

**From:** [Hepper, Fiona](#)  
**To:** [Cooper, Trevor](#)  
**Cc:** [Thomson, David](#); [McCutcheon, Joanne](#); [Sinton, Dan](#); [Hutchinson, Peter](#); [McFarlane, Iain](#); [Coyne, Terence](#)  
**Subject:** RENEWABLE HEAT PREMIUM PAYMENT SCHEME  
**Date:** 04 September 2012 15:50:54  
**Attachments:** [T Cooper re RHPP.DOC](#)  
**Importance:** High

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Trevor

See attached for consideration and happy to discuss

Regards

Fiona  
<<...>>

## **Fiona Hepper**

Head of Energy Division  
Department of Enterprise, Trade & Investment  
Netherleigh  
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[www.ni2012.com](http://www.ni2012.com)

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From: Fiona Hepper  
Energy Division

Copy Distribution List Below

Date: 4<sup>th</sup> September 2012

To: Trevor Cooper

## **RENEWABLE HEAT PREMIUM PAYMENT SCHEME**

You may recall from the Casework Committee that the Renewable Heat Premium Payment Scheme (RHPP) was part of the overall support being offered to incentivise the renewable heat market in NI. The RHPP provides support to the domestic sector in the form of a one off payment. The scheme commenced on 24 May and will run until the Renewable Heat Incentive (RHI) is made available to domestic installations which will be Summer 2013 at the earliest. Under the scheme the following fixed payments are available

Air Source Heat Pump (ASHP)	£1700
Biomass Boiler	£2500
Ground Source/Water Source Heat Pump(GSHP)	£3500
Solar Thermal	£ 320

To date we have received 238 applications, which break down as follows - 13% ASHP, 28% Biomass Boiler, 11% GSHP and 48% Solar Thermal. The level of application may accelerate following a publicity campaign later this year.

### **Application Process**

By way of background, the initial application is made to Energy Branch. The application is checked to ensure it meets certain eligibility criteria (certified installer, certified product, bona fide address) and the applicant is then issued with a voucher which guarantees payment once the installation is completed (subject to Terms and Conditions). Following completion of the work the applicant submits a claim for payment. At the claim stage the following evidence is required:-

- Microgeneration Certification Scheme (MCS) Installers certificate
- Proof of Building Control Approval
- Planning Permission where required (eg in the case of Air Source Heat Pumps).

The MCS Installer Certificate can only be generated by a Microgeneration Certification Scheme installer when an installation is complete (MCS is a UK wide registration scheme for installers and products). The certificate, which is unique to the installation address, is generated from the MCS database by the installer. It confirms the exact details of the renewable heat product installed, its declared capacity and its estimated annual generation of renewable heat. It also records the commissioning date of the product and hence verifies the product is working satisfactorily.

### **Control of Payments**

You also recall that, in relation to payments of the RHPP, the Business Case for the scheme states:

*Successful applicants will then be issued with a voucher guaranteeing the RHPP once the technology is installed subject to terms and conditions. Once the installation is completed it will be inspected and payment made.*

At the time the Business Case was written, the precise details of the application process had not been developed. Now that the processes are in place, I believe the risk of fraudulent claims is very low given the paperwork that must be submitted by the applicant prior to payment. The desk check will ensure that a **payment is only made upon proof of commissioning by an MCS installer AND proof of building control approval (which will have required a visit from a Building Control Officer).**

As the installations are across the whole of Northern Ireland, the resource in terms of staff and travel costs of visiting every installation would be extensive and I believe, having reviewed the risk, unnecessary. I would therefore like to suggest that, initially, we check 25% of claims relating to technologies other than solar thermal. The sample of visits will be stratified to take into account the technology, the installer and the building control office. The outcome of the visits will be continually assessed and the level of inspection adjusted upwards if appropriate.

The payment to solar thermal installations is very small in comparison to the other technologies (£320). In addition, the level of inspection that can be undertaken during a site visit is limited, due to the fact that the panels are almost always on the roof of a property. Therefore, I do not believe a 25% inspection is warranted for these cases. I would suggest a 10% check on solar thermal installations for the first three months of the scheme with a view to stopping these checks unless the visits have given rise to concerns. We would then propose only to inspect these installations when they can be viewed alongside visits for other technologies.

I'd be grateful for your view on these proposals and am happy to discuss.

(signed)

**Fiona Hepper**

**cc David Thomson  
Joanne McCutcheon  
Dan Sinton  
Peter Hutchinson  
Iain McFarlane  
Terry Coyne**

**From:** [Hepper, Fiona](#)  
**To:** [Cooper, Trevor](#)  
**Cc:** [McCutcheon, Joanne](#); [Sinton, Dan](#); [Hutchinson, Peter](#)  
**Subject:** RE: RENEWABLE HEAT PREMIUM PAYMENT SCHEME  
**Date:** 04 September 2012 17:51:33

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Trevor  
Ok, thanks  
Fiona

## **Fiona Hepper**

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Department of Enterprise, Trade & Investment  
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**From:** Cooper, Trevor  
**Sent:** 04 September 2012 17:04  
**To:** Hepper, Fiona  
**Cc:** Thomson, David; McCutcheon, Joanne; Sinton, Dan; Hutchinson, Peter; McFarlane, Iain; Coyne, Terence  
**Subject:** RE: RENEWABLE HEAT PREMIUM PAYMENT SCHEME

Fiona

I will revert after taking advice from IAS on this - Mark is on holiday until 17th so hopefully this timing wont cause a problem.

Trevor

## **Trevor Cooper**

Head of Finance Division  
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**From:** Hepper, Fiona

**Sent:** 04 September 2012 15:51

**To:** Cooper, Trevor

**Cc:** Thomson, David; McCutcheon, Joanne; Sinton, Dan; Hutchinson, Peter; McFarlane, Iain; Coyne, Terence

**Subject:** RENEWABLE HEAT PREMIUM PAYMENT SCHEME

**Importance:** High

Trevor

See attached for consideration and happy to discuss

Regards

Fiona

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**Fiona Hepper**

Head of Energy Division

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**From:** [Hepper, Fiona](#)  
**To:** [Cardwell, Mark](#)  
**Cc:** [Cooper, Trevor](#)  
**Subject:** RE: RENEWABLE HEAT PREMIUM PAYMENT SCHEME  
**Date:** 21 September 2012 17:09:13

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Mark

This is very helpful - many thanks for your consideration of this matter. Thanks also to Trevor C. I will speak to Joanne on Monday and we may well take you up on your offer to review the sample selection - I would like to ensure everything is set up correctly and meets your standards so that we avoid any issues further down the line,

Once again, thanks for considering this matter

Regards  
Fiona

## **Fiona Hepper**

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**From:** Cardwell, Mark  
**Sent:** 21 September 2012 17:05  
**To:** Hepper, Fiona  
**Cc:** Cooper, Trevor  
**Subject:** RE: RENEWABLE HEAT PREMIUM PAYMENT SCHEME

Fiona

I have reviewed your proposal and can confirm that I consider that the outlined testing strategy is well documented and appropriate.

The fact that you have indicated that the sample of visits will be stratified for the reasons highlighted and that the outcome of the visits will be continually assessed and the level of inspection adjusted upwards if appropriate, should provide the required ongoing

assurance in this area.

If you would like someone from Internal Audit to review the sample(s) please come back to me and I will be more than happy to assist.

I hope this helps

Many thanks

Mark

**Mark Cardwell**

Internal Audit  
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**From:** Hepper, Fiona  
**Sent:** 21 September 2012 16:23  
**To:** Cardwell, Mark  
**Subject:** FW: RENEWABLE HEAT PREMIUM PAYMENT SCHEME  
**Importance:** High

Mark

I had a quick word with Trevor C yesterday and he said you had spoken to him and were broadly content and would be responding to me. Could you give me an indication of timeline on you advice and so that we can act on this and get payments flowing again

Many thanks for your help  
Fiona

**Fiona Hepper**

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**To:** Cooper, Trevor  
**Cc:** Thomson, David; McCutcheon, Joanne; Sinton, Dan; Hutchinson, Peter; McFarlane, Iain; Coyne, Terence  
**Subject:** RENEWABLE HEAT PREMIUM PAYMENT SCHEME  
**Importance:** High

Trevor

See attached for consideration and happy to discuss

Regards

Fiona  
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