

**Date :** 15/03/2013 12:35:39

**From :** "Iain Morrow"

**To :** "Mark Cockburn"

**Cc :** "Paget Fulcher"

**Subject :** RHI - things to discuss before next Thursday

Mark

I spoke to Paget yesterday to see if there was anything we had to discuss before you go to Hong Kong next Thursday night. The main thing would be to get your views on the following issues (Paget please say if I have missed something out):

- Providing subsidy in cases where there may only be one or two possible recipients. The example here is geothermal. DETI wants to provide a subsidy for geothermal, but there is basically only one possible geothermal site in NI, and a very small number of firms that might do it. How should DETI do this? They are open to the idea of a grant rather than a FIT-like RHI, so that's not the issue. But how might they weigh up say a negotiated subsidy versus a Challenge Fund or an administratively determined grant?
- Support for industrial biomass. The numbers we have say that using biomass on industrial sites should be economic already, without subsidy. But the industry is saying that biomass is a bit of a risk for them (e.g. because of the supply chain) and DETI is wondering whether there is a case for offering them some support that recognises those risks. Is this just DETI wanting to keep everyone happy, or might industry have a case here?
- Subsidy design, including upfront grants whether or not combined with an ongoing payment over a number of years. DETI are very open to the idea of doing either of these types of subsidy, and to considering short tariff lifetimes (e.g. 7 years as in GB RHI for domestic installations, rather than 20 year as for industrial). What are the sensible options for us to consider? We discussed some of this in our original RHI report, but it would be good to revisit as DETI is much more open to the idea this time round.

Maybe we could take an hour early next week to discuss and then Paget or I can write up?

Thanks

Iain