



**Ground Source Heat Pump Association**

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### **Call For Immediate Action Before Further Loss of Expertise**

The Ground Source Heat Pump Association has renewed its call for DECC to conclude its deliberations around a revised Renewable Heat Incentive Phase One non-domestic tariff without further delay.

CEO David Matthews commented:

‘Whilst we were pleased that DECC officials acknowledged in January that they were minded to increase the tariff, the subsequent delay in any announcement is continuing to cause huge concern amongst members. It is now clear that the evidence submitted by both the GSHPA and DECC’s independent consultants supports a significant uplift in the tariff so it is vital that Government moves quickly to correct the current market distortion’.

Phase One of the Renewable Heat Incentive, launched in November 2011, is designed to support the installation of a wide range of renewable heat technologies into commercial and industrial buildings. Latest Ofgem statistics reveal the overall scheme is failing to deliver the required deployment with just 232MW of installed capacity accredited during the first 15 months. As a consequence, just £5.38m has been awarded to accredited system owners with only 1.2% being allocated to GSHP installations.

According to Matthews, interest in ground source heat pumps has diminished substantially because the current tariffs simply don’t provide the return on investment proposed by DECC.

‘DECC has failed to deliver a tariff that stimulates demand. The versatility of ground source installations, not least the ability to provide both heating and cooling, as well as the diverse nature of the UK’s geology, has made the setting of a single tariff to incentivise all installations somewhat complex. That said, DECC has been slow to acknowledge that market feedback has revealed a very definite problem. We remain available to support their work.’

Many commentators believe DECC’s handling of its Feed-in Tariff policy has prompted an unnecessary level of caution regarding the RHI. One industry insider also reports that DECC has accepted the approach adopted by its economists is deeply flawed.

‘Thankfully, DECC engineers are now reviewing what has gone wrong and have accepted that significant change is required to deliver the policy’s ambition. It has been a difficult process and it is regretful that many firms, and many talented individuals, have been forced to leave the heat pump industry’.

Brian Kennelly, the former Chairman of the GSHPA and one of the leading experts in ground source energy commented:

‘Whilst customers value the exceptional performance of ground source heat pump technology, investment decisions are inevitably influenced by the relative level of subsidy support and the projected rates of return. Sadly, DECC has got the balance of tariffs hopelessly wrong leading to biased incentivisation. Worse, officials appear reluctant to act quickly which has caused significant problems in the market. Many heat pump specialists were encouraged to invest in their businesses in the reasonable expectation that the RHI would treat all technologies fairly. Immediate action must be taken to ensure that heat pump expertise is not lost and specialists can survive and play the important role assigned by Government in its own Heat Strategy’.

**ENDS**

### **Editor Notes**

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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