

**From:** [Wightman, Stuart](#)  
**To:** [Cooper, Trevor](#)  
**Cc:** [Linton, Rachel](#); [Hughes, Seamus](#); [Thompson, Sandra](#); [Rooney, Eugene](#); [Mills, John \(DETI\)](#); [Stewart, Chris \(DETI\)](#)  
**Subject:** FW: Urgent cost control and administrative changes to the NI Renewable Heat Incentive (RHI) Schemes  
**Date:** 10 July 2015 15:30:30

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Trevor

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Happy to discuss.

Thanks, Stuart

**Stuart Wightman**

Head of Energy Efficiency Branch  
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 Department of Enterprise, Trade & Investment  
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 Web: [www.detini.gov.uk](http://www.detini.gov.uk)

**(1) Current Volumes of Domestic RHI Applications**

The actual application numbers to date have averaged at 42/month but have been increasing over the last few months as shown below:

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**(2) Current Domestic RHI AME Forecasts**

We've been forecasting 40 applications / month which equates to:

- £80k of one-off capital payments (40 x £2k – average upfront payment) and
- £3.6k/month of additional resource for annual payments for 7 years (40 x £90 – this is an estimate based on an average annual payment of £1,080/year/installation across all technologies)

The important thing to remember is that application numbers are one of a number of variables in the mix. The technology mix is equally important. Solar Thermal attracts an upfront payment (capital) of £320 and a typical annual payment of around £500 whereas biomass attracts an upfront payment of £2,500 and a typical annual payment of between £1200-£1500. Our forecasts therefore include an estimated mix of the different technologies each month. Our forecasts are based on a live payments spreadsheet and are therefore continually updated.

Our current RHI AME Forecasts are set out in Table 1 below. These will be slightly different to the AME forecasts we submitted a month ago (£23m in 2015/16) because it will include updated application and payment information for both the non-domestic and domestic schemes. It includes an anticipated gradual increase in application numbers from March 2016 for ESCO initiatives under the proposed EnergyWise scheme. We expect a significant increase in application numbers whether or not EnergyWise happens, as a number of GB companies are setting up in NI for this purpose. For example, we have just been made aware of one company plans to install 800 boilers over the next 12-18 months.

Budget	14/15	15/16	16/17	17/18	18/19	19/20	Total
<b>Dom Capital</b>	1,140,000	1,002,500	2,385,000	4,285,000	4,710,000	4,710,000	18,232,500
<b>Dom Resource</b>	245,085	1,727,035	2,561,363	4,263,763	6,554,163	8,872,563	24,223,972
<b>N/Dom Resource</b>	6,540,280	20,735,029	25,809,062	32,109,062	38,769,062	42,339,062	166,301,557
<b>Total AME</b>	<b>7,925,365</b>	<b>23,464,564</b>	<b>30,755,425</b>	<b>40,657,825</b>	<b>50,033,225</b>	<b>55,921,625</b>	<b>208,758,029</b>

Table 2 below sets out our RHI AME forecast based on 40 domestic applications / month with no increase for ESCOs / EnergyWise. I feel, however, the domestic RHI forecasts from 2016/17 onwards are too low as no allowance is being made for increased application numbers for ESCO initiatives.

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### (3) Previous Domestic RHI AME Forecasts – included in Business Case

As I've previously highlighted, the original AME forecasts included in both RHI Business Cases were for total RHI expenditure (and not split between domestic / non-domestic) and had assumed £25m (2/4/7/12) for the 4 year period up to 31/3/15 then increasing by £5m annually for new commitments [£17m (15/16); £22m (16/17); £27m (17/18); £32m (18/19); £37m (19/20) & £42m (20/21)]. According to the Domestic RHI business case, DECC's GB State Aid application noted that the expected subsidies paid in 2020 (20/21) in the GB RHI to be in the order of £2.3bn, a 3% pro-rata share of these subsidies is £70m. We currently forecast £55m in 2020/21.

However, the DFP approval for the Domestic RHI Scheme is not based on the RHI profile with the £5m annual increase. It is instead for £103m and based on our best AME forecast of future expected expenditure at that time ( £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). This was included in the Final Casework Synopsis. If we need to confirm the Domestic element of this forecast to DFP, I suggest we insert our current Domestic RHI forecasts (from Table 1). This is shown in Table 3 below. That leaves us to concentrate on securing additional budget / approval for the non-domestic scheme.

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<b>Resource</b>	5,114,915	6,770,465	8,553,637	9,951,237	13,235,837	17,417,437	61,043,528
<b>Total</b>	<b>6,500,000</b>	<b>9,500,000</b>	<b>13,500,000</b>				
<b>AME</b>				<b>18,500,000</b>	<b>24,500,000</b>	<b>31,000,000</b>	<b>103,500,000</b>

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**Sent:** 09 July 2015 16:11  
**To:** Cooper, Trevor  
**Cc:** Hughes, Seamus; McGready, Linda; Thompson, Sandra; Linton, Rachel; Rooney, Eugene  
**Subject:** Re: Urgent cost control and administrative changes to the NI Renewable Heat Incentive (RHI) Schemes

Trevor

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Please see attached Submission (and annexes) for clearance by the Special Advisor and the Minister.

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