

**From:** [Mills, John \(DETI\)](#)  
**To:** [McCormick, Andrew \(DETI\)](#); [Stewart, Chris \(DETI\)](#)  
**Cc:** [Wightman, Stuart](#); [McIlwrath, Linda](#); [Hill, Janice](#)  
**Subject:** RE: FOR ATTENTION OF ADDRESSEES ONLY - Renewable Heat Incentive  
**Date:** 22 March 2016 10:21:33

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Andrew/Chris

See briefing below (thanks Stuart) – which is really an update. I imagine the letter to HOCS may be the basis of discussion and that you are familiar with this. Let me know if you want lines as these have been provided for the Minister on a number of occasions recently.

One point in addition to what's below: a number of issues have been raised about RHI (like applicants being allowed to heat empty buildings, treating the admin arrangements with OFGEM as a contract and EU notification). The first two have proved to be without substance and we are working on the EU angle but they take time to address.

Incidentally, I was speaking to Jamie Delargy at the Full Circle event yesterday. He suggested DETI might offer factual briefing to interested journalist over the coming weeks on renewables. His main criticism was that DETI should have been more upfront about what was happening as what occurred gave the impression of being chaotically reactive. He said DETI should organise conference/discussion/consultation on future of renewables.

## **Current Position on RHI**

### **(1) Implications of RHI Scheme Closure**

- In the last few weeks before closure on the 29 February, a further 318 non domestic and 671 domestic applications were received. This increases total installation numbers to 2128 non domestic and 2631 domestic.
- It will be a number of months before the current backlog of applications has been processed, but early estimates are that forecast expenditure in 2016/17 could be £49-50m against an AME allocation of £18.3m.
- The spike in applications prior to closure may have reduced the likelihood of a legal challenge being taken however there have been many calls for compensation, particularly for households in the process of installing Ground Source Heat Pumps as part of new builds which couldn't be accelerated to beat the deadline.

### **(2) Independent Review of Non Domestic RHI Scheme in response to allegations of Scheme Abuse**

- An independent review of the operation of the Non Domestic scheme is being commissioned by DETI/Ofgem to ensure scheme is operating in compliance with the legislation.
- Deloitte will complete this review which will review Ofgem's systems (including site checks) in response to the allegations of scheme abuse.
- Phase 1 of the review will commence in coming weeks with initial review of Ofgem's internal systems before moving onto Phase 2 which include detailed site checks/audits.
- Report unlikely to be available until late May / early June 2016.

**(3) DETI Internal Audit Review of RHI**

- DETI Internal Audit reviews of both RHI schemes is ongoing.

**(4) NIAO Report on Irregular Expenditure during 2015/16 (to accompany annual accounts)**

- NIAO have met with both DETI Internal Audit and Energy Officials to discuss RHI.
- Draft NIAO Report to be completed and circulated to DETI for comment by early May 2016.
- Need to agree next steps with DFP on how expenditure might be regularised in future years.

**(5) Consultation on Further RHI Changes**

- Policy options need to be developed for further RHI changes in terms of biomass sustainability, emissions, cost control and compensation?? This might include introducing an annual cap on all installations made before the November 2015 tariff changes.
- This will require full public consultation and detailed legal advice from DSO.

**(6) Future of RHI**

- Long term policy on renewable heat needs to be addressed.

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**From:** Hill, Janice **On Behalf Of** McCormick, Andrew (DETI)  
**Sent:** 08 March 2016 14:58  
**To:** Stewart, Chris (DETI); Mills, John (DETI)  
**Cc:** McCormick, Andrew (DETI)  
**Subject:** FW: FOR ATTENTION OF ADDRESSEES ONLY - Renewable Heat Incentive

Chris, John

This meeting has been arranged for 4.30pm on Tuesday 22<sup>nd</sup> March.

Please prepare a brief for Andrew, and I will set up a pre-brief if you wish.

Many thanks

Janice

**Janice Hill**

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