

Meeting with Fiona Hepper and Renewable Heat Team 8.10.13

(details as documented in emails to:

Stephen Agnew's PA on 21/10/13

Peter Hutchinson

Fiona Hepper (via her PA) on 9/6/14

At the meeting I'd queried if there would be a time when NI's RHI payments would align with the rest of UK's (i.e. to offer a tiered approach to funding whereby the first 1314 peak load hours is funded at the higher amount (7.6p/kWh) and the remainder at a lower amount (1.9p/kWh) to encourage the buildings' owners/operators to be more efficient in their usage). As you know in Northern Ireland, a building owner can get a flat rate of 6.1p/kWh no matter what their usage (if boiler is between 20 & 100 kWth).

I'd advised what we were seeing on the ground in Northern Ireland is that buildings are using more energy than before because it pays them to do so. The flat rate means that there was no incentive at all to be efficient and it was more likely that the heating would be kept on in buildings in all year round, with the windows open everywhere.

~~Fiona, Joanne and Peter told me that they did not believe that this was the case and people would not do this.~~ They advised that they assumed that renewables would've been undertaken in businesses as the last step after all energy efficiencies were maximised. I advised that it was in fact happening and that it was making it impossible for us to sell energy efficiency equipment to these buildings, even when that's exactly what should be happening as the first step and indeed what is happening in GB. I added that it is now in business' interests to be wasteful with what's strictly not a renewable energy source.

I advised that whilst I understand that the RHI Team have a very difficult job to undertake to get the renewables adoption rates up, the current tariffs were making things difficult for companies like ours who main aim is genuine energy efficiency.

By way of conclusion they told me that I should feed my thoughts in to the current RHI consultation that proposes the extension of the scheme to the domestic sector and new tariffs/technologies for the non-domestic sector. I read the consultation document but domestic RHI is not relevant to us as we don't target this market and unfortunately none of the consultation document mentioned amending the tiered repayments in line with GB. So I didn't feel that it gave me the opportunity to add anything more than what I'd discussed that day with the RH Team.

In addition, they discussed that it might be useful for me to contact DFP as they have responsibility for energy efficiency and energy usage in the public estate, an appropriate starting point might be Martyn.scott@dfpni.gov.uk. They told me to explain that I'd met with DETI and were advised that DFP might be interested to learn of a new energy efficiency product that could significantly reduce heating costs.

I came out of the meeting feeling frustrated and that it had been a waste of my time as they didn't seem to acknowledge the issue.

From the Office of the Minister



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INV 712-13

Janette O'Hagan
Okotech
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05 September 2013

Dear Janette

Thank you for your email of 27 August 2013, providing information on your company and the product you have been promoting to support energy efficiency in the local care home market. Given my Department's role in advising consumers on how best to manage energy demand and costs, I was pleased to learn of the success of your Heatboss product and your work with Invest NI.

Unfortunately, due to diary commitments, I am unable to meet with yourself to discuss how your product might align with the Northern Ireland Renewable Heat Incentive. However, my Head of Energy Division, Fiona Hepper is content to arrange a meeting with yourself and members of her Renewable Heat team if you would find this helpful.

To make the necessary arrangements I would be grateful if you liaised directly with Fiona's secretary, Laura McCoy (028 9052 9200 or laura.mccoy@detini.gov.uk).

Yours sincerely

Arlene Foster MLA
Minister of Enterprise, Trade and Investment



16 12/3/15 Email JOH response to Seamus Hughes:

Advising him that I believe that the tiered funding in NI needs to ensure that people who avail of non-domestic RHI don't just waste fuel for the sake of earning money on the RHI repayments. I had spoken to Fiona Hepper and her team about this 2 years ago. She'd advised me then that they didn't think that businesses would abuse the system, but we see it time and time again when out on client sites. To assume that this isn't happening is not acceptable in my view. This doesn't happen in GB as the higher rate RHI repayment only covers a certain amount (~around 75% of a 40 hr week) of their usage and the remainder of usage is at a lower rate - thus encouraging efficiencies.

I've tried to speak to each person who has subsequently taken on the RHI role and Davina had acknowledged that when she was looking after Renewable Heat she intended to review elements of the non-domestic RHI, including tariffs. She had said that the issues that I was raising were on the RHI team's radar and would be dealt with. It's really disappointing to hear that that's not the case any more, other than possibly in the future for budgetary controls. The rest of us, who are actually trying to save energy, money and the environment have an uphill struggle against such legislation. I understand that it is a renewable resource, if replanted, but really should it be being wasted for profit?

- 11/3/15 Email JOH email to Davina McCay
Reminding her that she had advised that a review of the RHI non-domestic tariffs was to happen in the latter half of 2014.
- I reiterated that the RHI non-domestic tariff as it is currently set in NI has a huge adverse impact on us, as it means that potential clients which have moved to biomass are no longer interested in making any efficiencies. I added that I completely understood the need for the RHI and am delighted at the number of jobs that it has created within the province, but the tariffs need to include a motivation to save here, as is the case in the RHI tariffs across the water. For example, I had spoken to a company that installed a biomass boiler for a local company recently and they told me that their client would get a payback in 2 years (with the RHI payments) if he kept the heat on 24/7 Vs over 3 years if he kept the heat on the hours that it was needed (8hrs a day 5 days a week). In anyone's eyes this is completely wrong and motivates further waste.
- I added that I understood that this was only one small element of Davina's remit but that it was so important to me, not just because it impacts our business, but because of its impact on the environment – unnecessary waste of any resource should not be allowed and it should certainly not be encouraged.
- 14 11/3/15 Email Davina McCay forwarded my email to Seamus Hughes (DETI Energy Efficiency Branch)
- 15 12/3/15 Email From Seamus Hughes (cc'ing Stuart Wightman of DETI) in response to JOH's email to Davina McCay
Seamus advised that in terms of the non-domestic RHI he could advise that the phase 2 review is now underway but the final policy has yet to be determined. The phase 2 review will see the extension of the RHI to new technologies and tariffs, and these should be in place late in 2015. With regard to tiered funding, whilst this is not being proposed as a specific issue under the review it may be introduced at a later date as a budgetary control measure.

- 11 9/6/14 Email Follow up email to Fiona Hepper (via her PA Laura) – same email as was sent to Peter Hutchinson above to re-iterate my concerns and confirm that what we were still seeing on the ground was that companies were being encouraged to waste energy to receive more RHI repayments. I added that we'd been told by a well-established local biomass company to remove the saving detail on our product's sales literature because their clients were no longer interested in making any savings. I told her that I'd hoped that she'd agree that there is something inherently wrong with that approach to funding.
- I asked if she could advise what the future plans were for the RHI tariffs for non-domestic within the coming years as we needed an awareness of this to ensure that our company can survive in Northern Ireland. I urged her to table this issue again for discussion again and advised that, if she needed proof of what's happening on the ground, I'd be happy to provide information adding that it had got to a stage now where it simply cannot be ignored any longer.
- 12 11/6/14 Email Response to email for Fiona from Davina McCay (Sustainable Energy DETI)
- Davina stated that both Peter and Fiona have moved on to new work areas outside of DETI and Energy Division. She stated that Peter moved on in May 2014 so it's possible that my email (on 12/5/14) arrived after his departure. She advised that she was now looking after Renewable Heat and that she intended to review elements of the non-domestic RHI, including tariffs within the next few months. She apologised that she couldn't tell me anything more definitive than that at the moment, but that she wanted to let you know that the issues I had raised were on their radar.
- She advised that she would keep me up to date with any developments when she was in a position to do so.
- 13 11/6/14 Email JOH response to Davina McCay thanking her for responding and advising that I'd be keen to hear how things progress.

See notes below for the main discussion points. I know this because I referred to these points in a subsequent email to Fiona Hepper (9/6/14) and to Stephen Agnew's secretary (21/10/13).

- 8 8/10/13 Email Email received by Peter Johnston following the meeting: He attached current RHI consultation that proposes the extension of the scheme to the domestic sector and new tariffs/technologies for the non-domestic sector.

In addition, we discussed that it might be useful for you to contact DFP as they have responsibility for energy efficiency and energy usage in the public estate, an appropriate starting point might be Martyn.scott@dfpni.gov.uk. Explain that you met with DETI and were advised that DFP might be interested to learn of a new energy efficiency product that could significantly reduce heating costs.

- 9 21/10/16 Email Received by JOH from Steven Agnew's PA re Responses by DETI Minister from Steven Agnew's questions on the RHI:
<http://aims.niassembly.gov.uk/questions/printquestionsummary.aspx?docid=177011>
<http://aims.niassembly.gov.uk/questions/printquestionsummary.aspx?docid=177014>

In the 2nd response the Minister advises that they promote energy efficiency first with the domestic RHI but omitted any mention of it for the Non-domestic RHI.

- 10 12/5/14 Email Follow up email to Peter Hutchinson to re-iterate my concerns and confirm that what we were still seeing on the ground was that companies were being encouraged to waste energy to receive more RHI repayments. I added that we'd been told by a well-established local biomass company to remove the saving detail on our product's sales literature because their clients were no longer interested in making any savings. I told him that I'd hoped that she'd agree that there is something inherently wrong with that approach to funding.

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Non-Domestic RHI related communications:

1. When we first started selling back in 2013, I spent much time going to energy/sustainability related events and out talking to potential clients, primarily in the care home industry. I found that any organisation who had already installed or were planning to install biomass boilers, were not interested at all in making any savings.
2. I started looking into the Non-Domestic RHI in NI and was amazed by the fact that it encouraged wastage in contrast to the other RGI incentives in the rest of GB, which whilst encouraging uptake of the RHI also encouraged organisation to be more efficient with the tiered repayments.
3. I got so frustrated that I wrote to Minister Foster (who was DETI Minister). She had kindly written back and arranged for me to go and meet with Fiona Hepper (DETI's Head of Energy Division) and her RH team in 2013, there were some subsequent emails from me asking for updates on progress made. The timeline is as follows:

| | Date | Activity | Summary |
|---|------------------|-----------------|---|
| 1 | 26/8/13 | Email | JOH emailed DETI - to see if Arlene would be free any time for us to ask some advice on how we align the energy efficiency that we deliver with the sustainability delivered by RHI |
| 2 | 5/8/13 | Email & letter | Email received from James Ingram (DETI Private Office) with a letter attached from Arlene Foster asking me to arrange a meeting with Fiona Hepper. |
| 3 | 5/8/13 - 11/8/13 | Email | Various emails between JOH & Fiona Hepper's PA (Laura McCoy) to arrange a meeting |
| 4 | | Email | Proposed Agenda |
| 5 | 12/8/13 | Email | JOH email to Steven Agnew MLA on the issue |
| 6 | 19/9/13 | Email | Meeting with Steven Agnew in Stormont – part of which was to ask him to raise questions on the RHI with DETI |
| 7 | 8/10/13 | Meeting | <p>Location: FH's Office, Neterleigh, Massey Avenue</p> <p>Attendees: Fiona Hepper, Peter Hutchinson, Joanne McCutcheon from DETI and JOH (Okotech Ltd)</p> <p>Agenda (proposed by JOH):</p> <ol style="list-style-type: none"> 1. Overview of heatboss and its impact on the energy efficiency of commercial buildings 2. Discussion on the impact of the RHI on energy efficiency levels 3. Discussion on the potential opportunities to align RHI and energy efficiency measures 4. Discussion on the potential for future incentives for energy efficiency measures in commercial and public buildings |