

From: [Brankin, Bernie](#)
To: [Cooper, Trevor](#)
Subject: FW: Email to DECC on GB RHI Budgets / Forecasts
Date: 01 July 2015 16:17:39
Attachments: [Treasury_email_on_RHI.docx](#)

Trevor

As discussed, I don't know that any answers to this email on how GB RHI funding is secured from a DECC perspective will help us very much but it is a starting point. I have highlighted changes to email below. I have suggested removing question(iii) about potential penalties as we have the email above from Treasury and it would be better to discuss this issue. This email from 2011 confirms that

- DECC's AME allocation is not standard;
- There is a limit on DECC's annual budgets: and
- Compensating savings are required in future years for overspends with a likely contribution of 5% from the Resource DEL budget.

The answer to question (ii) may bring a response on penalties any way. Engagement with Treasury will still be required.

Bernie

Bernie Brankin

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

From: Wightman, Stuart
Sent: 26 June 2015 16:22
To: Brankin, Bernie
Subject: FW: Email to DECC on GB RHI Budgets / Forecasts
 As discussed.

St

From: Wightman, Stuart
Sent: 25 June 2015 18:16
To: Mills, John (DETI)
Cc: Hughes, Seamus
Subject: Email to DECC on GB RHI Budgets / Forecasts

John, further to our discussion, I have prepared a draft email below to Irrelevant information redacted by the RHI Inquiry in DECC. You might want to delete the highlighted text.

Stuart

Irrelevant information redacted by the

I am Director of Energy Division in the Department of Enterprise, Trade & Investment (DETI). My responsibilities include the Northern Ireland Renewable Heat Incentive. I understand that you head up DECC's Strategy Team for the GB RHI.

The NI Non-domestic RHI scheme was launched in November 2012. After a slow start and AME under spends initially, performance of the NI RHI scheme has improved significantly over the past 9 months and we're now on target to achieve 4% renewable heat before the end of the year. However, this success has increased forecast NI RHI expenditure in 2015/16 to £23m which is £10m above our AME allocation. To date, our AME allocations for the RHI have been

determined by applying the Barnett's formula (2.98%) to DECC's RHI AME allocation. For 2015/16, 2.98% of DECC's £430m allocation translates into an NI allocation of £12.8m. The GB and NI RHI are two distinct schemes offering different tariffs and targeting quite different demographics with oil being the predominant heating fuel in NI (over 70%) and gas in GB. I want to put a case forward to the NI Department for Finance (DFP) and HMT for future NI RHI AME allocations to be determined by actual scheme demand / performance as would normally be the case with AME funding and not be restricted by the Barnett's consequence of DECC's allocation. To assist with this case I am seeking clarification on:

- (i) How DECC's AME allocations for the GB RHI budgets are set – does DECC submit an AME forecast as part of the Budget process and it is met? **Does the DECC AME budget include Resource and Capital allocations?**
- (ii) Is DECC given a fixed annual RHI budget which it can't exceed or can increased RHI funding be secured through a revised AME forecast through in-year monitoring rounds?
- (iii) **Are there any penalties or consequences for DECC (in terms of resource or capital DEL) of overspending the allocated GB RHI budget?**[DN: Remove (iii) as we have the email attached above] Whether there is likely to be any AME under spends in GB RHI expenditure in 2015/16 which could be utilised for the NI Scheme?
- (iv) How the new system of digression on the GB scheme is working from a DECC perspective – we're proposing to introduce something similar in NI.

I realise that AME budgets / allocations are a matter for HMT but I'm keen to understand how GB RHI funding is secured from a DECC perspective.

Please contact me on 02890529215 to discuss **or we could set up a meeting to talk through.**

Thanks

John Mills