



**Roinn Cumarsáide, Gníomhaithe
ar son na hAeráide & Comhshaoil**
Department of Communications,
Climate Action & Environment

Explaining the Renewable Heat Incentive in Ireland

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Why a Renewable Heat Incentive (RHI)?

- Meeting the 2020 Renewable Energy Target.
- Renewable Heat Target: 12% by 2020.
- End of 2016, 6.6% of heat demand was met by RES.
- Estimated shortfall will be up to 3%-5% in 2020.
- For 2021-2030, MS *shall endeavour* to increase renewable heat 1% p/a.



RHI Development Process 2016-17:

1. RHI economic analysis - Element Energy and Frontier Economics.
2. Cost-Benefit of Biogas and Biomethane in Ireland - Ricardo Energy & Environment.
3. Extensive survey of the commercial buildings stock in Ireland.
4. Survey of consumer behaviour in the commercial sector in Ireland.
5. SEAI bioenergy supply curve data 2016.
6. Engaged directly with Irish industry.
7. Two public consultations on the design and implementation of the RHI (194 submissions received).



RHI funding & payments:

- The RHI will be exchequer-funded an focus on (industrial and commercial non-ETS).
- The RHI payment offered to producers of renewable heat on a ‘per unit of heat produced’ basis (or to producers of biomethane on a ‘per unit of biomethane produced’ basis).
- The following technologies will potentially be eligible for support under the scheme:
 - Biomass (including boilers, direct air, and high efficiency combined heat and power);
 - Anaerobic Digestion (including biogas boilers, biogas high efficiency combined heat and power, and biomethane production for injection into the natural gas grid);
 - Heat pumps (including air source, water source, and ground source);
 - Solar thermal;
 - Deep-geothermal;
- Each technology will have a set level of financial support.



RHI Public Consultation/s:

- ✓ 97% in favour of tariff differentiation by renewable heat technology.
- ✓ 90% in favour of the inclusion of energy efficiency measures for heat use and technologies.
- ✓ 82% in favour of applied the Wood Fuel Quality Assurance standards (WFQA).
- ✓ 83% in favour of limits on PM and NOx.
- ✓ 62% are in favour of maintaining a focus on the non-ETS sector.
- ✓ 97% in favour the inclusion of sustainability criteria; with 96% in support of making these mandatory.
- ✓ 97% in favour of metered heat output (c/KWh) approach; with 97% in favour of tiering.
- ✓ 60% in favour of 15 year term support.
- ✓ 91% in favour of yearly and total budget cap.



RHI eligibility criteria:

- RHI participants will be required to submit meter readings to SEAI.
- RHI participants must be a non-domestic heat user in the non-ETS sector.
- Buildings must adhere to energy efficiency criteria.
- Projects must meet efficiency, air quality and technology standards; and
- Biomass must meet fuel quality standards and sustainability criteria.



RHI Proposed Budget Control Mechanisms:

- Each project approved for multi-payments will be assigned a **project budget cap**.
- A **scheme budget cap** will be set for each of the following 15 years.
- The scheme budget cap for the following 15 years will be set as part of the annual exchequer budgetary process. This will also determine the scale of the RHI.
- Budgetary review on a periodic basis to ensure projects do not benefit from **windfall gains** as a result of significant changes in market conditions.



The Impact of RHI in Ireland:

- RHI will support the overall expansion of the renewable heat market.
- New market will create a demand for more biomass feedstock supply.
- Estimated expansion in the region of 110,000 tonnes each year; or circa 300 tonnes of biomass a day.

There are also economic opportunities and wider benefits...

- Ensuring that activity stimulated by the RHI provides value will require expertise in planning and permitting, to technology design, manufacturing, installation, and finally quality assurance and operations and maintenance.



RHI Implementation Process:

- SEAI developing the terms and conditions and administration arrangements.
- Budgetary discussions are progressing with final decision expected in the autumn.
- RHI introduction will be phased.
- State Aid clearance required.
- Open for applications in 2018.





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Thank You

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