

## **GSHPA PRESS RELEASE – Thursday 24<sup>th</sup> January 2013**

### **Ground Source Heat Pump RHI tariff expected to double**

The Department of Energy and Climate Change has this week announced a review of the Renewable Heat Incentive Tariffs following the recent consultation. The DECC statement ([Announcement on RHI non-domestic scheme](#) - URL in note below) highlights that “evidence suggests there may be differences between actual costs and load factors of installations and the original assumptions used to calculate the current tariffs” clearly indicating that the early assumptions needed revisiting.

A lobbying drive with Greg Barker and a team of civil servants has paid off. The GSHPA has been highlighting concerns over the massive distortion within the RHI payment structure and the low tariffs allocated to GSHP installations. The evidence presented supports a revised non-domestic tariff of 9.4 p per kWh and the Energy Minister, Greg Barker, has instructed his RHI team in DECC to expedite the review of tariff rates for GSHP systems.

Meeting with Greg Barker and DECC officials before Christmas, a team of GSHPA Council members addressed the issue of why only 2% of RHI payments had been made to owners of heat pump installations. At that time, they agreed that the situation needed a thorough review by civil servants within the DECC RHI team.

Take up of GSHP technology during the RHI’s first year has been far lower than expected. With 98% of the RHI currently allocated to biomass systems, it is also clear that the tariffs significantly favour this technology over others. In response to this, DECC issued a Ground Source Heat Pump Call for Evidence in the autumn of 2012. Through bringing together the expertise within the GSHPA and its membership base, a strong and supportive evidence base was submitted by the Association.

After the Minister for Energy & Climate Change’s announcement this week, the GSHPA, the industry and end users of this technology now feel enthusiastic about the opportunities that lie ahead. It is also great news that Greg Barker has confirmed that all future Phase 1 RHI applications made from 21<sup>st</sup> January will be offered the higher tariff rates alluded to in DECC’s statement. The Association welcomes the way in which civil servants have responded to Greg Barker’s requests to resolve this imbalance.

"The GSHPA evidence submitted supports an increase of tariff rates to 9.4p/kWh", said Brian Kennelly, GSHPA Chairman. "This will provide the much-needed certainty to the market and encourage increased uptake of the technology. It’s been a tough time for the GSHP industry but the

great news is that DECC have recognised the omissions in the data and are revisiting the tariff levels so that this low carbon technology can flourish and so significantly improve Britain's environmental credentials."

David Matthews, GSHPA Chief Executive

"This has been a real win-win story. DECC and GSHPA have worked together to review the evidence and so address early anomalies in the incentive scheme. These revisions will secure British jobs, alleviate climate change and provide comfortable conditions within buildings."

ENDS

### **Editor Notes**

DECC statement URL: [https://whitehall-admin.production.alpha.gov.co.uk/government/uploads/system/uploads/attachment\\_data/file/68728/RHI\\_announcement.pdf](https://whitehall-admin.production.alpha.gov.co.uk/government/uploads/system/uploads/attachment_data/file/68728/RHI_announcement.pdf)

Ground source heat pumps are a proven technology widely used in Europe & North America and one of the few renewable energy solutions that is available to nearly every type of building in the UK. It has the potential to significantly reduce the country's heating bills whilst also contributing to the achievement of the government's renewable energy and carbon reduction targets. It is a technology that can create thousands of new, skilled jobs. Ground source heat pumps are a fundamental part of the government's long term energy strategy.

### **Ground Source Heat Pump Association**

The Ground Source Heat Pump Association (GSHPA) aims to encourage the growth and development of the ground source heat pump industry in the UK and help to set and safeguard standards. For more information about the GSHPA visit [www.gshp.org.uk](http://www.gshp.org.uk).

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