

From: [Wightman, Stuart](#)
To: [Brankin, Bernie](#)
Cc: [Cooper, Trevor](#); [Partridge, Jeff](#); [Mills, John \(DETI\)](#); [Stewart, Chris \(DETI\)](#); [Hughes, Seamus](#)
Subject: RE: GB RHI Budgets/Forecasts
Date: 07 July 2015 12:04:26

Thanks Bernie
 I'll issue in John's absence.
 Thx, Stuart

From: Brankin, Bernie
Sent: 07 July 2015 11:39
To: Mills, John (DETI)
Cc: Cooper, Trevor; Wightman, Stuart; Partridge, Jeff
Subject: FW: GB RHI Budgets/Forecasts
 John

We have considered the draft email to DECC on RHI budgets and would ask you to include our amendments which I have highlighted below.

Bernie

Bernie Brankin

Finance Branch
 Department of Enterprise, Trade & Investment
 Netherleigh
 Massey Avenue
 Belfast, BT4 2JP
 Tel: 028 9052 9417 (ext: 29417)
 TextRelay: 18001 028 9052 9417
 Web: www.detini.gov.uk

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

From: McCoy, Laura **On Behalf Of** Mills, John (DETI)
Sent: 06 July 2015 17:21
To: Cooper, Trevor
Cc: Wightman, Stuart
Subject: GB RHI Budgets/Forecasts
 Trevor

John asked me to send you the below draft email to DECC on RHI budgets and to check if you would have any comments before this issues?

Thanks.

Laura

Irrelevant information redacted by the RHI Inquiry

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.

I am writing to try to clarify NI's budget in relation to the NI RHI **and for information on the arrangements that apply to DECC which could be mirrored in Northern Ireland.**

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 well above what was originally estimated. It is also above a figure derived from applying the Barnett 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 different areas with oil being the predominant heating fuel in NI (over 70%) and gas in GB. We would prefer 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 based on DECC's allocation. However, this seems to be counter to your former Minister's views expressed in a letter to our Minister of 7 January 2014 in which he says that, "Funding for the NI RHI Scheme for 2015/16 would...be derived from the £430m 15/16 settlement agreed for the GB scheme, but not paid directly from that."

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) **Previously we had an indication of the potential for penalties for DECC (in terms of Resource or Capital DEL) if spending exceeded the SR profile. If this arrangement has been formalised, I would be grateful for information on this arrangement including how penalties might apply.**
- (iv) 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?
- (v) 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 **ultimately** a matter for HMT but I'm keen to understand how GB RHI funding is secured from a DECC perspective. Grateful for your advice on this.

Thanks
John Mills

From: [Wightman, Stuart](#)
To: [Stewart, Chris \(DETI\)](#)
Cc: [Brankin, Bernie](#); [Cooper, Trevor](#); [Rooney, Eugene](#); [Mills, John \(DETI\)](#); [Hughes, Seamus](#); [Willis, Adele](#); [McGready, Linda](#)
Subject: FW: GB RHI Budgets/Forecasts
Date: 07 July 2015 15:56:39
Attachments: [Draft Submission on RHI cost control and administration.tr5](#)
[Draft Submission on RHI cost control and administration.DOCX](#)
[Annex A - Final Policy Paper on RHI Proposals \(July 2015\).tr5](#)
[Annex A - Final Policy Paper on RHI Proposals \(July 2015\).DOCX](#)
[Annex B - Draft SL1 on Non Domestic RHI Changes \(July 2015\).tr5](#)
[Annex B - Draft SL1 on Non Domestic RHI Changes \(July 2015\).DOCX](#)
[Annex C - Lines to Take on Domestic RHI Administrative Delays.tr5](#)
[Annex C - Lines to Take on Domestic RHI Administrative Delays.DOCX](#)
[Draft Press Release - Changes to non domestic RHI scheme \(July 2015\).tr5](#)
[Draft Press Release - Changes to non domestic RHI scheme \(July 2015\).DOCX](#)

Chris

You will see below, we have emailed DECC seeking clarification on how it manages its RHI funding and how it is treated by HMT. I also attach a draft Submission to the Minister on the urgent cost control measures (and corresponding legislative changes) we need to proceed with now – namely the tiered tariff. Further ‘more complex’ legislation will be needed to introduce an annual system of tariff digression and will have to follow at a later date. I’ve also included a section on the need to delay processing of domestic RHI applications to address a work backlog associated with current staffing / resource pressures.

Can I please ask you to review the attached Submission and accompanying annexes? The annexes include:

Annex A – the Final Policy Decision to be published on the DETI website.

Annex B – the SL1 (final policy) letter to the ETI Committee which is to be accompanied by Annex A.

Annex C – Ministerial lines on delays with Domestic RHI administration.

I also attach a draft Press Release which I’m sending to Press Office for clearance.

I hope to send this to the Minister in the morning.

Thanks

Stuart

From: McCoy, Laura **On Behalf Of** Mills, John (DETI)

Sent: 07 July 2015 14:08

To: sarah.redwood@decc.gsi.gov.uk

Cc: Wightman, Stuart

Subject: GB RHI Budgets/Forecasts

Sarah

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.

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Thanks.

John Mills

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