

DECC Consultation co-ordinator
3 Whitehall Place
London
SW1A 2AW

26 April 2010

Dear Sir / Madam

SCDI response to the Renewable Heat Incentive Consultation

SCDI is an independent membership network that strengthens Scotland's competitiveness by influencing Government policies to encourage sustainable economic prosperity. SCDI's membership includes businesses, trades unions, local authorities, educational institutions, the voluntary sector and faith groups.

SCDI would like to make a number of key points on the proposed Renewable Heat Incentive. These are intended to be general observations and recommendations to be read alongside SCDI's earlier responses on energy, specifically our response to the BERR Consultation on the UK Renewable Energy Strategy¹. SCDI is supportive of the Renewable Heat Incentive, however we feel that a number of amendments should be made to the current proposals.

Key points:

- The Microgeneration Certification Scheme (MCS) should be made less expensive, restrictive and bureaucratic, particularly for larger organisations
- MCS accreditation has the potential to act as a considerable barrier for many companies. This bottleneck should be addressed in the implementation of any accreditation scheme
- Organisations that already employ their own specialist teams installing and maintaining these technologies should be exempt from a requirement to use externally certified contractors. Without this exemption business costs will increase, potentially reducing jobs in internal specialist teams
- The MCS should recognise and work within the specific building standards and renewables targets applicable to Scotland
- Tariff structures should be developed that specifically support those biogas plants that are not currently commercially viable eg farm material
- RHI tariffs need to be fixed and adjust with inflation. This will ensure long-term investments can be made with confidence
- The use of bioliquids should be incentivised for the industrial and commercial sectors for renewable heating
- The incentive for biomethane is not sufficient to develop the necessary infrastructure. As is the case in Germany, the incentive for biomethane should be doubled

¹ <http://www.scdi.org.uk/pi/2008/Consultation-on-UK-Renewables-061008.pdf>

- A “Green Bank” of pooled grant funds should be created to provide low-cost loans to fund small-scale renewable developments. This will make the RHI accessible to those without the up-front capital to invest and help tackle fuel poverty
- The RHI scheme should be open to all district heating systems, including public buildings and work places.
- Any district heating payment should take into account the individual buildings served and uplift accordingly, taking note of the considerable investment that would be necessary
- Organisations and individuals who have previously made investments in energy savings projects should not be penalised. SCDI believes the RHI should be backdated 5 years

Thank you for the opportunity to respond to this consultation.

If you would like to discuss this response further, please contact James Alexander, SCDI Policy and Communications Manager on james.alexander@scdi.org.uk

Yours sincerely

Dr Lesley Sawers
Chief Executive
SCDI