

From: [Brankin, Bernie](#)
To: [Cooper, Trevor](#)
Cc: [Partridge, Jeff](#)
Subject: RHI Timeline on engagement with DECC
Date: 04 February 2016 17:15:40
Attachments: [image001.gif](#)
[1_DECC Meeting.htm](#)
[3 GB RHI BudgetsForecasts.htm](#)
[4 GB RHI BudgetsForecasts.htm](#)
[5 Update on RHI.htm](#)
[2_RHI Budget.htm](#)

Trevor

See timeline and attached emails.

Bernie

28 May 2015	AMcC email to JM following his meeting with DECC advising him to contact Clive Maxwell's side in DECC (attachment 1)
17 June 2015	TC email to MS emphasising the need for DFP to engage with Treasury. (attachment 2)
1 July 2015	TC letter to MS and covering email to AMcC, ER, CS, JM, BB explaining that DFP were insisting that DETI engage with DECC before DFP would engage with Treasury. (you have email and letter)
6 July 2015	JM sends draft email for Sarah Redwood (Clive Maxwell's Deputy Director) to TC for finance input. (Third attachment)
7 July 2015	Finance input provided to JM (attachment 3)
7 July 2015	SW issues email to Sarah Redwood (attachment 4)
5 August 2015	DECC responds (fourth attachment)
24 August 2015	BB to JM asking he sends a follow up email to identify finance contact in DECC (attachment 5)

Bernie Brankin

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[cid:image001.gif@01D15F42.65397680](#)



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From: Wightman, Stuart [Stuart.Wightman@detini.gov.uk]
Sent: 28 May 2015 13:15
Subject: FW: DECC Meeting

John,

It might be useful to engage with Clive Maxwell at your level initially. To date, DECC officials have simply referred us to HMT.

Happy to discuss.

Thx, Stuart

From: Clydesdale, Alison
Sent: 28 May 2015 12:40
To: Wightman, Stuart
Subject: FW: DECC Meeting

To see re RHI

From: McCormick, Andrew (DETI)
Sent: 28 May 2015 12:25
To: Mills, John (DETI)
Cc: Stewart, Chris (DETI); Hill, Janice; Clydesdale, Alison; Cairns, Timothy
Subject: DECC Meeting

No surprises. Declan was with Jeremy.

They are not yet clear on how the Conservatives' commitments on onshore wind will be taken forward and what implications could arise from political tactics re Scotland. They acknowledged the urgency of decisions and appeared sympathetic to the request for a Ministerial meeting asap.

They indicated that any pressure at Ministerial level with them was for a tight attitude to Grace Periods. Also some respondents had raised the infraction risk if we opt out so that is maybe more of a worry though they saw reasonable defence if we move slowly towards a non-UK renewables scheme in due course if we opt out of EMR.

They said it was right and valid for us to raise the range of requests we had discussed so no reason to hold anything back in our briefing for Minister Bell.

On RHI the steer was that as an AME issue it should not be limited by Barnett and the key was to give HMT early warning of the increased demand - but JP deferred to Clive Maxwell's side for authoritative advice - suggest you speak to them.

Hope this helps.

Many thanks.

Sent from my BlackBerry 10 smartphone.

From: Wightman, Stuart [Stuart.Wightman@detini.gov.uk]
Sent: 07 July 2015 12:04
Subject: RE: GB RHI Budgets/Forecasts

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

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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

Email to Sarah Redwood, DECC

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.

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

From: Mills, John (DETI) [John.Mills@detini.gov.uk]
Sent: 05 August 2015 17:52
Subject: FW: GB RHI Budgets/Forecasts

Trevor,

FYI

From: McCoy, Laura
Sent: 05 August 2015 16:10
To: Mills, John (DETI)
Cc: Hughes, Seamus; Wightman, Stuart
Subject: FW: GB RHI Budgets/Forecasts

Please see below email.

Thanks.

Laura McCoy

Personal Secretary
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From: Redwood Sarah (Heat) [<mailto:sarah.redwood@decc.gsi.gov.uk>]
Sent: 05 August 2015 15:46
To: McCoy, Laura
Subject: FW: GB RHI Budgets/Forecasts

Dear John

Thank you for your email. I have responded to your queries below and hope that this clarifies the position regarding the GB RHI. Apologies for the delay in replying, but I was keen to check it with my finance and spending review colleagues. Let me know if you require any further information.

Thanks,

Sarah

- (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?
DECC negotiates an AME budget as part of the Spending Review and this budget is controlled by the RHI budget management process (i.e. deggression). In the past the RHI has underspent budget but this is unlikely in this financial

year.

DECC's AME budget allocation for the RHI includes Resource but not 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?
DECC's AME RHI allocation is not revised in-year unless there is a risk of overspend. This would be tackled in the Supplementary Estimate to HMT.
- (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.
Although DECC's AME RHI spend is effectively unlimited, we agree an overall budget and there are penalties for overspending – DECC has to convince HMT that we will keep to the budget.
- (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?
The RHI has underspent in the past but underspend in 2015-2016 is highly unlikely. Any diversion of budget would therefore need to be agreed directly between HMT and NI.
- (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.
Degression in the GB scheme has worked well for budget management. For example, since the launch of the domestic RHI in April 2014, the domestic biomass tariff has degressed from 12.2p to 7.14p. In the same period, the non-domestic small biomass tariff has degressed from 8.94p to 4.4p. We are also considering whether to further increase our control of budget management by introducing caps as part of the current Spending Review.



Sarah Redwood
Domestic Heat and Evidence
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Follow us on [Twitter.com/DECCgovuk](https://twitter.com/DECCgovuk)

From: McCoy, Laura [<mailto:Laura.McCoy@detini.gov.uk>] **On Behalf Of** Mills, John (DETI)
Sent: 07 July 2015 14:08
To: Redwood Sarah (Heat)
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.

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.

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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:

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- (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

Head of Energy Division
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From: Brankin, Bernie [Bernie.Brankin@detini.gov.uk]
Sent: 24 August 2015 16:09
Subject: FW: Update on RHI

John

Finance Branch put forward a technical adjustment in the June Monitoring Technical exercise to increase RHI AME in 2015-16 in line with forecast requirements in this financial year. DFP and Treasury approved this technical adjustment. I have checked with DFP to ensure that we definitely have secured the required budget cover in 2015-16 as initially DFP advised that they would not help us until all RHI issues had been resolved. I have confirmed with DFP that the RHI AME budget in 2015-16 has been increased to reflect the £23.178m forecast requirements for the current financial year. However, RHI AME is not standard AME. DECC has confirmed that penalties are applied for overspending. We have a number of supplementary questions around when and how penalties are applied. We think the best way forward is for Sarah Redwood to provide a finance contact so that DETI finance may engage directly with DECC's Finance Team initially by phone and then we will follow up in writing. I would be grateful if you would consider sending the draft follow up email to Sarah Redwood in DECC.

Bernie

Sarah

Thanks for your email. There are a few financial points we would like to discuss. It may be best that our respective finance colleagues discuss by telephone. Could you advise on who we should contact within your finance team.

Bernie Brankin

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From: McCormick, Andrew (DETI)
Sent: 20 August 2015 17:43
To: Mills, John (DETI); Stewart, Chris (DETI)

I will need to speak to Tim myself as the position re the need for change is crystal clear – may need to ask you come to Issues on Monday if we need a more substantive discussion with the Minister.

Copying to Finance re the last point – is the AME in the baseline because HMT has accepted the amended forecast and consciously given us the extra? – if that is confirmed then one of the three critical points has been resolved.

Cc: Wightman, Stuart; McIlwrath, Linda; Hill, Janice; Hughes, Seamus; Cooper, Trevor; Brankin, Bernie
Subject: RE: Update on RHI

Please raise at SMT.

Many thanks.

From: Mills, John (DETI)
Sent: 20 August 2015 17:05
To: McCormick, Andrew (DETI); Stewart, Chris (DETI)
Cc: Wightman, Stuart; McIlwrath, Linda; Hill, Janice; Hughes, Seamus
Subject: FW: Update on RHI

Andrew/Chris,

Not sure how to take forward, will raise at SMT if content for me to do so

The current position with the various RHI work streams is set-out below (thanks Stuart). We have effectively done everything we can and now await clearance of the Submission. The team is fielding daily telephone queries on when our proposed changes will happen. Even if we receive clearance this week and publish the final policy, we're only effectively giving the industry 6 weeks notice and risking legal challenge. Stuart has been speaking informally to Moy Park who are supportive of our proposals for a tariff tier and cap. It is the individual applicants and installers where we're liable to receive flack. Stuart tells me some have these have declined work on the expectation of the introduction of additional measures to manage the scheme.

RHI Issues

- (1) **RHI Submission** – we are still awaiting Ministerial clearance on the proposals. We have responded to various SpAD queries and Chris has highlighted to SpAD the need for this to be cleared asap.
- (2) **Legislation for Tariff Changes in October** – Paul McGinn (DSO) is scrutinising our draft regulations himself. We expect a response this week. ETI Committee need to clear SL1 (policy) at its first meeting on 15 September to meet our October deadline. SL1 cannot be sent to ETI Committee until Submission is cleared.
- (3) **Administrative Changes for Tariff Changes** – we have instructed Ofgem to update their administrative IT systems and processes to ensure the proposed tariff changes can be implemented from 5 October 2015.
- (4) **RHI business case** – We've taken this as far as we can. Sandra is to provide up-to-date figures later this week on her return. Alan/Shane have completed the VFM section which show a positive NPV for commitments post 1 April 2015. We can't submit Business Case until Minister has cleared submission.
- (5) **Budget** - Angela Redwood, (DECC), has responded to our correspondence confirming that there is no spare GB funding and arrangements need to be made with HMT. This DECC response was shared with Trevor Cooper. The additional AME required for this year has now appeared in our baseline.

From: Brankin, Bernie
Sent: 02 February 2016 12:14
To: Cooper, Trevor
Subject: FW: RHI Budget

Trevor

See your email to Michelle on the need for DFP to engage with HMT.

Bernie Brankin

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From: Partridge, Jeff
Sent: 02 February 2016 12:11
To: Brankin, Bernie
Subject: FW: RHI Budget

From: Cooper, Trevor [<mailto:Trevor.Cooper@detini.gov.uk>]
Sent: 17 June 2015 17:53
Subject: RE: RHI Budget

Michelle

We will still engage with DECC around where they stand in overall terms ref the scheme and their uptake as regards potential for any funding not taken up to be applied here. But we dont believe we can square all of the circles on this without dfp assistance in terms of possible engagement with treasury as required. We can discuss tomorrow.

Trevor

From: Brankin, Bernie
Sent: 17 June 2015 16:15
To: Scott, Michelle
Cc: Cooper, Trevor; Partridge, Jeff
Subject: FW: RHI Budget
Importance: High

Michelle

As per my previous email, I attach the DECC Minister's response of 7 January to the DETI Minister letter of the 16 December .

Bernie

Bernie Brankin

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