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Dear Andrew

DETI Resource Accounts 2015-16 Draft Report on the Renewable Heat Incentive Scheme

Thank you for your letter of 13 June providing responses to our draft report. I enclose a final draft for your approval which:

- a) Incorporates your suggested changes
- b) Updates some of the figures in Tables 3, 4 and 5 and Annexes 1-3 in line with revised costs provided by CAFRE (via Stuart Wightman)
- c) Included an extra table at Table 5 to outline the "worst case" scenario where a participant in the scheme merely heats empty space just to collect the subsidy.

I have also included this draft of the report within our Report to those charged with governance that has been sent to the Audit Committee.

I would be very grateful if you could respond to this report as soon as possible and certainly before Monday 27 June in order to allow us time to certify the DETI accounts. I would be happy to meet to discuss if that would be helpful.

Yours sincerely

TOMAS WILKINSON
Director

1. Underspending on the Renewable Heat Incentive scheme 2011-12 to 2014-15

DETI had DFP approval for a total budget of £25 million for the period 2011-12 to 2014-15. There was an underspend in this period – can you please confirm the figures below.

	2011-12	2012-13	2013-14	2014-15	Total
	£'000	£'000	£'000	£'000	£'000
AME Allocation	2,000	4,000	7,000	12,000	25,000
Total spend	0	470	1,650	7,925	10,045
Underspend	2,000	3,530	5,350	4,075	14,955

2. Comparison of annual payment between NI and GB (per year for 20 years)

The annual Northern Ireland RHI grant for a typical 99 KW boiler installed in May 2015 could have been almost twice as much as for the same boiler in GB – can you please confirm this is correct, based on a typical 99kw wood pellet boiler installed in May 2015 assuming use for 12 hours a day, 5 days a week and 93% efficiency, generating 287,370 kwh of heat energy per year.

	NI	GB
NI: 287,370 kwh at 6.4p/kwh	£18,392	
GB: 122,200 kwh at 5.87p/kwh (Tier 1)		£7,173
GB: 165,170 kwh at 1.56p/kwh (Tier 2)		£2,577
Total	£18,392	£9,750

3. RHI applications and associated costs 2012 to 2016

Period	Application Numbers	Annual Cost £m	20 Year cost £m
Non-domestic schemes			
Nov 2012 – March 2015	522	12.3	246
April to September 2015	387	7.9	158
October 2015	441	9.8	196
November 2015	452	9.9	198
December 2015 – March 2016	80	1.9	38
Total non-domestic	1,882	41.8	838
Domestic schemes	XXXX	2.2	44
Total commitment to 31 March 2016	XXX	44	882

Can you please confirm the above highlighted figures.

4. Can you please confirm the following rates below both before and after 17 November 2015.

	Boilers installed before 17 November 2015	Boilers installed after 17 November 2015
Tier 1	6.4p/kwh	6.4p/kwh
Tier 2*	N/A	1.5p/kwh

*Tier 2 applied in the revised scheme for all hours after the first 1,314 hours of use in the year.

5. Can you please confirm below the projected deficit in AME funding over the next 5 years.

	16-17	17-18	18-19	19-20	20-21	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Total cost	45,195	45,195	45,195	45,195	45,195	225,975
AME allocation	18,300	22,300	25,700	28,900	34,300	129,500
Deficit	(26,895)	(22,895)	(19,495)	(16,295)	(10,895)	(96,475)