



Alastair Hamilton  
Chief Executive  
Invest NI  
Bedford Square  
Bedford Street  
Belfast  
BT2 7ES

19 May 2017

Dear Sir

**Re: The Independent Public Inquiry into the Non Domestic Renewable Heat Incentive (RHI) Scheme**  
**Provision of a Section 21 Notice requiring the provision of evidence in the form of a written statement**

I am writing to you in my capacity as Solicitor to the Independent Public Inquiry into the Non Domestic Renewable Heat Incentive (RHI) Scheme (known as 'the RHI Inquiry') which has been set up under the Inquiries Act 2005 ('the Act').

I enclose a copy of the RHI Inquiry's Terms of Reference for your information.

You will no doubt be aware that the RHI Inquiry is conducting its investigations into the matters set out in its Terms of Reference. The Inquiry is continuing with the process of gathering all of the relevant documentation from relevant departments, organisations and individuals. In addition, the Inquiry has also now begun the process of requiring individuals who have been, or who may have been, involved in the range of matters which come within the Inquiry's Terms of Reference to provide written evidence to the Inquiry Panel.

In this context, it would be of assistance to the Inquiry to have a statement on behalf of Invest NI setting out its involvement with the Non Domestic Renewable Heat Incentive Scheme in Northern Ireland ('the Scheme').

In keeping with the approach we are taking with others, the RHI Inquiry is now issuing to you a Statutory Notice (known as a 'Section 21 Notice') pursuant to its powers to compel the provision of evidence in the form of a written statement in relation to the matters falling within its Terms of Reference.

The Section 21 Notice enclosed with this letter requires you to provide evidence to the RHI Inquiry Panel in the form of a written statement addressing the matters identified in the Schedule to the Section 21 Notice. As the text of the Section 21 Notice explains, you are required by law to comply with it.

The Notice is provided to you because, as Chief Executive of Invest NI, you are considered to be the appropriate person to receive it. The Inquiry may also seek evidence from other servants or agents (or former servants or agents) of Invest NI in relation to their personal involvement in, and knowledge of, the Scheme.

For the avoidance of doubt, the statement which is required of you by virtue of the enclosed Notice is a statement setting out the position of Invest NI in relation to the Scheme, rather than your own personal involvement (though no doubt any personal involvement you have had will inform the content of the statement). The Inquiry understands that you will have access to all of the relevant information in order to provide the witness statement required. Should you consider that not to be the case, please advise the Inquiry of that as soon as possible.

Please bear in mind that, although the RHI Inquiry now has a good working knowledge of the RHI Scheme, the witness statement required by the enclosed Notice is likely (in common with others) to be published by the RHI Inquiry in due course. It should therefore ideally be written in a way which is as accessible as possible in terms of public understanding.

The aim of the enclosed Notice is to require you to provide all relevant evidence you have within your knowledge, information or belief which is pertinent to the Inquiry's Terms of Reference. The Schedule to the enclosed Section 21 Notice provides further detail as to the matters which should be covered in the written evidence which is required from you. In the event that there is a category of information in respect of which you have no evidence which you can provide, please state this in your response. Where you can provide evidence, the more comprehensive your statement is, the less likely it is that the Inquiry will have to revert to you at a later stage for clarification, although in many cases this is likely to be necessary to some degree.

Receipt of this correspondence and its enclosures places you under a duty of confidentiality to the RHI Inquiry in respect of them. You may share the correspondence and the enclosed Notice with your legal representative(s) and any relevant servants or agents of Invest NI but neither you nor they may show, communicate the contents of, or provide this correspondence or the Notice to any other person or organisation without the express permission of the RHI Inquiry. Any breach of this duty of confidentiality is actionable at the suit of the Inquiry Chairman.

You will also find attached to the Section 21 Notice a Guidance Note explaining the nature of a Section 21 Notice and the procedures that the RHI Inquiry has adopted in relation to such a notice. In particular, you are asked to provide your evidence in the form of the template witness statement which is also enclosed with this correspondence.

Given the tight time-frame within which the RHI Inquiry must operate, the Chairman of the Inquiry would be grateful if you would comply with the requirements of the Section 21 Notice as soon as possible and, in any event, by the date set out for compliance in the Notice itself.

Finally, I would be grateful if you could acknowledge receipt of this correspondence and the enclosed notice by email to [Patrick.Butler@rhiinquiry.org](mailto:Patrick.Butler@rhiinquiry.org).

Please do not hesitate to contact me to discuss any matter arising.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Patrick Butler', written in a cursive style.

**Patrick Butler**

Solicitor to the RHI Inquiry

02890408928

**SCHEDULE****[No 191 of 2017]***Involvement with RHI Scheme*

1. Explain any direct or indirect involvement that Invest NI, its servants, and agents (hereinafter 'Invest NI') had in the Non Domestic Renewable Heat Incentive (RHI) Scheme in Northern Ireland ('the RHI Scheme') or any aspect of it prior to its suspension in February 2016, including, in particular:
  - a. any involvement in the process leading to the creation of the RHI Scheme such as, for example, any responses provided by Invest NI or by any person on its behalf, in the 2011 public consultation exercise concerning the proposed RHI Scheme or any involvement with the consultants engaged by or on behalf of the Department for Enterprise, Trade and Investment ('DETI') in work relating to the proposed RHI Scheme;
  - b. any involvement in the 2013 public consultation exercise concerning the RHI Scheme;
  - c. any interactions with Civil Servants, Ministers, Special Advisers, MLAs, politicians, political parties, their respective servants or agents (including, in particular, DETI, the [then] Department of Finance and Personnel ['DFP'], Ofgem, and/or their respective servants and agents) regarding the RHI Scheme which are relevant to the matters which the RHI Inquiry is investigating as set out in the Inquiry's Terms of Reference, including, without prejudice to the generality of the foregoing:
    - i. any communications with, or instances of lobbying or encouragement of, any of the above classes of person in relation to the terms of the RHI Scheme and/or the introduction, non-introduction, variation, or delay of the introduction of cost

controls into the Scheme (including, but not limited to, the amendment of tariffs, tiering, degression and Scheme suspension or closure);

ii. any communications between Invest NI or any person on its behalf and any of the above classes of person in which Invest NI sought and/or was provided with information concerning the likelihood of costs controls being introduced in the RHI Scheme and/or the nature, extent, and effective date of such controls (providing in respect of each such communication the name of the relevant servant or agent of Invest NI, the name of the relevant Civil Servant, politician, etc., the date of each communication, the mode of each communication, and the place at which each communication occurred, if applicable);

iii. the authorisation (if any) that each of the servant or agent of Invest NI and, if known, the other person (i.e. the Civil Servant, politician, etc.,) had to engage in such communications regarding costs controls, including the precise person(s) who provided such authorisation, the precise date(s) upon which same was provided, and the purpose for which same was provided;

d. any interactions with persons *other than* Civil Servants, Ministers, Special Advisers, MLAs, politicians, political parties, their respective servants or agents (such as, for example, other persons in the renewable heating sector, suppliers, installers, actual or potential applicants for accreditation under the RHI Scheme, representative bodies, journalists, etc.) regarding the RHI Scheme which are relevant to the matters which the RHI Inquiry is investigating as set out in the Inquiry's Terms of Reference, including, without prejudice to the generality of the foregoing:

- i. any communications between Invest NI or any person on its behalf and any of the above classes of person in which Invest NI sought and/or was provided with and/or disseminated information concerning the likelihood of costs controls being introduced in the RHI Scheme and/or the nature, extent, and effective date of such controls (providing in respect of each such communication the name of the relevant servant of agent of Invest NI, the name of the relevant Civil Servant, politician, etc., the date of each communication, the mode of each communication, and the place at which each communication occurred, if applicable).
  
- e. any involvement of Invest NI in the promotion of the RHI Scheme including, without prejudice to the generality of the foregoing, the following:
  - i. its involvement in promoting the Scheme by way of advertisements;
  
  - ii. its involvement in promoting the Scheme by way of publications;
  
  - iii. its involvement in promoting the Scheme generally at seminars, road-shows, trade fairs, industry events, public events, or other such events or occasions;
  
  - iv. its involvement in promoting the Scheme to particular persons (e.g. to individual businesses in the renewable heat sector, such as biomass heating plant suppliers, or to individual businesses who might wish to switch to renewable heat systems);
  
- f. any involvement of Invest NI in providing education and/or advice regarding the RHI Scheme including, without prejudice to the generality of the foregoing, the following:

- i. its involvement in providing general education and/or advice regarding the Scheme (e.g. by way of Invest NI advertisements or publications concerning the Scheme);
  - ii. its involvement in providing specific education and/or advice regarding the Scheme (e.g. to a particular person to whom the Scheme may be of potential interest);
- g. any involvement of Invest NI in arranging, facilitating, securing or providing financial assistance (whether by way of subsidy, grant, loan, payment, concession, guarantee, or other benefit) for / to any person in relation to the RHI Scheme including, in particular:
  - i. details of any such assistance arranged, facilitated, secured or provided for / to any person who was involved in the renewable heat industry such as, for example, a manufacturer, supplier, installer, or repairer of biomass heating plant or a supplier of biomass fuel;
  - ii. details of any such assistance arranged, facilitated, secured or provided for / to any person who did, or who intended to, apply for accreditation of one or more biomass heating installations under the RHI Scheme;
  - iii. details of the terms upon which any such assistance was arranged, facilitated, secured or provided including details of the following:
    - A. the obligation upon the assisted person to provide information to Invest NI both prior to, and following receipt of, any assistance;
    - B. the rights conferred upon Invest NI in respect of the assisted person including, for example, rights to information, rights to



audit the assisted person, rights to have a say in, or exercise control over, the assisted person's business;

iv. details of any information that passed between Invest NI and such assisted persons concerning the RHI Scheme that is relevant to the matters which the RHI Inquiry is investigating as set out in the Inquiry's Terms of Reference.

2. In respect of the period prior to suspension of the RHI Scheme in February 2016, please identify any potential risks, flaws, problems, anomalies, loopholes, or other issues regarding the proposed RHI Scheme, or the RHI Scheme as enacted, which came to the attention of Invest NI, or any person acting on its behalf, setting out details of when they first became aware of each such issue and the actions (if any) taken by them as a result.
3. Without prejudice to the generality of the preceding paragraph, please specify when Invest NI first became aware that some subsidies payable under the RHI Scheme exceeded the cost of biomass fuel used to produce heat (so that there may have been an incentive in some cases to produce heat merely to make profit from the Scheme), how Invest NI became so aware, and the actions (if any) taken by Invest NI in respect of such knowledge (such as, for example, communicating with DETI or Ofgem to seek confirmation or clarification).

#### *Links with Certain Persons in the Renewable Heat Sector*

4. In respect of the period prior to suspension of the RHI Scheme in February 2016, provide a full and precise explanation of each of the following matters:
  - a. any shareholding or other interest held by Invest NI (including as agent or nominee), or by any person on behalf of Invest NI, in any person connected to the RHI Scheme such as, for example, a claimant under the Scheme or a business involved in the manufacture, supply, installation, or maintenance of biomass heating plant, or the

manufacture or supply of the fuel used in same (such as Balcas Limited and/or Balcas Timber Limited and/or associated companies), including details of the precise interest or class(es) of shares so held, the date of their acquisition, the terms upon which they were held, and the rights attaching to them;

- b. specify the reason(s) for the said shareholding or other interest being held by Invest NI, or by any person on behalf of Invest NI, in any such person connected to the RHI Scheme;
- c. specify every subsidy, grant, loan, payment, guarantee, concession, or other benefit conferred upon or potentially rendered accessible to any such person connected to the RHI Scheme in return for, or in connection with, the aforementioned shareholding or other interest;
- d. specify every return, advantage, or other benefit accruing to, or potentially accruing to, Invest NI or (if applicable) its principal, in connection with the aforementioned shareholding or other interest;
- e. explain the precise role (if any) played, or intended to be played, by Invest NI, or (if applicable) its agent or principal, in the management, oversight, business, or affairs of any such person connected to the RHI Scheme including details of:
  - i. each and every servant, agent or representative of Invest NI, or (if applicable) its principal, who was appointed to the board of any such person connected to the RHI Scheme, including the name of each such person, the date of his or her appointment, and the precise role that he or she was required to play;
  - ii. each and every board meeting, annual general meeting, extraordinary general meeting, shareholders' meeting, or other meeting attended by the agent or representative;

- iii. each and every report, return, account or other document sent by or on behalf of any such person connected to the RHI Scheme to Invest NI;
- iv. each and every audit, inspection, or monitoring of any such person connected to the RHI Scheme by or on behalf of Invest NI;
- v. each and every communication passing between any such person connected to the RHI Scheme and Invest NI concerning any of the issues which the RHI Inquiry is investigating as set out in the Inquiry's Terms of Reference including, in particular but without prejudice to the generality of the foregoing, the following:
  - I. any communications about potential or actual risks, flaws, problems, anomalies, loopholes, or other issues in respect of the RHI Scheme, whether as proposed or enacted;
  - II. any communications about the terms of, or the introduction, non-introduction, variation, or delay of the introduction of cost controls into, the RHI Scheme (including, but not limited to, the amendment of tariffs, tiering, degression and Scheme suspension or closure).

*Breach of Standards etc.*

5. Identify any instances of which Invest NI is aware where a Minister, Special Adviser, Civil Servant or any other person involved in the RHI Scheme (including, if applicable, Invest NI or any of its servants or agents):
  - a. breached relevant standards (including, but not limited to, the Nolan Principles, the Ministerial Code of Conduct, the Civil Service Code of

Conduct, the Code of Conduct for Special Advisers and/or terms or conditions of employment or service) or acted in a way incompatible with their duties;

- b. acted in circumstances relating to or touching upon the Scheme in any way where they had a real or perceived conflict of interest;

in respect of any such instances, providing details and specifying the basis for any belief that there has been a breach of a relevant standard or duty or that a conflict of interest arose.

#### *Whistle-blowing and raising of concerns*

6. Identify any instances of which Invest NI is aware of whistle-blowing in relation to the RHI Scheme, or disclosures made in the public interest raising concerns about the Scheme, setting out details of when this occurred, to whom and by whom any relevant disclosure was made, and how any relevant person or body dealt with it.
7. In particular, provide an account of how Invest NI dealt with any disclosures raising concerns about the RHI Scheme made or communicated to it at any time. In relation to each such instance, identify precisely how the concerns were communicated to Invest NI.

#### *General*

8. Provide any further evidence within your knowledge or belief that is relevant to the matters which the RHI Inquiry is investigating as set out in the RHI Inquiry's Terms of Reference.

#### **NOTE:**

It is important for the efficiency of the RHI Inquiry that the issues identified above are addressed as fully as possible and by reference, where available, to the dates and

locations of specific incidents to which reference is made. The statement should be broken down into paragraphs, which should be numbered sequentially from '1' to the end. The use of appropriate section headings or sub-headings is also encouraged. A template witness statement is provided with this Notice for your assistance and should be used as the format for your response.

**INQUIRY INTO THE RENEWABLE HEAT INCENTIVE SCHEME**

RHI REF: Notice 191 of 2017

DATE: 08 June 2017

**Witness statement of: Alastair Hamilton, Chief Executive, Invest Northern Ireland**

I, Alastair Hamilton, will say as follows:

*Involvement with RHI Scheme*

1.

- a. Invest NI had no involvement in the creation, development or running of the RHI Scheme. Invest NI did not participate in the 2011 public consultation exercise concerning the proposed RHI scheme or have a record of any involvement with the consultants engaged by DETI in work relating to the proposed RHI scheme.

The Director of the Invest NI Innovation & Technology Solutions division at that time did attend infrequent meetings with DETI on energy policy given a common interest on energy issues. At the conclusion of one meeting (approx. April 2013) DETI referenced the development of renewable heat based on an existing DECC scheme. No details were provided and as Invest NI had no interest in being a delivery agent Invest NI did not engage in any further discussion. No records are held on this meeting.

- b. Invest NI did not participate in the 2013 public consultation exercise concerning the proposed RHI scheme and has no evidence to provide.

c.

- i. Members of the Invest NI Energy & Resource Efficiency team have had communications with DETI in respect of the terms of the RHI Scheme during the period it was active. Records show that Invest NI met with representatives from DETI Energy Division on two occasions to discuss updates on energy policy that would have included reference to the RHI scheme. No minutes exist of these meetings.

Electronic diary entries show that the first meeting occurred on 01 September 2014 between the newly incumbent Invest NI Sustainable Development Programme Manager and a representative from DETI Energy branch (Deputy Principal Grade). The aim of this meeting was an information fact finding meeting about RHI for the programme manager in relation to an evaluation of the Invest NI Sustainable Productivity Programme.

The second meeting occurred on 10 September 2015 between Invest NI Technical Advisors and DETI Energy branch (Grade 7 and a Deputy Principal) at Invest NI's request. Invest NI Technical Advisors sought clarity on existing incentives (including RHI and Renewables Obligations Certificates for Solar PV), general energy policy and the direction of future policy, to facilitate their role in providing energy efficiency advice to businesses. At this meeting DETI reiterated scheme information that was available in the public domain.

Whereas the Technical Advisers within the Invest NI Energy & Resource Efficiency team gleaned most of the information regarding the RHI scheme from publically available resources such as the official website, records show that members of the team also exchanged emails with DETI in respect of the terms of the RHI Scheme during its life. These communications are detailed below and are included in Schedule 192 of 2017 accompanying this response.

Email exchange between Invest NI Energy & Resource Efficiency team and DETI Energy branch dated:

- June 2012 regarding website link to RHI scheme. (Record 1 of Schedule 192 of 2017)
  - December 2013 regarding Carbon Trust status in relation to RHI eligibility and Carbon Trust Loans. (Record 2 of Schedule 192 of 2017)
  - August 2015 to arrange a meeting for clarification on RHI and provide response to queries. (Record 3 of Schedule 192 of 2017). Meeting took place 10 September 2015 (see above)
  - October 2015 regarding RHI for Combined Heat & Power (CHP) installations and biofuel CHP. (Record 4 of Schedule 192 of 2017)
  - October 2015 regarding capping for RHI. (Record 5 of Schedule 192 of 2017).
  - December 2015 cancelling a planned meeting on RHI due to Chancellor's Spending Review Statement. (Record 6 of Schedule 192 of 2017)
  - February 2016 regarding media reports on closure of RHI scheme. (Record 7 of Schedule 192 of 2017)
- ii. In August 2015 Invest NI's Energy & Resource Efficiency team sought information from DETI on the likelihood of cost controls being introduced in the RHI scheme due to verbal queries from businesses who had been advised of such changes by suppliers. DETI responded on 6th August advising no changes were planned. (Record 3 of Schedule 192 of 2017)

Invest NI became aware of the proposed changes via the DETI website on the 9th September 2015. (Record 8 of Schedule 192 of 2017)

- iii. The purpose of Invest NI's Energy & Resource Efficiency team communications was to seek clarity on the terms of the RHI Scheme within the scope of their roles within Invest NI.

d.

- i. Invest NI was not aware that cost controls were being introduced and therefore did not communicate with any other person/s in this regard. Invest NI became aware of the proposed changes via the DETI website on the 9th September 2015. (Record 8 of Schedule 192 of 2017)

Invest NI is not aware of any specific instance whereby a person acting on its behalf had advised Invest NI businesses of potential changes to the cost controls under RHI prior to this becoming public knowledge. Invest NI uses a framework of Sustainable Development Technical Consultants to deliver technical consultancy reports to businesses. These reports explore cost saving opportunities in energy, water, waste and raw materials efficiencies.

From November 2012 until the end of February 2016 Invest NI issued 730 tenders to consultants to provide advice on specialist energy and resource efficiency business issues on a wide range of technologies and issues. Invest NI believe that 296 of these technical consultancy assignments could have made reference to RHI to some extent due to the nature of the assignment involving biomass, heating and general energy efficiency which may have considered a biomass type project. A list of these reports are attached. (Record 9 of Schedule 192 of 2017).

A sample review of 50 out of these 296 assignments (17%) has been completed

to see the extent of information provided by the consultants to the businesses in relation to RHI. A summary document of this sample has been produced. (Record 10 of Schedule 192 of 2017). Of the 50 sampled 5 make reference to the change of tariff however these are from reports dated September & November 2015 when the changes to the cost controls were public knowledge.

- e.
- i. Invest NI did not advertise the RHI scheme as it was a DETI / Ofgem scheme.
  - ii. Invest NI published four Resource Efficiency Guides, authored by independent technology and sector specific experts, that made reference to the RHI scheme as one of a number of financial support measures available:
    - Biomass Guide (Record 11 of Schedule 192 of 2017)
    - Heat Pump guide (Record 12 of Schedule 192 of 2017)
    - Hotel Efficiency Guide (Record 13 of Schedule 192 of 2017)
    - Solar Thermal & Heat Pump Guide (Record 14 of Schedule 192 of 2017)

- iii. Invest NI did not hold any promotional events which focused solely on the Renewable Heat Incentive scheme. As part of Invest NI's remit to improve the competitiveness, productivity and sustainability of local businesses through identification and achievement of cost savings in the consumption of water, energy and raw materials the team deliver a small number of Resource Efficiency events each year. These events are attended by a number of key stakeholders in this field to promote their services. This would have included for example DETI, Carbon Trust, HSENI and Mabbett and records show that the RHI scheme was promoted or referenced when relevant by DETI and others when speaking at such Invest NI organised events.

For the period November 2012 to February 2016, 7 Resource and Energy Efficiency events were held. A summary of the events and presenting organisations is attached at Record 15 of Schedule 192 of 2017.

The purpose of these events was to specifically promote the services that Invest NI deliver to Northern Ireland businesses through the Sustainable Development Support Programme. Whereas the focus would have been the support available via the Invest NI financed Energy Efficiency Loan Fund, there may also have been signposting reference to other non-Invest NI financial support such as the Northern Ireland Sustainable Energy Programme scheme (NISEP), the Northern Ireland Renewables Obligation Certificates (NIROC), the Renewable Heat Incentive (RHI) and Enhanced Capital Allowances (ECAs). These schemes/initiatives have been referred to inter-changeably at relevant energy and resource efficiency events. The presentations given at these events that reference RHI are attached (Records 16 to 26 of Schedule 192 of 2017).

During this period Invest NI would also have been invited to promote its services at a small number of events organised by other non-Invest NI organisations such as round table stakeholder events. There is no specific record of the number of these events and therefore no related presentations are available. Any presentations would normally have been short and covered the relevant Invest NI services available at the time to businesses. There may have been reference to the financial support available elsewhere which could have included signposting to RHI.

- iv. Invest NI uses a framework of external sustainable development technical consultants to deliver technical consultancy reports to businesses. These reports explore cost saving opportunities in energy, water, waste and raw materials efficiencies.

This technical consultancy is brokered through a team of six internal technical



advisors who call upon a framework of specialised consultants to deliver impartial technical and economic assessments independent of suppliers. The end result is a technical consultancy report for individual businesses on cost saving potential for energy and resource efficiency measures. These assessments are to provide baseline preliminary figures, estimated costs and savings to be expanded upon by the business independent of Invest NI. Invest NI's technical consultancy reports are typically short 5 days assignments valued at approx. £2.5K each which do not provide significant detail in areas such as design, specification, procurement, costing and savings. Following receipt of the technical consultancy report the decision to proceed, or not proceed with any recommendations remains entirely with the business and Invest NI has no obligation on the business to proceed.

The Invest NI technical advisor's role is to facilitate business engagement with the aim of delivering cost reduction solutions that deliver efficiency, improve productivity and increase competitiveness. This activity supports the Sustainable Development Support Programme's aim to generate economic growth and investment.

From November 2012 until the end of February 2016 Invest NI issued 730 tenders to consultants to provide advice on specialised energy and resource efficiency business issues on a wide range of technologies and issues. Invest NI believe that 296 of these technical consultancy assignments could have made reference to RHI to some extent due to the nature of the assignment involving biomass, heating and general energy efficiency which could have considered a biomass type project. A list of these reports are attached. (Record 9 of Schedule 192 of 2017).

References to RHI within these reports could potentially range from a mention of RHI as one of a number of possible incentives with signposting to the body that was responsible for the specific incentive/grant, to a more high level estimation of what the RHI could contribute if eligible and accredited. It should be noted that these technical consultancy assignments are to provide baseline preliminary figures, estimated costs and savings to be expanded upon by the business independent of Invest NI.

A sample review of 50 out of these 296 assignments (17%) has been completed to see the extent of information provided by the consultant to the business in relation to RHI. A summary document of this sample has been produced. (Record 10 of Schedule 192 of 2017). 33 of the 50 sampled make reference to the RHI scheme.

- f.
- i. See responses to 1(e) ii and 1(e) iii above.
  - ii. See response to 1(e) iv above.
- g. Invest NI holds no information and has no evidence to provide on this area. Invest NI was not involved in the development or running of the RHI scheme and therefore did not provide arrange, facilitate, secure or provide financial assistance in relation to the RHI scheme.

For information, the specific support offered by Invest NI is as follows:

- The Energy Efficiency Loan Fund is delivered by an external delivery organisation Carbon Trust, on behalf of Invest NI, and provides interest free loans, up to a value of £400K, for the upgrade of energy equipment in Northern Ireland businesses. There are many eligible technologies such as lighting, heating, air

conditioning, refrigeration chillers, compressed air process heating and cooling, solar PV and building controls. Around 200 loans are offered each year with a value of around £4.5million.

- Invest NI's technical consultancy support for businesses is to help determine areas of cost savings through energy and resource efficiencies. Some examples of this support includes consultancy to assist the implementation of energy efficiency lighting, detailed energy audits, water efficiency, waste reduction, refrigeration, air conditioning, compressed air, environmental accreditations and many other topics. This technical consultancy is brokered through a team of six Technical Advisors who call upon a framework of specialised consultants to deliver this impartial technical and economic assessments that is independent of suppliers. These assessments are to provide baseline preliminary figures, estimated costs and savings to be expanded upon by the business independent of Invest NI. Invest NI's technical consultancy reports are typically short 5 days assignments valued at approx. £2.5K without getting into significant detail in areas such as design, specification, procurement, costing and savings. Following receipt of the technical consultancy report the decision to proceed, or not proceed with any recommendations remains entirely with the business and Invest has no obligation on the business to proceed.
- The technical advisor's role is to facilitate business engagement with the aim of delivering cost reduction solutions that deliver efficiency, improve productivity and increase competitiveness. This activity supports the Sustainable Development Support Programme (SDSP) aim to generate economic growth and investment through additional sales and to use their specialist knowledge, skills and experience to assist the business in implementation of these energy and resource efficient projects.
- Invest NI has one Technical Advisor who has a role to promote Supply Chain opportunities within the Bioenergy Sector to Companies throughout NI. This focusses on their products/services, but does not focus in any way with a particular incentive/grant that their customer in turn may benefit from. The focus is on technical improvements/developments and export opportunities.
- Invest NI provides funding for International Synergies limited to deliver the Industrial Symbiosis Programme. This is a resource matching programme that helps assist implementation of synergies between businesses that can utilise resources more efficiently. Excess resource in one business is matched with a need in another business.

2. Invest NI uses a framework of Sustainable Development Technical Consultants, consisting of independent specialised experts, to deliver technical consultancy reports to businesses. These reports explore cost saving opportunities in energy, water, waste and raw materials efficiencies.

The consultants who authored these reports are acting impartially and would not have been actively promoting biomass boilers but seeking to identify the most energy efficient solution to the business. In addition the consultancy reports aim to provide impartial heat baseload assessments to indicate correct sizing of boilers when replacing or upgrading existing heating boilers.

A (17%) sample of 50 out of the 296 assignments that could have made reference to RHI to some extent due to the nature of the assignment involving biomass, heating and general energy efficiency which could have considered a biomass type project, has been completed to see the extent of information provided by the consultant to the business in relation to RHI. A summary document of this sample has been produced. (Record 10 of Schedule 192 of 2017).

5 of the 50 technical consultancy reports sampled referred to the generous nature of the RHI scheme, with 1 of these making specific reference to the income from RHI exceeding the energy cost savings and 2 of these 5 reports noting that the scheme was weighed to encourage smaller boiler schemes. As the reports recommended that the boilers be

correctly sized to meet heat load and production needs, these comments were judged by Invest NI Technical Advisors to be factual observations of the scheme as an 'incentive' to encourage businesses to move from fossil fuels to renewable technologies rather than being an area of concern to be addressed. Invest NI's Sustainable Development team's role is to provide support around cost savings for business in energy and resource efficiency and would not engage in the tracking of energy costs and the economics of support schemes nor to influence or advise on policy.

3. See response to 2 above.

*Links with Certain Persons in the Renewable Heat Sector*

4.

- a. Using the publically available list of RHI recipients, Invest NI has established that it has preference shareholdings in two companies that benefited from the scheme. These are Balcas Limited and Tri-Met Engineering Limited (now Turco Engineering Ltd).

Preference shares were taken in Balcas Limited in 1994 by the then Department for Economic Development. Invest NI currently holds 1.2m of shares in this company (£1 "C" preferred ordinary shares).

Preference shares were taken in Tri-Met Engineering Limited in 2002 by the then Local Economic Development Unit. Invest NI currently holds 47.5k of shares in this company (£1 redeemable non-cumulative preference shares).

When LEDU and IDB were merged to form Invest Northern Ireland, the shares were transferred to Invest NI. Invest NI's shareholdings are detailed in its Annual Report.

- b. Alongside grant assistance, providing assistance by way of preference shares is another form of support that can be provided by Invest NI to companies to help fund growth plans. Preference shares are a form of equity finance that confers preferential rights in the event of a liquidation. Invest NI does not hold ordinary shares and does not have an active role in the management of these companies.
- c. Whereas Balcas Limited & Tri-Met Engineering have received other forms of support from Invest NI, this support is available to all eligible Invest NI clients and is not specifically in return for, or in connection with, the aforementioned shareholdings.
- d. To date 270,982 shares have been redeemed in Balcas Limited leaving a balance of 1.2m of cumulative redeemable preference shares, currently with a coupon rate of 9%. Invest NI has received dividends to date to the value of £1,100,368.

27,500 shares have been redeemed in Tri Met Engineering Limited leaving a balance of 47,500 non-cumulative preference shares, currently with a coupon rate 5.5%. No dividends have been received. These are non-cumulative preference shares and we have no dividend entitlement unless the company declares a dividend.

- e. Invest NI holds no information and has no evidence to provide on this area. The companies in which Invest NI holds shares are Invest NI clients and the Agency plays no role in their management, oversight, business, or affairs.

*Breach of Standards etc.*

5.

- a. Invest NI holds no information and has no evidence to provide on this area.
- b. Invest NI holds no information and has no evidence to provide on this area.

*Whistle-blowing and raising of concerns*

6. Invest NI holds no information and has no evidence to provide on this area.

7. Invest NI holds no information and has no evidence to provide on this area.

*General*

8. Invest NI holds no information and has no evidence to provide on this area.

Statement of Truth

I believe that the facts stated in this witness statement are true.

Signed:



Dated:

8-6-2017.