

**From:** [Hutchinson, Peter](#)  
**To:** [McFarlane, Iain](#); [McCutcheon, Joanne](#)  
**Cc:** [Manikpure, Francine](#); [Hepper, Fiona](#)  
**Subject:** RE: Urgent: Ministerial Submission - Business Case for Phase 2 of Renewable Heat Incentive  
**Date:** 15 November 2012 11:23:36  
**Attachments:** [image001.png](#)

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Iain – please see below responses to the queries raised by DFP.

Many thanks,

Peter

**Para 1.8 - At this stage can you confirm the first phase will launch in this month.**

Yes the first phase launched on 1 November 2012

**Para 1.12 - Can the further research carried out by GB inform the NI project?**

Yes the GB research can definitely inform the project especially regarding the technical specifications of the supported fuels / technologies. However to develop the tariffs for the NI scheme specific research is required, this is due to the fact that the heat markets in GB and NI are very different. In GB the natural gas market is prevalent and accounts for 68.8% of heating demand with oil only accounting for 10%. This is very different from the situation in Northern Ireland where refined oil products account for around 77% of the overall heat demand, with natural gas accounting for 17% and the remaining heat demand met by electricity (1.2%), coal (3.2%) and renewables (1.7%). Therefore while the GB research will be useful in terms of identifying potential additional technologies, administrative issues, opportunities and risks – the incentive mechanism and level of incentive required will need to be assessed separately for NI. This was evidenced in Phase 1 of the study – where there are very different tariffs and bandings for NI and GB.

**Para 3.1/4.2 - Can the GB data be used to inform NI exercise?**

As above

**Para 6.3 - The assignment is estimated to take up to 85 consultancy days. Of the 5 consultants to be employed , it appears only one is a `technical` consultant. Does this mean that the remainder do not have any specialised expertise? Is there an option to do the work in-house , informed by GB findings and taking technical advice from one adviser with technical knowledge?**

No it does not mean that the others do not have any specialised expertise. The tender specification for the project stipulates the following about the Key Personnel

1. Tenderers must clearly demonstrate that the key personnel who will be involved in delivering this contract i.e. Project Manager/leader of the team, principal/senior engineering staff and principal/senior economists have relevant experience within the last 3 years in providing technical, environmental and economic consultancy advice in relation to renewable energy.

2. Tenderers must be able to demonstrate that key personnel have experience of cost benefit analysis / economic appraisal of major energy infrastructure projects on 2 relevant projects within the renewable energy field, within the last 3 years. This should include evidence of the collation and assessment of complex data in relation to renewable energy. CV's must also be provided for each nominated individual.

We would expect all team members to have experience of providing technical, environmental and economic advice, however it is expected that there will be at least one specific 'technical' consultant who will advise on technology specification under the scheme.

**Para 7.1 - The expected costs are in a wide range (£80k - £120k). I assume this will be firmed up in the formal submission.**

The initial stage of the work is expected to cost £85K and be completed by mid February. The resulting proposals will then be subject to Public Consultation. Depending on the response to the consultation there may be a need for the consultants to re-run the economic model and review the additional evidence at an additional cost.

## **Peter Hutchinson**

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*The new website for the European Sustainable Competitiveness Programme for NI is now available - visit [www.eucompni.gov.uk](http://www.eucompni.gov.uk)*



[www.ni2012.com](http://www.ni2012.com)

## **Please consider the environment - do you really need to print this e-mail?**

**From:** McFarlane, Iain  
**Sent:** 14 November 2012 12:43  
**To:** McCutcheon, Joanne; Hutchinson, Peter  
**Cc:** Manikpure, Francine  
**Subject:** FW: Urgent: Ministerial Submission - Business Case for Phase 2 of Renewable Heat Incentive

Joanne, Peter,

Please see initial feedback from DFP on the draft business case. I will submit the case formally, with

the now completed pro-forma, along with replies to these queries. Can you please consider and revert to me with responses.

Thanks  
Iain

## Iain McFarlane

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**From:** Sands, Sylvia  
**Sent:** 14 November 2012 12:36  
**To:** McFarlane, Iain  
**Cc:** McAteer, Ronnie; Manikpure, Francine  
**Subject:** RE: Urgent: Ministerial Submission - Business Case for Phase 2 of Renewable Heat Incentive

Iain,

I realise this BC is not finalised . However to speed things up I have had an initial look . I would be grateful for your views on the following:

Para 1.8

At this stage can you confirm the first phase will launch in this month.

Para 1.12

Can the further research carried out by GB inform the NI project?

para 3.1/4.2

Can the GB data be used to inform NI exercise?

para 6.3

The assignment is estimated to take up to 85 consultancy days .

Of the 5 consultants to be employed , it appears only one is a `technical` consultant. Does this mean that the remainder do not have any specialised expertise?

Is there an option to do the work in-house , informed by GB findings and taking technical advice from one adviser with technical knowledge?

para 7.1

the expected costs are in a wide range (£80k - £120k) . I assume this will be firmed up in the formal submission.

Happy to discuss.

Sylvia

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**From:** McFarlane, Iain  
**Sent:** 08 November 2012 16:54  
**To:** Sands, Sylvia  
**Cc:** McAteer, Ronnie; McFarlane, Iain; Manikpure, Francine  
**Subject:** FW: Urgent: Ministerial Submission - Business Case for Phase 2 of Renewable Heat Incentive  
**Importance:** High

Sylvia,

FYI and for early engagement purposes. Please see attached business case for the appointment of consultants in relation to the Renewable Heat Incentive. This has received Accounting Officer approval and is currently with the Minister for approval. Once Ministerial approval has been received I will formally issue this to DFP for your consideration. I will forward a completed pro-forma and confirmation of Ministerial approval once received. Hope this helps with early sight of a consultancy project.

Thanks  
Iain

**Iain McFarlane**

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