

**From:** [Dynes, Fiona](#)  
**To:** [Cooper, Trevor](#)  
**Cc:** [Brennan, Mike](#); [Rooney, Eugene](#); [Scott, Michelle](#); [McNally, Noel](#); [Morelli, Emer](#); [Downie, Jill](#)  
**Subject:** Supply - DETI - RHI follow-up letter (2)  
**Date:** 26 January 2016 16:18:47  
**Attachments:** [Supply - DETI - RHI follow-up letter \(2\).docx](#)

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Please see attached response from Emer Morelli.

Thank you.

**FIONA DYNES**

**PS/EMER MORELLI**

**HEAD OF SUPPLY**

**PUBLIC SPENDING DIRECTORATE**

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Trevor Cooper  
 Finance Director  
 DETI  
 Netherleigh  
 Massey Avenue  
 BT4 2JP

26 January 2016

Dear Trevor

#### **NON-DOMESTIC RENEWABLE HEAT INCENTIVE- ADDENDUM**

My letter of 21 December set out the DFP position with respect to the retrospective element of the non-domestic Renewable Heat Incentive. At that time, while there was ongoing engagement with HM Treasury officials on funding issues, the AME cover available for the RHI scheme for the period 2016-17 to 2019-20 had not been confirmed.

The Chief Secretary to the Treasury has now written to the Finance Minister to record the settlement for Northern Ireland following the outcome of the combined Spending Review and Autumn Statement. This correspondence confirmed that AME cover based on a population-proportionate share of the budget of the budget which has been set for the Renewable Heat Incentive in Great Britain will continue to be made available to the NI Executive. This position, along with the annual estimated expenditure as reported to DFP on 7 December, is set out in the table below.

	<b>2016-17 £m</b>	<b>2017-18 £m</b>	<b>2018-19 £m</b>	<b>2019-20 £m</b>
AME cover available	18.3	22.3	25.7	28.9
DETI cost estimates	44.2	44.2	44.2	44.2
<b>Unfunded pressure</b>	<b>25.9</b>	<b>21.9</b>	<b>18.5</b>	<b>15.3</b>

There are clearly significant implications for the DETI/DfE budget, which as a result of the RHI scheme now faces an unfunded £25.9m pressure in 2016-17 alone.

At our update meeting today, you outlined at a high level the actions which DETI are planning to take to close the scheme. You also indicated that the cost estimates for the scheme have increased beyond the level notified in December.

The level of the unfunded pressure is cause for considerable concern and there is a clear need for urgent action from DETI to ensure this pressure is reduced as far as practically possible.

I would be grateful if could if you could advise, as a matter of urgency and in writing, the full range of options DETI is considering for the future operation of the scheme. I would also be grateful if you could set out what steps the department is taking to address this unfunded financial pressure in 2016-17.

Yours sincerely

A rectangular box containing a handwritten signature in blue ink. The signature is written in a cursive style and appears to read 'Emer Morelli'.

**EMER MORELLI**

**cc Mike Brennan  
Eugene Rooney  
Michelle Scott  
Noel McNally**