

**From:** [McCoy, Laura](#) on behalf of [Mills, John \(DETI\)](#)  
**To:** [Cooper, Trevor](#)  
**Cc:** [Stewart, Chris \(DETI\)](#); [Brankin, Bernie](#); [Conliffe, David](#); [Wightman, Stuart](#); [Thompson, Sandra](#); [Hughes, Seamus](#); [Lavery, Mary](#)  
**Subject:** HPRM: RHI Estimates  
**Date:** 05 May 2016 15:27:57  
**Attachments:** [NIAO Information sent to DETI - 12 April 16.tr5](#)  
[RHI Forecast 2016-17 - Banded Averages.xlsx](#)  
[RHI Monthly Drawdowns by Ofgem - trial 1516 banded averages.xlsx](#)

Trevor

As requested, we've completed a further forecasting exercise for Non Domestic RHI expenditure in 2015/16 (second attachment) and 2016/17 (last attachment) using 'banded averages' for all installations including those installations that have received payments. The table below summarises the results of the two different forecast methodologies. In 2015/16, the revised forecast is only £51k lower. However, for 2016/17 our revised forecast is £1.1m lower.

Forecast	2015/16	2016/17
Original Forecast (using payment data and banded averages for installations with no payments)	£33.04m	£50.68m
Revised Forecast (using banded averages for all installations)	£32.99m	£49.58m
Difference	£0.05m	£1.1m

Given the large number of installations awaiting accreditation and first payments, I would recommend we proceed on the basis of the higher 'original' forecast for both 15/16 and 16/17. Subject to your agreement, I also propose that we include an additional £2.06m of accrual in 2015/16 to allow for seasonality. Input of the Feb and March 2016 payment data has seen an increase in the outturn for those months of 18.6% of the amount paid. The first pay run in April 2016 has already increased the 2016/17 profile by £350,381. The draft response to NIAO (first attachment) is based on our original forecast together with the £2.06m accrual. If you are content with this, can you please forward this response to Brian O'Neill in NIAO.

As ever the caveat needs to be added that however much time we spend, the outcome will still be an estimate, based on relatively little data. Approx 45% of the 2,000+ applications still have not received any payment and a further 30% have payment data for only 3-9 months.

Happy to discuss tomorrow.

Thanks

John

Dt1/16/0056309

**1. Underspending on the Renewable Heat Incentive scheme 2011-12 to 2014-15**

DETI had DFP approval for a total budget of £25 million for the period 2011-12 to 2014-15. There was an underspend in this period – can you please confirm the figures below. Yes, these figures are correct.

	2011-12	2012-13	2013-14	2014-15	Total
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<b>Underspend</b>	<b>2,000</b>	<b>3,530</b>	<b>5,350</b>	<b>4,075</b>	<b>14,955</b>

**2. Comparison of annual payment between NI and GB (per year for 20 years)**

The annual Northern Ireland RHI grant for a typical 99 KW boiler installed in May 2015 could have been almost twice as much as for the same boiler in GB – can you please confirm this is correct, based on a typical 99kw wood pellet boiler installed in May 2015 assuming use for 12 hours a day, 5 days a week and 93% efficiency, generating 287,370-258 kwh of heat energy per year.

	NI	GB
NI: 287,370-258 kwh at 6.4p/kwh	£18,392,385	
GB: <del>122,120,200-980</del> kwh at 5.87p/kwh (Tier 1)		£7,473,102
GB: <del>65,166,470-278</del> kwh at 1.56p/kwh (Tier 2)		£2,577,594
<b>Total</b>	<b>£18,392</b>	<b>£9,750,696</b>

We don't see this as a particularly realistic comparison given the differences in tariff banding between the the two schemes. 99 KW boilers account for over 70% of all installations made under the (20-99 KW) tariff banding on the NI scheme. It therefore seems reasonable to use a 99 KW for comparison purposes. However, less than 3% of small biomass boilers (0-199 KW) on the GB scheme are 99 KW in size. It is therefore an unrealistic comparison to compare two 99 KW boilers given the differences between the two schemes.

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<b>Total</b>	<b>£18,385</b>	<b>£14,963</b>

### 3. RHI applications and associated costs 2012 to 2016

Period	Application Numbers	<u>Actual annual Cost 2015/16 inc non domestic accrual of £14.405m</u>	20 Year cost
		£m	£m
<b>Non-domestic schemes</b>			
Nov 2012 – March 2015	<del>522 564</del>	<del>12.3 13.24</del>	<del>246 284.64</del>
April to September 2015	<del>387 359</del>	<del>7.9 6.42</del>	<del>158 196.39</del>
<del>1-28</del> October 2015	<del>441 429</del>	<del>9.8 5.47</del>	<del>196 249.52</del>
<del>29</del> October to <del>17</del> November 2015	452	<del>9.9 4.79</del>	<del>198 237.85</del>
<del>18</del> November <del>December</del> 2015 – <del>29</del> <del>Feb</del> <del>March</del> 2016	<del>80 324</del>	<del>1.9 0.6</del>	<del>38 186.54</del>
<b>Total non-domestic</b>	<del>1,882 2128</del>	<del>41.8 30.52</del>	<del>838 1,154.95</del>
Domestic schemes	<del>XXXX 263159</del> 2721	<del>2.2 4.58</del>	<del>44 28.55</del>
<b>Total commitment to 31 March 2016??</b>	<del>XXX 4849</del>	<del>44 35.1</del>	<del>882 1183.5</del>

Can you please confirm the above highlighted figures. We have updated the application numbers and included our most recent forecast for 2015/16 which includes a significant accrual for outstanding Non Domestic RHI.

4. Can you please confirm the following rates below both before and after 17 November 2015. These rates are correct. Traiffs increased / decreased each year in line with with RPI.

	Boilers installed before 17	Boilers installed after 17

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	November 2015	November 2015
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Tier 2*	N/A	1.5p/kwh

\*Tier 2 applied in the revised scheme for all hours after the first 1,314 hours of use in the year.

4.5 Can you please confirm below the projected deficit in AME funding over the next 5 years. [Updated forecasts provided below.](#)

	16-17	17-18	18-19	19-20	20-21	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Total cost	45,195,50,700	45,195,51,700	45,195,54,800	45,195,55,700	45,195,56,600	225,975,269,500
AME allocation	18,300	22,300	25,700	28,900	34,300	129,500
<b>Deficit</b>	<b>(26,895,32,400)</b>	<b>(22,400,895)</b>	<b>(19,495,29,100)</b>	<b>(16,295,26,800)</b>	<b>(122,300,895)</b>	<b>(96,475,140,000)</b>

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	NI	GB
NI: 287, <del>370-258</del> kwh at 6.4p/kwh	£18, <del>392385</del>	
GB: <del>122120,200-980</del> kwh at 5.87p/kwh (Tier 1)		£7, <del>173102</del>
GB: <del>165166,170-278</del> kwh at 1.56p/kwh (Tier 2)		£2, <del>577594</del>
<b>Total</b>	<b>£18,392</b>	<b>£9,<del>750696</del></b>

We don't see this as a particularly realistic comparison given the differences in tariff banding between the the two schemes. 99 KW boilers account for over 70% of all installations made under the (20-99 KW) tariff banding on the NI scheme. It therefore seems reasonable to use a 99 KW for comparison purposes. However, less than 3% of small biomass boilers (0-199 KW) on the GB scheme are 99 KW in size. It is therefore an unrealistic comparison to compare two 99 KW boilers given the differences between the two schemes.

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However you have to recall the context. Unlike the GB scheme the NI scheme had underperformed with this level of tariff for two and a half years. The GB scheme, which began with higher tariffs than NI ever had was well established. Of course, the situation on uptake in NI was changing by May 2015 and we began bringing forward cost control measures in response.

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Dt1/16/0056309

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**3. RHI applications and associated costs 2012 to 2016**

Period	Application Numbers	Annual Cost £m	20 Year cost £m
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Nov 2012 – March 2015	522	12.3	246
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	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'0</b>
Total cost	<u>45,19550,700</u>	<u>45,19551,700</u>	<u>45,19554,800</u>	<u>45,19555,700</u>	<u>45,19556,600</u>	<u>225,975</u>
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Version 8

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**Version 7**

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Comment [SW1]: To be confirmed by Sandra / Finance Division

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**Version 6**

Dt1/16/0056309

**1. Underspending on the Renewable Heat Incentive scheme 2011-12 to 2014-15**

DETI had DFP approval for a total budget of £25 million for the period 2011-12 to 2014-15. There was an underspend in this period – can you please confirm the figures below.

	2011-12	2012-13	2013-14	2014-15	Total
	£'000	£'000	£'000	£'000	£'000
AME Allocation	2,000	4,000	7,000	12,000	25,000
Total spend	0	470	1,650	7,925	10,045
<b>Underspend</b>	<b>2,000</b>	<b>3,530</b>	<b>5,350</b>	<b>4,075</b>	<b>14,955</b>

Comment [SW1]: To be confirmed by Sandra / Finance Division

**2. Comparison of annual payment between NI and GB (per year for 20 years)**

The annual Northern Ireland RHI grant for a typical 99 KW boiler installed in May 2015 could have been almost twice as much as for the same boiler in GB – can you please confirm this is correct, based on a typical 99kw wood pellet boiler installed in May 2015 assuming use for 12 hours a day, 5 days a week and 93% efficiency, generating 287,370-258 kwh of heat energy per year.

	NI	GB
NI: 287,370-258 kwh at 6.4p/kwh	£18,392,385	
GB: 422,120,200-980 kwh at 5.87p/kwh (Tier 1)		£7,473,102
GB: 465,166,470-278 kwh at 1.56p/kwh (Tier 2)		£2,577,594
<b>Total</b>	<b>£18,392</b>	<b>£9,750,696</b>

We don't see this as a particularly realistic comparison given the differences in tariff banding between the two schemes. 99 KW boilers account for over 70% of all installations made under the (20-99 KW) tariff banding on the NI scheme. It therefore seems reasonable to use a 99 KW for comparison purposes. However, less than 3% of small biomass boilers (0-199 KW) on the GB scheme are 99 KW in size. It is therefore an unrealistic comparison to compare two 99 KW boilers given the differences between the two schemes.

On the GB scheme, 199 KW boilers account for almost 30% of of small biomass installations. A more reasonable and realistic comparison would be to compare the RHI payments associated with the same heat requirement above (287,258 KWh) for a 99 KW boiler on the NI scheme against a 199 KW boiler on the GB scheme. This comparison is set out below and again assumes both boilers installed in May 2015 and operating at 93% efficiency. The payment for the 99 KW boiler on the NI scheme generates an annual payment of £18,835 against a payment of £14,963 for the 199 KW GB boiler. The NI scheme therefore provided £3,872 (or 21%) more grant than the GB scheme in May 2015 but importantly not twice as much as the previous comparison suggests..

However you have to recall the context. Unlike the GB scheme the NI scheme had underperformed with this level of tariff for two and a half years. The GB scheme, which began with higher tariffs than NI ever had was well established. Of course, the situation on uptake in NI was changing by May 2015 and we began bringing forward cost control measures in response.

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	<u>NI (99KW boiler)</u>	<u>GB (199KW boiler)</u>
<u>NI: 287,258 kwh at 6.4p/kwh</u>	<u>£18,385</u>	
<u>GB: 243,182 kwh at 5.87p/kwh (Tier 1)</u>		<u>£14,275</u>
<u>GB: 44,076 kwh at 1.56p/kwh (Tier 2)</u>		<u>£6.88</u>
<b>Total</b>	<b>£18,385</b>	<b>£14,963</b>

**3. RHI applications and associated costs 2012 to 2016**

Period	Application Numbers	Annual Cost £m	20 Year cost £m
<b>Non-domestic schemes</b>			
Nov 2012 – March 2015	522	12.3	246
April to September 2015	387	7.9	158
October 2015	441	9.8	196
November 2015	452	9.9	198
December 2015 – March 2016	<b>80</b>	<b>1.9</b>	<b>38</b>
<b>Total non-domestic</b>	<b>1,882</b>	<b>41.8</b>	<b>838</b>
Domestic schemes	<del>XXXXX</del> 263459	<b>2.2</b>	<b>44</b>
<b>Total commitment to 31 March 2016</b>	<b>XXX</b>	<b>44</b>	<b>882</b>

Can you please confirm the above highlighted figures.

4. Can you please confirm the following rates below both before and after 17 November 2015. [These rates are correct. Traiffs increased / decreased each year in line with with RPI.](#)

	Boilers installed before 17 November 2015	Boilers installed after 17 November 2015
Tier 1	6.4p/kwh	6.4p/kwh
Tier 2*	N/A	1.5p/kwh

\*Tier 2 applied in the revised scheme for all hours after the first 1,314 hours of use in the year.

4.5. Can you please confirm below the projected deficit in AME funding over the next 5 years.

**Comment [SW2]:** Forecasts are provisional and based on best information available. Some 1,000 non domestic applications still to be processed.

**Version 6**

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	16-17	17-18	18-19	19-20	20-21	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Total cost	45,195,50,700	45,195,50,700	45,195,53,700	45,195,53,700	45,195,53,700	225,975,262,500
AME allocation	18,300	22,300	25,700	28,900	34,300	129,500
<b>Deficit</b>	<b>(26,895,32,400)</b>	<b>(28,400,895)</b>	<b>(19,495,28,000)</b>	<b>(16,295,24,800)</b>	<b>(19,400,895)</b>	<b>(96,475,133,000)</b>



**Version 5**

Dt1/16/0056309

**1. Underspending on the Renewable Heat Incentive scheme 2011-12 to 2014-15**

DETI had DFP approval for a total budget of £25 million for the period 2011-12 to 2014-15. There was an underspend in this period – can you please confirm the figures below.

	2011-12	2012-13	2013-14	2014-15	Total
	£'000	£'000	£'000	£'000	£'000
AME Allocation	2,000	4,000	7,000	12,000	25,000
Total spend	0	470	1,650	7,925	10,045
<b>Underspend</b>	<b>2,000</b>	<b>3,530</b>	<b>5,350</b>	<b>4,075</b>	<b>14,955</b>

Comment [SW1]: To be confirmed by Sandra / Finance Division

**2. Comparison of annual payment between NI and GB (per year for 20 years)**

The annual Northern Ireland RHI grant for a typical 99 KW boiler installed in May 2015 could have been almost twice as much as for the same boiler in GB – can you please confirm this is correct, based on a typical 99kw wood pellet boiler installed in May 2015 assuming use for 12 hours a day, 5 days a week and 93% efficiency, generating 287,370-258 kwh of heat energy per year.

	NI	GB
NI: 287,370-258 kwh at 6.4p/kwh	£18,392,385	
GB: 422,120,200-980 kwh at 5.87p/kwh (Tier 1)		£7,473,102
GB: 465,166,470-278 kwh at 1.56p/kwh (Tier 2)		£2,577,594
<b>Total</b>	<b>£18,392</b>	<b>£9,750,696</b>

We don't see this as a particularly realistic comparison given the differences in tariff banding between the two schemes. 99 KW boilers account for over 70% of all installations made under the (20-99 KW) tariff banding on the NI scheme. It therefore seems reasonable to use a 99 KW for comparison purposes. However, less than 3% of small biomass boilers (0-199 KW) on the GB scheme are 99 KW in size. It is therefore an unrealistic comparison to compare two 99 KW boilers given the differences between the two schemes.

On the GB scheme, 199 KW boilers account for almost 30% of of small biomass installations. A more reasonable and realistic comparison would be to compare the RHI payments associated with the same heat requirement above (287,258 KWh) for a 99 KW boiler on the NI scheme against a 199 KW boiler on the GB scheme. This comparison is set out below and again assumes both boilers installed in May 2015 and operating at 93% efficiency. The payment for the 99 KW boiler on the NI scheme generates an annual payment of £18,835 against a payment of £14,963 for the 199 KW GB boiler. The NI scheme therefore provided £3,872 (or 21%) more grant than the GB scheme in May 2015 but importantly not twice as much as the previous comparison suggests..

However you have to recall the context. Unlike the GB scheme the NI scheme had underperformed with this level of tariff for two and a half years. The GB scheme, which began with higher tariffs than NI ever had was well established. Of course, the situation on uptake in NI was changing by May 2015 and we began bringing forward cost control measures in response.

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	<u>NI (99KW boiler)</u>	<u>GB (199KW boiler)</u>
<u>NI: 287,258 kwh at 6.4p/kwh</u>	<u>£18,385</u>	
<u>GB: 243,182 kwh at 5.87p/kwh (Tier 1)</u>		<u>£14,275</u>
<u>GB: 44,076 kwh at 1.56p/kwh (Tier 2)</u>		<u>£6.88</u>
<b>Total</b>	<b>£18,385</b>	<b>£14,963</b>

**3. RHI applications and associated costs 2012 to 2016**

Period	Application Numbers	Annual Cost £m	20 Year cost £m
<b>Non-domestic schemes</b>			
Nov 2012 – March 2015	522	12.3	246
April to September 2015	387	7.9	158
October 2015	441	9.8	196
November 2015	452	9.9	198
December 2015 – March 2016	80	1.9	38
<b>Total non-domestic</b>	<b>1,882</b>	<b>41.8</b>	<b>838</b>
Domestic schemes	<del>XXXXX</del> 263459	2.2	44
<b>Total commitment to 31 March 2016</b>	<b>XXX</b>	<b>44</b>	<b>882</b>

Can you please confirm the above highlighted figures.

4. Can you please confirm the following rates below both before and after 17 November 2015. [These rates are correct. Traiffs increased / decreased each year in line with with RPI.](#)

	Boilers installed before 17 November 2015	Boilers installed after 17 November 2015
Tier 1	6.4p/kwh	6.4p/kwh
Tier 2*	N/A	1.5p/kwh

\*Tier 2 applied in the revised scheme for all hours after the first 1,314 hours of use in the year.

4.5. Can you please confirm below the projected deficit in AME funding over the next 5 years.

**Comment [SW2]:** Forecasts are provisional and based on best information available. Some 1,000 non domestic applications still to be processed.

**Version 5**

Dt1/16/0056309

	<b>16-17</b>	<b>17-18</b>	<b>18-19</b>	<b>19-20</b>	<b>20-21</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Total cost	<a href="#">45,195,500,000</a>	<a href="#">45,195,500,000</a>	<a href="#">45,195,530,000</a>	<a href="#">45,195,530,000</a>	<a href="#">45,195,530,000</a>	<a href="#">225,975,259,000</a>
AME allocation	18,300	22,300	25,700	28,900	34,300	129,500
<b>Deficit</b>	<a href="#">(26,895,31,700)</a>	<a href="#">(272,700,895)</a>	<a href="#">(19,495,27,300)</a>	<a href="#">(16,295,24,100)</a>	<a href="#">(18,700,0,895)</a>	<a href="#">(96,475,129,500)</a>

**Version 4**

Dt1/16/0056309

**1. Underspending on the Renewable Heat Incentive scheme 2011-12 to 2014-15**

DETI had DFP approval for a total budget of £25 million for the period 2011-12 to 2014-15. There was an underspend in this period – can you please confirm the figures below.

	2011-12	2012-13	2013-14	2014-15	Total
	£'000	£'000	£'000	£'000	£'000
AME Allocation	2,000	4,000	7,000	12,000	25,000
Total spend	0	470	1,650	7,925	10,045
<b>Underspend</b>	<b>2,000</b>	<b>3,530</b>	<b>5,350</b>	<b>4,075</b>	<b>14,955</b>

Comment [SW1]: To be confirmed by Sandra / Finance Division

**2. Comparison of annual payment between NI and GB (per year for 20 years)**

The annual Northern Ireland RHI grant for a typical 99 KW boiler installed in May 2015 could have been almost twice as much as for the same boiler in GB – can you please confirm this is correct, based on a typical 99kw wood pellet boiler installed in May 2015 assuming use for 12 hours a day, 5 days a week and 93% efficiency, generating 287,370-258 kwh of heat energy per year.

	NI	GB
NI: 287,370-258 kwh at 6.4p/kwh	£18,392,385	
GB: 422,120,200-980 kwh at 5.87p/kwh (Tier 1)		£7,473,102
GB: 465,166,470-278 kwh at 1.56p/kwh (Tier 2)		£2,577,594
<b>Total</b>	<b>£18,392</b>	<b>£9,750,696</b>

~~The comparison above is correct in that (based on May 2015 tariffs) a 99KW boiler running for 3,120 hours on the NI scheme would have attracted almost twice the payment of the same boiler running for the same hours on the GB scheme. However, this is not a~~ We don't see this as a particularly realistic comparison given the differences in tariff banding between the the two schemes.

~~Given that~~ 99 KW boilers account for over 70% of all installations made under the (20-99 KW) tariff banding on the NI scheme, it seems reasonable to use a 99 KW for comparison purposes. However, less than 3% of small biomass boilers (0-199 KW) on the GB scheme are 99 KW in size. It is therefore an unrealistic comparison to compare two 99 KW boilers given the differences between the two schemes.

On the GB scheme, 199 KW boilers account for almost 30% of of small biomass installations. A more reasonable and realistic comparison would be to compare the RHI payments associated with the same heat requirement above (287,258 KWh) for a 99 KW boiler on the NI scheme against a 199 KW boiler on the GB scheme. This comparison is set out below and again assumes both boilers installed in May 2015 and operating at 93% efficiency. The payment for the 99 KW boiler on the NI scheme generates an annual payment of £18,835 against a payment of £14,963 for the 199 KW GB boiler. The NI scheme therefore provided £3,872 (or 21%) more grant than the GB scheme in May 2015 but importantly not twice as much as the previous comparison suggests..

**Version 4**

Dt1/16/0056309

However you have to recall the context. Unlike the GB scheme the NI scheme had underperformed with this level of tariff for two and a half years. The GB scheme, which began with higher tariffs than NI ever had was well established. Of course, the situation on uptake in NI was changing by May 2015 and we began bringing forward cost control measures in response.

	<u>NI (99KW boiler)</u>	<u>GB (199KW boiler)</u>
<u>NI: 287,258 kwh at 6.4p/kwh</u>	<u>£18,385</u>	
<u>GB: 243,182 kwh at 5.87p/kwh (Tier 1)</u>		<u>£14,275</u>
<u>GB: 44,076 kwh at 1.56p/kwh (Tier 2)</u>		<u>£6.88</u>
<b><u>Total</u></b>	<b><u>£18,385</u></b>	<b><u>£14,963</u></b>

**3. RHI applications and associated costs 2012 to 2016**

Period	Application Numbers	Annual Cost £m	20 Year cost £m
<b>Non-domestic schemes</b>			
Nov 2012 – March 2015	522	12.3	246
April to September 2015	387	7.9	158
October 2015	441	9.8	196
November 2015	452	9.9	198
December 2015 – March 2016	<b>80</b>	<b>1.9</b>	<b>38</b>
<b>Total non-domestic</b>	<b>1,882</b>	<b>41.8</b>	<b>838</b>
Domestic schemes	<del>XXXXX</del> 263+59	<b>2.2</b>	<b>44</b>
<b>Total commitment to 31 March 2016</b>	<b>XXX</b>	<b>44</b>	<b>882</b>

Can you please confirm the above highlighted figures.

4. Can you please confirm the following rates below both before and after 17 November 2015. These rates are correct. Traiffs increased / decreased each year in line with with RPI.

	Boilers installed before 17 November 2015	Boilers installed after 17 November 2015
Tier 1	6.4p/kwh	6.4p/kwh
Tier 2*	N/A	1.5p/kwh

\*Tier 2 applied in the revised scheme for all hours after the first 1,314 hours of use in the year.

**Version 4**

Dt1/16/0056309

4.5 Can you please confirm below the projected deficit in AME funding over the next 5 years.

**Comment [SW2]:** Forecasts are provisional and based on best information available. Some 1,000 non domestic applications still to be processed.

	<b>16-17</b>	<b>17-18</b>	<b>18-19</b>	<b>19-20</b>	<b>20-21</b>	
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Total cost	<u>45,195,500,000</u>	<u>45,195,500,000</u>	<u>45,195,530,000</u>	<u>45,195,530,000</u>	<u>45,195,530,000</u>	<u>225,975,259,000</u>
AME allocation	18,300	22,300	25,700	28,900	34,300	129,500
<b>Deficit</b>	<b>(26,895,31,700)</b>	<b>(27,700,895)</b>	<b>(19,495,27,300)</b>	<b>(16,295,24,100)</b>	<b>(18,700,895)</b>	<b>(96,475,129,500)</b>

Version 3

Dt1/16/0056309

**1. Underspending on the Renewable Heat Incentive scheme 2011-12 to 2014-15**

DETI had DFP approval for a total budget of £25 million for the period 2011-12 to 2014-15. There was an underspend in this period – can you please confirm the figures below.

	2011-12	2012-13	2013-14	2014-15	Total
	£'000	£'000	£'000	£'000	£'000
AME Allocation	2,000	4,000	7,000	12,000	25,000
Total spend	0	470	1,650	7,925	10,045
<b>Underspend</b>	<b>2,000</b>	<b>3,530</b>	<b>5,350</b>	<b>4,075</b>	<b>14,955</b>

Comment [SW1]: To be confirmed by Sandra / Finance Division

**2. Comparison of annual payment between NI and GB (per year for 20 years)**

The annual Northern Ireland RHI grant for a typical 99 KW boiler installed in May 2015 could have been almost twice as much as for the same boiler in GB – can you please confirm this is correct, based on a typical 99kw wood pellet boiler installed in May 2015 assuming use for 12 hours a day, 5 days a week and 93% efficiency, generating 287,370-258 kwh of heat energy per year.

	NI	GB
NI: 287,370-258 kwh at 6.4p/kwh	£18,392385	
GB: <del>122120,200-980</del> kwh at 5.87p/kwh (Tier 1)		£7,473102
GB: <del>465166,470-278</del> kwh at 1.56p/kwh (Tier 2)		£2,577594
<b>Total</b>	<b>£18,392</b>	<b>£9,750696</b>

The comparison above is correct in that (based on May 2015 tariffs) a 99KW boiler running for 3,120 hours on the NI scheme would have attracted almost twice the payment of the same boiler running for the same hours on the GB scheme. However, this is not a realistic comparison given the differences in tariff banding between the the two schemes.

Given that 99 KW boilers account for over 70% of all installations made under the (20-99 KW) tariff banding on the NI scheme, it seems reasonable to use a 99 KW for comparison purposes. However, less than 3% of small biomass boilers (0-199 KW) on the GB scheme are 99 KW in size. It is therefore an unrealistic comparison to compare two 99 KW boilers given the differences between the two schemes.

On the GB scheme, 199 KW boilers account for almost 30% of of small biomass installations. A more reasonable and realistic comparison would be to compare the RHI payments associated with the same heat requirement above (287,258 KWh) for a 99 KW boiler on the NI scheme against a 199 KW boiler on the GB scheme. This comparison is set out below and again assumes both boilers installed in May 2015 and operating at 93% efficiency. The payment for the 99 KW boiler on the NI scheme generates an annual payment of £18,835 against a payment of £14,963 for the 199 KW GB boiler. The NI scheme therefore provided £3,872 (or 21%) more grant than the GB scheme in May 2015 but importantly not twice as much as the previous comparison suggests..

	NI (99KW)	GB (199KW)

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	<u>boiler)</u>	<u>boiler)</u>
<u>NI: 287,258 kwh at 6.4p/kwh</u>	<u>£18,385</u>	
<u>GB: 243,182 kwh at 5.87p/kwh (Tier 1)</u>		<u>£14,275</u>
<u>GB: 44,076 kwh at 1.56p/kwh (Tier 2)</u>		<u>£6.88</u>
<b>Total</b>	<b>£18,385</b>	<b>£14,963</b>

**3. RHI applications and associated costs 2012 to 2016**

Period	Application Numbers	Annual Cost £m	20 Year cost £m
<b>Non-domestic schemes</b>			
Nov 2012 – March 2015	522	12.3	246
April to September 2015	387	7.9	158
October 2015	441	9.8	196
November 2015	452	9.9	198
December 2015 – March 2016	80	1.9	38
<b>Total non-domestic</b>	<b>1,882</b>	<b>41.8</b>	<b>838</b>
Domestic schemes	<del>XXXX</del> 263459	2.2	44
<b>Total commitment to 31 March 2016</b>	<b>XXX</b>	<b>44</b>	<b>882</b>

Can you please confirm the above highlighted figures.

4. Can you please confirm the following rates below both before and after 17 November 2015. These rates are correct. Traiffs increased / decreased each year in line with with RPI.

	Boilers installed before 17 November 2015	Boilers installed after 17 November 2015
Tier 1	6.4p/kwh	6.4p/kwh
Tier 2*	N/A	1.5p/kwh

\*Tier 2 applied in the revised scheme for all hours after the first 1,314 hours of use in the year.

4.5. Can you please confirm below the projected deficit in AME funding over the next 5 years.

	16-17	17-18	18-19	19-20	20-21	
	£'000	£'000	£'000	£'000	£'000	£'000

**Comment [SW2]:** Forecasts are provisional and based on best information available. Some 1,000 non domestic applications still to be processed.



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Total cost	<u>45,19550,000</u>	<u>45,19550,000</u>	<u>45,19553,000</u>	<u>45,19553,000</u>	<u>45,19553,000</u>	<u>225,975259,000</u>
AME allocation	18,300	22,300	25,700	28,900	34,300	129,500
Deficit	<u>(26,89531,700)</u>	<u>(272,700895)</u>	<u>(19,49527,300)</u>	<u>(16,29524,100)</u>	<u>(18,7000,895)</u>	<u>(96,475129,500)</u>

Version 2

Dt1/16/0056309

**1. Underspending on the Renewable Heat Incentive scheme 2011-12 to 2014-15**

DETI had DFP approval for a total budget of £25 million for the period 2011-12 to 2014-15. There was an underspend in this period – can you please confirm the figures below.

	2011-12	2012-13	2013-14	2014-15	Total
	£'000	£'000	£'000	£'000	£'000
AME Allocation	2,000	4,000	7,000	12,000	25,000
Total spend	0	470	1,650	7,925	10,045
<b>Underspend</b>	<b>2,000</b>	<b>3,530</b>	<b>5,350</b>	<b>4,075</b>	<b>14,955</b>

**2. Comparison of annual payment between NI and GB (per year for 20 years)**

The annual Northern Ireland RHI grant for a typical 99 KW boiler (the largest boiler eligible for 6.4p tariff) installed in May 2015 could have been almost twice as much as for the same boiler in GB – can you please confirm this is correct is £897 lower than a 199KW boiler (the largest boiler eligible for 5.87p tariff) installed under the GB scheme. This is based on a typical 99/199kw wood pellet boilers installed in May 2015 assuming use for 12 hours a day, 5 days a week and 93% efficiency, generating 287,370-258 kwh / 577,418 kwh of heat energy per year.

**Comment [SW1]:** Statement is factually correct correct but in reality very few (KW boilers installed in GB. GB tariff extends

have installed 99KW boiler. GB applicants have installed 199KW boilers. Comparison between 99KW boilers is therefore not appropriate given the differences in banding. NI 99KW boiler should be compared with 199KW boiler in GB scheme. Changes made to reflect this.

	NI (99KW boiler)	GB (199KW boiler)
NI: 287,370-258 kwh at 6.4p/kwh	£18,392,385	
GB: 422,200-243,182 kwh at 5.87p/kwh (Tier 1)		£7,173,14,275
GB: 465,334,470-236 kwh at 1.56p/kwh (Tier 2)		£2,577,5,014
<b>Total</b>	<b>£18,392</b>	<b>£19,750,289</b>

**3. RHI applications and associated costs 2012 to 2016**

Period	Application Numbers	Annual Cost	20 Year cost
		£m	£m
<b>Non-domestic schemes</b>			
Nov 2012 – March 2015	522	12.3	246
April to September 2015	387	7.9	158
October 2015	441	9.8	196
November 2015	452	9.9	198
December 2015 – March 2016	80	1.9	38
<b>Total non-domestic</b>	<b>1,882</b>	<b>41.8</b>	<b>838</b>
Domestic schemes	XXXXX263459	2.2	44
<b>Total commitment to 31 March 2016</b>	<b>XXX</b>	<b>44</b>	<b>882</b>

Can you please confirm the above highlighted figures.

Version 2

Dt1/16/0056309

4. Can you please confirm the following rates below both before and after 17 November 2015.


\*Tier 2 applied in the revised scheme for all hours after the first 1,314 hours of use in the year.

**Comment [SW2]:** These rates are correct. Traiffs increased / decreased each year in line with with RPI.

5. Can you please confirm below the projected deficit in AME funding over the next 5 years.

	16-17 £'000	17-18 £'000	18-19 £'000	19-20 £'000	20-21 £'000	£'000
Total cost	45,195,500,000	45,195,500,000	45,195,530,000	45,195,530,000	45,195,530,000	225,975,259,000
AME allocation	18,300	22,300	25,700	28,900	34,300	129,500
<b>Deficit</b>	<b>(26,895,31,700)</b>	<b>(272,700,895)</b>	<b>(19,495,27,300)</b>	<b>(16,295,24,100)</b>	<b>(18,7000,895)</b>	<b>(96,475,129,500)</b>

**Comment [SW3]:** Forecasts are provisional and based on best information available. Some 1,000 non domestic applications still to be processed.

## Version 1

**1. Underspending on the Renewable Heat Incentive scheme 2011-12 to 2014-15**

DETI had DFP approval for a total budget of £25 million for the period 2011-12 to 2014-15. There was an underspend in this period – can you please confirm the figures below.

	2011-12	2012-13	2013-14	2014-15	Total
	£'000	£'000	£'000	£'000	£'000
AME Allocation	2,000	4,000	7,000	12,000	25,000
Total spend	0	470	1,650	7,925	10,045
<b>Underspend</b>	<b>2,000</b>	<b>3,530</b>	<b>5,350</b>	<b>4,075</b>	<b>14,955</b>

**2. Comparison of annual payment between NI and GB (per year for 20 years)**

The annual Northern Ireland RHI grant for a typical 99 KW boiler (the largest boiler eligible for 6.4p tariff) installed in May 2015 could have been almost twice as much as for the same boiler in GB – can you please confirm this is correct is £897 lower than a 199KW boiler (the largest boiler eligible for 5.87p tariff) installed under the GB scheme. This is based on a typical 99/199kw wood pellet boilers installed in May 2015 assuming use for 12 hours a day, 5 days a week and 93% efficiency, generating 287,370,258 kwh / 577,418 kwh of heat energy per year.

**Comment [SW1]:** Statement is factually correct correct but in reality very few (KW boilers installed in GB. GB tariff extends

have installed 99KW boiler, GB applicants have installed 199KW boilers. Comparison between 99KW boilers is therefore not appropriate given the differences in banding. NI 99KW boiler should be compared with 199KW boiler in GB scheme. Changes made to reflect this.

	NI (99KW boiler)	GB (199KW boiler)
NI: <u>287,370,258</u> kwh at 6.4p/kwh	£18,392,385	
GB: <u>422,200,243,182</u> kwh at 5.87p/kwh (Tier 1)		£7,473,14,275
GB: <u>165,334,170,236</u> kwh at 1.56p/kwh (Tier 2)		£2,577,5,014
<b>Total</b>	<b>£18,392</b>	<b>£19,750,289</b>

**3. RHI applications and associated costs 2012 to 2016**

Period	Application Numbers	Annual Cost £m	20 Year cost £m
<b>Non-domestic schemes</b>			
Nov 2012 – March 2015	522	12.3	246
April to September 2015	387	7.9	158
October 2015	441	9.8	196
November 2015	452	9.9	198
December 2015 – March 2016	<b>80</b>	<b>1.9</b>	<b>38</b>
<b>Total non-domestic</b>	<b>1,882</b>	<b>41.8</b>	<b>838</b>
Domestic schemes	<del>XXXX</del> 263459	<b>2.2</b>	<b>44</b>
<b>Total commitment to 31 March 2016</b>	<b>XXX</b>	<b>44</b>	<b>882</b>

Can you please confirm the above highlighted figures.

Version 1

4. Can you please confirm the following rates below both before and after 17 November 2015.


\*Tier 2 applied in the revised scheme for all hours after the first 1,314 hours of use in the year.

**Comment [SW2]:** These rates are correct. Traiffs increased / decreased each year in line with with RPI.

5. Can you please confirm below the projected deficit in AME funding over the next 5 years.

**Comment [SW3]:** Forecasts are provisional and based on best information available. Some 1,000 non domestic applications still to be processed.

	16-17	17-18	18-19	19-20	20-21	
	£'000	£'000	£'000	£'000	£'000	£'000
Total cost	45,195,500,000	45,195,500,000	45,195,530,000	45,195,530,000	45,195,530,000	225,975,259,000
AME allocation	18,300	22,300	25,700	28,900	34,300	129,500
<b>Deficit</b>	<b>(26,895,31,700)</b>	<b>(27,700,895)</b>	<b>(19,495,27,300)</b>	<b>(16,295,24,100)</b>	<b>(18,700,895)</b>	<b>(96,475,129,500)</b>