

From: [Linton, Rachel](#)
To: [Scott, Michelle](#)
Cc: [Rooney, Eugene](#); [Cooper, Trevor](#); [Thompson, Mike](#); [McFarlane, Iain](#); [Hutchinson, Lee-Anne](#); [Sands, Sylvia](#); [Benton, Sarah](#)
Subject: RHI - DFP Submission
Date: 15 August 2014 17:04:13
Attachments: [DFP cover note - RHI.DOC](#)
[DFP Supply Division Business Case Proforma - RHI.docx](#)
[Final Synopsis for Casework.DOC](#)
[BUSINESS CASE FOR THE INTRODUCTION OF THE DOMESTIC RENEWABLE HEAT INCENTIVE - V3.DOCX](#)
[Annex A NI RHI Phase 2 - final report.PDF](#)
[Annex B - RHI Risk Register.PPT](#)
Importance: High

Michelle,

Please find attached the following papers iro Phase 2 of the Renewable Heat Incentive for your consideration and approval if content:

- Cover note;
- DFP Proforma;
- Synopsis for Casework Committee;
- Business case (including Annex A and Annex B).

If you have any queries let me know.

Kind regards,

Rachel

Rachel Linton

Accountability & Casework
Department of Enterprise, Trade & Investment
Netherleigh
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Please consider the environment - do you really need to print this e-mail?



From: Iain McFarlane
Date: 15 August 2014
To: Michelle Scott

Cc Eugene Rooney
Trevor Cooper
Mike Thompson
Rachel Linton
Lee-Anne Hutchinson
Sylvia Sands DFP
Sarah Benton DFP

DETI HQ – PHASE 2 OF RENEWABLE HEAT INCENTIVE (DOMESTIC RHI)

1. I attach the following papers relating to the business case for the second phase of the Northern Ireland Renewable Heat Incentive (RHI), primarily relating to the domestic market:
 - DFP Proforma;
 - Synopsis for Casework Committee;
 - Business case;
 - NI RHI Phase 2 final report; and
 - RHI Risk Register.

Background and Funding

2. Phase 1 of the RHI scheme was launched in November 2012 as a measure to support the government's target of 10% of energy used for heating to come from renewable sources (from a 2010 baseline of 1.7%) in line with EU obligations and targets set in the Programme for Government and Strategic Energy Framework.
3. Phase 1 of the scheme was limited to the non-domestic sector and for well established technologies (biomass, ground source heat pumps and solar thermal). Phase 2 of the scheme is therefore intended to extend the scheme to the domestic sector and expand the list of technologies / applications incentivised in the non-domestic sector.
4. Approval is being sought for areas relating to the domestic RHI only (the introduction of support for new technologies under the expansion of the non-domestic scheme will be dealt with separately in due course). There are two main areas;

- The introduction of a domestic RHI for domestic properties in Northern Ireland;
 - The administration arrangements for this domestic scheme.
5. Funding of £25M is available to 2015/16 for this scheme. HMT have already indicated that any spending commitments made via the initial NI RHI (i.e. through the £25m) will be met by ongoing RHI payments from HMT.
 6. DECC has secured £430m for the GB RHI for 2015/16. The DECC Minister has indicated to Minister Foster that the Barnett consequential of this funding should be forthcoming to Northern Ireland.
 7. DETI Finance Branch has indicated that AME budgets are formulated using the information provided in AME forecasting exercises, and there is no separate bidding process. Therefore, for RHI the current profile is £6.35M 2014/15, £9.5M 2015/16, £13.5M 2016/17, £18.5M 2017/18, £24.5M 2018/19 and £31.0M 2019/20 (Total £103.35M).
 8. It is proposed that the scheme will be administered in-house, using existing resource. Therefore no additional resource is required for the first year. The total staff costs for the first 6 years of the scheme are estimated to be £1.4M which includes additional staff resources of £600k on top of the existing staff resources (£800k).

Affordability

9. DETI is content that the scheme is affordable under the current funding profile.

Process

10. The RHI project was considered by the DETI Casework Committee on 9 June and a number of points of clarification were requested by members of the Casework Committee. Clarification was subsequently provided and the DETI Casework Committee was content to approve the proposal.

Value for Money Conclusion

11. The Department is content that the project has the potential to offer value for money and is content to recommend this case formally to DFP for its consideration.
12. I am happy to discuss.

IAIN McFARLANE

DFP Supply Division Business Case Proforma

1. Name of Department: Department of Enterprise Trade & Investment

2. Name of Agency (if applicable):

3. Name of NDPB (if applicable):

4. Project Title: Domestic RHI

5. TRIM Container Reference: DT15/160/245

6. Is this Case a Resubmission? Yes: No:

(Double click relevant box and select 'checked')

7. Departmental Contact Details:

Job Title:	Stuart Wightman
Branch:	Energy Efficiency Branch
Address:	Netherleigh, Massey Avenue,
Postcode:	BT4 2JP
Tel No:	028 9052 9425

8. Type of Business Case:

Capital: <input type="checkbox"/>	IT: <input type="checkbox"/>	Consultancy: <input type="checkbox"/>	Policy: <input checked="" type="checkbox"/>	Other: <input type="checkbox"/>
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(Double click relevant box and select 'checked')

9. Is the Business Case:

Standard <input checked="" type="checkbox"/>	Novel <input type="checkbox"/>	Contentious <input type="checkbox"/>	Setting a Precedent <input type="checkbox"/>
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(Double click relevant box and select 'checked')

10. Is this a PPP or PFI Project? Yes: No:

(Double click relevant box and select 'checked')

10 (a). If a PPP or PFI Project is this the: OBC: FBC:

(Double click relevant box and select 'checked')

11. Costs Outlined in Business Case:	Capital Cost	£103m (HM Treasury money – AME budget)
	Resource Cost	£1.4m (includes £800k existing staffing costs)

12. Estimated Project Start Date:	1	12	14
13. Estimated Project Completion Date:	31	03	27
14. Post Project Evaluation (PPE) Due Date:	30	09	27

15. Please state the job title and /or name of body responsible for completing the evaluation:	Job Title:	Stuart Wightman
	Branch:	Energy Efficiency Branch
	Address:	Netherleigh, Massey Avenue
	Postcode:	BT4 2JP
	Tel No:	028 9052 9425

16. Has Business Case been cleared by Departmental Economists?

Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
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(Double click relevant box and select 'checked')

17. Has Business Case been approved by the Minister?

Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
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(Double click relevant box and select 'checked')

19. Accounting Officer Declaration:

I am content with the regularity and propriety of this business case and that it represents value for money for the Department.

Signed:

On behalf of the Departmental Accounting Officer

Date:

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Date Received in Supply:	(Day)	(Month)	(Year)
Date Entered on IMS:	(Day)	(Month)	(Year)
TRIM Container Reference:	<input type="text"/>		
Signed:	<input type="text"/>		

Date: