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**Subject:** RHI references within SR  
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Trevor

We discussed the references within the SR to the future of RHI. Please see below extract from the documentation. Clearly, we need to consider the implications of this for the funding available to the scheme going forward – particularly given the recent spike. However, at a basic level, it would appear the intention is to keep the GB scheme open to new applicants (albeit with control mechanisms in place).

We can discuss further later in the week

Michelle

## **Renewable Heat Incentive: capping costs and improving value for money**

### **Measure description**

This measure will reform the Renewable Heat Incentive (RHI) from 2016-17 to 2020-21, improving value for money and including additional budget management controls (budget caps). Funding of the scheme will continue to rise to £1.15bn in 2020-21.

In each year, the budget cap will provide a backstop on expenditure. Should the forecast expenditure on existing applications and accreditations reach the agreed budget for that year or any future year, the Secretary of State will be able to take action to suspend the scheme to new applications.

### **The cost base**

Current RHI deployment data and expected deployment in the remainder of the year has been used to calculate expected spend in 2015-16. The Department of Energy & Climate Change (DECC) publishes its latest deployment data on a monthly basis. DECC expects current deployment levels to increase in future years in line with the level of the agreed budget.

### **Costing**

The costing is derived by assuming that spend reaches the agreed budget level in each year from 2016-17 to 2020-21, which will be supported by improved cost control as set out above.

#### **Exchequer impact (£m)**

	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>
Exchequer impact	0	+30	+100	+245	+460	+690

### **Areas of uncertainty**

The main uncertainty in the costing relates to the demand-led nature of the scheme, which means that deployment is uncertain. There is also uncertainty around the amount of heat that will be generated by installations participating in the scheme, for example due to variability in weather. Similarly the production of biomethane can vary due to factors such as the availability of feedstock.

1