

**From:** Connolly, Samuel  
**To:** [Hutchinson, Peter](#)  
**Subject:** RE: TRIM: A Renewable Heat Incentive for Northern Ireland - final report  
**Date:** 05 July 2011 14:07:00  
**Attachments:** [RHI example V1.1.xlsx](#)

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Peter,

See attached my calculations regarding the example RHI spreadsheet.

Basically I agree with CEPAs conclusion on the domestic tariff (assuming their assumptions are correct), however our methodology appears to be different e.g. not sure what they're doing with fuel costs.

Also attached is the financial position of a small commercial gas customer v biomass.

It would appear that they **would** be incentivised to switch - might need to be ready to respond to this from regulator/gas companies consultation response. However I am comforted to some extent by actual gas/biomass prices which appear to be different to those assumed by CEPA.

Happy to discuss.

Sam

## **Samuel Connolly**

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**From:** Hutchinson, Peter  
**Sent:** 04 July 2011 17:13  
**To:** Connolly, Samuel  
**Subject:** RE: TRIM: A Renewable Heat Incentive for Northern Ireland - final report

Sam,

Revised example. Let me know what your thoughts are.

Thanks,

Peter

**Peter Hutchinson**  
Sustainable Energy

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**From:** Connolly, Samuel  
**Sent:** 01 July 2011 10:31  
**To:** Hutchinson, Peter  
**Subject:** FW: TRIM: A Renewable Heat Incentive for Northern Ireland - final report

Peter,

As discussed,

Perhaps we could get CEPA to fill in the attached spreadsheet.

Hopefully this will provide a clearer picture of what the subsidy is covering as well as comfort that the rates are reasonable.

Happy for them to tweak this if necessary.

Regards  
Sam

**Samuel Connolly**

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**From:** Iain Morrow [<mailto:Iain.Morrow@cepa.co.uk>]  
**Sent:** 29 June 2011 10:54  
**To:** Hutchinson, Peter  
**Cc:** Mahmoud Abu-ebid; Mark Cockburn; Oliver Edberg; Jeremy Stambaugh; Paget Fulcher; Patrick Taylor; Connolly, Samuel  
**Subject:** RE: TRIM: A Renewable Heat Incentive for Northern Ireland - final report

Peter

OK please do give me a call if there is anything.

For biomass boilers, the subsidy is driven by the difference in the capital, operating, and fuel

costs, and differences in our technology assumptions. We only provide subsidy to cover the additional capital cost of the boiler rather than the full cost, and since a conventional 50kW boiler costs just under £5000 (table A1), the additional capital cost is around £3000. Also, wood chips are cheaper than oil (see tables C5 and C3) so there can be some fuel cost saving. Hassle costs are included in the rate.

Regards

**Iain Morrow**  
Managing Consultant

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**From:** Hutchinson, Peter [mailto:Peter.Hutchinson@detini.gov.uk]  
**Sent:** 29 June 2011 10:02  
**To:** Iain Morrow  
**Cc:** Mahmoud Abu-ebid; Mark Cockburn; Oliver Edberg; Jeremy Stambaugh; Paget Fulcher; Patrick Taylor; Connolly, Samuel  
**Subject:** RE: TRIM: A Renewable Heat Incentive for Northern Ireland - final report

Iain,

Thanks for this, we'll take a look through and if there any further questions I will let you know but hopefully most issues will now be addressed.

One thing that caught my eye however was footnote 5 on page 10, the example that we asked you to put in. For the small commercial operator installing a 50kW biomass boiler they would expect an annual subsidy of under £400 per annum, over 20 years this would be less than £8000. The cost of a small commercial boiler would be in the region of £8000. Is this correct? Is the RHI just covering the cost of the technology and not the operating costs or non-financial hassle costs? In the same example in GB the installer might expect a subsidy of around £2000 per annum, can the gap in the two different levels be solely explained by differing fuel costs or different assumptions in the tariff-setting methodology? In the example it might also be useful to reference what the expected yearly fuel costs might be versus the counterfactual oil position?

Thanks,

Peter

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**From:** Iain Morrow [mailto:[Iain.Morrow@cepa.co.uk](mailto:Iain.Morrow@cepa.co.uk)]  
**Sent:** 28 June 2011 17:28  
**To:** Hutchinson, Peter  
**Cc:** Mahmoud Abu-ebid; Mark Cockburn; Oliver Edberg; Jeremy Stambaugh; Paget Fulcher; Patrick Taylor; Connolly, Samuel  
**Subject:** TRIM: A Renewable Heat Incentive for Northern Ireland - final report

Dear Peter

Please find attached our final report. I hope you find it useful for your consultation later this year, and that that goes well. It has been a pleasure working for you.

Regards

**Iain Morrow**  
Managing Consultant

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