

**From:** [McConville, Carmel](#)  
**To:** [Clydesdale, Alison](#)  
**Cc:** [Connolly, Samuel](#); [Montgomery, Paul](#); [Hepper, Fiona](#)  
**Subject:** RE: TOR for EA for Renewable Heat Incentive  
**Date:** 02 November 2010 16:08:00  
**Attachments:** [TOR - EA RHI V2 \(2\).doc](#)

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Alison

I am content that the revised ToR satisfactorily addresses all the comments previously made by Economics Branch on 28/10/10.

I have made one small amendment to the attached ToR which I have included as a tracked change for ease of reference.

Kind regards

Carmel

## **Carmel McConville**

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**From:** Clydesdale, Alison  
**Sent:** 02 November 2010 13:22  
**To:** McConville, Carmel  
**Cc:** Connolly, Samuel; Montgomery, Paul; Hepper, Fiona  
**Subject:** RE: TOR for EA for Renewable Heat Incentive

Carmel, Sam

<< File: TOR - EA RHI V2.DOC >> << File: TOR - EA RHI V2.tr5 >>

I have tried to address your comments in this revised version of the TOR - you will see my additions are as tracked changes for ease of reference ( they also include some minor modifications that Fiona Hepper asked for).

Grateful if you could take a final look over it.

We intend to provide all tenderers with the full report which details the heat demand etc as it would be too big to include within the TOR.

Grateful for any final comments by COP tomorrow (Wednesday) to allow us to get this down to CPD on Thursday.

Many Thanks

Alison

**Alison Clydesdale**

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**From:** McConville, Carmel  
**Sent:** 01 November 2010 14:46  
**To:** Clydesdale, Alison  
**Cc:** Connolly, Samuel; Montgomery, Paul  
**Subject:** RE: TOR for EA for Renewable Heat Incentive

Alison

In response to your email received on Friday, I have tried to address your queries below:

With regard to the market failure/need section the economic appraisal should establish whether this is essentially policy driven, however there maybe additional issues that should be considered within the appraisal e.g. there maybe prohibitive costs, limited pay back etc... which may necessitate government intervention. In relation to potential demand, it would be useful to include the information from the study you have identified to assess the potential demand for renewable heat.

With regard to the options section whilst it makes sense to only consider the option relating to the Renewable Heat Incentive (RHI); the appraisal may need a small paragraph to explain why this is the case. This may include why this money has been ring fenced and what are the rules governing the funding. Carrying on from this the appraisal should then look at the various options for delivering the RHI.

Happy to discuss

Carmel

**Carmel McConville**

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**From:** Clydesdale, Alison  
**Sent:** 29 October 2010 18:07  
**To:** McConville, Carmel  
**Cc:** Connolly, Samuel; Montgomery, Paul  
**Subject:** RE: TOR for EA for Renewable Heat Incentive

Carmel

Many thanks for your comments.

I just wanted to check a couple of things:-

(i) Market failure/need - the need for the RHI is driven by having to comply with an EU Directive - how do we address this in our EA ? Doing nothing is not an option but we can identify the implications of doing nothing I guess. The potential demand for renewable heat has been identified in our study and I would not expect the economic appraisal to revisit that ( it took 9 months at a cost of £200K) so we intend to provide all the demand figures etc to the tenderers - is that acceptable. ?

(ii) Options - when I spoke with Sam we agreed that since the funding was only being made available for an RHI that this essentially meant that our other options could not proceed - so we have limited the EA to only looking at the RHI option. The previous study has identified various options ( such as grant support, industrial sector support only etc ) but there is no funding for these as the HMT funding is ring fenced for us to deliver an RHI . Do you mean for us to look at these other options in the EA or do you mean to look at various options for delivering the RHI only - I'm hoping its this second point.

Happy to discuss on Monday.

Alison

**Alison Clydesdale**

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**From:** McConville, Carmel  
**Sent:** 28 October 2010 14:43  
**To:** Clydesdale, Alison  
**Cc:** Connolly, Samuel; Montgomery, Paul  
**Subject:** RE: TOR for EA for Renewable Heat Incentive

Alison

Please see attached comments in relation to the Renewable Heat Incentive terms of reference.

<< File: NIRHI Terms of Reference.doc >>

Kind regards

Carmel

**Carmel McConville**

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**From:** Clydesdale, Alison  
**Sent:** 22 October 2010 16:02  
**To:** Connolly, Samuel; McConville, Carmel  
**Cc:** Hutchinson, Peter; Hepper, Fiona  
**Subject:** TOR for EA for Renewable Heat Incentive

Sam / Carmel

Further to our telephone conversation, were we agreed that now that funding has been confirmed for an RHI we can simplify the Economic appraisal to look at the RHI only.

Attached therefore re-drafted economic appraisal on RHI, for your comment.

We are keen to get this out to tender as soon as possible so grateful for comments by 29 October.

<< File: TOR - EA RHI V2.tr5 >> << File: TOR - EA RHI V2.DOC >>

Best Regards

Alison

**Alison Clydesdale**

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