

## Chapter 50 – Review

- 50.1 Another significant issue that was considered during the Inquiry's work was the failure of DETI to conduct any meaningful review of the NI RHI scheme, in spite of the warnings that had been received regarding the need to do so and the various undertakings given by DETI to do so.

### The nature of the NI RHI scheme

- 50.2 As mentioned earlier in this Report, the NI RHI scheme was an innovative, volatile, demand-led scheme, differing from the equivalent scheme in GB in a number of significant respects. For example, it lacked tiering of certain biomass tariffs, despite the relevant subsidy being higher than the cost of biomass fuel, and it also lacked any overall mechanism of budgetary control. It was also being introduced into a new market and had, in the circumstances, been designed on the basis of a number of untested assumptions about how that market would perform.
- 50.3 The risks associated with a scheme that has been designed based upon assumptions about a new or immature market, and the consequent need to monitor the operation of such a scheme and remain alert to the possibility that it may require review at an early stage, are perhaps evidenced by developments in the GB RHI scheme during 2013. On 31 May 2013 then DECC Minister Barker wrote<sup>2693</sup> to the then DETI Minister explaining that DECC had conducted a review of the tariffs on the GB RHI and was launching a consultation on the outcome of that work, and was also making the first degression announcement which would see its medium biomass tariff reduced. The letter detailed the rationale behind the review of tariffs. DETI Private Office referred the letter to Ms Hepper, who in turn asked Ms McCutcheon to consider it.<sup>2694</sup> Ms McCutcheon informed Private Office that the DECC letter provided an update and a reply was not required.<sup>2695</sup> However, the DECC ministerial letter had clearly underlined the significance of drawing on market intelligence, stakeholder views and expert opinion when reviewing tariffs, rather than relying primarily on assumptions and modelled outputs (which had been the approach when the tariffs were originally being devised).
- 50.4 Important assumptions, relied upon when designing and establishing tariff levels within the NI RHI scheme, included those in respect of fuel costs, capital costs, access to finance, consumer confidence, market capability, technology efficiency, technology use, load factors and the required return on investment. In such a context, in view of the risks involved and the number of variables, it is clear that regular review of the NI RHI scheme as it progressed, in order to test the validity of the assumptions upon which its design had been based, was a fundamental requirement. This is because changes were bound to occur in relation to a number of these assumptions as the market matured and the number of installations increased. Such a requirement could have been included in an appropriate project management programme, record or log in order to ensure continuity, uniformity of approach and supervisory control. However, as discussed earlier in this Report, no such programme was instituted.

### References to the need for review of the NI RHI

- 50.5 The absence of formal project management structures and processes in relation to the NI RHI has already been addressed earlier in this Report. This meant that the general requirement

2693 DFE-53262 to DFE-53264

2694 WIT-02450

2695 WIT-02449

to keep the NI RHI scheme under review, and any more particular requirement to carry out a review of the scheme at a defined point in time, was not captured in a project log, a dynamic risk register or similar such project management document. Had it been, the Inquiry considers it more likely that the planned review of the scheme would have been progressed; or that, at least, any decision to defer or cancel the planned review would have been given more detailed consideration.

50.6 Nonetheless, the requirement to keep the NI RHI scheme under review, and the more specific intention to carry out such a review (initially scheduled to commence in early 2014), was referred to in a number of significant documents, including the following:

- (i) DECC's GB RHI Impact Assessment (IA) of March 2011 pointed out that a number of economic, technical, and behavioural assumptions underpinned its modelling projections and emphasised the need to bear in mind that all modelling based upon assumptions is, at best, illustrative and had to be treated with the appropriate degree of caution, pointing out that:

"In reality the uptake under the RHI will be demand-led and will be driven by uncontrollable factors, and therefore even short-term projections of costs are subject to a wide range of uncertainty."<sup>2696</sup>

In such circumstances the IA emphasised the importance of regular, scheduled and, if necessary, early reviews.<sup>2697</sup> At Annex 1 the IA referred to powers that the DECC Secretary of State might adopt to introduce an early review noting that the criteria for the exercise of such a power were still to be resolved and that they would be subject to consultation.<sup>2698</sup>

- (ii) In Northern Ireland, CEPA also stressed at various points throughout its reports that regular review of the NI RHI was essential due to the high degree of uncertainty in the underlying assumptions, as well as to the likely changes in market conditions with time. Paragraph 8.2.1 of the final report of 28 June 2011<sup>2699</sup> referred to the need for regular, planned reviews of subsidy levels; at paragraphs 11.4 and 11.5 there was a recommendation that a full review should take place after two or three years, together with ongoing periodic monitoring.<sup>2700</sup>

- (iii) The NI RHI consultation document published by DETI in July 2011 stated that:

"The NI RHI will be monitored and evaluated and reviewed to ensure that the objectives are being met and that any barrier or problems are identified and addressed ... the first review will be initiated in January 2014 and involve stakeholder consultation, analysis and development of proposed changes, if required. It would be anticipated that the out-workings of the review would be in place by 1 April 2015."<sup>2701</sup>

- (iv) Paragraph 29 of the synopsis of the case for an RHI scheme submitted to the DETI Casework Committee on 9 March 2012 stated:

2696 INQ-20901

2697 INQ-20879 to INQ-20916

2698 INQ-20910

2699 DFE-398339 to DFE-398340

2700 DFE-398352 to DFE-398354

2701 DFE-61712

**“The NI RHI will have scheduled reviews built-in to the scheme to allow DETI to ensure that the scheme remains fit for purpose and value for money for the duration.** [Bold emphasis in the original] The scope of these reviews will include analysis of tariffs (either to be reduced or increased), the appropriateness of technologies (remove existing technologies or add new innovative ones) and the assessment of effectiveness and success.”<sup>2702</sup>

- (v) The Risk Register for the NI RHI of 1 March 2012 identified as risk ‘A’ that of “Incorrect tariff levels set (either too high or too low)”. It said the risk of it occurring was medium, but that the impact if it occurred was high. The register identified “planned reviews of the scheme so tariffs could be revised depending on market conditions” as an additional action “to fully manage the risk”.<sup>2703</sup> In the section documenting the criticality of review as high, the target date for review was specified as 2014. The document named Mr Hutchinson and Ms McCutcheon as the ‘risk owners.’ Planned reviews, with a target date of 2014, were also recorded as a measure to manage other identified risks such as low uptake, harm to other sectors, the risk of insufficient budget being secured for the RHI payments or for administration of the scheme and the failure to meet EU and Executive targets.<sup>2704</sup>
- (vi) During the Casework Committee meeting on 9 March 2012 Ms Hepper explained that the NI RHI scheme would have scheduled reviews “built-in” to allow DETI to ensure the scheme remained fit for purpose and value for money.<sup>2705</sup> The Committee was told that the RHI scheme would be reviewed in 2014 and at regular intervals thereafter and that tariff levels might be adjusted for new installations if appropriate.<sup>2706</sup> In his evidence to the Public Accounts Committee (PAC) on 28 September 2016, Dr McCormick described the Casework Committee as having been told there was a “commitment to review.”<sup>2707</sup>
- (vii) On 16 March 2012 Ms Hepper sent a submission to the Minister and her SpAd again confirming that the NI RHI scheme would have scheduled reviews “built-in” to allow DETI to ensure that the scheme remained fit for purpose and value for money.<sup>2708</sup> The Regulatory Impact Assessment document<sup>2709</sup> enclosed with that submission, ultimately signed off by the Minister on 13 April 2012,<sup>2710</sup> confirmed that it was DETI’s intention to have regular, planned reviews of subsidy levels after a number of years of experience with the subsidy and that it was currently proposed that the first review would begin in January 2014, with any required changes to be implemented by 1 April 2015.<sup>2711</sup>
- (viii) The RHI Business Case produced by DETI and sent to DFP on 22 March 2012<sup>2712</sup> for the purpose of obtaining DFP approval for the proposed Northern Ireland non-domestic RHI also contained a number of references to reviews of the scheme including at paragraphs

2702 DFE-398071

2703 WIT-07064

2704 WIT-07065 to WIT-07069

2705 DFE-382570 to DFE-382582 at DFE-382576

2706 DFE-382576

2707 DFE-00058

2708 DFE-31747 to DFE-31755

2709 DFE-31788 to DFE-31799; DFE-70749 to DFE-70760

2710 DFE-70760

2711 DFE-31790

2712 DFE-82632

7.53, 7.54 and 10.4, which, like the Regulatory Impact Assessment, recorded that the first review was to begin in January 2014 with any changes implemented by 1 April 2015.<sup>2713</sup>

- (ix) The DFP approval of the NI RHI scheme dated 27 April 2012 included two specific conditions, the first of which was that reapproval by DFP was to be sought if the scheme was to proceed beyond March 2015 and the second of which was that:

“As outlined in section 7.53 of the Business Case, arrangements are put in place for scheduled reviews to allow the progress of the scheme to be monitored, assessed and, if necessary, changes implemented. It is noted that the first review is scheduled to start in 2014 and that the reviews will be carried out by DETI.”<sup>2714</sup>

- (x) On 17 October 2012 the submission to Minister Foster with draft speaking notes for the Assembly motion debate seeking approval of the draft NI RHI regulations included the statement:

“However, to ensure the scheme is cost effective the tariffs will be reviewed over time and new tariffs will be applied to anyone joining the scheme...a review of the RHI will take place in 2014/2015.”<sup>2715</sup>

- (xi) Mr Hutchinson’s handover document referred to one of the “immediate actions (by end August 2014)” as being review of the current non-domestic scheme in terms of biomass tariffs under 100kW and consideration of tiered tariffs to prevent excessive payments.<sup>2716</sup>
- (xii) In the Energy Division paper for the heads of branch meeting on 15 May 2014, shortly before he left the Department, Mr Hutchinson included an entry noting the potential need for review of tariffs (particularly for biomass less than 99kW) given advice from Ofgem regarding the use of these systems and suggesting that tiering might be appropriate.<sup>2717</sup>
- (xiii) In all drafts of the ‘Composite Divisional Plan, Energy Division, 2014-2015’ (mentioned in chapter 18 of this Report) from around 13 May 2014 onwards, a “key action” of “monitor[ing] the uptake of the non-domestic RHI and carry[ing] out policy reviews as required” appeared along with a risk that “tariffs under the scheme are overly generous and lead to higher than expected uptake and excessive payments, impacting on budgets.”<sup>2718</sup>
- (xiv) One of the last documents prepared by Mr Hutchinson before he left DETI was a six-monthly update document for the ETI Committee which was sent to Minister Foster for her approval on 15 May 2014.<sup>2719</sup> At paragraph 14 of the update it was stated, in respect of the non-domestic RHI scheme, that “it may be appropriate to review the existing tariffs based on the experience of the first 18 months of the scheme.”<sup>2720</sup>

50.7 In spite of the importance of the need for review, and the references to review in the various documents referred to above, the power to review was not placed on a statutory footing as it had been for Northern Ireland’s renewable electricity incentive scheme, the ‘NIRO’. Article 31

2713 DFE-82703; DFE-82712

2714 DFE-171219 to DFE-171220

2715 DFE-33145 to DFE-33158 at DFE-33155

2716 DFE-383318

2717 DFE-410161

2718 DFE-377626

2719 DFE-230084 to DFE-230090

2720 DFE-230090

of the Renewables Obligation Order (Northern Ireland) 2009 had conferred upon DETI a specific statutory power to hold regular and discretionary reviews of banding provisions relating to the amount of electricity to qualify for payment.<sup>2721</sup> A similar power to review the banding of heat output for installations, and the associated tariffs, was noticeably absent from the NI RHI regulations, just as it was also absent from the GB RHI regulations. Although it was not necessary for there to be a statutory power to facilitate DETI conducting a review of the NI RHI scheme, the presence of such a power in a scheme has a number of potential advantages, including predictability for the market and a reduction in the likelihood of the responsible Department overlooking the need to perform either a scheduled or an emergency review.<sup>2722</sup>

### DETI officials' awareness of the need for review

- 50.8 Ms McCutcheon told the PwC interviewers that DETI had appreciated the need for a review, given the huge range of assumptions that required to be monitored. In her interview she said that there was to be a review of the scheme in 2014 and that development of the scheme was “an evolving process”. As the GB RHI scheme was roughly a year to eighteen months ahead of the NI RHI scheme, DETI officials were watching what DECC was doing and learning from DECC. She also said that she and her colleagues did not think that the scheme was “written in stone” but, rather, “knew that this scheme was built on a huge range of assumptions and had to be very, very carefully monitored”. Since there was a finite budget, there was to be a formal review in 2014 but, meanwhile, they were “obviously...to keep a very careful watch on it...”.<sup>2723</sup>
- 50.9 Ms McCutcheon also said to PwC that a review may not have taken place in January 2014 because of the six-month delay in the scheme’s original starting date (i.e. the January 2014 review date was predicated on a scheme start date before summer 2012, rather than the actual start date of November 2012), but she was unable to recall any conscious decision to delay the promised review, and when she left in April 2014 she expected a review to take place that year.<sup>2724</sup>
- 50.10 Mr Hutchinson acknowledged in his evidence to the Inquiry that the start of the scheme had been delayed but he accepted that a review would have had to be completed and any changes decided upon by 31 March 2015, the date by which DFP reapproval was to be sought.<sup>2725</sup>
- 50.11 Mr Thomson told the Inquiry that he was aware of the need for a review of the non-domestic RHI scheme (and also of the need for reapproval of the scheme by DFP). When he met with Ms Hepper towards the end of 2013, he said that she had talked of the need for a review and that such a review was a central requirement.<sup>2726</sup> Mr Thomson was unable to think of any reason why Ms Hepper would not have shared the same views when she met Mr Mills.<sup>2727</sup> He was of the view that the handover passed from Ms Hepper to Mr Mills should have included the need for a review (and also the need for reapproval by DFP in March 2015).<sup>2728</sup> Mr Mills, in the course of his PwC interview in October 2016, said he was not aware of the need to start

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2721 LEG-03300

2722 See, for instance, the discussion of this issue in Mr Hutchinson’s oral evidence to the Inquiry at TRA-01521 to TRA-01522

2723 PWC-04551

2724 PWC-04551

2725 TRA-05139 to TRA-05141

2726 TRA-05737 to TRA-05738; TRA-05985

2727 TRA-05989

2728 TRA-05994 to TRA-05995

a review in January 2014<sup>2729</sup> and did not recall any discussion with Mr Thomson in which the need for a review was passed on.<sup>2730</sup>

- 50.12 In his evidence to the Inquiry Mr Mills also disputed whether any such condition had been highlighted to him during the course of his verbal handover discussion with Ms Hepper.<sup>2731</sup> It is the case that the documentary handover material provided to Mr Mills<sup>2732</sup> did contain a lengthy Strategic Energy Framework 2010 implementation plan updated as of September 2013, which did refer, in one entry, to an RHI Review “by end March 2015”.<sup>2733</sup> However this needs to be contrasted with the fact that the specific RHI summary provided with the first day briefing material did not mention the need for review or the need to seek further DFP approval, nor did it draw attention to any potential problems with the scheme.<sup>2734</sup>
- 50.13 Mr Mills, who took over from Ms Hepper as head of Energy Division in January 2014, told the Inquiry that his first substantial briefing from the officials in Renewable Heat Branch in March 2014, with Ms McCutcheon and Mr Hutchinson, focused upon discussing the business case for the introduction of the domestic RHI scheme and he was unable to recall any discussion of the need to review the non-domestic RHI scheme.<sup>2735</sup> With the benefit of hindsight, he felt that there had not been a sufficient uptake of the scheme for a useful tariff review to take place and he added that he simply did not have adequate resources to commission a full review of the scheme.<sup>2736</sup>
- 50.14 The Inquiry notes that, as discussed earlier in this Report, the business case for the domestic RHI scheme was prepared by Mr Hutchinson, revised by Mr Wightman and approved by Mr Mills in 2014. In many iterations of the document, paragraph 10.10 stated that:
- “The first formal review of the commercial RHI will begin in early 2015 with necessary changes implemented in 2016. The primary focus of this review will be the level of tariffs and the appropriate banding.”<sup>2737</sup>
- 50.15 Although the date had slipped by a year, the reference to review was still part of the document that Mr Mills approved. Mr Mills also said that he did not remember reading the earlier 2012 business case for the non-domestic RHI scheme or the subsequent April 2012 DFP approval and, in any event, he “did not have time to go through historical material.”<sup>2738</sup> He said that he was unsure what the review referred to; that is to say whether it referred to a review restricted to tariffs or a fundamental root and branch review and, as mentioned previously, in respect of the latter he emphasised that he simply did not have the resources.<sup>2739</sup>
- 50.16 There are a number of documents potentially showing that Mr Mills was aware of the need for review, or an intention to carry one out. Reference has already been made above to the Strategic Energy Framework 2010 Implementation Plan recording progress to 30 September 2013.<sup>2740</sup>

2729 PWC-04568

2730 TRA-07100 to TRA-07101

2731 TRA-07084 to TRA-07085; TRA-07089; WIT-14519

2732 WIT-14519; WIT-14700 to WIT-14748; DFE-399077 to DFE-399085

2733 DFE-399083

2734 WIT-14700 to WIT-14748

2735 TRA-07104 to TRA-07105

2736 TRA-07134 to TRA-07140

2737 DFE-269932

2738 TRA-07130 to TRA-07131

2739 TRA-07139 to TRA-07140

2740 DFE-399077

In addition to recording the requirement to introduce Phase 2 of the NI RHI by the end of 2013 and to have Phase 2 fully operational by the end of September 2014, the document recorded a further requirement, by the end of March 2015, to carry out a review of the RHI scheme.<sup>2741</sup>

- 50.17 In addition, a DETI ministerial answer to an Assembly question raised by Daithí McKay MLA in March 2014 (in relation to renewable energy and performance against the 4% interim target by 2015) indicated that: “...to verify progress, DETI will carry out analysis as part of a future review of the Renewable Heat Incentive.”<sup>2742</sup> The answer purported to have been prepared by Mr Mills<sup>2743</sup> and Mr Thomson believed it to have come from, and been signed off by, Mr Mills,<sup>2744</sup> which Mr Mills accepted it would have been. In his oral evidence, Mr Mills also said that he could not gainsay that that was a reference to a review.<sup>2745</sup>
- 50.18 Furthermore, a submission from Mr Mills to Minister Foster of 15 May 2014<sup>2746</sup> contained a draft update on the RHI scheme to the ETI Committee. In the course of that update, the Committee was told that, “In addition, it may be appropriate to review existing tariffs based on the experience of the first 18 months of the scheme.” By that time, of course, the scheme had been running for just under 18 months. Mr Mills said in evidence that he considered this to refer to a more focused tariff review, rather than a full review of the scheme; but also that it was not considered an imperative at that point. He accepted, however, that there should have been consideration given at that point about how the review would be resourced and taken forward.<sup>2747</sup> In his written evidence Mr Mills also referred to this submission from May 2014 (as well as the heads of branch meetings discussed below) as a document on the basis of which he should have known about the justification for carrying out a tariff review in May 2014.<sup>2748</sup>
- 50.19 Mr Wightman, who joined DETI on 30 June 2014 as the new head of Energy Division’s Energy Efficiency Branch (which included responsibility for RHI amongst other matters, and replaced the narrower focused Renewable Heat Branch), did retain the first three pages of Mr Hutchinson’s handover document and, consequently, he should at least have been aware of the fourth bullet point under the heading “immediate actions (by end of August 2014)”.<sup>2749</sup> That bullet point referred to a specific review of the current non-domestic scheme with particular regard to review of biomass tariffs under 100kW and consideration of tiered tariffs to prevent excessive payments.<sup>2750</sup> The Energy Division heads of branch update for the meeting scheduled for 15 May 2014 also recorded the:

“Potential need for review of tariffs (particularly for biomass less than 100kW) given advice from Ofgem regarding the use of the systems. A system of tiered tariffs might be appropriate.”<sup>2751</sup>

2741 DFE-399083

2742 DFE-417745

2743 DFE-417746

2744 TRA-05993

2745 TRA-07158 to TRA-07159

2746 DFE-234637 to DFE-234642

2747 TRA-07161 to TRA-07163

2748 WIT-26007

2749 WIT-17709

2750 DFE-383318

2751 DFE-410161

- 50.20 The bullet point was retained in the contribution for the Energy Division heads of branch meeting scheduled for 3 July 2014.<sup>2752</sup> The bullet point was however removed from Energy Efficiency Branch’s update for the Energy Division heads of branch meeting scheduled for 25 July 2014.<sup>2753</sup> Though removed from that update, the bullet point was transferred into the Energy Efficiency Branch plan of 28 July 2014 discussed further below. Mr Wightman accepted in the course of his oral evidence that he would have been the person most likely to have removed the bullet point about the need to review the non-domestic tariffs, but he was unable to say why he would have decided to do so.<sup>2754</sup> He explained to the Inquiry that it may have been because the heads of branch notes were “quite immediate”, intended to relate to just the coming weeks.<sup>2755</sup>
- 50.21 As mentioned above, Mr Hutchinson’s bullet point about the tariff review was transferred to the Energy Efficiency Branch plan. The first draft of the Energy Efficiency Branch, Branch Plan 2014-15, of 16 July 2014, as far as it related to the non-domestic RHI scheme, gave, as an objective for Mr Wightman, the introduction of Phase 2 of the non-domestic RHI scheme by 31 March 2015,<sup>2756</sup> with the relevant detailed activities, including finalising policies, securing approvals and the amendment of the existing regulations, being assigned to Mr Hughes who had taken over Mr Hutchinson’s role on 30 June 2014.
- 50.22 The seventh draft or revision of the branch plan, of 28 July 2014, again had the same responsibilities for Mr Wightman and Mr Hughes,<sup>2757</sup> but the detailed activities now included a review of biomass tariffs under 100kW and consideration of tiered tariffs to prevent excessive payments (which was the content that had been in the heads of branch update of 3 July 2014). The understanding of the question of tiered tariffs to prevent excessive payments was recorded as having to be checked with Mr Hutchinson.<sup>2758</sup> It appears that the plan was a “living document” which was subject to amendment during the relevant year.<sup>2759</sup> A similar entry was contained in the tenth draft or revision, dated 5 August 2014.<sup>2760</sup> The draft or revision of 29 September 2014 prepared by Mr Wightman recorded that a meeting had taken place with Mr Hutchinson on 12 August; but in the course of giving evidence to the Inquiry Mr Hutchinson said that only the domestic scheme regulations were discussed,<sup>2761</sup> and, although the reference continued to appear in the above form in Energy Efficiency Branch plans until February 2015, the matter was never subsequently raised with Mr Hutchinson, nor taken forward by Energy Efficiency Branch by the time the scheme was recognised to be in major difficulty in May and June 2015.

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2752 DFE-410186

2753 TRA-06914

2754 TRA-06914

2755 TRA-06929

2756 DFE-419606 to DFE-419612

2757 DFE-419557 to DFE-419565

2758 DFE-419562

2759 TRA-06920

2760 DFE-419533

2761 WIT-06112; WIT-09333

## Loss of need to review

- 50.23 The DETI Operating Plan for 2013-14, dated June 2013, did not contain any reference to the need to review the non-domestic RHI scheme.<sup>2762</sup> There also appears to have been no reference to the review in the Energy Division composite plan for 2013-14.<sup>2763</sup>
- 50.24 The DETI Operating Plan for 2014-15, dated April 2014, also did not contain any reference to the need to review the non-domestic RHI scheme or to consider cost controls.<sup>2764</sup> The composite divisional plan for Energy Division, dated May 2014, also did not refer to the need for review.<sup>2765</sup>
- 50.25 In her personal performance review before leaving DETI in November 2013 Ms Hepper included at target number (6):
- “Ensure all policy, legislative and operational work is complete in relation to Phase 2 of the Renewable Heat Incentive including incentivising the domestic market.”
- 50.26 She did not include any documentary reference to the need to start or to commence arrangements for a review of the non-domestic RHI scheme in January 2014 or any later date.<sup>2766</sup>
- 50.27 As a consequence, despite the knowledge of officials and the existence of relevant documents which referred to the need for and intention to review, no preparations or practical arrangements were made to commence a review of the non-domestic RHI scheme, including the tariff structure, in January 2014 or thereafter.
- 50.28 Mr Sterling was unable to account for the fact that, whilst the need for a review in January 2014 was clearly recognised and documented (at least to some extent) prior to Christmas 2013, this appears to have been replaced, in May 2014, by a proposed review in early 2015; and then the intention to review disappeared thereafter.<sup>2767</sup> He thought that the requirement for a review should have featured in both the Divisional and Operating Plans. He told the PAC in November 2016 that he regarded the absence of a major review as being “critical” and “a major contributory factor” to the RHI problems.<sup>2768</sup> He was asked why he had not taken steps to initiate a review in January 2014, consistent with the business case requirement, and he replied that he had not been conscious at the time of the need to do a review. He accepted that that was not a particularly good excuse.<sup>2769</sup>

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2762 DFE-386454 to DFE-386514

2763 DFE-377431 to DFE-377470 at DFE-377451

2764 DFE-386515 to DFE-386562

2765 DFE-377471 to DFE-377512 see DFE-377503 to DFE-377504

2766 DFE-430338 to DFE-430339

2767 TRA-06991

2768 DFE-02166; DFE-02171

2769 DFE-02164 to DFE-02165

## Findings

- 288.** While not preventing the carrying out of a review, the failure to incorporate a specific power to review the NI RHI scheme in the NI RHI regulations, even if this was absent from the original GB RHI regulations, was an unfortunate omission on the part of DETI considering that it had knowingly introduced NI-specific tariffs, had received multiple warnings about the uncertainty of assumptions and modelling, and had knowledge of the market volatility of fuel prices.
- 289.** Even without such a statutory provision, there was knowledge amongst officials of the need for a review. Reference to it existed in a number of Energy Division Renewable Heat Branch (later, Energy Efficiency Branch) documents, yet no preparations or practical arrangements were made to commence a review of the scheme, including of the tariff structure, in January 2014 or thereafter.
- 290.** This failure by DETI to carry out any review of what was a novel and volatile scheme represented one of the major failings that allowed expenditure to race out of control. In spite of the issue having been raised orally and/or in writing with many witnesses, the Inquiry has never been provided with any adequate explanation as to why there was a failure to carry out a review.
- 291.** This failing once again demonstrates the dangers of inadequate project management, the lack of recognised processes to manage staff turnover and the handover of important information to assure business continuity and maintain institutional memory.