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Dear DECC,

Please find below Group Response to the RHI Consultation Document from: Reforesting Scotland

Reforesting Scotland is a leading charity and movement involved in environmental, social and sustainable forestry in Scotland. We represent over 750 members and our vision involves the creation of a well-forested and productive landscape, as well as a culture which values the contribution that trees and woods bring to our lives. Reforesting Scotland aims to:

- Promote a sustainable forest culture and economy in a well-forested land
- Develop the use of locally-produced forest goods and services
- Encourage social and ecological restoration in forests and in wider land use
- Raise awareness of the benefits of low-energy living based on woodland resources
- Place the Scottish forestry situation in an international context

Many thanks for the opportunity to respond on what is an important issue for renewable heat and the transition from fossil fuels. This response has been formulated by Reforesting Scotland following internal discussion within our membership.

Summary of Key issues:

- 1)- We want wood stoves included and back up our claims within.
- 2)- We want relative carbon benefits of the technologies to be taken account of within your mechanism.
- 3)- We want low cost 'green bank' loans so not only the well off can access the scheme
- 4)- We want existing users to be rewarded
- 5)- Community and district heating should be given an uplift.

We would welcome any discussions you may wish to have and can be contacted as above.

yours sincerely,

Dan Gates,
Director
For and behalf of Reforesting Scotland

Renewable Heat Incentive Consultation on the proposed RHI financial support scheme

Please use the table below as a template to respond to the consultation. It will help us to record and take account of your views.

Also, please provide evidence for your answers and comments where possible.

INTRODUCTION
Q1: Are there any issues relevant to the design or operation of the RHI that are not addressed in this consultation document? If so, how should we deal with them?
Yes Comments: We are disappointed that the scheme takes no account of carbon emissions in the relative value of each technology.
CHAPTER 1: ACCESSING THE RHI
Q2: Do you see any barriers to such financing schemes coming forward? In particular, are there any limitations in leasing and finance legislation that you feel inappropriately restrict the development of RHI financing models?
Yes Comments: We feel that the lack of a low or zero cost green energy loan scheme such as the 'green energy bank', particularly for householders and communities, will be a serious hindrance to the scheme in that those without access to considerable capital will not be able to participate. In other words there is a risk only the well off will be able to join in. There is a risk banks would charge proportionally high rates of return for any lending, especially for lower income individuals and groups.
Q3: Do you agree with our proposed RHI registration and payment approach? If not, can you suggest how this approach can be improved?
Yes Comments: However OFGEM track record is not good for the RO. Sufficient preparation will need to be given in that department to be able to conduct these tasks.
CHAPTER 2: ELIGIBILITY AND STANDARDS
Q4: Do you agree with our approach of requiring products and installers for installations up

to 45kW within RHI to be accredited under MCS or equivalent?

No

Comments:

Whether the MCS is required as a pre-requisite for a scheme should be a decision based on the number of accredited products. Where the number of accredited products is too low for an effective market to function we recommend the use of a “transition period” to allow projects to continue while MCS accreditation is sought.

As well as this there should also be an 'approved certifier of design' so that self builders and DIY installations can be approved by an independent engineer in order to qualify.

Q5: Where MCS product and installer certification is extended beyond this limit, do you agree that we should introduce the requirement of using certified installers and equipment for eligibility for the RHI?

No comment

Comments:

Q6: Can you provide details of any UK or European standards that should count as equivalent to MCS? How should we recognise these standards for the RHI?

Comments:

Not known

Q7: Do you agree with our proposed approach to eligibility of energy sources, technologies and sites?

Comments:

No.

1) For Biomass :

For wood stoves - We agree that open fires should be excluded from the scheme due to their low efficiency, but we believe that wood burning stoves should be included.

1a)The concern is that secondary sources could be used, but DECC seem to be unaware that some stoves are specifically designed to burn only wood. As a bear minimum DECC should look at automated pellet stoves – many of which are already funded by it LCBP grant scheme.

1b) Wood burners are the most accessible, easy to use for retro fit, usually have a local supply, can be fitted in rented properties, and many properties do not have radiators already installed.

1c) Many stoves are registered as a DEFRA exempted appliance under the Clean Air Act 1993. This currently represents the best legislative measure in the UK for ensuring low emissions from small wood-burning appliances.

1d) We reject the argument put forward by DECC that *“these present practical difficulties as it is extremely difficult to monitor how much they are used (they are usually a secondary source of heat the use of which will be optional)”* (sic).

This argument is also true for other technologies which are planned to be supported. A solar thermal system, for example, is also a secondary source of heat as the existing (usually fossil-fuelled) boiler is always retained to generate hot water in the winter.

2) Carbon benefit

It seems illogical to have no account of the relative carbon benefits of the technology in promoting the incentives – see Q18. We propose a minimum carbon benefit standard in order for qualifying technology.

Q8: Do you agree with our proposed approach on bioliquids? Are you aware of bioliquids other than FAME that could be used in converted domestic heating oil boilers? If so, should we make them eligible for RHI support, and how could we assess the renewable proportion of such fuels to ensure RHI is only paid for the renewable content of fuels?

No Comment

Comments: None

Q9: Do you agree with the proposed emissions standards for biomass boilers below 20MW? If not, why, and do you have any evidence supporting different ones, in particular on how they safeguard air quality?

No

Comments:

The proposed standards are tough but are achievable for the top of the range automated boilers.

We are particularly concerned that they will exclude, for example automated log boilers, which may be a good solution, for example in rural localities. We would prefer alignment with the Clean Air Act (1993) exemption process, with an acknowledgement for further abatement in declared air quality management areas in consultation with local planning guidance in urban areas.

Q10: Do you think the RHI should be structured to encourage energy efficiency through the tariff structure (in particular the use of deeming), or, additionally, require householders to install minimum energy efficiency standards as a condition for benefiting from RHI support?

No

Comments: The RHI scheme needs to encourage consumer take-up from the outset and not to discourage it. We believe that it is essential that a potential customer can determine very quickly what level of incentive can be applied to a project. This should be based on a calculation that can be carried out by the customer.

A better solution would be to provide a benchmarked approach based on floor area (in m²) and building type. The building types could be assumed to be already efficient in line with the objectives stated in the consultation.

Thus deeming would by de facto encourage energy efficiency to the best standards.

Q11: Can you provide suggestions for how to ensure that developers do not build to lower energy efficiency standards as a result of the RHI in advance of 2013 and 2016 building regulations taking effect?

Comments: None

CHAPTER 3: TARIFFS

Q12: Do you agree with our proposals on where we should meter and where we should deem to determine an installation's entitlement to RHI compensation?

Yes

Comments:

A simple method of determining the incentive to be paid to a system is essential. Deeming is the best mechanism for achieving this.

Before we could fully support the system of deeming, we would need to review a proposal for exactly how the deemed output of a system will be calculated. Above all, the system for deeming output must be simple and transparent to ensure it is clear, from an early stage, what the financial incentive payable to a project will be.

Q13: Do you agree that a process based on SAP or SBEM for existing buildings or the Energy Performance Certificate for new buildings is the best way of implementing deeming? Do you have any suggestions on the details of how this assessment process should work?

Yes

Comments:

Appendix S of the SAP methodology is designed for existing dwellings and could potentially be used to determine the heat loss of an existing building. However, the methodology is considerably more involved than would be acceptable for the purposes of providing quotations.

The scheme should use a significantly simplified methodology based on a benchmark value for building type multiplied by the floor area. This achieves both objectives of not

disproportionally rewarding those without energy efficiency measures and ensuring that potential installers are able to provide a quotation without extensive surveying and calculations, the cost of which would need to be borne by the consumer.

Energy Performance Certificates for new buildings will provide an independent benchmark for new build projects.

Q14: Do you agree that at the large scale/in process heating, where we propose metering, the risk of metering resulting in a perverse incentive to overgenerate is low? How could we reduce it further within the constraints of using metering, to ensure only useful heat is compensated? Do you see any practical difficulties concerning use of heat meters (such as on availability, reliability or cost of heat meters) and, if so, how should we address them?

Yes

Comments:None

Q15: What is the right incentive level required to bring forward renewable heat from large-scale biomass including in the form of CHP while minimising costs to consumers?

Comments:None

Q16: What is the right incentive level required to bring forward renewable heat from biogas combustion above 200 kW including in the form of CHP while minimising costs to consumers? Do you have any data or evidence supporting your view?

Comments:None

Q17: Do you have any data or evidence on the costs of air source heat pumps above 350 kW or solar thermal above 100 kW?

Comments:

None

Q18: Do you agree with the proposed approach to setting the RHI tariffs, including tariff structure and rates of return? Do you agree with the resulting tariff levels and lifetimes? If not, what alternatives would you prefer, and on the basis of what evidence?

Yes

Comments:

We welcome the rate of return of 12% this should allow significant numbers of projects to become attractive to both private individuals and commercial organisations.

1) The tariff structure will cause some specific problems. Most notably, the reduction in the tariff for biomass from 6.5 to 1.6-2.5p/kWh at 500kW, will artificially cause projects to reduce the size of boiler installations, say for community district heating schemes.

An additional band would prevent smaller biomass boilers being installed and so increase the carbon savings of the scheme.

2) It seems illogical to have no account of the relative carbon benefits of the technology in promoting the incentives. In particular electrically powered systems such as Air Source Heat Pumps, can have higher CO2 emissions than an A-rated gas boiler, and as such are not only carbon intensive but also not strictly "renewable" heat source, as we continue to have fossil fuel dominance for grid generation.

In matter of fact solar thermal – using a genuinely renewable source of heat – will have a lower rate of return. We feel this is perverse.

Q19: Do you agree with our proposed approach on mixed fuels? Do you agree with our proposal that, at larger sites, with the exception of EfW, RHI will require the use of a dedicated boiler for the renewable fuel? Where our approach is to follow the Renewables Obligation, do any aspects need to be adapted to account for the different situation of renewable heat?

Yes

Comments:None

Q20: Do you believe that we should provide an uplift for renewable district heating?

Yes

Comments:

Community and district heating is often the only practical option for communities wishing to move away from fossil fuel dependence, however the costs are generally more than individual installations.

This is best done by allowing the appropriate rate (eg <45kW rate) to be applied to each property connected, rather than applying a lower banded rate based on the generation.

Thus 500 houses will get a deemed amount = 500 x (20,000kWhr*) x 9.5p/kWh.

*Whereby 20,000 is say the deemed amount per individual property.

Q21: Do you believe that an uplift should be available to all eligible district heating

networks, or that eligibility should be determined on a case-by-case basis depending on whether a network contributes to the objective of connecting hard-to-treat properties (and, if the latter, how should we determine this for each case)? Do you agree that situations of one or a small number of large external heat users should not be eligible for an uplift, and, if so, what should be the minimum eligibility requirement for an uplift (expressed for instance as a minimum number of external customers)?

Yes:

Comments:

All networks – the best schemes will go through.

No – a mini DHS with 2-3 users makes sense and should be rewarded as above (deemed on each property connected basis or an individual heat meter on each property).

CHAPTER 4: THE RHI BEYOND 2011

Q22: Do you agree that RHI tariffs should be fully fixed (other than to correct for inflation) for the duration of any project's entitlement to RHI support? Do you agree that we should include bio-energy tariffs, including the fuel part of those tariffs, in such a grandfathering commitment?

Yes, fully fixed

Comments:

Q23: Do you agree with our proposal not to introduce degression from the outset of the scheme but consider the case at the first review?

Yes

Comments:

Consumers needs absolute clarity to the payments.

Q24: Do you agree with our proposed approach on innovative and emerging technologies?

Yes

Comments:

The RHI is a central plank in the deployment of renewable and low carbon technologies but it is not the only tool needed for the research, development and deployment of technologies.

Q25: Do you have any views on how we should encourage technology cost reductions

through the RHI, particularly on solar thermal heat?

Comments: None

Q26: Do you agree with our proposed approach to reviews, and the timing and scope of the initial review?

Yes

Comments:

Q27: Can you provide examples of situations that could be taken into consideration in determining criteria for an emergency review?

Comments:

Emergency reviews should be available if the policy can be seen to have fallen short of the intended out come. Annual targets for installed capacity should be defined at the outset of the scheme and a review should be called if the target is missed by a substantial margin.

Targets should be created for domestic and community schemes, as they confer maximum social benefits. If it is apparent that there is no uptake in these important sectors then extra incentive would be required.

We are particularly concerned that the 12% Renewable heat target for 2010 as in the RES (2009) is too low and will in fact be met in entirety by industrial and commercial users. Figures we have seen suggest that only 1% of renewable heat is to provided domestically. We feel that this sector requires most development but will also confer maximum social benefit (such as job creation).

CHAPTER 5: INTERACTION WITH OTHER POLICIES

Q28: Do you agree with our proposed approach to allow access to RHI support to new projects where installation completed after 15 July 2009, but not before? Do you have any evidence showing that in particular situations RHI support for installations existing before this date would be needed and justifiable?

No

Comments: No

While we agree all installations post 15/7/09 should be eligible, we think the early adopters should also benefit.
The small number of existing installations would generate enormous good will and 'pay back' for itself in the marketing and promotion. It could be limited to users <45kW as these are domestic customers.

With biomass particularly increased numbers of installations could cause fuel prices to rise. To adjust for this, a separate tariff for existing installation could be created. This tariff could start at a very low level and be adjusted to reflect changes in fuel price but not return on capital.

CHAPTER 6: ADMINISTRATION

Q29: Are there any parts of the proposals set out in this consultation that in your view would allow for unacceptable abuse of RHI support, or other unintended consequences? If so, how could we tighten the rules while keeping the scheme workable, and avoiding an overly high administrative burden?

No

Comments:

None

ANNEX 3: CALL FOR EVIDENCE ON DISTRICT HEATING NETWORKS

Q30: Do you agree with our proposed overall approach to setting the level of the uplift? Can you provide evidence that would help us to determine the level of uplift? In particular: Can you describe typical district heating networks that would be appropriate as reference networks, and what are their network costs, heat loads, and customer numbers and characteristics? What proportion of the heat load of such networks is typically supplied to hard-to-treat properties? What proportion of the total network of the reference installation(s) supply heat to hard to treat properties? Should we choose one reference network and determine one uplift (in p/kWh) applicable to all sizes of networks, or should there be several based on a number of differently sized reference networks?

Yes

Comments:

As per Q20.