

From: Hegarty, Damien
To: ["sos.rudd@decc.gsi.gov.uk"](mailto:sos.rudd@decc.gsi.gov.uk)
Cc: Irrelevant information redacted by the RHI Inquiry
Subject: RE: THE REFORM OF THE RENEWABLE HEAT INCENTIVE SCHEMES
Date: 09 March 2016 16:45:00
Attachments: [image002.gif](#)
[image004.png](#)
[image005.png](#)
[COR 047 Min Signed.pdf](#)

Please find attached response from Jonathan Bell MLA , Minister of Enterprise, Trade and Investment.

Regards

Damien

Damien Hegarty

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Sent: 04 February 2016 17:27
To: private.office@detini.gsi.gov.uk
Cc: Cabinet Committees (DECC); SoS Rudd; Irrelevant information redacted by the RHI Inquiry
Irrelevant information redacted by the RHI Inquiry
Subject: THE REFORM OF THE RENEWABLE HEAT INCENTIVE SCHEMES

Good afternoon,

Please see attached letter from Amber Rudd to Jonathan Bell.

Lead Official: Irrelevant information redacted by the RHI Inquiry

Best,
Jack

Irrelevant information
Cabinet Committees, Secretary of State's Office
✉ email: cabinetcommittees@decc.gsi.gov.uk
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From the Office of the Minister



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Our Ref: DETI COR 0047/2016

The Rt Hon Amber Rudd MP
Secretary of State
Department of Energy & Climate Change
3 Whitehall Place
LONDON
SW1A 2AW

9 March 2016

Dear Amber

UPDATE ON PROPOSED REFORM OF THE RENEWABLE HEAT INCENTIVE (RHI) SCHEMES

Thank you for your letter of 4 February and draft consultation paper setting out your proposals for reform of the RHI. You had previously referred to these measures in your letter of 26 November 2015.

The RHI schemes operating in Northern Ireland have been very successful with over 3,500 installations in place since the schemes were introduced.

In fact we received over 900 applications in the 6 weeks leading up to tariff changes I introduced to the Non Domestic Scheme in November 2015. This doubled the number of installations on our Non Domestic Scheme. The current estimate is that NI is providing over 6% of total installed non domestic capacity under both GB and NI schemes (according to the latest DECC statistics).

However, the increased demand on the NI schemes together with confirmation of AME caps for NI (of 3% of DECC budget) and reductions in planned DECC RHI funding through the SR (£1.15b in 2020/21 versus previous forecast of £1.8m) means the NI RHI budget for the next 5 years has been exhausted.

The NI AME funding allocation for RHI for 2016/17 is £18.3m against existing commitments of £45m. I will have to find the additional funding from within the NI Block. There will continue to be an annual deficit for the next 5 years.

Unfortunately because of this budget situation I have, reluctantly had to move to close both RHI schemes to new applications and have brought forward legislation to do so. Following approval of the legislation by the Northern Ireland Assembly on 15 November 2016, I have issued a Notice to close both Northern Ireland RHI schemes to new applications from 29 February 2016.

Closure of the NI RHI schemes will not only have a detrimental impact for the local NI economy in terms of green jobs but also prevents NI continuing to contribute to the UK target to achieve 15% renewable energy by 2020.

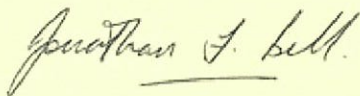
My immediate priority has been to address the financial pressure now facing the Executive. Once this is achieved I want to look at the future of renewable heat in NI to see if there is a viable and affordable way forward. Analysis shows that even if we left the scheme open (which we cannot afford due to the restrictions that have been imposed) the scheme would have a positive economic impact.

Identifying a positive way forward is very difficult given the budgetary position. There would have to be numerous changes, some along the lines you intend in GB, before a further scheme could be considered. One option may be for much closer alignment with GB.

Although there are differences between the GB and Northern Ireland RHI schemes and the fuel displacement model is different the schemes are broadly similar. I wonder if there could be merit in exploring the potential in the medium term to work with DECC and the other devolved administrations to develop UK wide domestic and commercial RHI schemes that would have a better fit looking towards the 2030's.

I would welcome your thoughts on this issue.

Yours sincerely



JONATHAN BELL MLA
Minister of Enterprise Trade and Investment