

From: [McFarlane, Iain](#)
To: [Manikpure, Francine](#); [Hutchinson, Lee-Anne](#); [Linton, Rachel](#)
Subject: FW: RHI
Date: 01 October 2015 09:34:53

Fyi and trim pls

From: Cooper, Trevor
Sent: 30 September 2015 17:07
To: Mills, John (DETI)
Cc: Rooney, Eugene; Stewart, Chris (DETI); Brankin, Bernie; McFarlane, Iain; Wightman, Stuart; Murphy, Shane
Subject: FW: RHI

Finance colleagues and I met with DFP Supply this morning (30 September 2015) and both DFP approvals and budget issues in relation to RHI were raised.

In relation to the non-domestic scheme DFP helpfully suggested areas that need to be included in the business case submitted and robustly clarified/explained. The case for non-domestic will be part retrospective (from April 15 to Nov 15?) and part prospective from (Nov 15 to Sept 16?). In relation to the retrospective element, the case will need to be clear on expenditure-v-benefits and value for money vis a vis what dfp would consider as a counterfactual position – i.e. not just that we can say in absolute terms that benefits are higher than the costs. I explained that my understanding was that the counterfactual may not have been hugely different because of two factors – firstly that the upsurge in demand came about very quickly (in nov/dec 14) and that the main driver was a group decision by moypark to switch to biomass both in gb and ni for its producers. In terms of reacting to this sudden increase there would always have been a number of months at least when tariffs would have remained at pre-existing levels, and there would also have been a need to consult on/advertise prospective changes. The very act of advertising such a change would have given those producers who have not yet applied time to apply (in other words the demand would have surged even more so there wouldn't necessarily be a huge difference in overall applications between a November change and say a July change). If this is the position the business case would need to reflect and evidence it.

They indicated that we should provide as much as we can in the case around the 'review' that was carried out in i believe 2014, and how/why the decision was taken not to make changes (i believe relative low uptake of non-domestic etc.) and the outcome of the review, spelling out the policy context of the review with GB etc. As you recall the review was included in original dfp approval.

In relation to domestic, it seems that further approval will be required given revised forecasts going forward and in this context it will be important to identify clearly the spilt of the £103m total costs for domestic RHI, previously approved by DFP. Business case will as previously indicated need to have a VFM analysis of non-domestic with forecast increases vis a vis original approval.

As regards budget position they indicated that they would discuss handling going forward with CED.

Happy to discuss if you would find that helpful.

Trevor