposals

- **Focussing on long-term vision** by introducing tariff guarantees to drive deployment of cost effective larger scale plant.
- Focussing on **long-term vision and ensuring affordability** by moving to one tariff for all new biomass boiler deployment, maintaining the current tariff for biomass-CHP, but introducing tiering to this tariff to avoid overcompensation.
- Focussing on **long-term vision** by limiting support to new biogas and biomethane plant using crop-based feedstocks , and potentially increasing biomethane support levels from expected level at 2017/18.



OPPORTUNITIES FOR HEAT PUMPS

- **Renewable Heat Incentive**
- **Energy Company Obligation: ECO “Help-to-Heat” from April 2017**
- **Standard Assessment Procedure: SAP**
- **Heat Networks Implementation Project**



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HEAT PUMPS IN THE FUTURE

- **Heat decarbonisation**
- **Post 2021 policy landscape**
- **Sustainable markets for heat pumps**
- **Innovation**



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THANK YOU

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