

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

9 March 2018

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 know that you will be familiar, from my previous correspondence and from your interaction with the Inquiry to date, with the RHI Inquiry's Terms of Reference, which remain available on the Inquiry's website.

You will also be aware that the RHI Inquiry is conducting its investigations into the matters set out in its Terms of Reference. In addition to having commenced its oral hearings, the Inquiry is continuing with the process of gathering all of the relevant documentation from relevant departments, organisations and individuals; and 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.

The Inquiry is grateful for the written statement you have already provided, dated 8 June 2017. However, arising out of that statement and/or further evidence which has been considered by the Inquiry, it appears that there are matters touched upon in your earlier evidence which require clarification or elucidation; or additional matters in respect of which it would be helpful to have further written evidence on behalf of Invest NI.

Accordingly, the RHI Inquiry is now issuing to you a further 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.

As before, 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 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.

Receipt of this correspondence and Notice, and how they may be dealt with, is subject to the restriction orders which have been made by the Chairman of the RHI Inquiry and which are available on the Inquiry's website. For the avoidance of doubt, however, you are obviously permitted to share the enclosed Notice with any current or former Invest NI personnel whose input is necessary in order to fully and properly respond to the Notice. (As you will see, for instance, there are some particular questions which might best be addressed by Olive Hill in relation to a meeting in June 2013; and some others which might best be addressed by other Invest NI officials, including its technical advisers). If you feel that a number of the issues raised in the Notice might best be addressed by individual statements from Invest NI staff (or a composite statement signed by a number of persons who have each contributed to it), this may well be acceptable to the Inquiry, provided that the Inquiry is satisfied

that all reasonable steps have been taken to provide the information requested and that it is clear where that information has come from.

You will see that the schedule to the enclosed Notice also requires the provision of some additional documentation – most notably the full technical consultancy reports which you know or believe to have made reference to the RHI scheme. The Inquiry considers that this requirement is consistent with, and covered by, the previous Section 21 Notice provided to Invest NI requiring the provision of relevant documentation; and that therefore a further separate notice requiring the production of this documentation is not required at this stage; although that remains open to the Inquiry Chairman should the documents not now be provided.

As you will see from information which is available to the Inquiry from other sources, and some of which is attached to the Section 21 Notice provided herewith, it seems that there may be some relevant email communications with Invest NI staff which touched upon the RHI Scheme which have not been provided to the Inquiry by Invest NI itself. I would urge you to conduct a further examination of documentation and records held by Invest NI to satisfy yourself, and to then provide appropriate reassurance to the RHI Inquiry, that all relevant documentation held by Invest NI has been provided to the Inquiry.

You will also again 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 21 of 2018]**

*Interaction with DETI generally*

1. Explain generally:
  - a. The relationship between Invest NI and DETI (now DfE);
  - b. The processes and procedures in place in relation to the interaction and information sharing which would take place between Invest NI and DETI/DfE in relation to matters of mutual interest, including matters such as energy efficiency for businesses; and
  - c. Whether there are or have at any material time been procedures in place by which Invest NI could, or was obliged to, draw matters to the attention of DETI/DfE in the event that Invest NI came into possession of information which might be of concern to DETI (for instance, in relation to flaws, anomalies, loopholes, or unforeseen or perverse consequences arising from or in relation to a policy or scheme implemented by DETI).

*Meeting of 12 June 2013*

2. It appears to the Inquiry from information received by it that, on 12 June 2013, a meeting occurred between Invest NI officials and Sheridan & Hood representatives Brian Hood and Wayne Cullen. Emails attached for your convenience (bearing Inquiry page references DFE-37446 to DFE-37450) relate to that meeting. Peter Hutchinson of DETI and Brian Hood of Sheridan & Hood have given oral evidence to the Inquiry in relation to that meeting and a record of their evidence is also attached (bearing Inquiry page references TRA-05009 to TRA-05011 and TRA-04595 to TRA-04603). In relation to this meeting, please address the following:
  - a. Explain the purpose of the meeting which took place on 12 June 2013

and at whose instigation the meeting took place.

- b. Provide details of what discussions took place at the meeting (including copies of any notes or minutes of the meeting and any documents provided at the meeting, any internal email discussions which followed the meeting and details of any action which was taken on foot of the meeting).
- c. Page DFE-37448 is an email to Olive Hill of Invest NI with a number of others copied into the email. It says "*With the RHI in place a more expedient turnover of money is seen therefore the CT [Carbon Trust] can loan greater sums, have those repaid quickly and then use those funds for others...*" Set out the details of any income calculations; projected payback periods or anticipated loan repayment timeframes which were discussed at the meeting.
- d. In respect of page DFE-37450 please explain your understanding of what is referred to at bullet point two of the "*main points tabled at the meeting*" where it says, "*The RHI funding and fuel savings are considered by the CT to establish potential loan amounts. Norm of (yearly saving + RHI funding) x5.*"
- e. Insofar as you can, set out what was discussed at the meeting in relation to the level of RHI funding available under the Northern Ireland Non Domestic RHI Scheme ('the RHI Scheme') and the level of income achievable from it.
- f. In respect of page DFE-37450 please explain your understanding of what is referred to at bullet point three which states that, "*Any accredited RHI payment process issues to be investigated by DETI RHI*".
- g. Please identify who was invited to the meeting and who was in attendance at the meeting;
- h. Explain what, if any, role did Peter Hutchinson have in the meeting (if he

attended).

- i. Please identify and describe any communication which took place between Invest NI and DETI officials after that meeting (providing details of the names of parties involved, dates of communications, mode of the communication and any associated documents relating to the issues).
  - j. Please provide any further comment or response in relation to the evidence of Peter Hutchinson of DETI and/or Brian Hood of Sheridan & Hood (attached) which you consider relevant.
3. At page DFE-37446 Wayne Cullen says, "*Following on from our last meeting...*". In relation to any previous meetings which took place between Invest NI and Sheridan & Hood, please provide a full explanation of the following;
- a. the number of meetings between Invest NI and Sheridan & Hood (or any related company) which touched upon RHI;
  - b. the nature and content of the meetings between Invest NI and Sheridan & Hood (or any related company) including any information or documents provided by Sheridan & Hood to Invest NI and any information or documents provided by Invest NI to Sheridan & Hood or by any other party present at the meeting; and
  - c. the names of attendees at each meeting.

#### *Relationship with Carbon Trust*

4. Please provide details of the relationship between Invest NI and the Carbon Trust; and the level of involvement of Invest NI or its officials in the administration by the Carbon Trust of the Energy Efficiency Loan Fund.
5. Without prejudice to the generality of the above enquiry, specify whether (and,

if so, when and by what means) officials of Invest NI would be privy to the detail of estimated income which would be achievable by those seeking Carbon Trust Loans in order to fund the purchase of a biomass boiler in respect of which it was also intended to apply for accreditation under the RHI Scheme.

6. In respect of Carbon Trust Loans please identify the individual or individuals within Invest NI with responsibility for Carbon Trust Loans.
  
7. Explain in relation to Carbon Trust Loans and their interaction with RHI Scheme:
  - a. any communications with the Carbon Trust which Invest NI had about the RHI Scheme (providing in respect of each such communication the name of the relevant servant or agent of Invest NI, the name of the relevant individuals in the Carbon Trust, the date of the communication, the mode of communication, the place it occurred and any documents associated with it);
  
  - b. Invest NI's understanding of intended and actual payback periods under the RHI Scheme and the impact of this upon Carbon Trust Loans;
  
  - c. Invest NI's understanding of the issues relating to State Aid, Carbon Trust Loans and the RHI Scheme;
  
  - d. any communications with any other government officials about the Carbon Trust and the RHI Scheme (providing in respect of each such communication the name of the relevant servant or agent of Invest NI, the name of the relevant third party, the date of the communication, the mode of communication, the place it occurred and any documents associated with it); and
  
  - e. any communications with industry about the Carbon Trust and the RHI Scheme (providing in respect of each such communication the name of the relevant servant or agent of Invest NI, the name of the relevant third party, the date of the communication, the mode of communication, the place it occurred and any documents associated with it).

8. On page DFE-37446 (attached) the issue of the interaction between Carbon Trust Loans and the RHI scheme is referenced in an email from Wayne Cullen, which is to a number of individuals including (it appears) two from Invest NI: Trevor Kerr and James McEvoy. In relation to the Carbon Trust and Carbon Trust Loans please provide details of any communications between officials or agents of Invest NI had with any individual or organisation about the issue of Carbon Trust Loans and their compatibility or otherwise with the RHI Scheme (providing in respect of each such communication the name of the relevant official or agent of Invest NI, the name of the relevant third party, the date of the communication, the mode of communication, the place it occurred and any documents associated with it).

*Further detail in relation to matters addressed in your previous statement or documents previously provided to the Inquiry*

9. In your witness statement of 8 June 2017 in response to the RHI Inquiry Chairman's Notice No 191 of 2017 ('your previous statement'), at paragraph 1.c.i it is set out that Invest NI had a number of email exchanges with DETI. In respect of Invest NI's knowledge of cost controls you note that on 6 August 2015 DETI responded to an email from Invest NI "*advising no changes were planned*" and that "*Invest NI became aware of the proposed changes via the DETI website on the 9<sup>th</sup> September 2015*". However, it appears to the Inquiry that, in an email from Seamus Hughes on 6 August 2015 to John Batch of Invest NI (provided by Invest NI and now bearing Inquiry reference OPB-00010 to OPB-00011, and a copy of which is attached) Seamus Hughes responded to queries including a response which stated "*Consideration is being given to extending the current 20-99kW banding upwards, perhaps to 199kW*" and that consideration was being given to tiering. In light of this:
- a. Please explain the basis upon which it was previously stated that Invest NI became aware of the proposed changes on 9 September 2015 when the email dated 6 August 2015 raises with Invest NI officials two of the possible changes.

- b. Set out any further or additional information you consider to be relevant upon reconsideration of your earlier response.
  
10. In the email exchange referred to above, Jim Clarke of Invest NI raises a number of issues with DETI: first, that clients are rushing to install boilers before a perceived deadline; second, that boilers are being installed regardless of technical suitability to get the RHI payment; and, third, he raises efficiency issues and suggests having an independent assessment as part of the RHI application process. In relation to these issues please explain:
  - a. when these issues first came to the attention of Invest NI and how they became aware of them (providing details of the names of parties involved, dates of communications, mode of the communication and any associated documents relating to the issues);
  - b. what, if any, efforts were made to bring these issues to DETI's attention prior to or after this email exchange (providing in respect of each such communication the name of the relevant servant or agent of Invest NI, the name of the relevant contact in DETI, the date of the communication, the mode of communication, the place it occurred and any documents associated with it);
  - c. whether Jim Clarke followed up the efficiency issue with Ofgem as suggested by Seamus Hughes and, if so, provide the names of the individuals contacted within Ofgem, details of the communication including the mode of communication and any documents associated with the communications.
  
11. In an email exchange of 22 October 2015 provided in response to Notice 192 of 2017 (see OPB-00018 to OPB-00021, a copy of which is attached) Seamus Hughes is sent a calculation about the paybacks for the new tariff structure. In relation to this please explain;

- a. why this modelling was being sent to Seamus Hughes at that time;
- b. whether similar modelling on the pre-2015 tariff rates was carried out by, or provided to, Invest NI staff at any time (in particular, looking at payback period, annual income revenue and usage); and
- c. if such calculations were carried out whether they were sent to, or shared with, DETI Energy Division staff and if not, why not.

*Technical reports*

12. In response to enquiry 1.d. in your previous statement you set out that Invest NI uses a framework of Sustainable Development Technical Consultants to deliver technical consultancy reports to businesses. In relation to these reports please explain:
  - a. the process for a business obtaining a technical consultancy report;
  - b. who was provided with the technical consultancy reports when they were undertaken for a business (for each recipient, please also set out the stage at which they would be provided with the report);
  - c. whether the reports were provided to Invest NI staff and, if so, for what purpose;
  - d. whether there were any Invest NI policies or procedures in place for reviewing reports, quality assuring reports or flagging up issues identified by reports;
  - e. if such policies as set out at above existed, whether they were followed for any technical reports received and if any issues were passed on to any other bodies as a result of such procedures.
13. In the summary of the sample technical reports provided to the Inquiry as Record 10 of Schedule 192 of 2017 (now at OPB-00040 to OPB-00041, a copy

of which is attached) there are a number of issues identified in the technical reports between November 2012 and June 2017. Issues of note include (but are not limited to) financial calculations of the benefits of RHI; sizing at less than 99kW to take advantage of the higher rate banding; using multiple boilers; “*extremely generous*” tariff rates; RHI exceeding the energy cost savings; and in one instance a note that “*it is in your best interests to run the boiler flat out all the time (for the fuel is free and the more heat you produce the more money you may recover under the RHI.*” In relation to the sample technical reports referred to above, please explain;

- a. the steps, if any, that were taken to alert DETI Energy Division to issues such as this which were identified by technical consultants engaged on Invest NI’s behalf;
  - b. if no steps were taken to alert DETI Energy Division, the reason why no steps were taken;
  - c. in response to enquiry 1.g.ii in your previous statement, you suggest that some of the above issues “*were judged by Invest NI Technical Advisors to be factual observations of the scheme as an ‘incentive’ ... rather than being an area of concern to be addressed.*” Please explain on what basis such comments were not seen as areas of concern.
14. In respect of the six Invest NI Technical Advisors referred to in your previous statement, please:
- a. Explain in detail their role and duties;
  - b. Explain their relationship and interaction with the external technical advisors or consultants who were used to compile technical reports;
  - c. Identify the said technical advisors for the period 2011 to 2016.
15. Specify whether, to your knowledge or belief, any Invest NI official or employee

was aware at any time before the amendment of the RHI Scheme in November 2015 that (a) in respect of one or more of the tariff bands, the tariff payable was higher than the cost of the fuel required to produce the relevant unit of heat; and (b) in respect of one or more of the tariff bands, there was an incentive to produce heat simply to achieve an income from the subsidy.

16. If you know or believe that any Invest NI official or employee was so aware, as described above, please provide details (in each such case) of (a) who that official or employee was; (b) how they came by that awareness; and (c) when that awareness came about.
17. The Inquiry does not consider that enquiry 3 in Notice 191 of 2017 has been answered substantively. Insofar as not addressed in response to the enquiries above, please provide a full answer to the request to *“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).”* Further to this please also specify the names of individuals within Invest NI who became aware of these issues, the specific dates on which individuals became aware and what actions were taken by each and every individual.
18. In the technical report summary for irrelevant information redacted by the RHI in August 2015 it is noted that the bandings will *“very soon”* move to 199kW and it references a *“400kW [sic]”* cap (see OPB-00041). Please set out any action taken on foot of that information, including any further dissemination of that information (providing in respect of each such communication the name of the relevant servant or agent of Invest NI, the name of the relevant third party, the date of the communication, the mode of communication, the place it occurred and any documents associated with it).
19. Please provide a copy of every technical consultancy report which made

reference to RHI (in compliance with the RHI Inquiry Chairman's Notice No 192 of 2017, which requires any document relating to or touching upon any of the issues raised in Notice No 191 of 2017 to be provided to the RHI Inquiry).

20. Please also identify the external consultants providing technical consultancy reports which touched upon RHI; and set out further details of how such external consultants were procured and selected and the contractual arrangements governing their relationship with Invest NI.

### *Events*

21. On 20 June 2013 Invest NI was represented at an Action Renewables Renewable Heat event held in the Ramada Plaza, Shaw's Bridge, Belfast. An example of one presentation from that event (by the Renewable Energy Association), a copy of which is attached, can be found at OFG-67316 to OFG-67336. The Inquiry understands that DETI officials were not present at that event and that this was the subject of some adverse comment (see the email at OFG-13524, a copy of which is attached). In relation to this event:
  - a. who from Invest NI attended;
  - b. what information was relayed generally, and/or specifically to Invest NI officials in attendance, by those presenting at or attending the event in respect of the following issues:
    - i. possible perverse incentives arising under the RHI Scheme including, but not limited to, opportunities for 'gaming by under-sizing' of biomass boilers and/or by splitting heating systems into several separate heating systems so as to avail of higher tariffs;
    - ii. possible overcompensation arising under the RHI Scheme;
    - iii. possible flaws, risks, or loopholes in the RHI Scheme;
    - iv. the potential levels of return available under the RHI Scheme;

- c. what precise criticisms were made of DETI by those presenting at or attending the event;
  - d. what steps did Invest NI take to advise DETI of the information and/or criticisms referred to at sub-paragraphs b. and c. above (including, where appropriate, precise details of any relevant communications, whether oral or written);
  - e. if Invest NI took no such steps, explain the reason(s) for this.
22. In September 2013 at an event listed in Manor House, Coleraine, a presentation by CB Engineering has been provided in response to Notice 192 of 2017 (see OPB-00314 to OPB-00333, a copy of which is attached). In relation to that event and presentation please explain:
- a. who was in attendance at that event, and specifically whether any representatives from DETI or Ofgem were invited to attend and if so whether they did attend;
  - b. who from Invest NI attended that event;
  - c. who from Invest NI attended the presentation by CB Engineering;
  - d. whether the payback periods set out at OPB-00326, OPB-00327 and OPB-00328 accorded with Invest NI's representatives understanding of the intended operation of the RHI Scheme which provided payments for a 20 year period;
  - e. if the payback periods set out at the references specified above were communicated to DETI Energy Division (providing in respect of each such communication the name of the relevant servant or agent of Invest NI, the name of the relevant DETI official, the date of the communication, the mode of communication, the place it occurred and any documents associated with it);

- f. if the payback periods set out at the references specified above did not accord with Invest NI's understanding of the intended operation of the RHI Scheme what steps (if any) Invest NI representatives took to communicate this to DETI or Ofgem or any other government body or official (providing in respect of each such communication the name of the relevant servant or agent of Invest NI, the name of the relevant DETI official, the date of the communication, the mode of communication, the place it occurred and any documents associated with it).

### *Invest NI Guidance*

23. In response to enquiry 1.e.ii in your previous statement, four Resource Energy Guides were provided. In relation to the Biomass Guide (Record number 11 of Schedule 192 of 2017, now bearing Inquiry reference OPB-00042 to OPB-00105) at page 43 (OPB-00084) it states that:

*"In some respects the size of a biomass boiler will be dictated by the amount of money that can be recovered by the RHI. Because plant of less than 99kW will receive 6.3p/kWh for every unit of heat produced and plants above this will receive 1.5p/kWh, the economic pressure influences boiler sizing. This leads to undersizing and far from optimal installation in some cases. The situation is further confused by the fact that the current rules allow two smaller boilers to serve the same premises so long as these serve separate hydraulic circuits. Thus 396kW of biomass installation could qualify for revenue support at 6.3p/kWh if the boilers served four hydraulically separate circuits. Of course the cost of four smaller boilers in relation to the revenue generated from load may not be worthwhile, but the situation might be beneficial for some installations."*

In relation to the above please explain:

- a. the date in 2014 when this was published;

- b. where and how this guidance was made available;
- c. which "*independent technology and sector specific experts*" authored the report;
- d. whether Invest NI brought the issue highlighted in the above extract, namely undersizing boilers to capitalise on RHI payments and using multiple boilers to capitalise on the higher rate of payment, to the attention of DETI Energy Division (and, if so, when and to whom did they communicate this, providing details of any all communications in relation to this issue);
- e. if Invest NI did not bring this to the attention of DETI Energy Division, why they did not.

#### *Shareholding in Scheme beneficiaries*

- 24. The Inquiry considers that enquiry 4.e has not been directly and substantively answered in your previous statement. Information available to the Inquiry suggests that a former official of Invest NI is a Board member in respect of Balcas (namely, that Stephen Kingon became a Director of Balcas Limited in 2008 and remains a director). Please provide further details in relation to this.
- 25. Please also:
  - a. Provide further details of the "*other forms of support*" which Balcas Limited and Tri-Met Engineering Limited have received from Invest NI (as referred to in paragraph 4.c of your previous statement) (including, in particular, whether any such other forms of support relate to, or in any way touch upon, the RHI Scheme); and
  - b. Set out how, in light of the fact that Invest NI receives dividends from Balcas Limited and is eligible to receive a dividend from Tri-Met Engineering Limited in the event of a dividend being declared, the

provision of support by Invest NI to such companies is considered not to represent an actual or apparent conflict of interest.

**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 21 of 2018**

**DATE: 23 March 2018**

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**Witness Statement of: Alastair Hamilton**

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I, Alastair Hamilton, will say as follows:

*Interaction with DETI generally*

1. Explain generally:

- a. Invest NI is a Non Departmental Public Body (NDPB) established on 1st April 2002 and sponsored by the Department for Economy (The Department). Invest NI operates under the Industrial Development Order (Northern Ireland) 1982 as amended by the Industrial Development Act (Northern Ireland) 2002.

Invest NI has a Non-Executive Board, appointed by the Minister for the Economy. The Accounting Officer for Invest NI is the Chief Executive. The relationship between Invest NI and DfE is defined in a document called the Management Statement & Financial Memorandum (MSFM), the latest version of which is dated February 2015. This MSFM establishes Invest NI's principal role as a service delivery body which will, subject to appropriate governance and accountability controls, develop and implement programmes / processes to contribute to the achievement of the overarching economic policy aims and objectives of DfE.

- b. A number of liaison points exist between Invest NI and DfE on mutually



dependant issues arising from:

- Assembly / Executive Business
- Ministerial Correspondence / Invitations
- Cases requiring co-ordinated responses
- Performance Planning / Monitoring
- Expenditure proposals (i.e. Casework) outside Invest NI's delegated limits
- Governance
- Board matters / Public Appointments

These matters are managed through a dedicated Business Liaison Team within the Department and the Co-ordination / Business Performance Team within Invest NI.

Beyond this formalised arrangement, officials within both Invest NI and DfE will, and are encouraged to, create and maintain effective working relationships with their relevant counterparts to enable them to fully discharge their respective, complementary duties.

Invest NI's energy efficiency activities are designed to provide businesses with advice, information and recommendations relating to the identification, management and completion of resource efficiency projects (projects that reduce the cost of water, energy, and raw material consumption). This is in line with DETI's policy on energy efficiency.

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.
- c. The processes and procedures in place are detailed in 1(b) above. These liaison points provide an opportunity for Invest NI to draw matters to the attention of the Department as appropriate.

In relation to the RHI scheme Invest NI staff relied on the Department to manage and oversee the scheme in accordance with the scheme rules. With the benefit of hindsight, and based on knowledge today, there were indications in a number of technical reports received that the scheme generated higher returns for participants than may have been planned. However, these reports were produced for individual companies over a period of time and referenced RHI as part of a wider overall energy efficiency assessment. As such these comments were not brought to the



attention of managers within Invest NI and therefore this did not trigger a reason to draw these matters to the Department in respect of how the scheme operated.

As the scheme was not managed or administered by Invest NI the organisation placed reliance on the fact that the Department had designed, developed and implemented the scheme. Invest NI's staff had no role beyond a requirement to have an awareness of the scheme as they have with many other schemes or programmes that may be of relevance or interest to its own client base. Invest NI often acts to assist in the promotion and raising awareness of a number of schemes and activities that it has not developed nor administers.

#### *Meeting of 12 June 2013*

2.

- a. The meeting of the 12th June 2013 was requested by Wayne Cullen and Brian Hood. The purpose of the meeting was to provide clarification on the parameters of Carbon Trust funding and to address previous queries raised with their Client Executive, James McEvoy, at a meeting on 20th March, and with Trevor Kerr, Business Development Executive, and James McEvoy at a meeting on the 10th April 2013 (See response to question 3.b below for further detail on these meetings).

The primary role of the Client Executive in Invest NI is to manage and build relationships with a portfolio of clients to accelerate growth, encourage strategic development and ultimately facilitate sustainable impact on the Northern Ireland economy. The role of the Business Development Executive is to promote supply chain opportunities in bio-energy to businesses in Northern Ireland to both Clients and the wider business base.

- b. Invest NI holds no record of the meeting beyond what has been presented by the inquiry. Based on the recollection of the Invest NI attendees [Olive Hill, James McEvoy and Trevor Kerr] discussion at the meeting focused on the parameters of the Carbon Trust Loan Fund, specifically the Company's request that Carbon Trust loans could be used in conjunction with the RHI scheme. BS Holdings was concerned that they had 60 potential projects that were not in position to install BS Holdings boilers due to the fact that these companies could not source finance for the capital purchase. The company were keen that the Carbon Trust Loan scheme would be a source of funding for the companies. During the meeting Invest NI's response was that a combination of CT loans and RHI payments constituted double funding and was not permissible under the Loan Scheme rules. Insofar as Invest NI is aware no records are held of any internal discussions which followed the meeting.

One further meeting with BS Holdings took place on the foot of this meeting and details are included at the response to 3.b below. A record provided by the Inquiry DFE-37448 show an action was taken to "look specifically at the [irrelevant information redacted] example in a bit more detail". This is borne out in the record provided at Record 3 Schedule 21 of 2018 and discussed further under question 3.b.

- c. Invest NI has no records of any income calculations, projected payback periods or anticipated loan repayment timeframes being discussed at the meeting. Based on the recollections of those Invest NI attendees [Olive Hill, James McEvoy and Trevor Kerr] it is believed that these matters were put forward by BS Holdings as evidence of why combining RHI and Carbon Trust Loans would be beneficial. These were not considered by Invest NI as this would have contravened Loan scheme rules as double funding at the time of the meeting.
- d. The understanding of the Invest NI attendees [Olive Hill, James McEvoy



and Trevor Kerr] on this comment was that the company wanted to discuss whether the RHI funding and fuel savings could be considered by Carbon Trust to establish potential loan amounts and whether this could potentially be a way for loans and RHI to be used in conjunction. This was not taken forward by Invest NI as this would have contravened loan scheme rules as double funding.

- e. Invest NI attendees [Olive Hill, James McEvoy and Trevor Kerr] are clear there was no discussion on the level of RHI funding available and the level of income achievable from it. They are clear that the subject of the meeting was the use of Carbon Trust Loans and RHI and that no attendees at the meeting discussed the level of RHI funding and the level of income achieved from it.
- f. There is no recollection Invest NI attendees [Olive Hill, James McEvoy and Trevor Kerr] of this being raised at the meeting and no understanding of what this refers to.
- g. Invest NI records indicate that the following people were invited to the meeting though the Invest NI system does not register actual attendance:
  - Olive Hill, Director, Invest NI
  - James McEvoy, Client Executive, Invest NI [Substantive DP Grade]
  - Trevor Kerr, Business Development Executive, Invest NI [Substantive DP Grade]
  - Chris Bingham, Technical Advisor, Invest NI (left Invest NI Feb 2015) [Substantive SO Grade]
  - Peter Hutchinson, DETI
  - Wayne Cullen, BS Holdings
  - Brian Hood, BS Holdings

Olive Hill attended in the absence of Ian Wilkinson, the Sustainable



Development Manager who was on annual leave, and the matter was escalated to her in his absence. Chris Bingham was invited in his role as Sustainable Development Technical Advisor and Peter Hutchinson, DETI was invited due to his knowledge and involvement with the RHI scheme. James McEvoy attended as the Client Executive of BS Holdings.

- h. The Invest NI attendees [Olive Hill, James McEvoy and Trevor Kerr] are reasonably sure that Peter Hutchinson of DETI was invited to and attended this meeting. While none of the Invest NI attendees can specifically recall the role that Peter Hutchinson played in the meeting, they are clear that his involvement in the meeting could only have been to provide input on the RHI scheme.
  - i. Invest NI holds no record of any further communications between Invest NI and DETI officials in respect of the meeting following its occurrence. As stated above the meeting was at the request of BS Holdings who sought information on Carbon Trust loans and its potential interaction with the RHI scheme. While Invest NI holds records of further correspondence with DETI on this broader subject (record 2 of schedule 192 of 2017), as far as Invest NI is aware at this time, it holds no records of any further communication with DETI regarding the meeting with BS Holdings.
  - j. Invest NI has no further comment or response in respect of the evidence provided at the inquiry.
- 3.
- a. There were four meetings in total between Invest NI and BS Holdings which touched on RHI and the Carbon Trust Loan Fund. Three meetings in addition to the 12th June 2013 meeting occurred. Two of these were prior to the 12th June 2013 meeting and one subsequent. These are outlined in the response to 3.b below.



The meetings were initiated when Invest NI received an enquiry from Wayne Cullen of BS Holdings through Invest NI's Business Support Team on 6<sup>th</sup> March 2013 asking about information on initial capital finance for expenditure on biofuel heating modules. This was referred to the BS Holdings Client Executive, James McEvoy (Record 1 of Schedule 21 of 2018).

As BS holdings/Sheridan & Hood are a client company, Invest NI have held a number of other meetings with the company as a matter of course of the client relationship which have not touched on RHI.

b. Meeting one

On the 20<sup>th</sup> March 2013 James McEvoy, Invest NI met with Wayne Cullen at BS Holdings premises on Ravenhill Road Belfast, to discuss general business development activity and capital funding options including the Carbon Trust Financial package interfacing with the RHI. As the Client Executive had limited knowledge of the Carbon Trust Loan Fund it was agreed to follow up with another meeting which Trevor Kerr, Business Development Executive with responsibility for bio-energy supply chain development attended on the 10<sup>th</sup> April 2013.

On the same day following the meeting an email from Wayne Cullen of BS Holdings to James McEvoy highlighting the main points of the meeting was received (Record 2 of Schedule 21 of 2018).

Meeting two

On the 10<sup>th</sup> April 2013 James McEvoy and Trevor Kerr met with Brian Hood and Wayne Cullen again at BS Holding premises in Belfast, to discuss business development issues as well as Carbon Trust funding. The client was advised to re-contact Carbon Trust. In hindsight this meeting can be seen as a precursor to the meeting on 12<sup>th</sup> June at which the company wanted to discuss the use of Carbon Trust Loan



Scheme and RHI but this was not apparent at the time of the meeting in April.

### Meeting three

As detailed in question 2.a-j above.

Following the 12<sup>th</sup> June 2013 meeting, an email was received by Chris Bingham from Wayne Cullen [with Olive Hill, James McEvoy and Trevor Kerr copied] following an offer to review the figures submitted in a Carbon Trust Loan application by a BS Holdings Client, [irrelevant information redacted]  
[redacted] Invest NI has no records of any further correspondence and it is noted that no loan was offered to the business. Chris Bingham left Invest NI in February 2015 and therefore was not consulted on this matter (Record 3 of Schedule 21 of 2018).

### Meeting four

One final meeting occurred after the 12<sup>th</sup> June 2013 meeting with Ian Wilkinson, Sustainable Development Manager, Invest NI; Chris Bingham, Technical Advisor, Invest NI; and Wayne Cullen and Brian Hood of BS Holdings. The meeting was triggered as a follow on action arising from the meeting of the 12<sup>th</sup> June. The Invest NI attendee [Ian Wilkinson] believes this meeting, held in July 2013 at Invest NI HQ, was to discuss again using the Carbon Trust Loan Fund as a means of funding boilers for their Client businesses. At the meeting Mr Hood asked if Invest NI would modify Carbon Trust's rules on payback period. It was again explained that this would result in double funding and not be possible. No further action from Invest NI was required from this meeting in relation to Carbon Trust Loan Fund or BS Holdings.

c. 20th March 2013

James McEvoy, Invest NI

Wayne Cullen, BS Holdings



10<sup>th</sup> April 2013

James McEvoy, Invest NI  
Trevor Kerr, Invest NI  
Wayne Cullen, BS Holdings  
Brian Hood, BS Holdings

12<sup>th</sup> June 2013

Olive Hill, Invest NI  
James McEvoy, Invest NI  
Trevor Kerr, Invest NI  
Chris Bingham, Invest NI (left Invest NI Feb 2015).  
Peter Hutchinson, DETI  
Wayne Cullen, BS Holdings  
Brian Hood, BS Holdings

July 2013

Ian Wilkinson, Invest NI [Substantive Grade7]  
Chris Bingham, Invest NI  
Wayne Cullen, BS Holdings  
Brian Hood, BS Holdings

*Relationship with Carbon Trust*

4. The Carbon Trust is contracted to deliver the management and administration of the Carbon Trust Loan Fund (now known as the Energy Efficiency Loan Fund). The Carbon Trust is an External Delivery Organisation (EDO) and therefore subject to the governance that EDOs are bound by with Invest NI. This includes Invest NI issued guidance on governance standards (EDO guidance), regular assurance statements and sponsor control reports at which an external auditor verifies that Invest NI is managing the EDO appropriately and that the EDO is fulfilling their obligations in relation to the requirements as set out in the EDO guidance and contractual obligations. KPMG completed a



sponsor control report in 2014 for the Carbon Trust which raised no significant issues.

When Invest NI engages with a company on energy and resource efficiency one of the options available is to direct a company to the Carbon Trust Loan Fund. Companies can also approach the Carbon Trust directly. Invest NI plays no part in the assessment of applications nor in any decision in the granting of loans. This is a matter entirely for the Carbon Trust.

As Invest NI is paying for the expertise and resource of Carbon Trust as an EDO in managing and administering the Loan Fund, Invest NI would not routinely be involved in any aspect of the day to day operation of the Loan Fund. The contract sets out the responsibilities for Invest NI to monitor the number of loans offered each month and to allow the basic information of each loan to be added to Invest NI's CRM system. A monthly meeting is scheduled to monitor the loan activity, agree progress against the targets and generally discuss the overall progress of the Loan Fund. Invest NI's role in monitoring is to ensure the contract is delivered within the terms and conditions agreed.

The Carbon Trust delivered the loan fund via a number of capital grants from Invest NI in the period in the period 2003 to 2016. From 1<sup>st</sup> Oct 2016 the delivery of this programme by the Carbon Trust has been through a procured contract following a competitive tendering process.

5. Invest NI officials would not have been privy to the estimated income derived from any individual loan.
6. Those responsible for monitoring the contract with the Carbon Trust for the period 2012 to present are:

**Apr 2012- Dec 2013:** Peter Larmour, Sustainable Development Programme Manager.

**Apr 2012 – Mid 2013:** Nigel McClelland, Sustainable Development Manager.

**Mid 2013 – Dec 2013:** Ian Wilkinson, Sustainable Development Manager.

**Apr 2014 – Feb 2017:** George Healy, Sustainable Development Programme



Manager – (left Invest NI Feb 2017 and post vacant until Feb 2018 with cover provided by the Energy and Resource Efficiency Manager).

**Jan 2014** – present: Peter Larmour, Energy and Resource Efficiency Manager.

The Sustainable Development Programme Manager role (substantive Deputy Principal grade) is to act as a contract manager and as the main point of contact between Invest NI and the Carbon Trust in managing the overall contract rather than the management of the loan process.

The Sustainable Development Manager's role (substantive Grade 7) is to have an overview of all of the areas of activity including the contract with any EDO including the Carbon Trust. He would also on occasion attend the monthly monitoring meeting with Carbon Trust to keep up to date with overall progress against targets.

7. Explain in relation to Carbon Trust Loans and their interaction with RHI Scheme:
- a. There were ten occasions when RHI was mentioned at the monthly monitoring meetings between the Carbon Trust and Invest NI. The meeting notes of these ten meetings (all ten meetings took place at Invest NI HQ, Bedford Street, Belfast) are being supplied to the Inquiry as part of this response and are summarised below with attendees present noted:
    - **24<sup>th</sup> Oct 2013** – Carbon Trust reporting that OFGEM had been in contact regarding the wording around RHI compatibility with the loan scheme/public funding. No further actions. (Record 4 of Schedule 21 of 2018)  
**[Abigail Hermon, CT; Janine Cobain, CT; Ian Wilkinson, Invest NI; Peter Larmour, Invest NI; Colin Frazer, Invest NI (meeting notes).]**
    - **27<sup>th</sup> Nov 2013** – update from Carbon Trust that OFGEM are to consider further and return to Carbon Trust and DETI. (Record 5 of Schedule 21



of 2018)

**[Abigail Hermon, CT; Janine Cobain, CT; Ian Wilkinson, Invest NI; Peter Larmour, Invest NI; Colin Frazer, Invest NI (meeting notes).]**

- **17<sup>th</sup> Dec 2013** – update from Carbon Trust that DETI had confirmed that it was possible to avail of both the Carbon Trust Loan Scheme and the RHI scheme in certain circumstances. DETI had reported this on their website along with revised information regarding de minimis rules in application to RHI. (Record 6 of Schedule 21 of 2018)

**[Abigail Hermon, CT; Janine Cobain, CT; Ian Wilkinson, Invest NI; Peter Larmour, Invest NI; Colin Frazer, Invest NI (meeting notes).]**
- **29<sup>th</sup> Aug 2014** – noting that newly appointed Programme Manager George Healy has a fact finding meeting with DETI about RHI (previously reported to the Inquiry in Schedule 191 of 2017). (Record 7 of Schedule 21 of 2018)

**[Abigail Hermon, CT by phone; Janine Cobain, CT; George Healy, Invest NI.]**
- **24<sup>th</sup> Sept 2014** – update on the meeting with DETI (referenced above and in schedule 191 of 2017). (Record 8 of Schedule 21 of 2018)

**[Abigail Hermon, CT; Janine Cobain, CT; George Healy, Invest NI.]**
- **14<sup>th</sup> Oct 2014** – whilst discussing the monthly report CT noted that four loan offers may be withdrawn (not yet paid out) due to issues around RHI/State aid issues. (Record 9 of Schedule 21 of 2018)

**[Abigail Hermon, CT; Janine Cobain, CT; George Healy, Invest NI; Peter Larmour, Invest NI.]**
- **17<sup>th</sup> Nov 2014** – noted generally whilst discussing the monthly report that some loan offers may be rejected/withdrawn (not yet paid out) due to issues around RHI/waiting for RHI clarification. (Record 10 of Schedule 21 of 2018)

**[Abigail Hermon, CT; Linda Logan, CT; George Healy, Invest NI.]**

- **12<sup>th</sup> Mar 2015** – reference to one loan withdrawn due to RHI (not named). (Record 11 of Schedule 21 of 2018)  
**[Abigail Hermon, CT; Janine Cobain, CT; George Healy, Invest NI.]**
- **17<sup>th</sup> Nov 2015** – as part of discussion around the monthly report Carbon Trust noted that Biomass applications were high as customers locked into higher RHI tariffs (Record 12 of Schedule 21 of 2018)
- **[Abigail Hermon, CT; Janine Cobain, CT; George Healy, Invest NI; Peter Larmour, Invest NI; Claire O’Loughlin, Invest NI (meeting notes).]**
- **17<sup>th</sup> Feb 2016** –noting the closure of RHI (Record 13 of schedule 21 of 2018)  
**[Abigail Hermon, CT; George Healy, Invest NI; Peter Larmour, Invest NI; Claire O’Loughlin, Invest NI (meeting notes).]**

There was also an email of 9<sup>th</sup> September 2015 (Record 14 of schedule 21 of 2018) from Janine Cobain, Carbon Trust to George Healy, Invest NI and Abigail Hermon, CT and copied to Peter Larmour, Invest NI noting some increased urgency around Biomass loans already offered in the light of the DETI announced changes to the RHI tariffs.

- b. Those responsible for the management of the contract with Carbon Trust would not have required an understanding of payback periods under the RHI for their role. RHI was applied for and accredited post installation and all loan activity was pre –installation therefore the requirement for this knowledge would not have been required in order to manage the contract with Carbon Trust.
- c. Those responsible for the management of the contract would have known that the interest subsidy part of the loan (the amount of



commercial interest the business has 'saved' by availing of the interest free loan) was de minimis state aid. Invest NI would also have had an understanding about the potential impact of any other public funding being applied to the same costs incurred by the company in relation to the CT Loan application in that it could have constituted double funding.

- d. Invest NI is not aware of any other communications with any other government officials about the Carbon Trust and the RHI Scheme (other than the previously supplied email exchange (Record 2 of Schedule 192 of 2017) on 11th Dec 2013 between David Thomson, DETI and Peter Larmour, Invest NI and copied to Ian Wilkinson, Invest NI and Iris Johnston, DETI in relation to RHI eligibility and Carbon Trust Loans.
- e. Other than the correspondence and meetings with BS Holdings in questions 2 and 3 above there were two further emails between Invest NI and industry:

An email on 16<sup>th</sup> December 2013 from Wayne Cullen, BS Holdings to **Personal information redacted by the RHI Inquiry** forwarded to Don McCann, Invest NI Client Executive forwarded again to John Batch, Invest NI Technical Advisor on the 17<sup>th</sup> December confirming that DETI has made a decision on the Carbon Trust Loans and RHI referring to a note on the DETI website (Record 15 of Schedule 21 of 2018).

An email on 19<sup>th</sup> Aug 2014 from George Healy, Invest NI, to **irrelevant informa**  
**[REDACTED]** is directly referred to OFGEM to assist his query about a Carbon Trust Loan and the RHI (Record 16 of Schedule 21 of 2018).

8. Invest NI has provided all relevant records that have been located. See schedule 21 of 2018:

**(Record 1) Email from Wayne Cullen to Invest NI's Business Support Team**

**(Record 2) Email from Wayne Cullen to James McEvoy summarising 20th**

**March meeting****(Record 3) Request to review a CT loan application by Wayne Cullen****(Record 15) Email from a business confirming that DETI decision has been made****(Record 16) Email trail between a business and Invest NI with referral to OFGEM to assist**

*Further detail in relation to matters addressed in your previous statement or documents previously provided to the Inquiry*

9.

- a. Invest NI interpreted the email from Seamus Hughes on 6th August 2015 (provided by Invest NI in response to Notice 191 of 2017 (Record 3) and Inquiry Reference OPB-00010 to OPB-00011) specifically the statement “there are no reductions in tariffs planned” at face value, and as meaning that although changes were being considered there were no immediate plans to introduce cost controls and no concrete information was provided in relation to the nature, extent or timing of any such changes.
- b. We acknowledge that our previous response could have been clearer. While it is clear from Seamus Hughes’ email on 6th August 2015 that the Department was considering changes our earlier response sought to make it clear that we could not assess from that email how likely it was that changes were imminent.

Invest NI’s understanding of the position on 6<sup>th</sup> August 2015 (as relayed to the Inquiry in its response to notice 191 of 2017 Record 3 and Inquiry Reference OPB-00010 to OPB-00011) is borne out by an email from John Batch to an external consultant of 6 August 2015. John Batch confirmed on behalf of Invest NI that while *“At this point we are only hearing all sorts of unsubstantiated conjectures around proposed changes coming from business talking to technology suppliers”*, he confirmed that *“we have no official information on any proposed changes”* and that *“Invest NI cannot confirm any changes*

*and even if there were to be changes made I would think that these would be announced directly by DETI into the public domain”.*

10.

- a. Jim Clarke’s email of the 31st July 2015 (Inquiry Reference OPB-00010 to OPB-00011) was an attempt by Invest NI to bring to the attention of DETI a number of issues that had been raised with the sustainable Development team by their regular contacts in the Biomass industry (including Invest NI’s external consultants). These issues were raised through ad hoc conversations and phone calls in July 2015. Based on the recollection of the staff involved at that time these conversations and phone calls were reasonably infrequent but were becoming more frequent around July 2015. Insofar as Invest NI is aware, it holds no records in relation to these conversations.
- b. These issues were not brought to DETI’s attention until the email exchange of 31st July 2015. Subsequent to this email, Jim Clarke’s recollection is that several attempts were made to set up a meeting. The only specific example that can be recollected by Jim Clarke was of a phone call on 17th August to Seamus Hughes requesting a meeting to clarify discuss these issues. Invest NI has no records of any of these attempts including the telephone call. The meeting was held in Invest NI on 10th September 2015 by which stage DETI had communicated publically about changes to the scheme. This meeting was not minuted.
- c. Jim Clarke did not follow this up with OFGEM.

11.

- a. The modelling was sent by John Batch in an effort to clarify Invest NI’s understanding of DETI policy concerning the new tariff structure.
- b. Invest NI’s framework of external consultants would have carried out financial analysis as part of their role in advising Clients on the installation of biomass boilers on a project by project basis. These are

included where appropriate in the technical consultancy reports.

- c. The financial calculations included in the Technical consultancy reports were not sent to or shared with DETI Energy Division staff. These calculations were carried out on a project by project basis in order to advise companies. Any calculations would have been based on the published tariffs of the RHI scheme administered by DETI and the assumption would have been that they would have been fully aware of how the scheme worked and associated calculations.

### *Technical reports*

12.

- a. Businesses approach Invest NI to find out about available support. They may do this through their Client Executive, or directly with the Sustainable Development (SD) team. Once a referral has been made to the SD team, a Technical Advisor (TA) [mix of substantive Staff Officer and Deputy Principal grades] makes contact with the business to find out more about their requirements. The TA usually meets with the business at their premises to discuss potential energy and resource efficiency projects. The TA will signpost the business to the correct support mechanism provided by the SD team and/or other Invest NI teams. If, after this discussion, there is a technical energy and resource efficiency project the TA will write a technical specification. A technical specification includes details of what should be included in a technical consultancy report for that project. This technical specification is then sent to the business for approval.

On approval of the technical specification from the business, the TA will instruct an Executive Officer (EO) to issue a mini tender via the established Sustainable Development Consultancy Framework. The technical specification is used to inform the pass/fail experience requirement and score the specification for the mini tender.

Consultants who have been appointed to the technical consultancy



framework, under the relevant lots, are invited to compete in the mini tender process to secure the technical consultancy project.

On completion and return of tender the tenders are sorted by an EO and sent to a TA to be scored using an agreed adjudication process. Tender scores are collected and calculated by an EO using the agreed adjudication process. The winning tenderer is then notified by an EO using the designated tender email and they are asked to declare any conflict of interest with the client business (the tenderer will not be aware of the business name until this stage). Once this has been completed satisfactorily, the tender is awarded and the consultant has six weeks to complete the technical consultancy report for the business.

The external consultant will complete the technical consultancy report for the business. This will be submitted to the TA who will check the report against the tender specification to ensure all the requirements have been met. The Technical Advisor reviews the report to ensure that any proposed technical solution has the potential to meet the customer's needs as outlined in the technical specification. Once the TA is satisfied that the tender requirements have been met, the external consultant will send the technical consultancy report to the business.

Invest NI's Technical Advisors are relatively junior and their primary role is to obtain specialist expert advice on energy efficiency on a project by project basis.

Invest NI procures external consultants with the specialist expertise in different areas of energy and resource efficiency as Invest NI does not have the resource internally and specialist knowledge in all areas of energy and resource efficiency to delivery this support for businesses.

- b. Once the draft report is completed by the External Consultant it is sent



to a generic Invest NI email address (eretenders@investni.com). This mailbox is reviewed by Energy and Resource Efficiency Team Admin staff who then forward the draft report to the commissioning Technical Advisor. Once the report is finalised (following the raising and resolution of queries with the external consultant) it is forwarded to the TA for approval. The TA confirms to admin staff that they are content with the final report (from July 2015 this is done through the completion of a Post Project Evaluation proforma (see Record 17 of schedule 21 of 2018)). The team admin staff confirm with the external consultant that the agreed final report can then be forwarded to the Client.

- c. As outlined in the response to 12.b the reports are provided to Energy and Resource Efficiency admin staff in order that they facilitate the administration of the contract and the commissioning Technical Advisor in order that they approve the report as part of the Sustainable Development Consultancy Framework contract management process.
- d. As part of the framework management/governance requirements of the Sustainable Development Technical Consultancy Framework contract, it is the responsibility of the Technical Advisor to review the draft report, raise any relevant queries with the external consultant and approve the final report. The Technical Advisor reviews the report to ensure that any proposed technical solution has the potential to meet the customer's needs as outlined in the technical specification. The Technical Advisor would not be required to comment on or flag any issues such as the sources of funding proposed in any recommendation. As such there are no processes in place to flag any issues identified apart from the management of the Sustainable Development Technical Consultancy Framework contract.

The Technical Consultancy Framework has run under two contracts, relating to two different programmes– 2011 to 2015 under the Sustainable Productivity Programme, and 2015 to 2018 under the Sustainable Development Support Programme. The first contract (2012



– 2015) did not require post project evaluations (PPEs) and the Technical Advisor would have provided ad hoc confirmation that they were content with the final report. Completion of a PPE is a requirement of the second contract (2015 – 2018).

Invest NI procures external consultants with the specialist expertise in different areas of energy and resource efficiency as Invest NI does not have the resource internally and specialist knowledge in all areas of energy and resource efficiency to delivery this support for businesses. Invest NI's Technical Advisors are relatively junior and their primary role is to obtain specialist expert advice on energy efficiency on a project by project basis. They would not therefore be qualified to perform an in depth review of specialist technical content that the specialist external consultants provide in these impartial technical consultancy reports except in terms of ensuring that a proposed solution meets the requirements outlined in the technical specification.

- e. The process outlined above in the response to 12.d regarding the reviewing of reports in line with the management of the Sustainable Development Technical Consultancy Framework contract has been followed. However as also outlined above no processes were in place for identifying and flagging issues that may be passed onto any other bodies.

13.

- a. No steps were taken to alert DETI Energy division.
- b. Invest NI's Technical Advisors are relatively junior and their primary role is to obtain expert advice on energy efficiency on a project by project basis. They would not therefore be qualified to perform an in depth review of the specialist technical content that the specialist external consultants provide in these impartial technical consultancy reports except in terms of ensuring that a proposed solution meets the



requirements outlined in the technical specification. The Technical Advisor reviews the report to ensure that any proposed technical solution has the potential to meet the customer's needs as outlined in the technical specification. The Technical Advisor would not be required to comment on or flag any issues such as the sources of funding proposed in any recommendation.

While individual staff members in the course of their duties would have come across information such as that contained in the technical reports, each staff member that has been consulted [Jim Clarke, Daniel Purdy, Gillian Stewart, John Batch] has confirmed that they would have had no reason not to have confidence in the operation of the RHI scheme given that it was designed by Invest NI's sponsor body, administered by OFGEM and based on the GB RHI scheme.

The RHI scheme was understood to include incentives to ensure the outcomes of DETI's energy policy were delivered. Specifically it was understood that the RHI scheme was designed to increase the uptake of renewable heat. A tiered incentive approach to deliver this type of policy outcome would have been familiar to Invest NI staff and therefore would not have been questioned or viewed as a novel approach to incentivise.

Invest NI officials have no recollection of this being escalated to Invest NI management for consideration and have found no records to date of this having been raised at senior management level.

- c. The Invest NI Technical Advisors that have been consulted [Jim Clarke, Daniel Purdy, Gillian Stewart, John Batch] have confirmed that any assessment of the scheme contained in the technical reports would not have given them cause for concern due to the fact that it was designed by Invest NI's sponsor body, administered by OFGEM and based on the GB RHI scheme.



The RHI scheme was understood to include incentives to ensure the outcomes of DETI's energy policy were delivered. Specifically it was understood that the RHI scheme was designed to increase the uptake of renewable heat. A tiered incentive approach to deliver this type of policy outcome would have been familiar to Invest NI staff and therefore would not have been questioned or viewed as a novel approach to incentivise.

Invest NI officials have no recollection of this being escalated to Invest NI management for consideration and have found no records to date of this having been raised at senior management level.

14.

a. Recent job specifications for the role included the following roles and duties for Technical Advisors:

- Providing businesses with advice, information and recommendations relating to the identification, management and completion of resource efficiency projects (projects that reduce the cost of water, energy and raw materials consumption);
- Managing ongoing relationships with individual businesses to ensure that resource efficiency projects are successfully implemented and savings achieved;
- Contributing to the development of Invest NI's strategy and approach to driving business competitiveness through the efficient management of energy, waste and water;
- Engaging with stakeholders and other government departments to maximise the economic impact of resource efficiency activities and to promote the availability of Invest NI's support;
- Developing Ministerial Briefings and responses to external questions and requests for information;



- Carrying out any other duties to meet the business needs of the Sustainable Development team.

Further detail in relation to their activity with the Sustainable Development Technical Consultancy Framework with the technical consultancy is provided as part of the response in question 12 above and in 14.b below.

- b. Invest NI procures external consultants with the specialist expertise in different areas of energy and resource efficiency as Invest NI does not have the resource internally and specialist knowledge in all areas of energy and resource efficiency to deliver this support for businesses.

The relationship between the TAs and the external consultants is a professional one for the purposes of facilitating the Technical Consultancy Framework.

Interaction between the TAs and the external consultants is largely in relation to the review and post project evaluation of the technical reports. The monitoring process of the framework requires the TAs to check every report against the tender specification to ensure the specification has been met, and, to complete a post project evaluation.

If amendments are needed to bring the report in line with the tender specification, these are outlined to the consultant, and the consultant is required to provide an amended version. There may be some interaction back and forth between the TA and consultant to reach clarity on what is necessary. This type of interaction takes place via email and telephone.

Six monthly review meetings are also held with all participating contractors to address issues with delivery and manage performance on the framework. This type of interaction takes place in person at the



Invest NI HQ offices.

- c. Please find below the said technical advisors for the period 2011 to 2016. The dates reflect any Technical Advisors who joined or left in the period 2011 to 2016.

Technical Advisor	From	To
Gillian Stewart	2011	2016
John Batch	2011	2016
Fiona Walker	2011	Aug 2014
David Bell	2011	Mar 2014
Ciaran O'Reilly	2011	Feb 2015
Nuala Devlin	Aug 2012	2016
Chris Bingham	Nov 2012	Feb 2015
Jim Clarke	Jun 2014	2016
Daniel Purdy	Aug 2014	2016

In the response to Statement 191 of 2017 in question 1.g.iv Invest Ni referred to a “technical advisor” who had a role to promote supply chain opportunities in the Bio-energy sector, However while this individual is part of the Sustainable Development Team he [Trevor Kerr] is actually employed as a Business Development Executive. Please note the six Technical Advisors referred to question 1.e.iv comprise of five Technical Advisors and one Business Development Executive.

15. As demonstrated in the wording of some of the technical reports, there will have been instances where individual staff members of Invest NI would have been made aware during the course of their duties of the potential for the tariff payable to exceed the cost of the fuel required and for the potential for this to create an incentive to produce heat simply to achieve an income from the subsidy. The Invest NI Technical Advisors that have been consulted [Jim Clarke, Daniel Purdy, Gillian Stewart, John Batch] have confirmed that any assessment of the scheme contained in the technical reports would not have



given them cause for concern due to the fact that the RHI scheme was designed by Invest NI's sponsor body, administered by OFGEM and based on the GB RHI scheme. These Invest NI officials have no recollection of having any concerns that would have needed to be escalated to their line management.

Invest NI has found no records to date of this having been raised at senior management level.

16. The primary method that Invest NI officials would have become aware of this information was through the provision of external consultancy technical reports. A list of the reports that mention RHI and a copy of all such reports is provided. The list shows the Technical Advisor who commissioned and reviewed the report whilst the reports themselves detail the dates that they were produced.

Based on this request from the Inquiry (schedule 21 of 2018), Invest NI has been able to locate further, relevant information.

In response to question 2 relating to the meeting on 12<sup>th</sup> June 2013 with BS Holdings Limited, Invest NI has now provided an email from Wayne Cullen (BS Holdings Ltd) to Invest NI's Business Support Team (Record 1 of Schedule 21 of 2018). This email was shared with James McEvoy on 6<sup>th</sup> March 2013 and details the potential income that could be realised through the RHI scheme. This was not found during the search for records as part of Notice 191 of 2017 and was therefore not provided to the Inquiry until now.

In addition, Invest NI has found an email from John Batch (Technical Advisor) dated 13<sup>th</sup> May 2013 which is a follow up to the provision of the technical report to **INC1** and in which John Batch acknowledges the potential benefit of utilising the RHI scheme and the payback period under the scheme (see Record 18 of schedule 21 of 2018).

Invest NI has also found an email from John Batch (Technical Advisor) dated 21<sup>st</sup> August 2015 in which he advises a Company on the need to have a biomass heating system "installed and operating with an accredited heat meter as soon as possible and hopefully before any changes to RHI are brought into



effect by DETI". John Batch has confirmed that his understanding of the likelihood of proposed changes came primarily from discussions taking place in the industry (relayed to DETI in Jim Clarke's email of 31<sup>st</sup> July 2015). However, based on this new information (provided at record 19 of schedule 21 of 2018) Invest NI can no longer support its original assertion in response to question 1.d.i of witness statement 191 of 2017 that "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".

17. As noted in question 15 above there will have been instances where individual staff members of Invest NI would have been made aware during the course of their duties of the potential for the tariff payable to exceed the cost of the fuel required and for the potential for this to create an incentive to produce heat simply to achieve an income from the subsidy. Based on the information currently available the first time that this type of information would have been available to an Invest NI member of staff would have been in a technical report prepared for **INC1** by the external technical consultant in December 2012.

A list of the technical reports that mention RHI and a copy of all such reports is provided. The list shows the Technical Advisor who commissioned and reviewed the report whilst the reports themselves detail the dates that they were produced. With the benefit of hindsight and our current level of understanding about the flaws of the RHI scheme it could be viewed that each Technical Advisor would have become aware of these issues on the first occasion that it was mentioned within a technical report that they had commissioned. However this hindsight needs to be balanced against the fact that the Technical Advisor would have conducted only a high level review of the report to ensure that any proposed technical solution has the potential to meet the customer's needs as outlined in the technical specification.

Invest NI has no record of any action being taken outside of the process for the commissioning of technical report for companies and the management of the



18. It appears that the Inquiry is asking this question on the understanding that information about the changes to the RHI scheme was being provided ahead of the changes being announced by DETI. In record 10 of schedule 192 of 2017 Invest NI provided the date of the report as August 2015. However please note that the August 2015 date given refers to when the report was commissioned.

The draft report for [irrelevant information redacted by the RHI] was provided by the external technical consultant on 31<sup>st</sup> August 2015 and does not contain reference to changes to the RHI scheme tariffs. This draft report is provided at record 20 of schedule 21 of 2018.

The final report, from which the wording above is lifted, was produced on the 20<sup>th</sup> September 2015. Invest NI apologises for any confusion caused by how the date was presented.

Invest NI has no record of any action being taken outside of the process for the commissioning of technical reports for companies and the management of the Sustainable Development Consultancy Framework.

19. Invest NI previously provided a list of 296 technical consultancy projects that may have made reference to RHI together with a sample check of 50 of those to check the extent of the reference to RHI. (Record 9 and Record 10 of Schedule 192 of 2017).

Invest NI has carried out a further review of these 296 projects and has provided a list of 158 projects that have a reference to RHI. The spreadsheet of these 158 is provided at Record 21 of schedule 21 of 2018 together with a comment on the extent of the reference to RHI in each of the 158 technical consultancy reports. The 158 reports are also supplied as requested at Record 22 of schedule 21 of 2018.

20. The external consultants providing technical consultancy reports which touch upon RHI are in the table below:

Action Renewables
B9 Solutions Ltd
Beers Engineering Consultancy Ltd
CB Engineering Consultancy
Element Consultants Ltd
Energy Footprint NI Ltd
Global Trust UK
Intra Consulting Ltd
Mabbett & Associates Limited
Renewable Building Technologies Ltd
RPS Consulting Engineers
SDS Energy Group

As standard Invest NI practice for a procurement of this nature, the Central Procurement Directorate (CPD) was engaged to manage the procurement process. There were two Technical Consultancy Frameworks that were procured in the period 2011 to 2016, and both used the CPD open tender process:

- i. 2011 to 2015 Technical Consultancy Framework with eight technical categories, where tenderers could bid to be appointed to multiple categories.

	Categories 2011-2015
1	Resource Efficiency & Waste Management Systems
2	Clean Technology Systems
3	Renewable Technology Systems

4	Energy Management and Efficiency
5	Investigation of New Technologies
6	Low Carbon Packaging Solutions
7	Environmental Accreditations
8	Transport Efficiency

- ii. 2015 to 2018 Technical Consultancy Framework with nine technical categories (an additional category was added for Sustainable Business Collaborations), where tenderers could bid to be appointed to multiple categories.

Categories 2015-2018	
1	Resource Efficiency and Waste Management Systems
2	Clean Technology Systems
3	Renewable Technology Systems
4	Energy Management and Efficiency
5	Investigation of new Technologies
6	Low Carbon Packaging Solutions
7	Environmental Accreditations
8	Transport Efficiency
9	Sustainable Business Collaborations

For both framework tenders Invest NI developed and agreed, with CPD, the Terms of Reference for the procurement. CPD managed the process according to its procurement procedures.

The selection panel was agreed by Invest NI and CPD for adjudication of the selection criteria and qualitative award criteria.

- The 2011- 2015 tender responses were scored by two TAs and a suitable person external to the team co-ordinated by a CPD representative.
- The 2015 – 2018 tender responses were scored by two TA's and a suitable person external to the team co-ordinated by a CPD representative.



CPD collated the scoring and calculated accordingly to appoint the successful tenderers and contractors on the framework. Award letters were issued by CPD and the Alcatel period was observed prior to commencement of the contract.

As is standard CPD practice, the tender terms of reference and the contractors' tender responses make up the contractual arrangement governing the relationship with Invest NI.

### *Events*

21.

- a. Invest NI paid for a stand at this event to promote the range of services provided by the Sustainable Development Team. Gillian Stewart (Technical Advisor) and Fiona Walker (Technical Advisor) attended primarily to man the stand that promoted Invest NI's Sustainable Development Services.
  
- b.
  - i. Neither attendee can recall any of the specifics of the event including being made aware of anything in relation to criticisms of the RHI scheme. [Fiona Walker, Gillian Stewart]
  - ii. Neither attendee can recall any of the specifics of the event including being made aware of anything in relation to criticisms of the RHI scheme. [Fiona Walker, Gillian Stewart]
  - iii. Neither attendee can recall any of the specifics of the event including being made aware of anything in relation to criticisms of the RHI scheme. [Fiona Walker, Gillian Stewart]
  - iv. Neither attendee can recall any of the specifics of the event including being made aware of anything in relation to criticisms of the RHI scheme. [Fiona Walker, Gillian Stewart]
  
- c. Neither attendee can recall any of the specifics of the event including being made aware of anything in relation to criticisms of the RHI scheme.



[Fiona Walker, Gillian Stewart]

- d. While Invest NI can confirm that neither Invest NI attendee [Fiona Walker, Gillian Stewart] can specifically recall the event, they have both confirmed that nothing they had heard about the RHI scheme during this time period through any medium constituted the type of criticisms outlined in b and c. Subsequently Invest NI did not take any steps to advise DETI of anything that occurred at the event on 20th June 2013.
- e. While Invest NI can confirm that neither Invest NI attendee [Fiona Walker, Gillian Stewart] can specifically recall the event both attendees have confirmed it is likely that, as per normal practice at such events, they would have spent the majority of the time at the event engaged in promoting the services of the Sustainable Development team at the Invest NI stand to the other attendees and it is therefore unlikely that they paid much (if any) attention to the presentations.

22.

- a. Invest NI provided a list of Sustainable Development Resource and Efficiency event in schedule 192 of 2017 at record 15. Within this list was an event at "Manor House, Coleraine" in September 2013. This should have been listed as two separate events in the same month; the first at Ballyrashane, Coleraine on the 17th September; and the second event at Manor House in Killadeas, Enniskillen on the 19th September. Both of these events were on Energy and Resource Efficiency and had substantively the same agenda, including the delivery of the same presentation by CB Engineering. Invest NI apologises for any confusion caused.

List of registrations attached for both the Manor House event (Record 23 of schedule 21 of 2018) and the Coleraine Event (Record 24 of schedule 21 of 2018) both in September 2013. Attendance on these events was not based on invitations and was open to anyone. Invest NI openly advertised and promoted these events to as wide an



audience as possible. No representatives from DETI or OFGEM were specifically invited and no one from either organisation registered to attend. Based on this information Invest NI does not believe that either organisation was represented.

- b. Those who are registered for the event from Invest NI are:
- Ballyrashane – Gillian Stewart (Technical Advisor)  
 Louise Young (Admin support for the event)  
 Claire O'Loughlin (Admin Support for the event)
- Manor House – David Bell (Technical Advisor – Retired)  
 Louise Young (Admin Support for the event)
- c. It would be assumed that all attendees would have heard all of the presentations as both events were scheduled to run from 8.30am until 11am when it would have finished with an optional tour. The admin support staff may have been doing other duties rather than listening to each of the presentations. (E.g. logistical arrangements).
- d. David Bell retired in March 2014 and has not been consulted about his recollection of the event. The admin support present would not have had the technical understanding to form an opinion on this.
- The other Invest NI representative [Gillian Stewart] cannot recall her understanding of the RHI at that time but she has confirmed that she would have assumed that the calculations would have been correct and would have been compliant with the operation of the scheme.
- e. Nothing in relation to the event or the presentation was communicated to DETI Energy Division.
- f. Gillian Stewart (Technical Advisor) cannot recall her understanding of the RHI at that time but she has confirmed that she would have assumed that the calculations would have been correct and would have been compliant with the operation of the scheme. On this basis nothing in



relation to the presentation was communicated to DETI's Energy Division, OFGEM or any other government body or official.

### *Invest NI Guidance*

23. In relation to the above please explain:

- a. Our records indicate that it was published on or around 25th June 2014.
- b. Hard copy versions were available for use by the Technical Advisors when out visiting Clients and when Invest NI may have had stands at events as one part of the team's marketing collateral. The report was also available online at [www.investni.com](http://www.investni.com)
- c. Alastair Nicol, Element Consulting Limited authored the report.
- d. This was not raised with DETI Energy Division.
- e. Invest NI's external consultant would have relied on the information on the RHI scheme as published by DETI. RHI was not an Invest NI scheme nor was Invest NI involved in the administration of it.

Invest NI would not have questioned the controls in operation under the RHI scheme, given that it was designed by Invest NI's sponsor body, administered by OFGEM and based on the GB RHI scheme. It is only with the benefit of hindsight and what is known now about the operation of the RHI scheme that the wording in the report could have seemed problematic to the Invest NI staff members who would have read or utilised the report.

### *Shareholding in Scheme beneficiaries*

24. Due to the nature of Invest NI's operations and the composition of its Board members (being from local, private and public sector organisations), it is



inevitable that transactions will take place with companies and organisations in which Board members may have a beneficial or non-beneficial interest.

Transactions with these related organisations are conducted on an arm's length basis. Financial assistance packages are subject to normal project and programme rules and internal appraisal procedures.

The Chairman, Board members and Senior Management Team of Invest NI are required to register all interests, direct or indirect, which members of the public might reasonably think could influence their judgement.

Specifically Board members are not permitted to be involved in any approvals processes nor in any areas that may create a real or perceived conflict of interest Transactions involving organisations in which Board members hold an interest are disclosed and reported in the Agency's Annual Report and Accounts.

In relation to Balcas, the shareholding held by Invest NI is by way of preferred ordinary shares subscribed for in 1994 by the then Department for Economic Development, some eight years before Invest NI was created and Mr Kingon joined the Board of Invest NI.

Stephen Kingon joined the Board of Invest NI in June 2002 as a Non-Executive Director and subsequently became Non-Executive Chair of Invest NI in January 2006. His tenure as Chair ended 31st Dec 2011 at which point he ceased to be a Board member. As a non-Executive Board Member, at no stage was Mr Kingon an official of Invest NI. Mr Kingon declared his interest in Balcas when he was appointed as a Director to Balcas in Sept 2008. In line with the above, Mr Kingon did not participate in nor had any role in any discussions or decisions in relation to Balcas.

25. Please also:

a. Other financial support has been made available to both Balcas and Tri-



Met Engineering in the normal course of business for Invest NI. Direct financial assistance has been offered in the period from 1st April 2010 and payments to 28th February 2018 as follows:-

Balcas Ltd and Balcas Timber Ltd

30th Oct 17 Grant for Research and Development (£940,500 Offered & £0 Paid). This grant is in respect of a sawmill optimisation project.

Turco Engineering Ltd (previously Tri-Met Engineering Limited)

Turco Engineering Limited (NI410074) is the company previously known as Tri-Met Engineering Limited until August 2016 in which Invest NI holds shares. This company has had GAP support offered to the value of £39,600 (paid to date £2,982.98) and a Resource Efficiency Capital Grant of £40,000 (paid to date £40,000) both in 2017.

The GAP support focused on growth of the company's main boiler range and subcontract work outside of NI with the only reference to sales of its Biomass boilers being into RoI if such a RHI scheme was to be implemented in RoI.

A connected company, now known as Tri-Met Limited (NI012179) was previously known as Turkington Engineering Limited until August 2016. This company received Growth Accelerator Programme (GAP) support in 2013 to the value of £41,700 of which £16,801 was drawn down. The Offer was split into £21,700 market development grant to assist the company with selling its wood pellet boilers and chicken litter incinerators to markets outside of NI (GB & RoI) and £20,000 Key Worker Grant for appointment of an Operations Director which was later amended to that of Sales & Marketing Director in November 2013. Other support since 2010 consisted of MIS support for software for invoicing and stock control etc.

Other non-financial assistance would have been provided to both organisations for activities such as attendance on Trade Missions to new



markets, design development advice, CE marking, lean processing, energy/water efficiency, export advice, etc. These, in the main, would cover advice or attendance at an event or provision of specialist advice and as such would be non-financial in nature.

None of the support offered to the companies above was in relation to the NI RHI Scheme.

- b. Invest NI's primary role is to help the economy to grow by assisting firms with their development plans. This assistance can take the form of shares, loans, grant or a combination of these.

In relation to Balcas and Tri-Met Engineering Limited (now called Turco Engineering Ltd), shares were taken in Balcas Limited in 1994 by the then Department for Economic Development and in Tri-Met Ltd in 2002 by the then Local Economic Development Unit (LEDU) respectively.

As stated earlier the shareholding in Balcas Ltd was taken in 1994 and comprised of 1.5 million of preferred ordinary 'C' shares of £1 each. The fact that Invest NI holds shares in individual companies does not give rise to a conflict of interest.

Invest NI does not take an active role in the direction and day to day management of companies it has a shareholding in. Invest NI maintains a minority shareholder interests, often by way of preferred shares with limited powers. However, Invest NI does monitor the company's performance and progress against the assistance provided, as it does with all projects that are supported.

The key element as far as Invest NI's is concerned is that client support is only made available if it meets Invest NI's intervention principles and, if granted, the support is in a form appropriate to the objectives of the development proposal. It is therefore not unusual for Invest NI to provide grant assistance to those companies that it also maintains an equity



interest in. As at March 2017 Invest held shares, both directly and indirectly, in over 100 companies as a result of assistance provided over many years.

Statement of Truth

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

Signed:

Dated: 23 March 2018