NAPIT | campaigns

Renewable Heat Incentive (RHI)

The RHI is a government financial incentive, paid for through general taxation. It was introduced by the Department of Energy and Climate Change to promote the use of renewable heat.

It shows promise but, with uncertainty created by the government's failure to commit to long term targets, uptake so far has been moderate. If it is to have the desired impact, a clear commitment to the post 2016 continuation of the policy and sustained support for the supply chain is needed.

Government Policy Aim

Reduce greenhouse gas emissions and help meet targets for reducing the effects of climate change. The UK is committed to producing 15% of its energy from renewable sources by 2020 but, in 2014, only 5.2% of our energy consumption was generated in this way.

Deployment

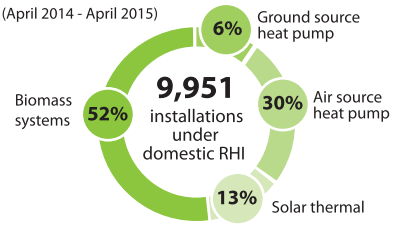
Number of Registered Installers

(as of April 2015)

Air source heat pump	1173
Ground source heat pump	892
Biomass systems	804
Solar thermal	1178

New Domestic Accreditations

(April 2014 - April 2015)



Non-domestic Accreditations



Issue

- Despite modest growth for biomass, since its introduction in April 2014, the domestic RHI has failed to produce a real terms increase in the uptake of the other eligible technologies.
- The delay in its introduction created some uncertainty and has arguably accounted for its moderate uptake.
- If uncertainty is re-introduced to this fledgling market, there is a risk that the supply chain could dry up completely.
- The heavy tariff bias towards biomass systems, seen in the distribution of installations and market feedback, risks customers choosing the technology which provides the best rate of return rather than the one most suited to their home.

Solution

Create a stable environment for investment and economic growth by committing to the RHI post April.

Realign tariffs to ensure level playing field for technologies.

Encourage conventional heating installers to diversify their skills to maintain a sustainable supply chain.

Introduce third party finance , with adequate controls and consumer protection, to encourage new sources of private investment.

Subsidise college training and apprenticeship schemes to create new jobs and ensure a robust knowledge base.

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NAPIT | campaigns Feed in Tariff (FiT)

The FiT is a government financial incentive introduced by the Department of Energy and Climate Change to promote the use of renewable electricity. The current degression mechanism is providing certainty to the market, which has resulted in stable and consistent growth. To ensure this continues, the FiT should be maintained until eligible technologies become financially attractive on their own merit.

Government Policy Aims

- Empower people and give them a direct stake in the transition to a low-carbon economy.
- Help develop a supply chain that offers households a wide range of cost effective measures to lower their energy use and carbon emissions.
- Assist in public take-up of carbon reduction measures, particularly measures to improve the energy efficiency of buildings.

Deployment

3,604 MCS INSTALLERS (as of May 2015)

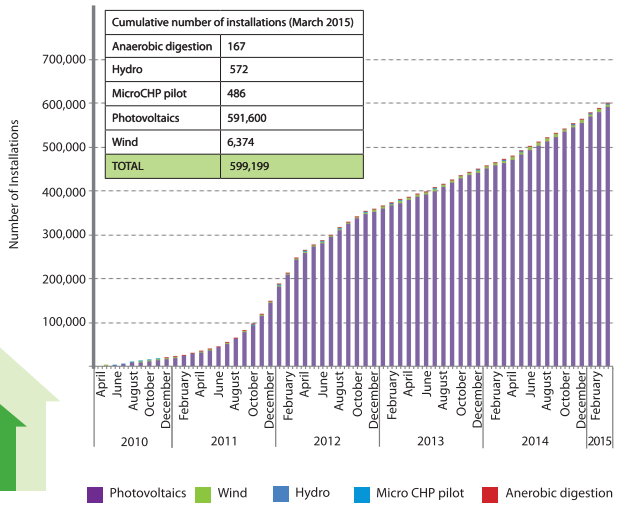
599,199 Installations (as of March 2015)

Capacity 3.3 Giga watts

Installations continue to grow at a steady rate month on month.

Cumulative installations confirmed of FITs at end of month

Cumulative number of installations (March 2015)	
Anaerobic digestion	167
Hydro	572
MicroCHP pilot	486
Photovoltaics	591,600
Wind	6,374
TOTAL	599,199



Issue

The unexpected comprehensive review of the FiT in 2011, which saw a sudden, significant reduction in the tariff for roof-mounted solar, unnerved the industry. However, the tariff has now settled down to deliver stable, predictable and sustainable growth, offering security to businesses.

Solution

The FiT scheme and degression mechanism should remain in place and unchanged to allow for the continued stability, confidence and predictability of this market.

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