

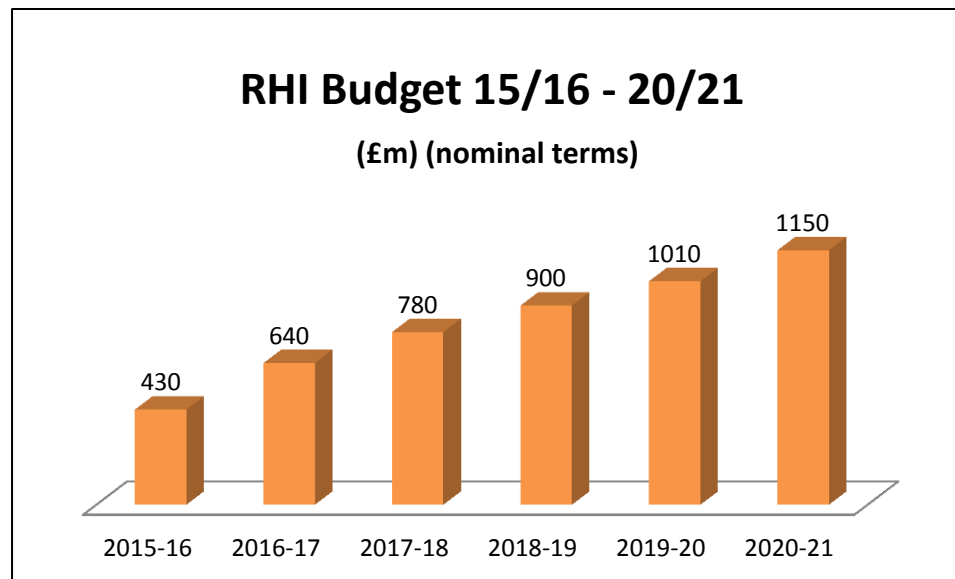
# Sustainable Energy Association

EST consultation event - renewable heat incentive  
8th December



# Spending review outcome: summary

- The Government announced that it will increase funding for the Renewable Heat Incentive (RHI) in order to make progress towards its climate goals.
- The RHI budget will rise from £430m (2015/2016) to £1.15bn (2020/2021).
- DECC believes that this is sufficient to heat the equivalent of 500,000 homes.
- This provides consumers and industry with some certainty about the future of the scheme.



# Spending review outcome: summary

- Government recognises the RHI schemes have an important contribution to make towards carbon and renewables targets.
- The RHI budget to cover both schemes confirmed out to March 2021, rising each year to a total of £1.15bn.
- The RHI will be reformed to:
  - Improve value for money
  - Reduce costs and improve cost control



# RHI Budget

The RHI budget in year 2016/17 is set to increase to £640m, a 49% increase on the scheme expenditure in 2015/2016 and is then expected to increase at lower pace between 2017 and 2020.



RHI budget	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021
2015/2016	£ 430	£ 430	£ 430	£ 430	£ 430	£ 430
2016/2017		£ 210	£ 210	£ 210	£ 210	£ 210
2017/2018			£ 140	£ 140	£ 140	£ 140
2018/2019				£ 120	£ 120	£ 120
2019/2020					£ 110	£ 110
2020/2021						£ 140
<b>TOTAL</b>	£430	£ 640	£ 780	£ 900	£ 1,010	£ 1,150

Separately, over £300 million of funding for up to 200 heat networks will generate enough heat to support the equivalent of over 400,000 homes and leverage up to £2 billion of private capital investment.

# Long-term plan on heat

- It is vital that homes and businesses have access to affordable and reliable sources of heat.
- Heat accounts for around one third of UK greenhouse gas emissions.
- We will not meet our climate change commitments without a stronger long-term plan to drive forward a transition to low carbon heating.
- A reformed RHI has an important contribution to make towards delivering this transition and allowing us to meet our carbon and renewable energy targets.

# Reforming the RHI

- Ministers are clear that:
  - We need radical reform to the RHI
  - We should make bold changes to ensure that every pound spent gets the best results for the taxpayer, the climate, and for the future decarbonisation of heat.
- In reforming the scheme we will aim to:
  - Improve value for money and reduce costs
  - Improve cost control and budget management
  - Explore the best way to support less able to pay households
  - DECC will consult on scheme changes in the new year with a view to implement in 2017.