

# Heat Action Plans

## South of the Border

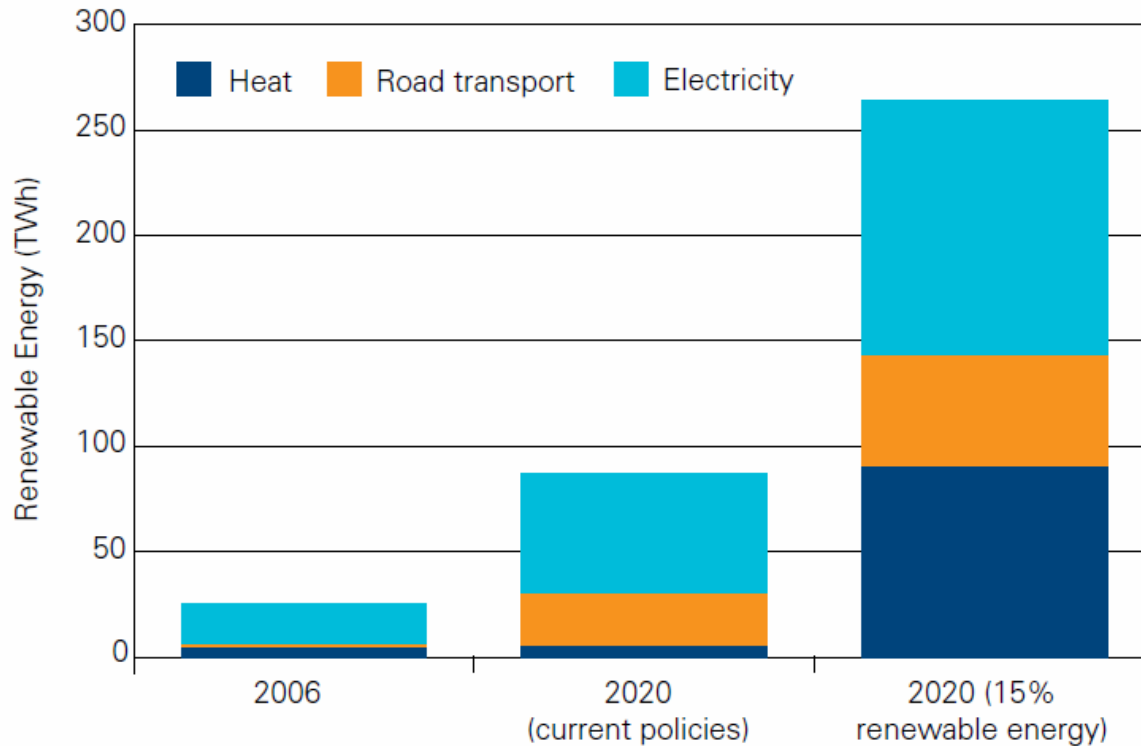
**Stuart Pocock**

Head of On-site Renewables



# The renewables challenge

Figure 1: The size of the challenge – a potential scenario to reach 15% renewable energy by 2020



Source: BERR Renewable Energy Strategy 2008

# Existing policies - buildings

- Zero carbon new homes from 2016
  - Building regs + CSH<sup>4</sup>
- CERT<sup>5</sup> extended to ‘micro-renewables’
- Positive planning
  - Permitted Development and ‘Merton Rule’<sup>6</sup>
- Low Carbon Buildings Programme
- Energy certificates in home info packs



<sup>4</sup> Code for Sustainable Homes – Level 6 is ‘zero carbon’

<sup>5</sup> Carbon Emission Reduction Target (formerly EEC)

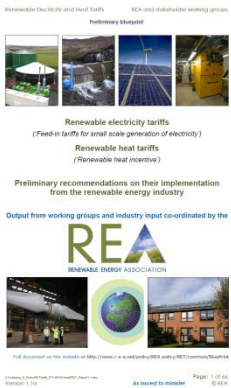
<sup>6</sup> Larger developments require [10%] renewable energy



# Future policies?

- Building regs for non-domestic buildings
  - Zero carbon buildings 2018/19/20?
- Heat & Energy Saving Strategy
  - Upgrade 7m homes by 2020
  - CESP<sup>7</sup> – whole house energy reduction on a community scale
- Focused renewables growth
  - Renewable electricity & tariffs heat tariffs





# Tariff - Background

- REA and Friends of the Earth led a year-long campaign for tariffs for small-scale electricity, heat and biomethane injection into the grid
- Government resisted but eventually took powers in Energy Act 2008
- REA set up implementation project with members and wider stakeholders
- Report presented to Mike O'Brien (Decc) at REA Tariff conference March 26



# Tariff - General principles

- Simple as possible
- Better to be timely and roughly right
- Set tariff levels so all suitable technologies can be deployed
- Set tariffs relatively high initially
- Meter production (although allow deeming for small-scale heat)
- Support all useful renewable heat
- Address upfront costs as barrier – terraced tariffs?



# Renewable Heat Incentive

- Government - no guarantee of implementation date - currently working towards 2011
- Applies to renewable heat with no upper limit
- Tariffs will be paid to the owners of plant used for renewable heat
- Includes AD, biomass, heat pumps, solar, geothermal
- Paid for by levy on fossil fuel supplied for heat



# Tariff - Biomethane injection

- Should apply only to biomethane injected into the grid. Biogas otherwise eligible for support from RO, RTFO and electricity/heat tariffs
- Paid for by the same levy on fossil fuel heat suppliers as Renewable Heat Tariff
- Biomethane bought either by fossil gas companies or central body
- Difference between tariff and market rate made up from levy pot



# Tariff - next steps

- Ongoing discussion with REA members and liaison with Decc/Ofgem
- Consultation 'summer' 2009
- Push for all three tariffs to be introduced together in 2010

Watch this space.....



# Interim measures

REA calling for the Government to announce ASAP:

- Date that installations qualify for RHI
- Qualification criteria will include at least those in LCBP, Clear Skies, RO and bioenergy capital grants
- Allow existing installations to be eligible

In addition government has provided in Budget:

- £45M for LCBP
- £25M for community heating



# Thank You!

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