

# REF

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## RENEWABLE ENERGY FOUNDATION

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**Press Release**  
**10.03.11**

### **REF APPLAUDS REVISED RENEWABLE HEAT INCENTIVE**

The Renewable Energy Foundation (REF) today welcomed the revised Renewable Heat Incentive (RHI) as a major improvement on earlier versions published for consultation.

When first announced, by the previous government, the RHI was intended to be financed by a levy on fossil fuels, a measure that would have been intensely regressive, transferring wealth from low income to high income households. Thankfully this mechanism has been abandoned in favour of a more focused and cost-effective approach.

The RHI will now concentrate in its first phase on large industrial and commercial users to improve market understanding before attempting widespread deployment in the more vulnerable domestic sector, in which consumer disenchantment could be damaging to future prospects for renewable heat.

Where domestic installation does take place in the first phase, government has recognised that experience must be reported to the whole market so that the overall sector can learn from both from the positive and negative feedback.

Government also places considerable emphasis on the need to ensure value for money, transparency of data reporting and a broad spectrum of technology types and experimentation, rather than a frantic rush to meet targets at any cost.

Overall, these revisions to the RHI should be welcomed as prudent and constructive.

Dr Lee Moroney, one of REF's lead analysts said: "The Government's emphasis on market learning, and on value for money, is a major improvement on previous designs, which were overly expensive and risk prone. There is now a real chance that public support in the overwhelmingly important heat sector will result in a future industry that is self-supporting not subsidy dependent."

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Notes for Editors:

1. The Renewable Energy Foundation is a registered charity promoting sustainable development for the benefit of the public by means of energy conservation and the use of renewable energy. See [www.ref.org.uk](http://www.ref.org.uk). REF is supported by private donation and has no political affiliation or corporate membership. In pursuit of its principal goals REF highlights the need for an overall energy policy that is balanced, ecologically sensitive, and effective.  
REF makes freely available the most comprehensive database of renewable energy generator performance in the United Kingdom:  
<http://www.ref.org.uk/roc-generators/>
2. REF's subsidiary Renewable Energy Forum last year published a major analysis of the draft RHI, entitled The Renewable Heat Incentive: Risks and Remedies, which discussed the costs and rewards of the RHI as then proposed and highlighted potential pitfalls and alternative strategies with lower costs and risks. This study is available at no cost from: <http://www.ref.org.uk/ref-ltd-publications>.