

CLOSURE OF THE NORTHERN IRELAND NON-DOMESTIC RENEWABLE HEAT INCENTIVE SCHEME

RESPONSE FROM THE ULSTER FARMERS' UNION

24th November 2025

Background

The Ulster Farmers' Union (UFU) is the largest farming organisation in Northern Ireland (NI), representing approximately 12,000 members. UFU membership encompasses farmers from all sectors across NI and from all farm sizes, reflecting the diverse nature of the agricultural sector.

The *Non-Domestic Renewable Heat Incentive: Scheme Closure* consultation, brought forward by the Department for the Economy (DfE), is of interest to the UFU and its members as it has a significant impact on farm businesses who have invested in renewable energy technologies under the scheme and have been significantly impacted by the political issues that have surrounded the scheme for many years. The UFU is therefore keen to ensure that any proposed closure arrangements are fair, transparent, and take into account the long-term financial commitments and expectations of participants who joined the scheme in good faith.

The UFU cautiously welcomes the proposals for an uplift in the tariff and scheme closure.

Table of Contents

<i>Background</i>	1
<i>Acronyms</i>	2
<i>Tiered Usage Bands</i>	2
<i>Payment Reference Period</i>	3
<i>Change of Ownership and Location</i>	4
<i>Appeals Process</i>	5
<i>Compliance</i>	6

<i>Administration</i>	8
<i>Finance</i>	9
<i>Equality and Rural Needs Concerns</i>	10
<i>Legacy Back-Payments and Annual Managed Expenditure</i>	11
<i>Communication</i>	12
<i>Primary Legislation</i>	13

Acronyms

AME – Annual Managed Expenditure

CPI – Consumer Price Index

DfE – Department for the Economy

DAERA – Department of Agriculture, Environment, and Rural Affairs

GB – Great Britain

HMT – His Majesty’s Treasury

OFGEM – Office of Gas and Electricity Markets

RHO – Renewable Heat Output

RPI – Retail Price Index

UFU – Ulster Farmers’ Union

Tiered Usage Bands

The UFU supports DfE’s proposals to introduce a three-band usage declaration system to determine annual closure payments. It is worth noting that the UFU has consistently asked DfE in engagement sessions for a closure system which involves metering, but accepts DfE explanations as to why this is not possible.

We recognise that, within the unique circumstances of which DfE must operate under in regards to this specific scheme, this approach is both necessary and fair, and it provides a practical means for DfE to give a final, fixed figure to HM Treasury for scheme closure in order to access additional AME funding¹. The UFU believes that the proposed bands represent a balanced and proportionate method of reflecting

¹ Department for the Economy (DfE), *Oral Statement – Closure of the Non-Domestic Renewable Heat Incentive (RHI) Scheme* (22 September 2025), <https://www.economy-ni.gov.uk/articles/oral-statement-closure-non-domestic-renewable-heat-incentive-rhi-scheme-22-september-2025> (accessed 21 November 2025)

varying levels of renewable heat usage across participants, paying for the production of renewable heat, whilst also being able to provide a final closure figure. The structure ensures fair treatment between those with higher and lower usage levels and provides clarity for all participants on how their final payments will be calculated, meaning participants are able to plan into the future.

The UFU also supports DfE's proposal to retain eligibility for participants whose systems fall within the lowest usage band (under 5% load factor / 438 hours per year), provided that installations remain operational and continue to produce renewable heat. Participants that fall under this threshold will be treated as if they had met the threshold. This measure is reasonable and fair as it recognises that even systems with very low usage still incur ongoing fixed costs such as maintenance and insurance costs. These are unavoidable expenses that participants must meet regardless of annual output levels. This band therefore provides an important safeguard for smaller users to ensure that they are not unfairly excluded from receiving closure payments. All participants who continue to generate renewable heat at any level must be appropriately recognised for their contribution to renewable energy targets.

Payment Reference Period

The UFU supports DfE's proposal to use 2017-2019 as the reference period for determining annual closure payments. This timeframe is both largely reasonable and fair, and captures a representative snapshot of usage across the scheme. The 2017-2019 period follows the peak tariff levels of 2017², but precedes the significant tariff reductions introduced in 2019 which saw many systems operate below normal output. As such, it represents a balanced middle ground which reflects genuine and sustainable heat usage levels for the majority of participants.

However, the UFU also recognises that the 2017-2019 reference period will not work for every participant. For a range of legitimate reasons, such as enterprise change, equipment downtime, or other exceptional circumstances, some participants may have atypical usage during that timeframe. In these cases, there must be scope for flexibility which allows participants to request a review of their reference period through the independent appeals process. This approach would maintain overall fairness and scheme integrity while ensuring that participants are not disadvantaged due to circumstances before their control. The UFU therefore supports the use of the 2017-

² Northern Ireland Audit Office, *Northern Ireland Non-Domestic Renewable Heat Incentive Scheme: Assessing progress with the implementation of the Public Inquiry recommendations* (n.d.), <https://www.niauditoffice.gov.uk/publications/html-document/northern-ireland-non-domestic-renewable-heat-incentive-scheme-assessing> (accessed 22 November 2025)

2019 reference period as the default baseline, provided it can be varied on a case-by-case basis where evidence supports an alternative.

The UFU also believes that participants must be notified of their RHO figures upfront, rather than after submitting their first annual declaration. Providing this information early will give participants clarity on how their payment has been calculated, allow them to plan ahead financially, and reduce the likelihood of disputes or confusion at a later stage.

Change of Ownership and Location

The UFU supports DfE's proposal to allow for the transfer of installations and associated payment rights to new owners. This flexibility is essential to ensure fairness and continuity within the scheme, particularly as farm businesses evolve and ownership structures change over time; For example where farms are sold, restructured, or passed to the next generation. Within GB, the equivalent scheme has allowed the change of ownership and treated transferability as a core principle of fairness³. The ability to sell or transfer an accredited installation, along with its associated payment rights, is recognised in GB as essential to maintaining business continuity, supporting normal patterns of inheritance and succession, and ensuring that installations remain in productive use for their full lifespan.

This reflects the reality that renewable heat systems are long-term capital assets that contribute to a business's overall value. NI participants joined the scheme with the same 20-year accreditation expectation as those in GB, so NI closure arrangements must align with GB practice to ensure consistency and avoid disadvantaging NI farm businesses. This is not a new flexibility but an established entitlement relied upon throughout the scheme. It is therefore essential that the right to transfer an accredited installation and its associated payments is fully retained.

The UFU believes this flexibility should be extended to include both ownership and location, providing participants the ability to sell or transfer an installation to another individual who is already on the RHI scheme, provided that the prospective buyer can demonstrate a genuine and fundamental heating need. This would ensure that renewable heat systems continue to provide environmental and operational value rather than being left idle or scrapped. Such an approach would provide an important, fair route for participants who have changed enterprise type or business model, for instance moving from broiler production to egg production, and who therefore no

³ Office of Gas and Electricity Markets (Ofgem), *Non-Domestic Renewable Heat Incentive: Change of Ownership* (n.d.), [ofgem.gov.uk/non-domestic-renewable-heat-incentive-rhi/participants/change-ownership](https://www.ofgem.gov.uk/non-domestic-renewable-heat-incentive-rhi/participants/change-ownership) (accessed 21 November 2025)

longer require the same level of heat output. Allowing existing participants with a verified renewable heat requirement to purchase these systems would not increase the overall cost of the scheme, as the forecast budget already assumes that dormant systems could come back online. Rather, it would maximise the efficiency and environmental impact of existing investments while ensuring value for money from public fund. Retaining the operational use of the asset is important given its environmental potential, and DfE should ensure that boilers do not sit dormant. Change of ownership has been a core feature of the NI RHI scheme subject to Ofgem-imposed caveats, just as it is within the equivalent GB scheme.

In relation to location, the UFU recognises that there are legitimate operational reasons why an installation may need to be moved within or between sites. Examples include changes to farm layout, expansion, or replacement of buildings, biosecurity requirements, or the relocation of livestock or crop-drying facilities, which are all normal aspects of farm management. During stakeholder engagement, the UFU sought clarification from DfE officials and understands that location is assessed at a postcode level, rather than by the exact physical position on a farm. We welcome this pragmatic interpretation and urge DfE to make this explicit within final guidance or legislation. If the UFU position on the change of ownership is accepted and participants are allowed to sell their installations to others on the scheme, then the change of location provision will need to be widened to allow for this.

The UFU further proposes that DfE implement a pre-notification mechanism whereby participants can seek approval before any change of location or ownership is completed, if DfE allow for change of ownership in their final scheme closure design. This would ensure transparency, protect scheme integrity, and give participants the confidence that their proposed transfer or relocation will not jeopardise eligibility.

A combined and flexible approach to ownership and location, supported by a clear pre-approval process, would help to ensure that installations remain operational, compliant, and producing renewable heat in the spirit of the scheme's original objectives.

Appeals Process

The UFU believes that a fair, transparent, and accessible appeals process is essential to the credibility of the RHI closure arrangements. Participants must have the confidence that decisions affecting their livelihoods will be reviewed impartially and without influence from DfE.

The appeals process must therefore be entirely independent, timely, and robust. It should operate in a manner similar to the Stage 2 appeals system used by DAERA⁴ which has proven to be both effective and trusted by participants. In particular, DfE must not be represented in the room when appeals are being heard to ensure complete separation between decision-making and adjudication. The UFU recommends that the appeals panel would consist of three independent members, including at least one individual with a legal background. Other panel members should be drawn from outside DfE and possess relevant technical or industry knowledge and experience to ensure balanced and informed decisions. Any independent appeals body must have the power to review and overturn DfE's RHO calculations where a participant provides compelling evidence.

Given the nature of the scheme closure, appeals must be processed quickly, with clear timelines and communication at each stage. Undue delay risks undermining confidence in the scheme and could cause unnecessary financial stress for participants awaiting resolution. Consideration may also be given to a modest appeal fee which would deter frivolous or speculative cases while ensuring genuine cases can still be heard. The success of the RHI closure process will depend heavily on the independence and credibility of the appeals mechanisms and participants must be able to trust that their case will be heard fairly, efficiently, and without departmental interference.

Compliance

The UFU acknowledges the importance of maintaining a strong and proportionate compliance framework to protect the integrity of the scheme as it moves towards closure. Participants have invested significantly in these technologies and must continue to demonstrate that their systems are operating in line with the scheme's rules and intended purpose. However, compliance requirements must be practical, proportionate, and reflective of realities at farm level.

The UFU supports the continued use of inspections and record checks to verify that installations are operational and are producing renewable heat within the declared bands. However, it is vital that these inspections are carried out in a transparent, fair, and efficient manner, with reasonable notice provided to participants and clear communication on any findings that require any remedial action. DfE should ensure that inspection officers are appropriately trained and that the process does not impose unnecessary administrative or financial burdens. Given current capacity constraints

⁴ Department of Agriculture, Environment and Rural Affairs (DAERA), *Guide to Review of Decisions 2025* (10 June 2025), <https://www.daera-ni.gov.uk/publications/guide-review-decisions-2025> (accessed 21 November 2025)

within DfE, it is understood that participants are likely to be subject to only one physical audit during the remainder of their accreditation period. However, in light of the limited number of physical inspections and direct contact opportunities with DfE officials, it is essential that each participant has access to a clearly identifiable point of contact within DfE to discuss their individual circumstances and seek guidance when required.

The UFU recognises that a credible compliance regime must be visible, proportionate, and capable of demonstrating to participants and the wider public that the integrity of the scheme is being upheld. Given the limited number of remaining years of accreditation and the significant public interest in ensuring that the scheme is administered correctly, it would be reasonable for DfE to consider increasing the overall proportion of on-site inspections beyond the levels currently proposed. A modest uplift in inspection activity, combined with the introduction of a small element of randomised site visits, would strengthen public confidence in the system, deter non-compliance, and ensure that oversight remains robust. Any random visits should be undertaken with appropriate and reasonable notice to participants, such as a standard 24-hour period, to ensure that inspections remain practical in the context of farm operations, animal welfare considerations, and biosecurity requirements. These visits must be as equal as possible across all participants. Such an approach would provide a balanced and fair mechanism for monitoring compliance while acknowledging the realities of working farms and the need for inspections to be scheduled in a manner that does not create unnecessary disruption.

At present, it is proposed that participants will only be required to submit an annual declaration each year on their date of accreditation, while maintaining fuel supply and maintenance records to be provided to DfE upon request or during a physical audit. The UFU believes that, in order to uphold the integrity of the scheme and strengthen public confidence in its administration, participants should be required to attach an appendix to their annual declaration. This appendix should include copies of their fuel supply records, maintenance records, or, where such information cannot be provided, a written statement explaining the reasons and outlining their specific circumstances. This approach would enhance transparency, ensure DfE has access to supporting evidence rather than only on request, and help maintain consistency and accountability across all participants. The engineer that carries out maintenance and produces the paperwork should be an accredited biomass service engineer to further protect the integrity of the scheme.

The UFU acknowledges that the implementation of metering presents practical challenges for DfE, including but not limited to the cost of equipment and calibration, the administrative burden of monitoring, and the need to provide HM Treasury with a definitive closure figure. However, it is important to recognise that the vast majority

of installations continue to have their original meters in place. The UFU therefore suggests that scheme participants should take a dated photograph of their meter reading at the time of submitting their annual declaration and retain this within their own records, provided they are reasonably able to do so and still have their meter in place. This practical step would utilise existing equipment, require no additional cost to DfE, and would significantly enhance the integrity and traceability of the scheme by providing easily verifiable evidence of continued operation.

To further enhance confidence in the integrity of the scheme, consideration should be given to requiring that biomass fuel be sourced from suppliers meeting an approved accreditation standard, ensuring traceability and quality assurance. However, there must be an exemption for those who grow their own fuel.

In conclusion, it is essential that compliance and integrity remain at the heart of the scheme as it approaches closure. By adopting small, practical measures such as the inclusion of supporting documentation and the recording of meter readings through dated photographs – steps which place minimal additional burden on either participants or DfE, DfE can ensure robust oversight, maintain public confidence, and uphold the credibility of the scheme.

Administration

The UFU recognises that the successful operation of the new DfE portal will be critical to the smooth delivery of the RHI scheme closure and the administration of annual declarations. With the portal due to go live within weeks, it is essential that it is fully operational, user-friendly, and accessible to allow participants from the outset. Given the diversity of participants on the scheme, including many farmers with limited digital connectivity or experience, the UFU strongly urges DfE to ensure the system is simple to navigate, stable, and well-tested prior to launch. Given the scale of the change and the reliance on a single digital platform for all future interactions, it is vital that DfE does not underestimate the challenges faced by participants with limited digital literacy or poor connectivity. Many scheme participants do not regularly use online government systems and may struggle with multi-step authentication, document uploads, or navigating unfamiliar interfaces. Without robust support, clear guidance, and a system designed around the needs of low-digital-skill users, there is a real risk that compliant participants could unintentionally fall foul of their obligations. It is therefore essential that the portal is designed and tested against the practical realities of rural users to ensure that no participant is disadvantaged simply because of where they live or their level of digital experience.

The UFU is aware that a large proportion of participants will rely on consultants, accountants, or other authorised representatives to complete the annual declaration, and submit any association documents or records on their behalf. This is a long-standing and well-established practice within farm business administration, and reflects the complexity of many government schemes from all departments and the professional support structures that presently exist across the sector and are utilised by many. It is essential that the DfE portal is specifically designed to accommodate this. The portal should include a formal authorisation mechanism, allowing the participant to designate an authorised person or company to act on their behalf. This authorisation could be granted digitally within the system or supported by a signed declaration. The UFU requests that DfE establish clear rules setting out how authorisation is granted and recorded, how responsibility is shared between the participant and their authorised representative, and how DfE will verify that the representative is acting with genuine consent. Without allowing for this functionality, participants who rely on third-party assistance may face unnecessary administrative barriers or may be unable to complete their declaration within the timeframe required. Provisions must be included to accommodate participants who, for genuine and evidenced reasons, cannot complete this within the specified timeframe.

In light of the previous publication of participant data, the UFU also emphasises the need for robust security measures within the portal to protect identities. DfE should adopt modern authentication tools to prevent impersonation or unauthorised access to accounts.

Finally, DfE must provide clear, practical guidance, and communication ahead of launch. This should include written instructions and access to a dedicated support person for those encountering technical issues which may prevent them from adhering to their legal obligations. Early and transparent communication and a properly functioning portal will be essential to maintaining confidence in the administration of scheme closure. UFU recommends that DfE set up a number of regional demonstration events, advertised to all participants.

Finance

The UFU emphasises that clarity and certainty around payments are essential to maintaining confidence in the RHI closure process. Participants must have a clear understanding of when payments will be made, how they are calculated, and how future adjustments such as indexation will operate. For farm businesses, these payments form an important part of their financial planning, and after years of uncertainty, now is the time for certainty around payments to allow farm businesses to plan into the future. Any further uncertainty could have significant implications for

cash flow and business viability. We welcome the draft calculations and method examples within the consultation.

The UFU calls on DfE to publish a clear payment timetable outlining when closure payments will be issued to participants provided that legal obligations are met. This information should be communicated well in advance of scheme closure to allow businesses to plan effectively ahead and work how to meet any financial obligations which are tied to their installations.

The UFU also notes the potential for an underspend within the overall closure budget, currently forecasted to be approximately £196 million given the figure is a forecast for all participants claiming the maximum allowable based on their historic heat output⁵. It is essential that any unspent funds remain within NI and are either used to benefit participants or are rolled into a future scheme with the unlocked AME funds, rather than being returned to HM Treasury. This would ensure that the full funding envelope secured for scheme closure continues to support the objectives of the production of renewable heat and participant fairness.

The UFU welcomes the confirmation that payments will be index linked, as this is both fair and consistent with the original intent of the scheme to preserve the real-term value of support and ensure that participants are not disadvantaged by inflation over the closure period. While DfE has proposed the use of CPI for indexation, the UFU considers that RPI would provide a more appropriate measure in this context, reflecting the index historically used within the NI and GB renewable heat schemes. Aligning the closure arrangements with the established approach in GB would promote consistency across jurisdictions and ensure that participants in Northern Ireland are not placed at a comparative disadvantage.

Whilst the consultation did not explicitly reference the immediate tariff uplift from 1st November as it is being rolled out in parallel with the closure arrangements. We therefore urge DfE to communicate this uplift clearly to all participants.

Equality and Rural Needs Concerns

The UFU does not believe that the proposed closure model, if implemented in the manner we outline in this response, inherently creates new negative equality impacts or rural needs issues beyond those already associated with the scheme's historic operation.

⁵ Northern Ireland Assembly, *RHI (Closure of the Non-Domestic Scheme) Bill: Second Stage* (20 October 2025), <https://www.theyworkforyou.com/ni/?id=2025-10-20.4.1> (accessed 22 November 2025)

However, the proposal to restrict relocation would have a clear and disproportionate impact on rural areas and, in particular, on the rural service and fuel supply sector. Many rural businesses such as boiler service engineers, biomass suppliers, installers, and maintenance contractors rely heavily on the continued operation of existing RHI installations. These businesses grew in direct response to the development of renewable heat systems across many rural communities and remain a source of rural employment and skills. Preventing installations from moving, even in legitimate and practical circumstances such as changes in farm layout, replacement of agricultural buildings, or business restructuring, will mean that some systems are inevitably decommissioned earlier than necessary. When systems are taken out of use, the demand for maintenance and fuel supply falls. The economic consequences of this will be felt almost entirely in rural communities where alternative income streams are limited and where local supply chains are closely interconnector.

The proposal to require a manual opt in to the new DfE portal, rather than automatically transferring existing participants, would also create a disadvantage for rural participants. Many rural areas continue to experience poor digital connectivity, unreliable broadband, or a reliance on mobile-only internet access. Participants in these areas are more likely to struggle with a digital registration processes, particularly if they involve uploading documentation or establishing new login credentials. It is essential that the transition to the new portal is genuinely accessible to participants with limited digital skills, particularly elderly participants. UFU reiterates the importance of ensuring that the system fully accommodate the widespread use of third parties, such as consultants, accountants, and advisers, who routinely complete administrative processes on behalf of participants.

Legacy Back-Payments and Annual Managed Expenditure

The UFU Recognises that the current closure proposals are prospective in nature and do not address the issues of historic payments over the period during which tariffs were significantly reduced. It has been raised by ourselves and other stakeholders at engagement with DfE that, where unutilised AME remains within the overall closure budget, consideration should be given to whether retrospective adjustment is possible to correct underpayments from previous years. Given it is likely that the budget will be underspent and thus returned to HMT, we would urge DfE to look to utilising money that would be returned anyway for the benefit of scheme participants. While we understand the constraints in which DfE is operating, and acknowledge that retrospective calculation would be complex, it is important that DfE explores fully how any underspend each year might be used to support participants in a way that reflects the long-term nature of their investments and the financial challenges many

have faced as a result of earlier tariff reductions. Ensuring that all available AME is deployed for the benefit of scheme participants, rather than being returned to HMT, including for potential retrospective adjustment, would help reinforce fairness within the closure process.

Furthermore, it is evident that installations in the 199 kW band will, under the proposed arrangements, receive a tariff that is materially lower than that available to 99 kW systems, despite comparable investment levels and operational demands. The UFU believes that any unspent AME should also be used to address this disparity, with a view to improving the position of 199 kW participants and bringing their support into line with the standard applied to smaller installations, where this is feasible within the overall budget.

Communication

The UFU believes that effective, timely, and accessible communication will be critical to the successful delivery of the RHI scheme closure. Historically, communication with scheme participants has often been limited, inconsistent, or overly technical, which has contributed to uncertainty, mistrust, and anxiety among those who rely on the scheme for financial stability. Many participants have experienced prolonged periods without meaningful updates, sudden changes to scheme arrangements without sufficient explanation, and correspondence that was difficult to interpret. This history underlines the need for a significantly improved communication approach as the closure process progresses.

It is essential that DfE adopts a clear and proactive communication strategy, ensuring participants receive advance notice of any changes to requirements, timetables, or processes. Regular updates, delivered in a predictable and transparent manner, would help rebuild confidence and ensure that participants are fully informed about their obligations throughout the remaining years of the scheme. As referenced earlier in this response, the UFU also strongly recommends that each participant is provided with a dedicated point of contact within DfE who can respond to queries, provide clarification, and offer guidance tailored to individual circumstances. Direct, reliable access to departmental support is vital given the complexity of the scheme and the diversity of participant needs.

The UFU further urges DfE to undertake a review of its communication practices to ensure that future correspondence is written in clear, plain language and avoids unnecessary technical terminology. For example, references to energy metrics should use terms familiar to participants, such as kWh, rather than less commonly understood units such as EHO. Improving the clarity and accessibility of information will help

ensure that participants can understand and respond to their responsibilities without the risk of misinterpretation or accidental non-compliance. The UFU recommends avoiding acronyms in communications.

Primary Legislation

The UFU will reserve its position on the primary legislation for written submission to the NI Assembly Committee for the Economy, due 1 December 2025.
