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Lord Lexden
House of Lords
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1 November 2019

DEBATE ON NORTHERN IRELAND BUDGET - QUESTIONS RELATING TO RENEWABLE HEAT INCENTIVE (RHI) HARDSHIP AND TARIFFS

During the course of the debate yesterday I gave a commitment to write to you in connection with the issue of independent assessment of hardship in Northern Ireland, in relation to RHI. I also gave a commitment to clarify for the House differentials in renewable tariffs in Northern Ireland, England and the Republic of Ireland. Please find my responses to both queries below.

RHI hardship panel

The issue of a hardship unit, sitting under an independent chair, was one that was raised during the passage of the Northern Ireland (Regional Rates and Energy) Act 2019.

During the passage of this Bill, the Northern Ireland Department for Economy gave an assurance to me that it will establish a hardship unit, under an independent chair, that will consider cases of any RHI participant who believes they face hardship as a result of their participation in RHI. DfE repeated its commitment to set up the hardship unit during an evidence session of the Northern Ireland Affairs Committee in May 2019. The following statement sets out the current status and work that has been carried out since that point.

DfE conducted a “Call for evidence” consultation exercise between 17 June and 10 July 2019 to gather information on the nature of hardship experienced as a result of participation in RHI, and to seek views from stakeholders on its proposed approach. On 10 October 2019 the Department published its response to the consultation and set out its next steps. This response can be found on the Department’s website.

DfE has advised that seventy-eight responses were received, and that the majority of respondents claimed to be in hardship. Only a small minority chose to submit documentary evidence of their circumstances, with many stating that they would prefer to submit such evidence to an independent party rather than to the Department. Many respondents expressed discontent with DfE’s proposed approach, and with the limited powers available to the independent chair or panel.

DfE has reaffirmed its commitment to an independently-led consideration of financial hardship as a result of participation in the Northern Ireland RHI scheme. The Department has, therefore, appointed independent energy consultant Andrew Buglass to further consider the issue of hardship.

Mr Buglass has asked that participants bring forward evidence in respect of their individual circumstances. Following this engagement, Mr Buglass will make recommendations to the Department on the presence of hardship and what approach the Department may take in such cases. It will then be for the Department to consider those recommendations and pursue relevant action.

The engagement between Mr Buglass and participants began on 25 October 2019, and he is expected to report to DfE, with recommendations on any appropriate course of action, before the end of the year.

Tariff differentials across the UK and Ireland

I also committed to the noble Lords to give clarity on tariff differentials between Northern Ireland, the Republic of Ireland and the rest of the UK.

As my noble friend will be aware from debates held previously this year, the additional costs and savings of using a biomass boiler in Northern Ireland, compared with the fossil fuel alternative, are different from the rest of the UK - it is for this reason that the tariffs are different.

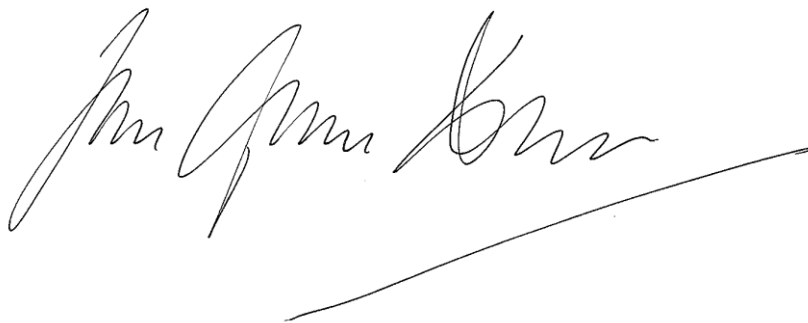
The RHI Scheme in operation in GB has some important differences to RHI in Northern Ireland, so a direct comparison is not appropriate. The GB scheme has, among other things, tiered tariffs in place since the beginning of the scheme and the policy of “degression” whereby tariffs are automatically reduced when scheme deployment reaches pre-set levels.

With regards to the Rol scheme, again there are many contextual differences to the NI scheme, which makes any comparison on figures other than rate of return inappropriate.

DfE has commissioned a review of the assumptions that underpin the tariff structure for medium biomass installations accredited to the NIRHI scheme. Any key differences between NIRHI and the equivalent schemes in Great Britain and the Republic of Ireland will be considered. The review will complete this year.

I hope that this letter adequately answers the concerns raised by my noble friends yesterday in the House.

I am placing a copy of this letter in the library of this House.

A handwritten signature in black ink, appearing to read 'John Duncan', followed by a long, sweeping horizontal line that extends to the right.

LORD DUNCAN OF SPRINGBANK
PARLIAMENTARY UNDER-SECRETARY OF STATE FOR NORTHERN IRELAND