

From: [Rooney, Eugene](#)
To: [McCormick, Andrew \(DETI\)](#); [Stewart, Chris \(DETI\)](#); [Hill, Janice](#)
Cc: [Mills, John \(DETI\)](#); [Cooper, Trevor](#); [Wightman, Stuart](#); [McIlwrath, Linda](#)
Subject: RE: RHI McCormick to HOCS Tracked
Date: 03 February 2016 12:11:30

Andrew

In regard to comments at paragraphs 8, 11 and 14 it is not clear whether we had the powers in the legislation at the outset to exercise cost controls (and just didn't use them) or there were no costs controls at all. Para 8 comments on no powers to close /suspend the scheme and "this was also the case in GB" though we know from April 2011 HMT had referred to cost control and the DECC scheme was introduced in November 2011. Para 11 states DETI did not introduce a budgetary control mechanism when DECC did so... but also DECC had limited costs controls from the outset.

Did NI not follow the GB legislation exactly and have the same limited controls from the outset that we could have exercised?

At Para 8 last sentence – in spring 2015 focus was "on expanding the scheme" – delete- it was already known there was no budget cover.

At para 9 the word "exploitation" of the scheme has connotations when the issue is one of disproportionate demand

Para 9 "While our RHI budget is set as a Barnett proportion..." suggests we should have been operating as a Barnett-determined budget. That was not the assumption in that period. Similarly at end of para 10 "would continue to be limited to a Barnett share.." "continue" like "set" suggests any spending above Barnett-based allocations should not have been planned.

We highlight the poultry industry in a number of places – is there evidence available in the applications that this demand is largely driven by poultry farmers.

Para 10 I would take out references to Treasury discussions from July – we are not aware that DFP had approached Treasury at that point.

Para 11 last sentence Was the DECC April 2013 introduction of degression brought to the Minister's attention ?

Para 12 suggest remove " and there was no pressing urgency in relation to cost control" at end of last sentence.

Para 13 – last sentence "Not surprisingly, Ministers saw .. " suggest delete.

Para 18 penultimate sentence delete " and there appeared to be little risk"

Para 20 – replace "given that we had advised that this was funded from an AME budget" with "from the ring-fenced AME budget allocation". There is an impression in the draft in references to AME which are reflected in comments above that AME is somehow not as controlled as Resource. It is not the case – it is the same public expenditure and the same disciplines apply; but a recognition that demand can be more volatile.

Para 23 – Have we confirmed the legislative issue and Ministerial resignations mentioned was RHI and not NIRO ?

Para 24 – delete " it is helpful that HMT does not appear...5% penalty" - the year is not over yet.

Para 28 – there is a reference to "previous allegations in the past" – what specific allegations were received and how were they handled ? Fraud notifications etc - ?

Para 29 I am not sure what Para 29 1-4 adds to the submission in terms of explaining the background and actions being taken - it reads like conclusions/ recommendations from an NIAO report. Suggest remove. If you wish to retain, the comment at para 4 that "there was no element of market research in the forecasting" would be concerning.

From: McCormick, Andrew (DETI)
Sent: 03 February 2016 11:12

To: Rooney, Eugene; Stewart, Chris (DETI); Hill, Janice
Cc: Mills, John (DETI); Cooper, Trevor; Wightman, Stuart; McIlwrath, Linda
Subject: Re: RHI McCormick to HOCS Tracked

As I am relying on BlackBerry it would be helpful if the key points and suggested changes are pasted into an email.

Many thanks.

Sent from my BlackBerry 10 smartphone.

From: Rooney, Eugene
Sent: Wednesday, 3 February 2016 11:06
To: McCormick, Andrew (DETI); Stewart, Chris (DETI); Hill, Janice
Cc: Mills, John (DETI); Cooper, Trevor; Wightman, Stuart; McIlwrath, Linda
Subject: RE: RHI McCormick to HOCS Tracked

Trevor and I have been discussing. We consider there are several hostages in this which need considered. Will send through shortly.

From: [McCormick, Andrew \(DETI\)](#)
To: [Rooney, Eugene](#); [Stewart, Chris \(DETI\)](#); [Hill, Janice](#)
Cc: [Mills, John \(DETI\)](#); [Cooper, Trevor](#); [Wightman, Stuart](#); [McIlwrath, Linda](#)
Subject: Re: RHI McCormick to HOCS Tracked
Date: 03 February 2016 12:17:34

Some of these points are matters of fact on which Stuart can advise. Quite a few are tactical and are there for clear reasons.

I will call soon and it would be great if you Chris and Stuart could be in the same room for a conference call.

Many thanks.

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From: [Rooney, Eugene](#)
To: [Cooper, Trevor](#)
Cc: [Johnston, Iris](#)
Subject: RHI - Barnett ref
Date: 03 February 2016 14:34:51

Trevor

I know Chris is rewriting the paragraph but would wording as below reflect the Barnett point that is being made ?

Exploitation of the vulnerability. The existence of a vertically integrated poultry industry in NI, dominated by one large firm, meant that demand for the RHI could be (and was) very rapidly stimulated, and was accelerated further when it became known that scheme controls were to be introduced. This was exacerbated by having a large number of installers / suppliers established through the GB RHI scheme(s) readily available to exploit this demand. In the space of 6 weeks in Autumn 2015, the number of installations doubled from the 900 that had been received in the previous 3 years. The underlying risk of exploitation was disproportionately large in NI. **Whilst our RHI budget allocation is based on is set as a Barnett population proportion of the GB budget, NI's share of the UK poultry industry is much larger, at some 20 %.** Over 75% of Moy Park (one of UK's largest poultry producers) production is based in NI, Therefore, the response by the poultry industry had a disproportionate effect in NI - at peak demand in October 2015, NI application numbers were running at 200% of total GB numbers.