

From: [Scott, Michelle](#)
To: [Cooper, Trevor](#)
Cc: [Rooney, Eugene](#); [Wightman, Stuart](#)
Subject: Re: RHI
Date: 27 October 2015 07:27:19

Trevor

Many thanks - we will prioritise this. Leave arrangements will make this challenging, however we will do our best.

Michelle

Sent from my BlackBerry 10 smartphone.

From: Cooper, Trevor
Sent: Monday, 26 October 2015 18:45
To: Scott, Michelle
Cc: Rooney, Eugene; Wightman, Stuart
Subject: FW: RHI

Michelle

Attached revised version of business case in tracked and untracked change mode. Hopefully the changes reflect the points that were covered from your perspective in last week's meeting. I do propose to send a formal covering letter that should be read alongside the business case addendum – unfortunately time means that im unable to provide tonight but this will follow shortly.

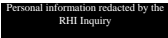
The key points that the letter will cover are:-

- 1) Assurance that there have been changes to ensure that there will be no reoccurrence of an omission to recognise the time limited nature of an approval. This is on the basis of changes that we are introducing to our assurance statement process whereby divisions will explicitly confirm that they have reviewed all of their expenditure and that none falls outside of any DFP approval that was given on a time limited basis and that if there are such approvals in place and it is intended to continue expenditure beyond the approval date that work is underway within timelines that will ensure that appropriate approval is in place prior to further spend.
- 2) Background on the basis on which the Department's firm view is that the decisions taken following on from a review undertaken in 2013 were reasonable in light of Executive commitments on renewable heat, information on scheme performance and forecast demand, available resources, and Ministerial priorities and that there was in fact no real sign of a sustained uplift in demand in regard to the non-domestic scheme until 2015.
- 3) That even with cost control measures in place the timelines for changing legislation meant that the counterfactual position is such that there would be little difference between the current forecast demands on the Scheme and that which would have happened with change being effected before now as demand would in effect have been pulled forward.
- 4) The note will also confirm that the most recent update received from Ofgem is that October applications are now in excess of that forecast within the business case addendum (current actual circa 400 versus forecast for October of 100). This reinforces point 3 above as it reflects demand reacting to a signal of tariff changes. This change would add additional expenditure in the period 2015/16 of circa £3m, and total costs over the twenty years of the scheme of £130m. Our analytical services unit has

confirmed that this additional expenditure would not change the conclusion that spend in this period in total is VFM on the basis that the VFM analysis is "scaleable".

5) A **broad brush** estimation of the impact of the changes proposed on the basis of the NPV analysis completed for both 'before' and 'after' tariff changes for 3 months of applications (apr-jun2015) is that savings would equate to just over £1.82m for three months (or £36.5m over 20 years) . Factoring this up to 14 months of applications (Nov15-Dec16), the estimated savings attributed to the tariff changes are £8.5m and £170m over 20 years.

6) Confirmation that the DETI Casework Committee is content to endorse the proposals.

If you wish to discuss further tonight you can get me on  up to around nine o'clock.

Trevor