

PARLIAMENTARY DEBATES

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OFFICIAL REPORT

Seventh Delegated Legislation Committee

RENEWABLE HEAT INCENTIVE SCHEME
(AMENDMENT) REGULATIONS 2016

Wednesday 19 October 2016

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The Committee consisted of the following Members:

Chair: ALBERT OWEN

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| † Arkless, Richard (<i>Dumfries and Galloway</i>) (SNP) | † Norman, Jesse (<i>Parliamentary Under-Secretary of State for Business, Energy and Industrial Strategy</i>) |
| † Blenkinsop, Tom (<i>Middlesbrough South and East Cleveland</i>) (Lab) | † Pickles, Sir Eric (<i>Brentwood and Ongar</i>) (Con) |
| † Bradshaw, Mr Ben (<i>Exeter</i>) (Lab) | † Pincher, Christopher (<i>Tamworth</i>) (Con) |
| † Debbonaire, Thangam (<i>Bristol West</i>) (Lab) | † Prisk, Mr Mark (<i>Hertford and Stortford</i>) (Con) |
| Farrelly, Paul (<i>Newcastle-under-Lyme</i>) (Lab) | † Sandbach, Antoinette (<i>Eddisbury</i>) (Con) |
| † Hall, Luke (<i>Thornbury and Yate</i>) (Con) | † Sturdy, Julian (<i>York Outer</i>) (Con) |
| † Heapey, James (<i>Wells</i>) (Con) | † Swayne, Sir Desmond (<i>New Forest West</i>) (Con) |
| † Lammy, Mr David (<i>Tottenham</i>) (Lab) | † Whitehead, Dr Alan (<i>Southampton, Test</i>) (Lab) |
| † McCaig, Callum (<i>Aberdeen South</i>) (SNP) | Glenn McKee, <i>Committee Clerk</i> |
| † Morton, Wendy (<i>Aldridge-Brownhills</i>) (Con) | † attended the Committee |

Seventh Delegated Legislation Committee

Wednesday 19 October 2016

[ALBERT OWEN *in the Chair*]

Renewable Heat Incentive Scheme (Amendment) Regulations 2016

2.30 pm

Dr Alan Whitehead (Southampton, Test) (Lab): I beg to move,

That the Committee has considered the Renewable Heat Incentive Scheme (Amendment) Regulations 2016 (S.I., 2016, No. 718).

It is a pleasure to serve under your chairmanship this afternoon, Mr Owen. Hon. Members might be a little puzzled about why I am moving the motion, but this a statutory instrument made under the negative procedure, which has been prayed against and is therefore coming before us today. So I am starting off and the Minister will respond, which is the opposite way around from what we normally expect. I hope that that is now clear to everyone.

I have, in essence, three questions to ask about the regulations. First, why were they introduced at all? Secondly, if they were felt to be necessary, why did no consultation take place, as outlined in the accompanying explanatory note? Thirdly, as it was felt necessary to introduce such a measure, why was no impact assessment undertaken, as should normally be the case for regulations of this kind?

I want to make the case that, given those three questions, it is necessary to suspend the changes, undertake an impact assessment and a consultation, and look again at the regulations in the light of those two procedures. That is what I will dwell on briefly this afternoon. I trust that the Minister will be able to satisfy me on at least some of those points as we discuss the regulations.

First, the measure is about combined heat and power, and the availability of credits under the renewable heat incentive for the operation of biomass-based CHP. At the moment, such operations are based on the achievement of a CHP quality certificate and the allocation of RHI credits according to the operation of a grant under that certificate. The change made under the regulations—a change that has come very abruptly, which I will come on to—is a new distinction between RHI-based CHP plant that produces 20% or more of its total energy output as electricity, and plant that produces less than that 20%.

The explanatory documents might lead one to believe that that distinction is being made to ensure that any plant that receives RHI underwriting is as efficient as possible. The policy background section of the scheme's explanatory memorandum states:

“Some types of CHP plant deliver only low levels power output and/or poor overall efficiency...Such plant are therefore in receipt of the biomass-CHP tariff for all their heat output despite not delivering the benefits in terms of efficient use of resources”. Frankly, that is not so, or, at best, only partially so.

As I am sure the Minister is aware, the way in which CHP plants work is based on the efficient capture of all the energy inputs into the plant and the most efficient outputs from the plant—be that electricity and/or heat—whereby the CHP plant captures what, in a conventional plant, normally goes up the chimney as wasted heat, instead using that heat for district heating, industrial purposes or other uses. There is no intrinsic delineation within the construction of a CHP plant that causes more or less than 20% of its output to be electricity. The electricity output of those plants varies considerably depending on the heat load the plant is required to service, which may vary throughout the year.

CHP plants are normally based on a turbine that produces steam and a capture of the exhausts from that turbine process. The high-level steam produced from the turbine is normally used to produce electricity; the lower-level steam, which comes about as a result of the exhaust processes of the turbine being driven, is captured for heat. However, it is not necessarily the case that one cannot be transferred to the other; indeed, it frequently is. Some of the high-level steam, which may be used to produce electricity if the heat load requires it, may be diverted to supply the heat.

As far as CHP is concerned, the normal case is not that a plant producing less electricity than its output is less efficient than a plant producing more electricity—it is simply designed for a different site purpose. It may well be that the site purpose is to provide a high, constant heat load, or there may be other site purposes for which the heat load is different. Frankly, the policy background part of the explanatory memorandum is at least somewhat misleading on the rationale for the imposition of this abrupt change in remuneration for CHP plants.

It does not matter, in terms of overall power output, whether a CHP plant is producing a lot of electricity or a little bit, providing that the overall output is captured efficiently either for heat or electricity, and that the overall conversion of the fuel input to heat or electricity output is as efficient as it can possibly be. That is the criterion that should be applied to CHP plants. I suggest that it has not been applied under the regulations.

There may be other reasons for the imposition of the frankly arbitrary 20% level, which may relate to what funding comes from where and for what purpose it is used. I am sure the Minister will expatiate on that when he responds. In principle, it does not seem to me that there is any justification on efficiency or power output grounds for the changes to be made.

My second question is, if the changes were to be made, why was there no consultation? Among other things, that might have teased out some of the issues I have raised. The documentation relating to the regulations states that no consultation was considered, although some informal soundings were taken from industry. The reason given was that CHP plants that came in at under 20% might smuggle themselves through the process at the last minute and get the higher rate of RHI remuneration, thereby thwarting the purpose of the regulations while the consultation was taking place. That, I kid you not, is exactly what it says in the documentation. That is plainly a nonsense, because it takes between 18 months and two years to get any CHP plant planned, commissioned, purchased, installed and under way. The idea that any CHP plant that was not in receipt, or potentially in

receipt, of RHI would suddenly spring up and install itself while a consultation was taking place is a bizarre thing to contemplate.

There must therefore be other reasons for there having been no consultation. Cabinet Office guidelines provide for consultation to be the norm on such occasions unless there are exceptional circumstances. However, what I have described is not, frankly, an exceptional circumstance. It is suggested that it is such a peculiar circumstance that it is exceptional—perhaps it is exceptional, but only in its peculiarity and for no other reason.

Thirdly, the Department did not produce an impact assessment on the changes, either. The claim is that that was because

“no impact on the private or voluntary sector is foreseen.”

That strikes me as a rather strange locution. Because CHP plants take a long time to commission and introduce, a number of plants, which the Department had encouraged to go ahead, were in the process of being commissioned and installed when this abrupt change was announced on 7 July for implementation on 1 August. Those plants had no opportunity to change their mode of operation, their installation arrangements or anything else before the change came into place.

One direct example is that a number of plants had been in the process of being installed for poultry producers. Those plants were potentially going to be very efficient, in that they were to use poultry litter as their power source and have a slave heat load. They were therefore calibrated so that the majority of output would go to the slave heat load for heat, because that was how the plant was to be designed to serve its purpose—it was not going to be inefficient—and about 6% to 7% of the overall output was to be electricity.

It would be possible for those plants to be installed with a different calibration and therefore come under the scheme guidelines, but the producers would have to work out how to reinstall and recalibrate the plants to provide a heat load for the poultry in the first place. The effect is that a number of those plants will have great difficulty in going ahead, and it has been estimated that £170 million of investment is at risk. Therefore, far from the changes having no industrial or voluntary sector effect, there is a substantial industrial effect as a result of the changes.

For all those reasons, I suggest that the safest course of action would be to suspend the changes, carry out a consultation and produce an impact assessment. That would not lead to any danger of new plants suddenly coming in under the wire. If it is still felt necessary to make the changes after all that, and after consideration of what CHP plants can do to make the changes necessary, so be it. However, I suggest that to go ahead with the changes on such a thin raft of evidence, and on such a poorly designed basis of operation, does not make safe our goals of ensuring that the renewable heat incentive provides for the decarbonisation of heat in an efficient way and of encouraging plants to develop in that way. I suggest to the Minister in a friendly manner that securing those goals might be the best course of action not just for the industry and the renewable heat incentive, but for the future of decarbonisation in the heat sector as a whole.

2.44 pm

Callum McCaig (Aberdeen South) (SNP): May I start by welcoming the hon. Member for Southampton, Test back to his position? His absence was short, but we missed him. He made his contribution ably and has saved me from making several points, although I will repeat some of his. We share his concerns about the lack of clarity, the lack of adequate consultation and the lack of an adequate impact assessment.

When the changes were originally brought forward, they were approved by colleagues of mine at Holyrood, largely due to inadequate, and in all honesty misleading—I do not believe it was deliberately misleading, but it was undoubtedly inadequate—information provided to the Scottish Government. They were told reliably by the Department of Energy and Climate Change that the regulations would have a negligible impact in Scotland, and that only two projects would fall as a result. Since the regulations came into force, several of us have come across constituents and companies—considerably more than two—that will be severely adversely affected by them. I believe that there were nine live applications in the system that was available to the Department of Energy and Climate Change, but that information was not provided to the Scottish Government when they made their decision.

There is a really important lesson to be learned here. There is a degree of overlap in competencies between this place and Holyrood—between the Government here and the Scottish Government—in how certain regulations come into being and who takes responsibility for what. The utmost clarity needs to be provided, and the level of discourse between the two Governments needs to be improved. Mistakes must not be made that lead to the Scottish Government being provided with information about the impact of changes that is utterly misleading and damages the Scottish economy.

The regulations have had a damaging impact not just in Scotland but right across the country, and we very much support the hon. Gentleman’s call for the Government to go back to the drawing board. There may be a case for the changes, but it has undoubtedly not been made—or at least has not been made properly.

The Minister is new to his position, and it would be unfair to burden him with the mistakes that were made by the previous Department and previous Ministers, but it behoves him and his Department to learn from those mistakes and ensure that they are not repeated. There is a real issue here, of which this situation is symptomatic. The goalposts of support for low-carbon electricity production have been repeatedly and randomly moved, without any clear strategic end in place. That is certainly how it seems to me. That has substantially damaged the sector’s confidence that the Government will keep their word, which has increased the cost of borrowing, and the uncertainty is damaging our ambition to meet our climate change targets and carbon reduction plans. That must not continue.

The former Select Committee on Energy and Climate Change conducted an important investigation of investor confidence and made it clear that this situation must not continue. The changes have made things more expensive and damaged our ability not just to deliver on our carbon reduction plans but to deliver the energy that we require. As well as answering our questions about the

[*Callum McCaig*]

consultation, the reasons for the changes and why proper clarity was not provided to the Scottish Government, will the Minister reassure us that past mistakes will not be repeated?

2.49 pm

Sir Desmond Swayne (New Forest West) (Con): As a signed-up member of what I call the classical liberal elite, I have a prejudice against any kind of subsidy. Subsidies distort the market. The advantage of a free-moving price is that it ensures that there is sufficient demand to command a price that makes it worthwhile for the producer to incur the production costs to furnish that demand. By introducing a subsidy, one distorts that mechanism and misallocates resources accordingly. I would therefore ordinarily expect to support a measure such as this one that, if only in part, withdraws a subsidy, with some enthusiasm.

However, even for me—an ideologue—the question of equity arises. Yesterday I received representations, particularly on behalf of the poultry industry, that suggest that investments were made on the basis of the Government's commitments that are now unviable as a consequence of the regulations. I would be most grateful if my hon. Friend the Minister could reassure me on that count.

2.51 pm

The Parliamentary Under-Secretary of State for Business, Energy and Industrial Strategy (**Jesse Norman**): It is a pleasure to serve under your chairmanship, Mr Owen. I welcome the contributions of the hon. Members for Southampton, Test and for Aberdeen South and my right hon. Friend the Member for New Forest West. I, too, welcome the hon. Member for Southampton, Test back to his place. He has great expertise in this field, and the hon. Member for Aberdeen South is also demonstrating a burgeoning expertise. I recognise that I am very much the new guy on the block.

I will address all the issues that have been raised today and talk a little further about the regulations, as the Committee properly demands. Where there is a demand for both heat and electricity, combined heat and power offers the most energy-efficient use of fuel, with the potential to deliver savings of up to 30%. The renewable heat incentive offers support for the deployment of CHP plant, including that using solid biomass fuel, recognising the role that that technology can play in decarbonising heating and power production. The Government introduced a dedicated biomass combined heat and power tariff into the non-domestic RHI scheme in May 2014. That tariff is approximately double the tariff for large biomass heat-only plants. The biomass combined heat and power tariff is 4.22p per kilowatt-hour, compared with the large biomass heat-only tariff of 2.05p per kilowatt-hour.

The higher support tariff offered to biomass combined heat and power plant, when compared with biomass boilers producing only heat, reflects the higher capital costs generally faced by these plants and also the benefits that biomass combined heat and power plant can deliver for the efficient use of fuel. Given that the biomass CHP tariff is more than double the large biomass tariff, it is important that CHP plants deliver the efficiency

benefits that the tariff exists to incentivise. Recently, my Department became aware of some types of combined heat and power system that could qualify for the higher RHI biomass CHP tariff of 4.22p per kilowatt-hour. Those types could be used for all eligible output despite delivering only a relatively small amount of power, or having relatively low levels of power efficiency—in some cases as low as 1%. Plant with very low power efficiency does not necessarily face significantly higher capital costs, or deliver the comparatively efficient use of biomass that the biomass CHP plant tariff is design to incentivise. That is part of the answer to the question that the hon. Member for Southampton, Test raised—there are higher capital costs associated with such plant, as well public benefit from the combined heat and power.

Dr Whitehead: Can the Minister fill us in a little more on the distinction between plants that have reduced overall efficiency as a result of their design, which he has mentioned, and those that do not have that reduced efficiency but have a differential deployment of electricity and heat production? If he makes that distinction, would not a better route have been to target the less efficient plants specifically, rather than catch all plants that vary in their output, as the regulations do?

Jesse Norman: Of course, in retrospect there are many ways in which the system could have been designed. However, the system is well established, in ways that I will describe, and it is important to recognise that the regulations are designed to incentivise combined heat and power. A plant that overwhelmingly provides heat and produces very small amounts of power may not require the same capital costs as another plant, and it may not discharge the purpose for which the combined heat and power tariff is intended, let alone the much higher rate. I think that speaks for itself. The point is that plants with low efficiencies do not necessarily face capital costs.

Not targeting the group that was intended to be included in the original proposals for the tariff represented a potential risk of significant overcompensation, and therefore a risk to the value for money of the RHI scheme, particularly if a large number of plants such as I have described were to come forward. The regulations took action to address that issue, adding a new requirement, as the hon. Gentleman described, for biomass combined heat and power plants to achieve a minimum power efficiency of 20% to qualify for the higher tariff for all their eligible heat use. That change safeguards the value for money of spending through the scheme and protects the interests of the taxpayer.

The Government carried out a consultation on reforms of the RHI schemes in March. That consultation asked whether any types of CHP plant would be overcompensated by the current tariff arrangements, and the responses supported action to ensure that heat incentive support is focused on installations offering value for money.

The hon. Gentleman asked why there was no impact assessment. The answer is relatively straightforward: regulatory impact assessments are produced in cases where a policy imposes regulatory burden on business. Their purpose is to assess the impact of a change—that is why they are called impact assessments. The renewable heat incentive, by contrast, is a voluntary subsidy scheme. The impact on industrial, commercial, public sector

and not-for-profit organisations applies only if they are owners of eligible renewable heat installations and choose of their own account to apply for the RHI.

Dr Whitehead: Which was the case for the poultry plants that the Government had previously encouraged to apply for RHI, which were assured by the Department that their arrangements were perfectly satisfactory for that purpose but found out subsequently that they were not. That appears, to go by the Minister's own words, to be within the definition of something that should have been the subject of an impact assessment.

Jesse Norman: The RHI is a voluntary scheme for those who qualify for it and choose to apply for it. It is not imposed on business. The point about an impact assessment is when the Government use their sovereign power to burden business. In this case, we are not doing that; we may be changing the terms of the tariff arrangements, but we are not burdening business.

A decision was taken at that time not to carry out a further consultation on the specifics of the change. That was due to the significant financial risk to taxpayers' money that could have been involved. It was judged that further consultation would raise awareness of how the regulations could be exploited to enable high returns. That would increase the risk that more plants of that type would apply to the RHI before a change could be made.

It is true that CHP projects can have quite a long delivery period—a point raised by the hon. Member for Southampton, Test. Even so, there was a substantial risk of a potential rush of applications in the three weeks between the publication of the regulatory change and its coming into force. During that period, the Department saw 11 new biomass CHP applications come to the RHI for support. Although that may not sound like many, it was more full biomass CHP applications than have been received since the renewable heat incentive started in late 2011. The issue was live and serious, and posed a genuine threat to value for money. In some cases, mechanisms were rising in the market that enabled non-qualified heat plant to qualify for the higher combined tariff, without necessarily any further significant capital investment being made.

Following the introduction of the regulations, my Department indicated that it was happy to listen to the views of stakeholders who felt they might have been affected by the change. It received information from individual projects, as well as from trade associations, about the impact of the change on potential biomass CHP applications to the renewable heat incentive. Having examined that information, the Government still hold to the point that the higher biomass CHP tariff is in place in recognition of the higher capital costs and the additional efficiency benefits, which biomass CHP—including power—can deliver, compared with the separate generation of power and heat.

It is right that the higher biomass combined heat and power tariff is available to those installations with higher capital costs that deliver additional efficiency benefits and value for money for the taxpayer. It is also reasonable to limit additional payments to installations that do not deliver those additional benefits.

The hon. Member for Aberdeen South spoke about goalposts moving. Government policy plays an important role in this fast-moving, technologically-enabled area,

so it can occasionally be necessary, in the taxpayer's interest, to accommodate changing circumstances. The Department remains concerned about the value for money of giving the full biomass CHP tariff to projects with very low power efficiencies. Some projects have power efficiencies as low as 1%, which would deliver low efficiency gains even against separate heat and power generation.

However, we very much recognise the impact of the change on a number of companies with projects under development, in particular smaller biomass CHP plants that may be delivering higher power efficiencies but are still below 20%. Some businesses have invested in various types of CHP projects in good faith. If the hon. Gentleman has specific evidence of misleading information, he is welcome to write to me; I would be interested to see it. The Department has always had a very close relationship with the Scottish Government and I would be very surprised if there were any genuinely misleading information, but I would be happy to look at any evidence.

Richard Arkless (Dumfries and Galloway) (SNP): The incomplete information that my hon. Friend the Member for Aberdeen South referred to was the assertion from the Government that there were two applications with Ofgem, which did not include the number of companies within the 18-month pipeline that needed certainty about their business investment. We did not get the full picture. Had we had the full picture about the 18-month lead-in time, we could perhaps have made a more accurate decision.

Jesse Norman: I am grateful for that clarification and am happy to look at the facts of the case. I make a wider point that relations between the two Governments on this issue have traditionally been very close.

As I said, we recognise the impact of the change on companies that have invested in projects under development in good faith and therefore the Government will introduce amending legislation to the House, as soon as is practicable, to reduce the 20% power threshold to 10% for a transitional period, to be applied to all plant that has qualified for the scheme since 1 August 2016.

James Heapey (Wells) (Con): I agree very much that the Government have a responsibility to ensure that subsidy is in the taxpayers' interest, and they are right to insist on a certain level of efficiency. I welcome the change that the Minister has just announced, but the Energy and Climate Change Committee's report on investor confidence, already mentioned once, emphasised that it is important that we move away from any sort of retrospective changes. Now that energy policy is within business policy, can the Minister reassure us that this is a new beginning for energy policy?

Jesse Norman: I absolutely give my hon. Friend that reassurance. I simply direct him to the recent announcements on Hinkley, on offshore wind and on the contracts for difference that will shortly be coming forward. Funding for the renewable heat incentive is due to rise from £430 million in 2015-16 to £1.15 billion in 2020-21. Those are hardly the signs of a Government who do not take these issues seriously or are unwilling to make plans on the lengths of time suitable for investment or licence.

[*Jesse Norman*]

I want to pick up the point, en passant, raised by my right hon. Friend the Member for New Forest West. He is a classical liberal and made a wonderful intervention on the importance of avoiding subsidies. I remind him that any classic liberal of a modern slant would recognise two things: first, that markets can perform not very effectively or efficiently—in some cases in the environment area, pollution is a classic externality generated by market behaviour—and secondly, that markets are instruments of public policy, so it is perfectly proper for a Government on behalf of the public interest more generally to seek to blend objectives in how they treat markets.

Sir Desmond Swayne: I would argue that markets are marginally more efficient than Governments in that respect. I hope the Minister will bear that in mind as we move forward to an industrial strategy. Traditionally, that is something that Governments have not done well—so the less we expect of them, the better.

Jesse Norman: My right hon. Friend makes a wider point, and I enjoy the move to head off the Government. Two things: first, whether markets perform more effectively than Government depends on the question we are seeking to answer. I certainly do not accept the claim that they are always more effective. [*Interruption.*] I am afraid I cannot hear the hon. Member for Aberdeen South chuntering from a sedentary position. He is welcome to make the point in an intervention, if he wishes.

The second point to my right hon. Friend is that although in some cases industrial strategy has been done badly, in others it has been done rather effectively. Parts of Scandinavia have seen effective industrial policy, although I am not suggesting for a second that the industrial strategy that this country develops will necessarily model that. I am sure it will take the best of all thinking on this topic. It is perfectly proper for Government to seek to decarbonise industry, given that industry has an intrinsic market-driven tendency to burden the environment with costs that it need not meet itself through what economists call “externalities”.

Dr Whitehead: I am grateful to the Minister for giving way again on this issue of the announcement he just made on the grace period or dampening period, perhaps, that he is envisaging. I recall him saying that schemes that applied after 1 August for an unspecified period—he has not specified a period—would be eligible for the higher rate if they were more than 10% efficient so far as electricity production was concerned. Is that the situation? I have two questions on that. First, what is the period? Secondly, why is it from 1 August onwards? That makes no difference to the schemes that were previously under way and now find themselves in difficulty as a result of the changes.

Jesse Norman: I thank the hon. Gentleman for his comments. In my enthusiasm to oblige the Committee, I took a series of interventions before I could finish the point I was making, so allow me to do so now. The enabling legislation will reduce the 20% power threshold to 10% for a transition period. That will apply to all plant that has qualified for the scheme since 1 August 2016. The intention is that that threshold will revert

to 20% after 31 March 2017. That is the period he asked about. With something of this kind, a date has to be struck at some point, and that is the date the Department has settled on. As I said, it allows for a significant degree of recognition of concerns that have been raised by those affected.

Indeed, based on the information we have received, the change should allow the vast majority of existing projects to gain RHI accreditation under the lower 10% power efficiency provision. May I just add one other point? It is described as a threshold, but of course it is pro rata, so those running up to that threshold will be enabled to take value from the higher rate for whatever percentage they have up to the threshold. It is not a cliff edge.

It is important to note that, as before, the 10% power efficiency provision, far from being a cut-off, will operate, as I have mentioned, on an incremental basis. So projects with a power efficiency near 10% will get more heat paid at the higher biomass CHP tariff than those with lower power efficiency.

We recognise that this revised approach will not remove all the impacts of the change from all projects, but we feel it achieves the right balance between delivering value for money and ensuring the efficiency benefits that CHP is supposed to deliver, and making sure that those benefits are indeed delivered, while also reducing the impact on projects that are under way. In particular, it reduces the impact on those projects that aim to deliver higher power efficiencies rather than lower ones.

I think I have addressed all the questions that have been put, so I will leave it there.

3.11 pm

Dr Whitehead: I find myself in a bit of a difficult position. On the one hand, I really want to welcome the change in position that the Department has apparently undertaken—I say “apparently undertaken”; I would like to see the small print—in respect of the grace period being suggested and the different level of power efficiency being incorporated into that. Nevertheless, I have to say that at first sight it does not appear to satisfy the concerns of those plants that properly undertook a development process on the assumption that the RHI higher remuneration would be available to them, having applied before 1 August 2016, and that find they cannot complete their operations.

However, I want to emphasise our continued concern not about that concession but about the basis on which the whole thing was undertaken in the first place. The idea of having no consultation and no impact assessment, and there being a sudden change, as reflected by hon. Members in the debate this afternoon, is in many ways, frankly, an example of the bad practices—chopping, changing and bringing about sudden changes in the remuneration regime—that have been so deleterious to industry confidence in renewable deployment over the recent period. As it stands, this change looks like another example of that and, frankly, unless we have a proper reassessment in addition to the concession the Government have made, which I welcome, I will still think this proposal is very inadequate.

For that reason, I seek to divide the Committee this afternoon.

Question put.

The Committee divided: Ayes 10, Noes 7.

Question accordingly agreed to.

Division No. 1]

Resolved,

AYES

Hall, Luke
Heappey, James
Morton, Wendy
Norman, Jesse
Pickles, rh Sir Eric

Pincher, Christopher
Prisk, Mr Mark
Sandbach, Antoinette
Sturdy, Julian
Swayne, rh Sir Desmond

That the Committee has considered the Renewable Heat Incentive Scheme (Amendment) Regulations 2016 (S.I., 2016, No. 718).

3.15 pm

Committee rose.

NOES

Arkless, Richard
Blenkinsop, Tom
Bradshaw, rh Mr Ben
Debbonaire, Thangam

Lammy, rh Mr David
McCaig, Callum
Whitehead, Dr Alan

