

From: Linton, Rachel
To: [Benton, Sarah](#)
Cc: [Scott, Michelle](#); [Millar, Angela \(DFP\)](#); [McFarlane, Iain](#); [Hutchinson, Lee-Anne](#)
Subject: FW: DOMESTIC RENEWABLE HEAT INCENTIVE
Date: 08 September 2014 16:08:00
Attachments: [DETI RHITM Phase 2 model FINAL.XLSM](#)

Sarah,

Please see below and attached response provided by Energy Branch in relation to the queries raised on the RHI case.

If you require any further information or clarifications please do not hesitate to contact me.

Kind regards,

Rachel

Rachel Linton

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

From: Wightman, Stuart
Sent: 08 September 2014 15:19
To: Linton, Rachel
Cc: McCay, Davina; Hughes, Seamus
Subject: RE: DOMESTIC RENEWABLE HEAT INCENTIVE

Rachel, please find response(s) below to DFP queries on Domestic RHI Business Case.

Happy to discuss.

Thx

Stuart

NPV Calculations

I would be grateful if the NPV calculations could be provided in order to support the assessment of the preferred option. These should be calculated for either the life of the system or when a major service/overhaul is planned.

The NPV calculations were carried out by the Consultants Cambridge Economic Policy Associates Ltd and

Ricardo – AEA. The results are summarised in Section 7.2 (page 55) of the Consultants'

Report (Annex A of the Business case). This commission finished in June 2013. The Consultants' spreadsheet behind these figures is attached for information.

Risks and Non Monetary Sections

The risks and non-monetary sections in the business case currently contain no information on the comparison of options. I would appreciate it if this information could be supplied.

The Business Case outlines the risks and non-monetary costs and benefits of introducing a renewable heat scheme in NI and doesn't distinguish between different options. This is because the risks and non-monetary costs/benefits apply to all the RHI scheme options. It is recognised that the risks of paying incorrect subsidy and fraud will increase the longer the scheme is in place. So those options with life-time tariffs will have the greatest risk and those with no tariffs (upfront support only) will have the least risk. The preferred option (RHPP + 7 yr) falls in the middle band for these two risks. Regular reviews of subsidy levels and effective fraud prevention measures will help manage these risks.