

From: Stuart Wightman

Tel No: 29425

Date: 12 January 2017

To: 1. John Robinson
2. Simon Hamilton MLA

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COR 1358-2016 – NON DOMESTIC RENEWABLE HEAT INCENTIVE SCHEME

Issue: Correspondence from Jim Allister MLA about the non domestic Renewable Heat Incentive Scheme and State Aid Approval.

Timing: Due for reply 22 December, (extended with Private Office pending DSO advice).

Executive Committee Referral: N/A.

PFG Implications: N/A.

Presentational Issues: None.

FOI Implications: Not discloseable.

Financial Implications: N/A.

Legislation Implications: N/A.

Statutory Equality Obligations: N/A.

Recommendation: That you note the background to the issue and respond to Mr Allister using the draft provided at **Annex A**.

BACKGROUND

1. Jim Allister has written to you with a number of queries relating to the EU Commission approval for the non domestic Renewable Heating Incentive Scheme (RHI) issued on 12 June 2012. He highlights paragraph 25 of the document which records only “useful heat” as being eligible for payments under the RHI, and paragraph 34 which refers to installations being calibrated to have a specific load factor and the tariff then being calculated with reference to that load factor (**Annex B**).

2. Mr Allister goes on to raise three specific queries:-
 - He asks you to confirm that the Commission was able to reach these conclusions on the basis of information and assurances provided by DETI and asks where and how that can be accessed.
 - He asks where precisely within the Scheme Regulations and standard Letter of Offer are the provisions where the “useful heat” and calibration are provided for.
 - Finally he asks if the defining document in terms of a contractual relationship between the beneficiaries and the Department is the letter of accreditation issued to each applicant.

DSO advice

3. DSO advice with regard to the first question is that the Department should confirm that it submitted papers to the Commission and that the Commission made its determination on the basis of those papers.
4. In terms of the second question, as it is recognised that the “useful heat” requirement may not have translated across into the RHI Regulations as originally intended, DSO advice is that we should confirm that “eligible purpose” is defined as a purpose specified in regulation 3(2) of the principal Regulations.
5. In response to the third question DSO advice is that we can confirm that the scheme is governed by a combination of the principal Regulations, the letter of accreditation and the relevant guidance.

Recommendation

- 6.. That you note the background to the issue and respond to Jim Allister using the draft provided at **Annex A**.

STUART WIGHTMAN
Energy- Renewables Division
Ext. 29425

cc: John Robinson
Andrew McCormick
Chris Stewart
June Ingram
Lucy Marten
Seamus Hughes
Siobhan Tweedie
Press Office

Annex A

Mr Jim Allister QC MLA
38 Henry Street
Harryville
Ballymena
Co Antrim
BT42 3AH

Xx January 2017

Dear,

Thank you for your letter of 12 December 2016 concerning the non domestic Renewable Heat Incentive Scheme.

You raised a number of queries in your letter and I would respond as follows:-

- The Department submitted papers to the Commission and the Commission made its determination based on these papers.
- With regard to your second query, “eligible purpose” is defined as a purpose specified in Regulation 3 (2) of the 2012 scheme Regulations.
- In relation to your final question the scheme is governed by the principal Regulations, the letter of accreditation and the relevant guidance.

I hope this is helpful to you.

SIMON HAMILTON MLA



Northern Ireland
Assembly

E-mailed to: private.office@economy-ni.gov.uk

Ref: JA/PM/Economy/7601
Department for the Economy
Netherleigh
Massey Avenue
Belfast
BT4 2JP
15th December 2016
Dear Minister,

Re: Non-Domestic Renewable Heat Incentive Scheme

I have a number of queries arising from EU Commission approval of the above scheme as reflected in this Commission document issued on 12 June 2012:

http://ec.europa.eu/competition/state_aid/cases/244651/244651_1375577_58_1.pdf

Paragraph 25 records "Only 'useful heat' is eligible for payment under the RHI scheme This eliminates any incentive for deliberately wasting heat to receive payments."

Paragraph 34 says, "In order not to provide perverse incentives to waste heat, each reference installation is calibrated to have a specific load factor and the tariff is calculated with reference to that load factor."

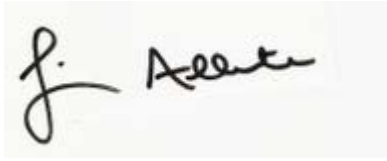
My first query is to invite you to confirm that the Commission was able to reach these conclusions on the basis of information and assurances provided by DETI? And, where and how can that be accessed?

Secondly, where precisely within the various regulations governing the scheme and within the standard letter of offer, are the provision for the stipulations approved by the Commission in paragraphs 25 and 34? Thus, where is the "useful heat" condition stipulated and the referenced calibration provided for within the regulations governing the scheme?

Finally, in terms of the contractual relationship between the department and the beneficiaries am I right to conclude that the defining document is the letter of accreditation issued to each approved applicant.

I would appreciate as early a response as possible.

Yours Sincerely

A handwritten signature in black ink on a light-colored background. The signature consists of a stylized initial 'J' followed by the name 'Allister' written in a cursive script.

J H Allister QC MLA