

From: [Wightman, Stuart](#)
To: [Redwood Sarah \(Heat & Business Energy\)](#)
Cc: [Irrelevant information redacted by the RHI Inquiry](#); [Irrelevant information redacted by the RHI Inquiry](#); [Irrelevant information redacted by the RHI Inquiry](#); [Stewart, Chris \(DFE\)](#); [Marten, Lucy; Clydesdale, Alison](#); [Irrelevant information redacted by the RHI Inquiry](#); [Moore, Stephen \(DFE\)](#); [Hughes, Seamus](#)
Subject: RE: NI RHI - Approach to EU Commission
Date: 25 July 2016 09:35:20
Attachments: [image001.gif](#)
[image002.png](#)
[image003.jpg](#)

Sarah

Thanks very much for coming back. This is very helpful.

Thanks, Stuart

Stuart Wightman

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Please consider the environment - do you really need to print this e-mail?

From: Redwood Sarah (Heat & Business Energy) [mailto:sarah.redwood@decc.gsi.gov.uk]
Sent: 25 July 2016 08:55
To: Wightman, Stuart
Cc: [Irrelevant information redacted by the RHI Inquiry](#); [Irrelevant information redacted by the RHI Inquiry](#); [Irrelevant information redacted by the RHI Inquiry](#); [Stewart, Chris \(DFE\)](#); [Marten, Lucy; Clydesdale, Alison](#); [Irrelevant information redacted by the RHI Inquiry](#)
Subject: RE: NI RHI - Approach to EU Commission

Stuart

Thanks for your e-mail and giving us forewarning of your intention to engage with the Commission.

The timing is slightly awkward as we are currently pre-notifying the Commission of changes that we plan to make to the RHI. We will need UKREP to help us with handling the two cases with DG COMP not least to help us to both meet our timetables for reform. Our state aid team will speak to UKREP next week and I'd encourage you to do the same. I understand that UKREP and the Commission will then be off for August.

We are not planning to make changes to existing participants on the RHI but I do not consider you notifying on this principle to be a conflict.

For interest, some of the lessons that we've learnt from our experiences are:

- Consider sending the pre-notification to the Commission after the consultation to avoid having to submit a revised pre-notification if any positions change following the consultation
- Consider carefully what really needs to be notified and what changes are administrative or in line with the original notification
- Consider notifying a target rate of return, rather than a specific number which all installations are expected to achieve.

I suggest that we keep each other updated with progress. I've copied in Ian Henderson who leads on this in my team.

Sarah

Sarah Redwood
 Deputy Director RHI and Heat in Buildings



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From: Wightman, Stuart [<mailto:Stuart.Wightman@economy-ni.gsi.gov.uk>]

Sent: 20 July 2016 15:35

To: Redwood Sarah (Heat & Business Energy)

Cc: Irrelevant information redacted by the RHI Inquiry; Irrelevant information redacted by the RHI Inquiry; Irrelevant information redacted by the RHI Inquiry; Stewart, Chris (DFE); Marten, Lucy; Clydesdale, Alison

Subject: NI RHI - Approach to EU Commission

Good Afternoon Sarah

I am hoping that you are the right person in DBEIS to answer my query below on the RHI or can direct me to the right person to do so.

As you will be aware the Northern Ireland RHI had to close to new applications on 29 February 2016 due to budgetary constraints. You may also have seen some recent media coverage on the NI Renewable Heat Incentive following publication of a Northern Ireland Audit Office (NIAO) Report on the scheme which questioned the scheme's value for money and governance controls. An NI Assembly Public Accounts Committee (PAC) hearing on the NI RHI has been scheduled for the 28 September 2016.

In advance of the PAC, the Department is undertaking a detailed evaluation of the RHI scheme which will assess the scheme's value for money and examine the rate of return received by existing RHI recipients to ensure it is in line with our original EU State Aid approval received in 2012. However, our initial analysis would suggest that the rate of return enjoyed by existing RHI recipients is much higher than the 12% rate of return agreed by the Commission. We are therefore exploring possible cost control measures that could reasonably be made to existing RHI recipients such as a tiered tariff (like the GB scheme) or annual cap on future payments. Despite the "grandfathering" principle of the scheme, our legal advice suggests that such changes might be possible after public consultation if it can be demonstrated that recipients will continue to enjoy a reasonable rate of return after the changes are made. We are likely to go out to consultation on any such changes later in the year.

While the NI scheme is separate to the GB scheme and indeed has its own state aid approval, there is a possibility that we may need to re-notify the NI RHI scheme to address issues around rates of return and to notify any cost control measures that we are planning. We are still carrying out our analysis work, but are planning to go informally to UKRep in the next few weeks. Before we engage with UKRep, I wanted to ensure DBEIS officials are content that given the differences between the NI and GB schemes that our engagement with UKRep won't have any repercussive implications for the GB scheme (particularly around the 'grandfathering' rights).

Please contact either myself on 02890529425 or alternatively Lucy Marten on 02890529251 if you wish to discuss.

Regards, Stuart

Stuart Wightman

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