

**From:** [Hutchinson, Peter](#)  
**To:** [Connolly, Samuel](#)  
**Cc:** [McCutcheon, Joanne](#); [Murphy, Shane](#)  
**Subject:** RE: Renewable Heat Incentive - Phase 2 research  
**Date:** 04 October 2012 16:54:08  
**Attachments:** [image001.png](#)

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Sam,

Thanks for this, will consider and reflect your comments in the final business case.

From our perspective it is a piece of research / analysis that is required, some elements were covered to a small extent in previous research (domestic tariffs for 20 years, small ASHP and deep Geo) however they need further consideration, in light of GB developments, before a firm tariff can be set.

As discussed yesterday, if additional tariffs are included they will remain within the existing budget envelope of £25m already approved by DFP, however if an addendum to the original business case is required this analysis should provide the appropriate information in terms of option assessment, costs, risks and benefits.

Thanks,

Peter

## **Peter Hutchinson**

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**From:** Connolly, Samuel  
**Sent:** 04 October 2012 12:17  
**To:** Hutchinson, Peter  
**Cc:** McCutcheon, Joanne; Murphy, Shane  
**Subject:** RE: Renewable Heat Incentive - Phase 2 research

Peter,

ASU are broadly content with the attached business case. However you may wish to consider the following points:

- 1) Background - This section could be more specific regarding what analysis will be produced and how it will be used e.g. is this a business case or a distinct piece of analysis. Will it be required for DFP approval and if so will it address all the issues DFP are likely to be interested in? Furthermore, could this be considered an additional addendum to the original OBC i.e. would this prevent duplication of any issues addressed previously?
- 2) Need - It might be useful to clarify to what extent this analysis was undertaken in the original OBC (or why it wasn't possible at that stage) and outline why this has now to be done separately.
- 3) Contract Requirements - this would appear not to follow the format of a business case. As alluded to above, Energy Division should be satisfied that the analysis requested will be sufficient to fulfill all requirements/approvals that may be needed further down the line.  
Happy to discuss.

Sam

## Samuel Connolly

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**From:** Hutchinson, Peter  
**Sent:** 03 October 2012 15:42  
**To:** Connolly, Samuel  
**Cc:** McCutcheon, Joanne  
**Subject:** Renewable Heat Incentive - Phase 2 research

Sam,

We are finalising plans for work on phase 2 of the RHI (additional technologies, extension to domestic sector, additional bands etc). We hope to appoint external consultants to consider these issues, this work will inform a future policy consultation.

I have attached a draft Terms of Reference and business case for this work.

Grateful if you would consider and advise whether economics are content for this to go forward to the Minister for her consideration and approval.

Many thanks,

Peter

**Peter Hutchinson**

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