

Renewable Heat Incentive

March 2011

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Chapter 6 - Support levels

Summary

- **RHI tariff levels have been designed to bring forward a wide range of renewable heat technologies, including heat pumps, solar thermal and various types of bio-heat such as biomass and biomethane;**
- **The RHI focuses on cost-effective technologies and fuels such as large-scale industrial or commercial installations using biomass;**
- **The principle for setting the tariffs has been to base them on the costs of each technology plus providing a return on capital, in order to provide sufficient support but at the same time avoid over-subsidising; and**
- **Compensation is provided only for additional costs of renewable technologies over fossil fuel heating.**

In determining tariff levels for the Renewable Heat Incentive (RHI), the Coalition Government has sought to ensure the RHI can remain on track to deliver the renewable heat share of the renewables targets (73 TWh by 2020, or a seven-fold increase on 2009). At the same time, in light of the current economic climate, the policy has been designed to offer greater focus and value for money, by:

- Prioritising the most cost-effective technologies at the commercial and industrial scale;
- Providing support levels that enable industry to deliver our ambitious targets;
- Designing the RHI for the long term, by allowing for tariff level reductions over time (to ensure that renewable heat becomes cost-competitive), while at the same time giving the supply chain the long-term confidence to invest with certainty; and
- Offering enhanced support for biomethane, in line with the Coalition commitment to introduce measures to promote an increase in energy from waste through anaerobic digestion.

Level of support

Payments will be calculated by multiplying the appropriate tariff (depending on the technology and size of the installation) by the eligible heat use. The eligible heat use will be metered actual generation or use. Details of tariff levels are included below, and our approach to measuring heat is set out in the *Measuring Heat* chapter.

Table of tariffs

The tariffs levels that will be available at the introduction of the scheme are set out in the table below.

Levels of support					
Tariff name	Eligible technology	Eligible sizes	Tariff rate (pence/kWh)	Tariff duration (Years)	Support calculation
Small biomass	Solid biomass; Municipal Solid Waste (incl. CHP)	Less than 200 kWth	Tier 1: 7.6	20	Metering Tier 1 applies annually up to the Tier Break, Tier 2 above the Tier Break. The Tier Break is: installed capacity x 1,314 peak load hours, i.e.: kWth x 1,314
Medium biomass		200 kWth and above; less than 1,000 kWth	Tier 2: 1.9		
Large biomass		1,000 kWth and above	Tier 1: 4.7 Tier 2: 1.9		
Small ground source	Ground-source heat pumps; Water-source heat pumps; deep geothermal	Less than 100 kWth	4.3	20	Metering
Large ground source		100 kWth and above	3		
Solar thermal	Solar thermal	Less than 200 kWth	8.5	20	Metering
Biomethane	Biomethane injection and biogas combustion, except from landfill gas	Biomethane all scales, biogas combustion less than 200 kWth	6.5	20	Metering

Notes: kWh stands for kilowatt hours (used in relation to heat output) and kWth stands for kilowatt thermal (used in relation to equipment capacity).

See *Annex II* for further information on some of the decisions underpinning these tariff levels.

Tariff boundaries

For most technologies, a number of tariffs for different sizes of installations have been set, and the boundaries between these tariffs have been set primarily to reflect the economies of scale, but also to align more generally with the typical sizes of installations.

A number of stakeholders have warned that this approach could lead to a 'cliff-edge' effect, where the change in tariff levels between tariff bands, if too steep, could act as a disincentive to larger-scale installations or encourage 'gaming' (i.e. under-sizing of equipment to avoid falling into the larger-size tariff). Industry raised this in connection with large biomass and medium and large heat pumps. In response to these concerns, we have increased the number of tariffs and set the boundaries in a way we believe will help to reduce this risk. See *Annex II* for further information on tariff boundaries by technology.

A further, different type of tariff boundary applies within the small and medium-scale biomass tariffs. We are providing "tiered" tariffs in these two segments. This means that biomass installations covered by these tariffs will, each year, receive a higher tier 1 tariff for the initial proportion of their generation, followed by a lower tier 2 tariff for any generation exceeding the amount of heat covered by tier 1. We are adopting this approach to avoid any incentive to generators to generate excess or wasteful heat purely to maximise RHI payments.

The "Tier Break" – i.e. the point at which the tariff switches from tier 1 to tier 2 - is set at the amount of heat corresponding with a 15 per cent load factor of the installation. This means that if an installation generates over the year a quantity of heat equal to running the installation at full capacity for 15 per cent of the year, it receives the tier 1 tariff for this quantity of heat; any additional heat would be compensated by the tier 2 tariff. A 15 per cent load factor corresponds with 1,314 peak load hours (i.e. running the installation at full, or peak capacity for 1,314 hours over the year), and represents our estimate of a reasonable minimum level of usage that we would expect from a renewable heat installation used for space heating.

Tariff duration

All tariffs will be paid for a 20-year period, in line with evidence suggesting that all technologies should have an operational lifetime of this length. Having a uniform period across all technologies should help resolve some of the concerns raised by stakeholders that differing tariff durations by technology could have the undesirable effect of steering investors to one technology rather than another purely based on the duration of tariff payments. The uniform 20-year tariff duration also matches the support period for renewable electricity output of combined heat and power installations under the Renewables Obligation and Feed-In Tariffs.

From: [McCormick, Andrew \(DFE\)](#)
To: [Timothy Johnston](#)
Subject: Re: Can you fact check this for me?
Date: 14 December 2016 16:06:41

All good many thanks

Sent from my BlackBerry 10 smartphone.

From: Timothy Johnston
Sent: Wednesday, 14 December 2016 16:04
To: McCormick, Andrew (DFE)
Subject: Can you fact check this for me?

DUP deputy leader Nigel Dodds MP today called on Opposition parties and sections of the media to retract allegations against First Minister Arlene Foster over the RHI debacle.

Mr Dodds published correspondence which nails the myth that Mrs Foster as DETI Minister failed to follow up on 'whistleblower' concerns about RHI . And he said the First Minister is now owed an apology.

In fact the 2013 email from the lady in question (attached) raised no concerns about RHI at all. It simply asked for a meeting on energy efficiency matters. A meeting with officials was facilitated and it was in these subsequent discussions that issues about RHI were conveyed. Mrs Foster did not attend these meetings or hear of the concerns. The initial email was the only contact with the Minister.

Mr Dodds said: "There has been a quite scurrilous attempt to blame Arlene Foster for the RHI saga. The endlessly repeated claim has been that she failed to follow up on the whistle blower concerns.

"Now we know that no such concerns were raised with her. This is no criticism of the lady in question. She has behaved with great integrity throughout and even told the media that her initial email to the Minister did not go into detail.

"The Department has admitted it should have responded differently when the RHI were subsequently aired.

"The Department's permanent secretary has made clear throughout that Arlene Foster acted entirely appropriately.



10.18 By searching the Department's records, on 14 December 2016 we found:

- first, the advice pro forma dated 2 September 2013 (Annex 10.4) recommending a draft response to an approach from Janette O'Hagan;
- next, the email from Private Office that had commissioned the advice (two emails of 27 August 2013 from Gillian Cahoon to Fiona Hepper, Annex 10.5) sending two versions of emails from Janette O'Hagan;
- thirdly, an email of 26 August 2013 from Janette O'Hagan to the DETI generic email address (Annex 10.6); and
- finally, the letter issued by Arlene Foster to Janette O'Hagan on 5 September 2013 (Annex 10.7).

10.19 I asked Brendan McCann to phone Janette O'Hagan to seek to establish two points:

- whether the email we had found was the only communication she had had with Arlene Foster; and
- whether or not she would object to the email being made public.

10.20 Brendan McCann told me that his clear understanding from the conversation was that Janette O'Hagan had confirmed that this was the only communication (though she was away from her personal computer and was not able to check). She made it clear that she wanted to remain anonymous so any consent to publish would be conditional on redaction to conceal her identity.

10.21 I conveyed the information about what we had found to the First Minister's office and to Simon Hamilton (see email at Annex 10.8). I stated the conclusion (as appeared to be the case from the document and from the conversation as recounted by Brendan McCann), that the evidence showed that Janette O'Hagan had not drawn any concern about RHI to the attention of Arlene Foster. That also appeared to be consistent with the reference in the Nolan interview that her initial approach had been not been expressed very forcibly.

10.22 This led the DUP to publish (on the same day, 14 December 2016) the email and to issue a Statement that Arlene Foster had been vindicated and that the criticism she had faced on this issue was unjustified.

10.23 However, the following day, there was a further interview with Janette O'Hagan on the Nolan Show when she was clearly unhappy with the way in which her intervention had been handled and presented by the DUP (see email at Annex 10.9 which includes the relevant transcript). When Brendan McCann sought to contact her again, she made it clear that she did not wish to have any further discussion with the Department.

Department of Enterprise, Trade and Investment**ASSEMBLY QUESTIONS ORAL (AQO)**

Due for answer on: **Monday 20 January 2014**

AQO No: **5323/11-15**

Put Down By: **Steven Agnew**
Political Party: **Green Party**
Constituency: **North Down**

Question:

To ask the Minister of Enterprise, Trade and Investment for her assessment of the level of uptake of the Renewable Heat Incentive.

Answer:

The NI Renewable Heat Incentive (RHI) launched on 1 November 2012 for the non-domestic sector. To date, there have been 85 applications, of which 58 have already received accreditation. The total capacity of these applications is 11.5 Mega Watts.

The performance of the Northern Ireland RHI over the first 12 months of the scheme compares favourably with the performance of the same scheme in GB in its first year of

and consult on an appropriate scheme; and put in place necessary administration arrangements.

- Work on Phase 2 of the NI scheme is well underway, with a policy consultation taking place between July – October 2013. Feedback from stakeholders was generally positive and my Department is currently finalising proposals.
- It could be expected that the timescales for the GB and NI domestic RHI schemes might dovetail. The introduction of changes to the non-domestic scheme is dependent on approval from the EU Commission.

CT Loans (further lines below)

- I am aware that there was a recent issue regarding the compatibility of the RHI with the 0% interest loan offered by the Carbon Trust.
- I understand that this issue has been resolved and it has been determined that the two schemes are compatible.

Energy Efficiency (further lines below)

- My Department is very keen to promote energy efficiency alongside incentives for renewable heat technologies, such as biomass, as it is widely recognised that energy efficiency measures can be the most cost effective method for reducing energy bills.

- The RHI is, in no way, designed to incentivise the over-use of heating or the intentional wasting of heat. It is assumed that commercial properties seeking to reduce energy costs will attempt to become as efficient as possible before considering utilising renewable technologies.

TOPIC: PHASE 2 OF THE RHI (SUPPORT FOR DOMESTICS)**Positive Lines**

- My Department consulted during Summer 2013 on proposals to extend the RHI scheme to domestic customers and to expand the existing scheme to include new tariffs and technologies.
- The proposals were generally welcomed by stakeholders and my Department are currently finalising proposals before the implementation process begins.
- It could be expected that the domestic RHI will be launched in advance of changes to the non-domestic scheme. I hope this could be achieved during Spring 2014.
- Whilst the first phase of the NI RHI began 12 months after than the comparable GB scheme, it is expected that the introduction of the long term GB timescales
- There is significant potential for deployment of renewable heat in the domestic sector. Since the launch of the Renewable Heat Premium Payment scheme over 1400 domestic customers have begun the process to switch to renewables.
- This is a positive news story for the Northern Ireland energy market as consumers embrace new technologies, reduce their carbon emissions and help support the development of this new sector.

Defensive Lines

- The policy consultation on Phase 2 of the RHI ended on 14 October 2013 with 50 formal responses received. My officials have had to take time to carefully assess all responses received and determine an appropriate way forward.
- The proposals in the policy consultation were often complex, with a wide range of stakeholders responding to the consultation process.
- I hope to make an announcement shortly on the introduction of a domestic RHI scheme in Northern Ireland, as well as some changes to the non-domestic scheme.
- It could be expected that the timescales for the GB and NI domestic RHI schemes might dovetail. The introduction of changes to the non-domestic scheme is dependent on approval from the EU Commission.

- **TOPIC: RHI AND ENERGY EFFICIENCY**

Positive Lines

- My Department is very keen to promote energy efficiency alongside incentives for renewable heat technologies, such as biomass, as it is widely recognised that energy efficiency measures can be the most cost effective method for reducing energy bills.
- Indeed my Department has sought to promote positive energy efficiency behaviours through the EnergyWise campaign.
- In designing the domestic RHI, DETI has included energy efficiency assumptions that will ensure that the tariffs are most appropriate and most beneficial for those that have already carried out energy efficiency improvements in their homes. In addition, by proposing to 'deem' payments there is a further incentive for those installing renewable heat technologies under the future domestic RHI to be as efficient as possible.
- Again, within the existing RHI for commercial premises it is assumed that the installation of a biomass boiler, or another renewable technology, would be the final action taken by a business seeking to become 'low-carbon', with the costs involved in installing renewable heating much greater than those involved with simple energy efficiency measures

Defensive Lines

- The RHI is, in no way, designed to incentivise the over-use of heating or the intentional wasting of heat. It is assumed that commercial properties seeking to reduce energy costs will attempt to become as efficient as possible before considering utilising renewable technologies.
- Where accredited installations under the RHI are found to be wasting heat or using heat for ineligible purposes, Ofgem retain the right to suspend accreditation and withhold payments.

BILL – ELECTRICITY MARKETS**Market Integration**

- SEM Committee consultation on 4 High Level Design options to commence February 2014
- Understand that Jenny Pyper will seek meeting with Minister to present on options
- Decision required on DETI participation at potential meeting with European Commission – understand that DCENR, CER and UR plan to send representation – option to ask DECC (Sue Harrison) to represent NI interests

Smart Metering

- Next meeting of UR/DETI Steering Group scheduled for 4 February 2014 with a view to UR consultation on rollout programme in March 2014

ISLES2

- Project Partners meeting scheduled for 29 January 2014 in Netherleigh
- There are significant issues with this project, including delay in implementation, failure to recruit key staff and a more detailed discussion is required to protect DETI position

Grid Strengthening

- Engagement with SONI/UR/NIE now well established with a view to forming Project Board
- Draft State Aid paper approximately 95% complete and will be sent to JM w/c 27 January 2014

Electricity Pricing

- UR/DETI Steering Group meeting held 23 January 2014 to kick off UR consultancy which will examine structure and allocation across customer groups of network charges
- Resulting report scheduled for end-March 2014

Renewable Energy Trading UK/ROI

- Next steering group meeting scheduled for 31 January 2014 – DETI participation via conference call
- Project update also tabled as agenda item for BIC Grid Group meeting in London 10 February 2014 – BS attending

Wayleaves Contract

- Short submission with JM seeking agreement to proposals to attempt to increase awareness of wayleave officer work prior to re-running of procurement process

Returns/Meetings/Correspondence

- BS/HV meeting Robin McCormick (SONI) and Bill Thompson (EirGrid) 31 January.
- BS/AS meeting Energia 27 January – electricity pricing and network charge allocations
- Perm. Sec. Meeting with Dr Joan Smyth and Richard Sterling – briefing sent to HoD 23 January
- Acumen 2014 – DETI part-input being developed for use by OFMDFM – will be sent to HoD w/c 27 January
- North South Interconnector – Minister has asked for letter to FMdFM covering implications of failure to deliver interconnector – briefing will be sent to HoD w/c 27 January.
- Assembly Questions – Jim Allister (draft with JM) and Phil Flanagan (due with Private Office 29 January – UR providing lines)

FRED – GAS MARKETS

DECC Balance of Competence Review

- NI event held by DECC on 13 Jan 2014, and a Divisional response is required by DECC as soon possible.

Gas Extension

- Anticipate that the Utility Regulator will issue the gas extension licence competition by end of January. Also hope to make final arrangements shortly with District Councils in the West for a joint meeting on gas extension proposals for February.

Gas Storage

- DOE announcement on issue of DOE Marine Licence and other DOE consents expected in early February.

Energy Joint Steering Group

- DCENR has proposed a date for the next JSG meeting but 11 February does not suit Ureg CEO. Further discussion required on possible dates for future JSG. Meeting likely to focus on decision around future of Common Arrangements for Gas (CAG)

Security of Supply

- Continuing to liaise with Utility Regulator about a decision by end January on next steps to put in place arrangements to procure 250MW of additional generation. Also ongoing liaison with SONI re: publication of their next Generation Capacity Statement before end of January and preparation of a response to the ETI Committee paper on this issue (due for 20 February ETI Committee meeting).

Gas Standards of Performance

- Submission along with the Regulators decision paper and regulations to be issued to the Minister during w/c 27 January.

Old Gas Files

- Likely request from DCAL for update on progress on reviewing some 70 old gas files – time consuming exercise and has to fit around other work.

ALAN – ENERGY ECONOMIST

Electricity Pricing

- UR/DETI Steering Group meeting held 23 January to kick off UR consultancy to examine structure and allocation across customer groups of network charges. Resulting report scheduled for end-March
- Meeting with Energia to discuss their modelling of electricity prices 27 January.

Renewable Energy Trading UK/ROI

- Next steering group meeting scheduled for 31 January – DETI participation via conference call.

Cost Benefit of 40% renewables target

- Tenders close on 27 January. Evaluation of tenders and selection of consultants 3 February.

EMR

- Review of potential cost to Northern Ireland suppliers of supplier obligation. Review Northern Ireland total costs of EMR.

Cross departmental working group on climate change (Analysts)

- Meeting to discuss sub national energy statistics

HELEN – MARKETS SUPPORT**Review of electricity and gas licence modification arrangements**

- Consultation paper to be published 24 January (following Committee clearance at meeting on 23rd) with responses invited by 21 March.
- Timing for making and laying Regulations before Easter recess very tight and there may be slippage given complexities with ERRA.
- Work order to be sent through in next week/two to enable Regulations to be refined in consultation with DSO and BIS during the consultation period.

Aggregated Generation Units (AGUs) and Demand Side Units (DSUs)

- NIAUR advised of Department's minded to position (that legislative provision be made under EED) – no response from NIAUR
- Input to EED consultation/Ministerial submission to be sent through to Alison
- Budget available for work by Arthur Cox on this matter

NIAUR IME 3 licence modifications, including those related to electricity certification (modifications are subject to DETI consent)

- Officials have advised NIAUR that, having reviewed their draft decision paper and in light of legal advice, there are two areas (relating to NIE/SONI certification) where officials would be unable to advise the Minister to consent to the modifications proposed.

EU Services Directive

- Energy Division and NIAUR inputted to DECC paper making the case that energy licences are exempt from the requirement for mutual recognition on the grounds of over-riding reasons relating to the public interest (ORRPI)
- Liaison between DSO and BIS ongoing regarding legal effect of removal of Regulation 15(6) and proposed alternative provision.

Administrative order to designate provisions of EU Electricity and Gas Regulations

- Consultation closed on 10 January and draft orders now prepared and ready to be sent through to DSO for final approval
- Awaiting sight of final DECC legislation to ensure consistency – DECC advise that this should be available end January.

IME 3 Steering Group meetings

- Need to consider merit in continuing with these high level meetings following transposition of the Directives
- Department still has a role in monitoring development of and compliance with network codes arising out of EU Electricity and Gas Regulations but NIAUR lead on NI compliance and impact.

JOANNE – RENEWABLE HEAT**RHI Phase 1 – Ofgem**

- Develop arrangements for applicants who have availed of Carbon trust Loans
- Services Agreement – Ofgem need to submit change control
- Finance – need to get invoices from Ofgem and agree payments

RHPP (domestic)

- Number of issues on individual claims or sets of claims which need to be resolved

RHI Phase 2

- Development of final policy position
- Draft papers and make arrangements for Casework
- Request Arthur Cox to draft regulations
- Develop specification for administration system

4% target

- Provide lines to take for David Sterling – cleared 24 January
- Look at scenarios – are we still content that target is achievable?

ALISON – SUSTAINABLE ENERGY**EMR**

- Response to FFW letter – draft will go to HoD w/c 27 January.
- On going dial ins with DECC to agree workplan going forward
- On going work on supplier obligation costs
- FFW/DETI/DECC meeting early Feb (dial in)
- John Simpson meeting 31 Jan.

EED

- Work Order for Arthur Cox on EED Articles 15 and 9-11
- Ongoing EED transposition returns / dial ins etc. with Art 9-11 consultation response. Will go to HoD by end January and will require Ministerial clearance and publication by mid February.
- Art 15 consultation document to HoD by end January - will require Ministerial clearance and issue by early February.
- Executive paper on EED mop up Statutory Instrument drafted and will be sent to HoD by end January – aiming for a mid February Executive meeting.
- Meeting with Invest NI on EED scheduled for 29 Jan.

29 Feb 2014

From: Dolaghan, Paul
Sent: 27 January 2014 18:12
To: Stevenson, Bill; Frazer, Fred; Vaughan, Helen; Smith, Alan; McCutcheon, Joanne; Clydesdale, Alison; Harris, Michael
Subject: ENERGY MEETING WITH MINISTER
Importance: High

All,

With regard to the above meeting John has indicated that he would like to be in a position to table a Gantt type chart before the Minister/SpAd indicating the key areas of work across the Division.

For the sake of this exercise this should be at a high level only (the aim would be to get everything on to one A3 page) with key dates included that clearly demonstrate absolute deadlines etc.

At this juncture all that I require is the name of the work area/project e.g. Energy Efficiency Directive; (I propose the start date for everything is 1 February 2014 (i.e. current month)); and the finish/must complete by date (where known).

If there are specific key milestone dates that **must** be met during the course of the project please flag these with a few brief words by way of explanation e.g. while we may have some flexibility around a date for introducing the Energy Bill, ultimately it must be completed during the period of the current Assembly so there is a definite deadline for completion and working back a latest date it could be introduced etc.

Bill has kindly agreed to assist me in compiling our Gantt type chart as he is one of only a few with access to the relevant software so I will have to be guided by him as to exactly what information we can show/include etc. However, in the first instance can I ask you to kindly let me have your respective returns (copied to Bill) **no later than close on Wednesday (29th)**.

Happy to discuss as necessary

Many thanks

Paul.

Energy Strategic Matters: Meeting with Minister

Date: 5th February 2014, 3:30pm – 5:00pm

Venue: Minister's Office, Netherleigh

AGENDA

The 4 Strategic Energy Framework Key Goals:

- Building competitive markets
- Ensuring security of supply
- Enhancing sustainability
- Developing infrastructure

Review of SEF 14/15

1. Markets

- Transparency of costs (ongoing ETI review)
- Market integration (SEM)
- Gas integration?
- *New market entrants*

2. Security of Supply

- Conventional power generation (ETI review)
- Fuel poverty?
- *Emergency arrangements*

3. Sustainability

- Incentivisation of renewables industry (NIRO/EMR)
- Future support for small scale renewables
- Energy Efficiency (EED, demand management, energy efficiency obligation, Energy Bill)
- Community engagement
- *Renewable Heat Incentive Phase 2 (domestic/non-domestic/large)*

4. Developing Infrastructure

- Grid strengthening
- Planning and applications for connection
- N/S Interconnector
- Moyle interconnector
- Community opposition
- *Smart grid & - - -*
- Smart metering
- Gas extension

Energy Matters: Meeting with Minister

Date: 5th February 2014, 3:30pm – 5:00pm

Venue: Minister's Office, Netherleigh

AGENDA

- 1. Energy Tariffs**
- 2. Policy Direction:**
 - **Review of SEF**
 - **Future support for small scale renewables**
 - **Grid Strengthening**
 - **Energy Efficiency Obligation**
 - **Energy Bill**
 - **Smart Metering**
- 3. Gas to the West**
- 4. North/South Interconnector**
- 5. Security of Supply**
- 6. RHI – Phase 2**



PRIVATE OFFICE GUIDANCE

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Sample Submission

From : A.N. Official

Date: 9 June 2008

Copy Distribution List Below

To: 1. Andrew Crawford
2. Arlene Foster MLA

Issue: To Notify Colleagues of the Appropriate Style of Submission

Timing: Desk Immediate, Urgent or Routine

**Need for referral
To the Executive:** There MUST be a comment here, even if it is simply Not Applicable

Presentational Issues: Likely interest from Media, Political Parties, Interest Groups etc.

Freedom of Information: Most Submissions are likely to be disclosable – if in doubt speak to your Local Information Manager

**Programme for Government
/PSA Implications:** There MUST be a comment here, even if it is simply Not Applicable

Financial Implications: There MUST be a comment here, even if it is simply Not Applicable

Legislation Implications: There MUST be a comment here, even if it is simply Not Applicable

**Statutory Equality
Obligations:** There MUST be a comment here regarding compliance with Section 75

Recommendation: An indication of what is required from the Minister

During the meeting

34. The Minister will normally take the lead in the meeting, but may well invite the visitors to explain their views first. The visitors will want to hear the Minister's views, but officials should also contribute if appropriate.
35. If the Minister is the visitor it is customary for them to listen to their hosts and respond accordingly.
36. The physical arrangements for a meeting are the responsibility of the Private Office, except for some statutory or regular meetings where responsibility lies with a particular policy division.

Notes of Ministerial meetings

37. Meeting notes are intended to record accurately any decisions taken or undertakings made by the Minister. They may also, if necessary, summarise the main facts and arguments used during the meeting. They will not however record, blow by blow, each turn of a discussion.
38. **The Permanent Secretary has directed that for all internal and external meetings involving officials it will be the responsibility of the agency, branch, division etc to record a relevant note of the discussion, decisions taken and action agreed. The author should ensure that he/she has issued the minutes to any relevant official – including PS/Minister.** This will allow the Private Secretary to concentrate on following up on the Ministers action points. At the same time the minutes will properly record the discussions on complex issues as officials will have the advantage of a closer knowledge of topics. Please provide details of note taker in briefing, as requested.
39. Officials are normally responsible for any follow-up action detailed in the meeting notes.

IME 3 Steering Group meetings

- Need to consider merit in continuing with these high level meetings following transposition of the Directives.
- Department still has a role in monitoring development of and compliance with network codes arising out of EU Electricity and Gas Regulations but NIAUR lead on NI compliance and impact.

Electricity and Gas Standard Licence conditions

- DETI has power to set standard electricity and gas licence conditions (power for electricity relatively new and no standard conditions set yet, gas standard conditions exist but are very out of date).
- Absence of standard conditions for electricity potential to cause problems— e.g. re: FIT provisions in Energy Bill.
- Would be a major project for DETI during 2014/15 year and would require significant co-operation and input from NIAUR.
- Should it be flagged in DETI informal response to NIAUR's Forward Work Plan (not necessarily as something that should feature in their FWP, but it would require NIAUR to dedicate resource to it)? Letter HoD to NIAUR?

JOANNE – RENEWABLE HEAT

RHI Phase 1 – Ofgem

- Develop arrangements for applicants who have availed of Carbon trust Loans
- Services Agreement – Ofgem needs to submit change control
- Finance – need to get invoices from Ofgem and agree payments

RHPP (domestic)

- Number of issues on individual claims or sets of claims which need to be resolved

RHI Phase 2

- Development of final policy position (domestic)
- Draft papers and make arrangements for Casework (domestic)
- Request Arthur Cox to draft regulations
- Develop specification for administration system

4% target

- Look at scenarios to ensure that we are content that this target is achievable?

From: [Brankin, Bernie](#)
To: [Cooper, Trevor](#)
Cc: [Partridge, Jeff](#)
Subject: FW: Departmental Board - Finance Paper
Date: 12 February 2014 12:21:40
Attachments: [Synopsis Finance Paper DB 36-3 21 Jan 2014.docx](#)
[DB Finance Paper DB 36-3 21 Feb 2014.docx](#)
[DETI February 2014 Dept Board Appendix 1.pdf](#)
Importance: High

Trevor

Please consider. MLU is issuing papers around lunch time today. If the paper is not cleared in time for LMU to issue, we will issue papers as soon as you have cleared. Jeff will get hard copies and have them dropped over to you.

Bernie

Bernie Brankin

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Department of Enterprise, Trade & Investment
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DEPARTMENTAL BOARD

DB 36/3

TITLE: Finance Report

Paper presented by: TREVOR COOPER

KEY ISSUES:

NI EXECUTIVE BUDGET 2015-16

- We have requested input to the Budget 2015-16, ahead of the Executive agreeing a final position on the approach to the Budget, to provide business areas with additional time to consider their input.

BUDGET PRESSURES 2014-15 AND 2015-16

- Invest NI and NITB has signalled to the Department that they have projected pressures over the next years.

CASEWORK UPDATE

- An update on casework has been provided.

ACTION REQUIRED:

NI EXECUTIVE BUDGET 2015-16

- Departmental Board to note.

BUDGET PRESSURES 2014-15 AND 2015-16

- Departmental Board to note.

CASEWORK UPDATE

- Departmental Board to note.

TIMESCALE:

NI EXECUTIVE BUDGET 2015-16

- Returns are due with Finance Branch by Tuesday 25 February.

BUDGET PRESSURES 2014-15 AND 2015-16

- Invest NI to provide analysis of pressures by Friday 7 February.

CASEWORK UPDATE

- DETI – Invest NI Casework Committee have been scheduled to consider the cases on 27 February 2014 and 6 March 2014.

**DEPARTMENTAL BOARD
FINANCE PAPER 36/3**

1. FINANCE REPORT

Current Risk Assessment of Forecast Expenditure by major business area set out at Appendix 1

<p>DETI Heads of Division have given assurance that the forecast expenditure information provided is the most accurate and up to date as possible at this time. Risks impacting the ability of DETI to meet departmental spending targets are summarised as follows.</p> <p>Key - Forecast RAG Status Green - Target met or on track to be achieved Amber / Green - Broadly on track to be achieved Amber - Going off track, significant corrective action needed, or significant risks around delivery Red - Unlikely to be achieved, substantial action needed</p>			
Business Area	Status	Description of Risk	Owner
DETI Core Admin and Resource Admin	G	<ul style="list-style-type: none"> DETI Administration and Resource Administration budgets encountered under spending in 2011/12 and 2012/13. Finance Branch has challenged Administration profile returns during the course of the year, and around £1.2m has been released by business areas including £0.8m in January Monitoring. As the initial January Monitoring returns were due with Finance Branch in early November, a second opportunity to release budget was extended to business areas in December to ensure the most up to date position was reflected in budgets. 	DETI Heads of Division
Finance Division - Harland and Wolff Provision	G	<ul style="list-style-type: none"> Accounts Branch has released £0.95m against the £9m budget for Asbestos and Pleural Plaques in January Monitoring. It is expected that the remaining budget will be fully utilised based on current expenditure profiles. 	H&W Board

Energy & Telecoms Divisions	A	<ul style="list-style-type: none"> In the recent AME forecasting exercise, Energy Division reduced the AME budget by £0.85m to £1.65m for payment of RHI grants to householders and businesses, expenditure against which is dependent on the successful launch of the scheme. The AME expenditure does not impact on DEL expenditure targets for provisional outturn. Telecoms Branch holds a £2.25M Capital budget for the 2 Mbps USC Project, which is currently all forecast for the final quarter of 2013-14. BT has been awarded the contract to deliver the project, and have a procurement plan in place which will allow full budget expenditure in 2013/14. Finance Branch will continue to liaise with Telecoms Branch colleagues to monitor progress Telecoms Branch also holds a £5.8m Capital budget for the Super-Connected Cities Programme. Treasury has confirmed full end year flexibility with DFP, and accordingly any underspend in this budget will not score against the DETI outturn position. 	John Mills Mike Thompson
Invest NI	G	<ul style="list-style-type: none"> Invest NI expenditure in the first ten months of 2013/14 is comparable to the same period in 2012/13 and significantly ahead of April to December 2011/12. The figures reflect the surrender of the £10m ring fenced capital allocation for the Agri-Food Loan in January Monitoring. EU accrued income is anticipated in line with profiles for February and March. 	Mel Chittock
NITB Resource	G	<ul style="list-style-type: none"> NITB expenditure profiles indicate that 27.6% of the Resource budget is forecast to be utilised in the final quarter of 2013/14. The nature of NITB campaign spending is that it historically spends heavily against Resource 	Kathryn Thomson

		late in the year (37.9% for February – March in 2012-13).	
NITB Capital	A	<ul style="list-style-type: none"> The NITB Capital budget totals £1.736m and comprises £0.6m for mainstream TDS, £0.829m for JEI TDS, £0.057m JEI budget for Tail End Signature Projects and £0.250m for JEI Titanic Walkways. As at the end of January, NITB has reported mainstream TDS spend of £0.260m (15%). There has been no spending against the £1.136m JEI ring fenced Capital budget allocation. NITB have indicated that they are on track to spend the mainstream TDS budget of £0.6m along with the full £0.829m JEI TDS. NITB has overcommitted TDS by £0.5m to ensure that the budget is fully spent, and will accelerate/decelerate projects accordingly. £0.077m of the remaining JEI budget allocated to TDS Tail End Signature Projects and Titanic Walkways may not be spent. . 	Kathryn Thomson
Business Regulatory Services	G	<ul style="list-style-type: none"> Budget allocations include £6.5m receipts relating to PMS loan repayments (Capital) and £3m loan interest (Resource), which were received in November 2013. 	Jackie Kerr
HSENI	G	<ul style="list-style-type: none"> HSENI has released £0.25m in January Monitoring and forecast to fully spend their budgets in 2013/14. 47% of the programme budget is profiled for the last quarter, which follows trends in previous years, and HSENI has provided assurance that this budget will be fully expended. In addition, Admin and GAE spend is greater in the last quarter due to the recruitment of 8 trainee inspectors in November and the planned filling of other vacancies. 	Keith Morrison

NI EXECUTIVE BUDGET 2015-16

- 1.1 We have written to all business areas to provide details of the background and DETI approach to preparing for the NI Executive Budget 2015-16 exercise and to commission input from business areas.
- 1.2 The Budget process will involve the development of the spending plans for NI departments for the single year of 2015-16 only. As the Executive has not yet agreed a final position on the approach to the Budget, a number of the planning assumptions may be subject to change by the Finance Minister and the Executive, as well as in response to changing circumstances. Finance Branch has commissioned this early in order to provide business areas with additional time to consider their input.
- 1.3 There is no additional Resource DEL or Capital DEL funding available in 2015-16. The 2015-16 position will therefore carry forward the 2014-15 overcommitment, and there are also pressures from Executive commitments and strategic issues including Local Government Reform. Therefore departments and their public bodies will need to deliver current expenditure Savings Proposals to address these known Executive pressures and any exceptional pressures that emerge in this 2015-16 Budget process.

Resource Budget

- 1.4 The Resource baseline position for NI departments in Budget 2015-16 is likely to be based on a roll-forward from 2014-15, with EU supported expenditure, Non Cash and ring-fenced allocations such as Economy & Jobs Initiative budgets removed from the rolled forward position.
- 1.5 There will also be a flat line roll forward of Administration budgets. However, Finance Branch will seek to manage the budgetary impact for DETI Core business areas of any 2015-16 pay uplift centrally. NDPBs will also have to manage any 2015-16 pay uplifts. It is assumed that the Department will be asked to identifying Savings Proposals which are estimated to be in the region of 4% to 6% of the rolled forward position.
- 1.6 Resource bids can only be made for exceptional Resource pressures of £1m and over against the reduced rolled forward 2015-16 baselines. DFP has indicated that as Administration budgets will be a key focus for savings, bids in this area will be analysed and prioritised in this context i.e. will be treated as low priority. Ring Fenced Resource bids for residual costs of Economy and Jobs Initiative projects and Invest to Save projects must be separately identified and will be subject to separate recommendations from DFP.
- 1.7 The Budget 2015-16 exercise may not present the opportunity to address de minimis (under £1m) Resource possible pressures in 2015-

From: Briggs, Peter
To: Personal information redacted by the RHI Inquiry
Cc: [McCutcheon, Joanne](#); [Hutchinson, Peter](#); [Sinton, Dan](#)
Subject: Work Order - draft regulations for domestic RHI
Date: 10 February 2014 10:04:00
Attachments: [Work order - Draft Regs for domestic RHI.DOCX](#)

Alan

Please find attached a work order in relation to the drafting of the Domestic RHI Regulations.

I would be grateful if you would provide us with a quote for this work. If you need any further information in order to provide a quote we are happy to arrange a meeting to discuss the requirements.

Regards

Peter

Peter Briggs

Sustainable Energy
Department of Enterprise, Trade & Investment
Netherleigh
Massey Avenue
Belfast, BT4 2JP
Tel: 028 9052 9581 (ext: 29581)
Textphone: 028 9052 9304
Web: www.detini.gov.uk

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DETI ENERGY DIVISION (Renewable Heat Branch)
Work Request Form

Departmental Contact Name and tel: **Joanne McCutcheon (028) 9052 9425**
Date: **29 January 2014**

Work request Ref no:	ACX/RHI 005
Issue:	The Northern Ireland Renewable Heat Incentive (RHI) was introduced on 1 November 2012, following the passage of the Renewable Heat Incentive Scheme Regulations (Northern Ireland) 2012. The scheme provides long term incentive payments for new generators of eligible renewable heating in the non domestic sectors. The Department now plans to introduce a similar RHI scheme for the domestic sector and requires the drafting of further Regulations.
Action required:	Produce a draft of the Northern Ireland Domestic Renewable Heat Incentive Regulations.
Date Required By:	<p>A first draft of the Regulations is required by the 28 February 2014. There is then likely to be iterative communication between the Department and Arthur Cox to reach the final draft stage. The final draft will be required by 31 March 2014.</p> <p>It should be noted that DSO will need to vet and clear the final draft regulations.</p> <p>The Department intends to launch the scheme around May/June 2014.</p>
Service Provider comment if appropriate:	
Service Provider (Company name):	Arthur Cox
Service Provider Contact Name	Alan Bissett
Estimated Cost:	
HOD Approval	
HOD Approval Date	

From: Briggs, Peter
To: "Alan Bissett"
Cc: David White email redacted by the RHI Inquiry; Hutchinson, Peter
Subject: FW: Work Order - draft regulations for domestic RHI
Date: 19 February 2014 10:43:00

Alan,

Our Grade 5 has approved the quote below. We would be grateful if you would proceed.

Thanks
Peter

From: Alan Bissett [Personal information redacted by the RHI Inquiry]
Sent: 13 February 2014 20:21
To: Briggs, Peter
Cc: McCutcheon, Joanne; Hutchinson, Peter; Sinton, Dan; David White
Subject: RE: Work Order - draft regulations for domestic RHI

Peter

Good to meet you and the team on this matter this morning and thanks for your time.

We have now had an opportunity to consider the work required and our fee proposal is as follows:

The Team

We would propose to staff this matter as follows:

Alan Bissett (Partner)

David White (Junior Lawyer)

Time spent

During the period until 31st March 2014, I would anticipate that the team will spend the following time on this matter:

Fee-Earner	Hourly Rate (£)	Estimate of time (Hrs)	Estimate of Cost (excluding VAT) (£)
Alan Bissett (Partner)	Sensitive commercial information redacted by the RHI Inquiry		
David White (Junior Lawyer)	Sensitive commercial information redacted by the RHI Inquiry		

Fee estimate

This equates to a total fee estimate of [Sensitive commercial information redacted by the RHI Inquiry] for the work to be carried out. This fee quote is based on an initial review of the GB equivalent domestic RHI Regulations and assumes that the initial draft of the NI domestic RHI Regulations will be based largely on the GB equivalent Regulations.

I recall that the Department decided to notify the NI non-domestic RHI Regulations to the Commission under the Technical Standards and Regulations Directive 98/34/EC and that this followed the

approach taken by DECC in relation to the GB non-domestic RHI Regulations. Given the three month standstill period that applies when Regulations are required to be notified, we have assumed that the Department will be liaising with DECC concerning the approach taken in relation to the GB domestic RHI Regulations to ascertain whether it will be necessary to notify the NI domestic RHI Regulations.

I hope that the above is in order - if you would like to discuss the above or require any further information, please do not hesitate to contact me.

Kind regards

Alan

Alan Bissett

Partner, Corporate and Commercial

t: +44 28 9026 5528

m: Personal information redacted by the RHI Inquiry

Arth [Redacted] Upper Queen Street | Belfast | BT1 6PU

www.arthurcox.com

From: Briggs, Peter [<mailto:Peter.Briggs@detini.gov.uk>]

Sent: 10 February 2014 10:04

To: Alan Bissett

Cc: McCutcheon, Joanne; Hutchinson, Peter; Sinton, Dan

Subject: Work Order - draft regulations for domestic RHI

Alan

Please find attached a work order in relation to the drafting of the Domestic RHI Regulations.

I would be grateful if you would provide us with a quote for this work. If you need any further information in order to provide a quote we are happy to arrange a meeting to discuss the requirements.

Regards

Peter

Peter Briggs

Sustainable Energy

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Netherleigh

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Belfast, BT4 2JP

Tel: 028 9052 9581 (ext: 29581)

Textphone: 028 9052 9304

Web: www.detini.gov.uk

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Incidentally, the following link takes you to the final version of the regulations that were laid before Parliament last week: <http://www.legislation.gov.uk/ukdsi/2014/9780111109458/contents>

Hope this helps. Get back to me if you need anything else.

Jacob

From: Hutchinson, Peter [<mailto:Peter.Hutchinson@detini.gsi.gov.uk>]
Sent: 18 February 2014 09:39
To: Andresen Jacob (Heat & Industry)
Subject: RE: Domestic RHI announcement: July 2013

Jacob,

I noticed from a weekly update from the central comms team in DECC that the proposals for the domestic RHI in GB were notified to the EU Commission to seek State Aid approval. Can I ask what the reason was for notifying the scheme to the Commission (and notifying the Regulations re Technical Standards) despite it being primarily a scheme for the domestic market and therefore not classed as a "state aid"?

Thanks for your help,

Peter

From: Andresen Jacob (Heat & Industry) [<mailto:jacob.andresen@decc.gsi.gov.uk>]
Sent: 14 January 2014 17:45
To: Hutchinson, Peter
Subject: RE: Domestic RHI announcement: July 2013

Peter

The situation is that the draft regulations are currently out for informal JCSI review. We're expecting a response from the review next week.

We've also made a Technical Standards Notification to the European Commission. As a result, the draft regulations are in the public domain. They're viewable via the following link:
http://ec.europa.eu/enterprise/tris/pisa/app/search/index.cfm?fuseaction=pisa_notif_overview&iYear=2014&inum=15&lang=EN&sNLang=EN

In terms of planned timescale for laying the regulations in Parliament, we hope to do so on 3 February with a view to them being made on 25 March. These dates aren't for public consumption though, so grateful if you didn't disseminate them outside of DETI.

I hope this helps.

Get back to me if you need more information.

Kind regards

Jacob

From: Barber Nicola (Heat & Industry)
Sent: 14 January 2014 17:07
To: Hutchinson, Peter; Martin Nicola (Heat & Industry)
Cc: Andresen Jacob (Heat & Industry)
Subject: RE: Domestic RHI announcement: July 2013

Hi Peter

I've moved on from the RHI Comms Team and now working on the RHI Strategy Team. Nicola Martin has also left to go on a career break. I've copied my colleague Jacob Andresen who has been working on the domestic regulations who I hope will be able to help you.

Nicola



Nicola Barber

Strategy Team Leader, Renewable Heat Incentive
E: nicola.barber@decc.gsi.gov.uk T: 0300 068 6147
Follow us on [Twitter.com/DECCgovuk](https://twitter.com/DECCgovuk)

I work on Monday, Tuesday and Friday.

My job share partner is Clare Dobson : clare.dobson@decc.gsi.gov.uk; 0300 068 6766; working days Tuesday, Wednesday and Thursday

From: Hutchinson, Peter [<mailto:Peter.Hutchinson@detini.gsi.gov.uk>]
Sent: 14 January 2014 17:02
To: Martin Nicola (Heat & Industry); Barber Nicola (Heat & Industry)
Subject: RE: Domestic RHI announcement: July 2013

Nicola / Nicola,

Just wanted to check if there was any update on the Domestic RHI legislation in GB? Can you advise what current stage the legislation is at and whether you have any indication on when you think this might be tabled / passed in Parliament?

If you are able to provide any information on the legislation, or provide an early draft of the Regulations (in strictest confidence), that would be most helpful.

Many thanks,

Peter

Peter Hutchinson

Renewable Heat
Department of Enterprise, Trade & Investment
Netherleigh
Massey Avenue
Belfast, BT4 2JP
Tel: 028 9052 9532 (ext: 29532)
Textphone: 028 9052 9304
Web: www.detini.gov.uk

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From: Martin Nicola (Heat & Industry) [<mailto:nicola.martin@decc.gsi.gov.uk>]
Sent: 12 July 2013 09:58
To: Katrina.Chalmers@scotland.gsi.gov.uk; rebecca.carr@scotland.gsi.gov.uk; Hutchinson, Peter (Peter.Hutchinson@detini.gsi.gov.uk); joanne.mccutcheon@detini.gsi.gov.uk; wendy.boddington@wales.gsi.gov.uk; charlotte.gibson@wales.gsi.gov.uk; david.eccles@wales.gsi.gov.uk; paul.harrington@wales.gsi.gov.uk
Subject: Domestic RHI announcement: July 2013

Dear All

Further to Nicola Barber's weekly update, I'd just like to confirm that we have announced the domestic RHI this morning. Links to documentation and Press Notice below

[_consultation.pdf](#)

Pellet stoves will need an integrated boiler. This is reflected in reg 4(1)(b)(iii) of our regs.

You should note that we had to withdraw and relay our regs earlier this month as we had to correct a technical error in them (no policy changed though). The following link takes you to the latest version:

<http://www.legislation.gov.uk/ukdsi/2014/9780111111192/contents>

Hope this helps. Get back to me if you need more information.

Jacob

From: Hutchinson, Peter [<mailto:Peter.Hutchinson@detini.gsi.gov.uk>]
Sent: 20 March 2014 10:09
To: Andresen Jacob (Heat & Industry)
Subject: RE: Domestic RHI announcement: July 2013

Jacob,

Would you be able to clarify the position on wood pellet and wood burning stoves under the GB Domestic RHI?

I see from the draft legislation that biomass stoves are defined as *a plant which is designed and installed to burn wood pellets to generate heat which is directly radiated into the room in which it is installed and is not designed to generate heat for the purpose of cooking food*. I note from this that wood burning (log burning) stoves appear to be excluded and that there is no explicit requirement for the pellet stoves to be linked to a back boiler for primary heating needs as only direct heating is mentioned in the definition. Can you advise on these points, firstly, am I right to assume log burning stoves are ineligible? And secondly, is there no need to for a back boiler for wood pellet stoves or is this requirement in-built within MCS?

In terms of wood burning stoves (if they are ineligible) can you advise on the reasoning behind excluding them, whilst including wood pellet? Also, were these systems supported under the RHPP and, if so, what happens to systems incentivised under RHPP but ineligible for RHI?

Hope these questions make sense – we have received some queries from stoves suppliers / manufacturers over last few days and some of their queries relate to GB policy and some relate to NI policy and therefore I wanted to understand the GB position better before responding.

If you are able to provide some clarification on the eligibility requires for biomass stoves (and the rationale) that would be much appreciated.

Thanks in advance,

Peter

From: Andresen Jacob (Heat & Industry) [<mailto:jacob.andresen@decc.gsi.gov.uk>]
Sent: 19 February 2014 15:43
To: Hutchinson, Peter
Subject: RE: Domestic RHI announcement: July 2013

Peter

In terms of State Aid approval, the domestic RHI was notified to the Commission on the basis that support for landlords is likely to constitute State Aid as we consider they fall within the definition of an undertaking.

Regarding the TSN, we needed to notify as we refer to technical standards in our regulations (the details of which are set out in the TSN itself).

JOANNE (PETER) – RENEWABLE HEAT**RHI Phase 1 – Ofgem**

- Develop arrangements for applicants who have availed of Carbon trust Loans – Ofgem is currently considering what changes are required to applicant guidance materials.
- Services Agreement – Ofgem has submitted a change control on charging but DETI has sought further information on the methodology used. It is important that we agree a charging mechanism that is equitable between NI and GB not just for a year but going forward. Change control will need to be agreed at HoD level.
- Finance – Ofgem has produced figures for 2013/14 but the change control needs to be agreed before DETI can make payment.

RHPP (Domestic)

- Number of issues on individual claims or sets of claims which need to be resolved.

RHI Phase 2

- Development of final policy position (domestic) – response to consultation currently with HoD. As part of this we also need to agree how the Scheme will be administered.
- Draft papers and make arrangements for Casework (domestic)

4% target

- Look at scenarios to ensure that we are content that this target is achievable?

ALISON (DAVINA) – SUSTAINABLE ENERGY**EMR**

- On-going dial-ins with DECC to agree workplan going forward.
- Comments on DECC PID for NI work stream sent back to DECC on 18 February – copied to HoD for information only.
- On-going work on supplier obligation costs.
- FFW – letter to DECC Minister being drafted. Will be with HOD w/c 24 February.
- Letter from FFW to Minister expected shortly.
- FFW have requested meeting with Perm Sec.

Electricity and Gas Standard Licence Conditions

- Absence of standard conditions for electricity potential to cause problems– e.g. re: FIT provisions in Energy Bill.
- Helen has raised informally with NIAUR as potential joint area of work for 2014/15 and noted in response on NIAUR FWP.

NIAUR IME 3 licence modifications, including those related to electricity certification (modifications are subject to DETI consent)

- Final mods received 4 March and submission to Minister underway.

Administrative order to designate provisions of EU Electricity and Gas Regulations

- More information received from DECC as to reason for delay with their legislation (hopefully not an issue for us and our designation).
- Subject to discussion with DECC, plan to go ahead and send our drafts to DSO.

IME 3 Steering Group meetings

- Department role in monitoring development of network codes arising out of EU Electricity and Gas Regulations (and overall Member State compliance) but NIAUR lead on NI compliance/impact and on shaping codes to suit NI.
- Concerns about strength of NI input on code development – issue to be raised at meeting between Minister and Jenny?

JOANNE – RENEWABLE HEAT**RHI Phase 1 – Ofgem**

- Arrangements/guidance materials for applicants who availed of Carbon Trust Loans now drafted and with Stephen Moore (EU Programmes) for comment – would hope to sign these off with Ofgem shortly.
- Services Agreement – Ofgem has submitted a second draft of the change control on charging but DETI has sought further information on the methodology used. It is important we agree a charging mechanism that is equitable between NI and GB not just for a year but going forward. Change control will need to be agreed at HoD level.
- Finance – Ofgem has produced figures for 2013/14; if the change control cannot be agreed shortly we may want to consider reaching agreement for 2013/14 charges in the interim.

RHPP (Domestic)

- Number of issues on individual claims/sets of claims which need resolved.

RHI Phase 2

- Development of final policy position (domestic) – response to consultation currently with HoD. As part of this we also need to agree how the Scheme will be administered – this is becoming urgent.
- Draft papers/make arrangements for Casework (domestic)

4% target

- Look at scenarios to ensure we are content that target is achievable?

ALISON – SUSTAINABLE ENERGY**EMR**

- COR 105 & 103 (Michael Fallon and Mike Harper) due 10 March – aim to be with HoD 6/7 March.
- On-going work on supplier obligation costs.
- FFW meeting with Perm Sec – date being confirmed.
- EMR Steering Board dial-in 13 March.

EED

- DECC has advised that DETI input to National Energy Efficiency Action Plan (NEEAP) requires HoD approval. All inputs previously provided at Branch level. DECC will issue near final version on 6 March for HoD approval and return by 13 March.
- Ministerial write round will follow in early April, seeking Ministerial approval within 10 days.
- Ongoing EED transposition returns / dial-ins etc. with DECC
- Ongoing liaison with DSO.
- Art 9-11 consultation response still being drafted - couple of issues need further DSO advice and awaiting the DECC response to check for consistency. Timescale for HoD clearance now likely to be end March.
- Art 15 consultation document with the Minister - needs to issue on Friday 7 March – Private Office checking status with Glynis.
- Version 2 Executive paper on EED mop up Statutory Instrument in queue for Executive meeting on 6 March. Mop up SI Ministerial write round expected early April.

Energy Bill

- Need to agree next steps with HoD in relation to securing OLC drafting time.
- Branch will start looking at Energy Efficiency Obligation while Article 15 consultation is out.

**BUSINESS CASE FOR THE INTRODUCTION OF THE
DOMESTIC RENEWABLE HEAT INCENTIVE**

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- 10.7 DETI is therefore content that the scheme is affordable under the current funding profile and the expected available budget post 2015/16.

Marketing

- 10.8 Energy Division has carried out advertising campaigns promoting sustainable energy in 2011/12, 2012/13 and 2013/14. The two most recent campaigns have solely focused on the promotion of renewable heat. These campaigns were funded via the European Research and Development Fund, as things stand there is no available budget in 2015/16 for future campaigns. If the budgetary position changes Energy Division will consider whether it is appropriate for further marketing campaigns. The domestic RHI will be promoted via appropriate PR activity.

Monitoring and benefits realisation

- 10.9 DETI will monitor uptake, trends and policy impact from the beginning of the scheme. The level of renewable heat delivered by the scheme will be assessed and recorded against the 10% renewable heat target.

First review

- 10.10 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.
- 10.11 Given that the domestic RHI will only launch in 2014 it would be inappropriate to formally review the scheme so earlier. Therefore a formal review would take place in early 2016, with changes implemented in 2017. DETI holds the right to carry out emergency reviews if required and will informally review the scheme throughout.

Post project evaluations

- 10.12 A final PPE will be carried out following the closure of the scheme to new entrants; this will be completed by 31st March 2022.

Administration

- 11.7 As previously discussed, it is proposed that the scheme will be initially administered in-house, using existing resource. Therefore no additional resource is required. An assessment will be taken within the first 3 months of the scheme as to whether it can continue to be administered in-house or whether external support is required (either full administration, support for payments or technical advice). If external support is required a separate business case will be prepared and an external procurement competition held.
- 11.8 If the scheme continues to be administered in-house a significant risk will be the need for additional resource if levels of uptake increase significantly. Progress of the scheme will be regularly reviewed. If interest in the scheme reaches a level where the scheme cannot be managed in-house then remedial action will be required.

Legislation and State Aid

- 11.9 The primary power to enable DETI to make regulations for a scheme to encourage renewable heat was incorporated into the Energy Act 2011²⁸ which was given Royal Assent on 18 October 2011. The necessary secondary legislation has been drafted but cannot be finalised until the design of the scheme is finally specified; we will then proceed to lay the Domestic Renewable Heat Regulations through draft affirmative resolution procedure in the Assembly.
- 11.10 The scheme does not require full State Aid approval as it is primarily focussed on the incentivisation of domestic householders. However State Aid consideration may be required on the issue of provision of support to landlords (private and social) and ESCo's.

Approvals

- 11.11 **TO BE ADDED**

Recommendation

- 11.12 It is recommended that DFP Supply approve the implementation of the Northern Ireland Domestic RHI**

²⁸ <http://www.legislation.gov.uk/ukpga/2011/16/part/3/crossheading/northern-ireland-renewable-heat-incentives>

Department of Enterprise,
Trade and Investment

The Northern Ireland Domestic Renewable Heat Incentive

Response to consultation and final policy

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Final policy on the Northern Ireland Domestic
Renewable Heat Incentive

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On 22 July 2013, DETI launched a public consultation on Phase 2 of the Northern Ireland Renewable Heat Incentive (RHI). These proposals included three main elements, the introduction of a domestic RHI scheme; the expansion of the existing non-domestic scheme to include new technologies; and the introduction of measures to improve performance of the non-domestic RHI, namely metering arrangements and biomass sustainability.

The consultation ran for 12 weeks and as part of the process, DETI held stakeholder events in Armagh, Belfast and Coleraine. These were attended by nearly 100 people and were useful in gauging opinions regarding the draft proposals. The consultation closed on 14 October 2013 and 50 responses were received, two of which offered no comment. All responses received are available on the DETI website.

This paper seeks to respond to the comments received relating to the domestic RHI proposals and sets out the Department's final policy position and the next steps in terms of implementation. The issues relating to the non-domestic scheme will be dealt with separately and a similar response document will issue in due course.