

Date : 28/04/2011 15:29:02

From : "Iain Morrow"

To : "Mahmoud Abu-ebid" , "Jeremy Stambaugh"

Cc : "Mark Cockburn" , "Paget Fulcher" , "Tom Cochrane" , "Oliver Edberg"

Subject : RE: Draft report on a Renewable Heat Incentive for Northern Ireland

Jeremy, Mahmoud

In Oliver's absence, are you able to send me a response for point 6 (jobs) below, as we promised to DETI on the 14<sup>th</sup>? Jeremy – in Oliver's email of the 21<sup>st</sup> he asks you to send me a list of industrial sites. I haven't received anything. Is this list different to the existing table of sites?

Thanks

Iain

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**From:** Oliver Edberg [mailto:Oliver.Edberg@aeat.co.uk]

**Sent:** 20 April 2011 12:12

**To:** Iain Morrow; Mahmoud Abu-ebid; Mark Cockburn; Paget Fulcher; Tom Cochrane; Jeremy Stambaugh

**Subject:** RE: Draft report on a Renewable Heat Incentive for Northern Ireland

Iain,

Attached document which addresses all AEA questions aside from point 6 which will follow later. The key point from the attached is the amount of RH from the RO which you should be able to incorporate into the model for the amount of renewable heat required from other sectors.

Happy to discuss any questions

Regards,

Oliver

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**From:** Iain Morrow [mailto:Iain.Morrow@cepa.co.uk]

**Sent:** 15 April 2011 11:31

**To:** Mahmoud Abu-ebid; Oliver Edberg; Mark Cockburn; Paget Fulcher; Tom Cochrane; Jeremy Stambaugh

**Subject:** RE: Draft report on a Renewable Heat Incentive for Northern Ireland

Dear all

OK, no-one came back on this, which I hope means that everyone is happy that they can address all comments allocated to them. Following yesterday's meeting with DETI, we now need to start addressing them. Could everyone please work on revising the report (attached again for ease of reference), addressing all comments allocated to them. Please show all changes in Track Changes mode, to make it easier to consolidate all comments into the final version.

It would be good to get this done next week. Once you send me your changes, I will incorporate them into the final version, and recirculate for everyone to do a last check. **Please let me know if doing your changes by the end of next week will be a problem.**

As well as the comments in the attached, there were a number of actions from yesterday's meeting. Here are the ones I have noted down. If there are any others please let me know.

1. Show comparison of what is delivered by capital grants using the same cash envelope as an RHI to 2040 (Iain)
2. Analysis of large industrial sites (Mahmoud/ Oliver)
3. New text on the interactions with the gas network, casting gas network roll-out and renewable heat as ways to reduce carbon emissions and oil dependency (Iain/ Mark)
4. New text on differentiating based on the size of installations and other options for not hindering the roll-out of the gas network (Iain/ Mark)
5. Text on options for Anaerobic Digestion (Iain/ Oliver)
6. IEA figures on jobs per MWh of renewable energy, and additional installer man-days required for renewables compared to oil/ gas (Mahmoud/ Oliver)
7. Check cost figures for oil boilers (Mahmoud/ Oliver)
8. Provide definition of "urban" and "rural" (Mahmoud)
9. Suggest non-zero incentive for solar thermal (Iain)
10. Insert text on how we are treating geo-thermal (Mahmoud/ Oliver – can we say something about the limited potential for this technology? I don't think we need more than a paragraph or two)
11. Need to look at "tiered" payments for biomass (Iain/ Paget/ Tom)

**Iain Morrow**

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Provide Inquiry

Annotat

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Iain

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**From:** Iain Morrow  
**Sent:** 06 April 2011 23:36  
**To:** Mahmoud Abu-ebid; Oliver Edberg; Mark Cockburn; Paget Fulcher; Tom Cochrane; Jeremy Stambaugh  
**Subject:** RE: Draft report on a Renewable Heat Incentive for Northern Ireland  
**Importance:** High

All

I've been through the comments from Peter and from Sam, DETI's economist, looking at who might deal with each. I've marked, for each question or comment they have raised, who might be best placed to deal with it. Please see attached marked-up drafts. Could everyone please consider whether they can address all questions or comments with their name beside them? **If there are any that you can't address, because they have been wrongly allocated to you, please speak now (or at least, by Monday).** While we don't have to have them all fully addressed by the time we see DETI next week, we should be clear that we *can* address them all (or that they don't need a response), to avoid embarrassment.

Thanks

Iain

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**From:** Hutchinson, Peter [<mailto:Peter.Hutchinson@detini.gov.uk>]  
**Sent:** 06 April 2011 17:24  
**To:** Iain Morrow  
**Cc:** Mahmoud Abu-ebid; Oliver Edberg; Mark Cockburn; Paget Fulcher; Tom Cochrane; Jeremy Stambaugh; Clydesdale, Alison; Connolly, Samuel  
**Subject:** RE: Draft report on a Renewable Heat Incentive for Northern Ireland

Iain,

As discussed, thank you for this first draft of the report, whilst recognising that this is very much a first draft of the report I wish to provide some comments that should be considered when finalising the final report.

- **Structure** – I think the report would benefit from being structured more closely to the 10 NIGEA Appraisal Stages (I have attached an outline, prepared by our economists, of what could be included in each section) this will ensure that each element of the appraisal guidelines is covered and can be easily identified.
- **Impact on gas**- I think the section on the potential impact on gas needs to be upfront in the report as how/if we mitigate for the impact on gas has an affect on each of the identified options. The context of the gas industry in Northern Ireland and the reason why it needs to be given specific consideration could be included in the overarching strategic context section with the economical analysis later on. There are three issues to be dealt with when looking at gas; what is the impact? is this significant enough to alter the incentive options? how would the options be altered? When it comes to altering the RHI/Challenge Fund options there are probably three options, i) varying support levels based on current/potential access to gas, ii) no support for existing gas customers (barring potential solar thermal?), or iii) no variation, support levels would be same for everyone (this could be suggested if the impact on gas is deemed as negligible).
- **Industry** - Early in the report you rule out supporting industry however the industrial sector then is referenced as eligible in a number of your options. Similar to gas there needs to be analysis of whether or not industry should be included early in the report. If the recommendation is that it is excluded then this should follow through to the options. It has been suggested that only 5 industrial sites would have the potential to switch to renewables (i.e. not on gas and technically possible) it may be worth considering whether these 5 sites could be incentivised outside of the conventional RHI?
- **Risk** - Need a more detailed section on risks (as per stage 6 of appraisal guidelines). Risks to be considered would be low uptake, rising renewables prices, low resource, low gas/oil prices, damage to other sectors, risk of perverse incentives, inadequate / overly generous support levels etc
- **Objectives** - Need to be more upfront and clearly stated. SMART targets to be used also (10% Renewable Heat, CO2 emissions, oil decrease, gas levels, jobs, etc....)
- **Options** - Need to clearly set out and number each of the options (1. Do Nothing, 2. Short term Challenge Fund, 3. Long term Challenge Fund, 4. NI RHI)
- **NI RHI** - Obviously the final report will have more detail on each of the shortlisted options. In terms of the NI RHI it will be important to have a full rationale for the tariff levels for each technology, detailed option on front-loading tariffs, if it is deemed necessary to have varying levels for non-gas v gas areas then this should be included, consideration to be given to "tiers" in biomass tariffs as per GB, consideration of whether bio-liquids could be included from start or later (2013 or 2014 following further research) and appropriate tariff levels, consideration on if/how ESCO's could be incentivised through varying tariffs?
- **Contact with stakeholders** - There appears to be some questions in regards to bio-liquids resource, biomass sustainability and potential uptake in commercial/industrial sector. If it has not already been done it would be useful for someone to speak with David Blevings (bioliquid resource and supply), Joyce Rutherford (biomass) and Geoff Smyth (industry/commercial). Contact details have previously been passed on.

I have also made some comments on the attached copy, some of these relate to the general comments above but some are more specific, I have also attached a note from Sam with some comments/questions about this first draft.

Provide  
 Annotat

We can discuss all these matters further at when we meet next Thursday.

As discussed, we invited a few relevant internal stakeholders (DETI Energy, Invest NI, DSD, DARD, DFP, NIAUR) to the afternoon session of your visit, this is mostly to hear of the work to date. This will also provide an opportunity for interested parties to make comments, raise issues or ask questions, these may need to be considered by yourselves in drafting the final report or by ourselves as we develop and design the policy option.

For the presentation it would be useful to cover the following;

- Background to work (AECOM report, GB RHI, NI funding position)
- Renewable Heat Objectives (10% target, fuel security, jobs, CO2 emissions etc)
- Support options (1. Do Nothing, 2. Short term Challenge Fund, 3. Long term Challenge Fund, 4. NI RHI)
- Other considerations (Gas, Industry, Resource, Accessibility)
- Economic analysis of options
- Preliminary conclusions
- Next Steps
- Q&A

I think the presentation should last no more than 20-25mins and then allow comments and Q&A. Again, we can discuss further next week.

Thanks,

Peter

**Peter Hutchinson**

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**From:** Iain Morrow [<mailto:Iain.Morrow@cepa.co.uk>]

**Sent:** 01 April 2011 19:54

**To:** Hutchinson, Peter

**Cc:** Mahmoud Abu-ebid; Oliver Edberg; Mark Cockburn; Paget Fulcher; Tom Cochrane; Jeremy Stambaugh

**Subject:** Draft report on a Renewable Heat Incentive for Northern Ireland

Peter

As promised, please find attached our draft report. We would be happy to talk to you next week about it, if you wish, ahead of our formal meeting later in the month. Just let me know when would suit. In any event, we will be doing more work on the report, and expect to send you a more final version next week. If you'd prefer to discuss once you've seen that, again please just let me know.

Have a good weekend.

Regards

**Iain Morrow**

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