

From: [Wightman, Stuart](#)
To: [Stewart, Chris \(DETI\)](#)
Cc: [Mills, John \(DETI\)](#)
Subject: FW: Letter from David Sterling to Andrew McCormick re RHI - dated 29 January 2016
Date: 29 January 2016 18:29:20
Attachments: [image001.jpg](#)
[Letter from David Sterling to Andrew McCormick re RHI - dated 29 January 2016.docx](#)

Chris, I've included some highlighted suggestions in the attached .

I agree with your comments below. If NI was always going to be liable for any overspend above the Barnett share, it was effectively never AME, but rather a finite DEL allocation and the RHI schemes would have surely been designed quite differently. We've previously tried to find out from DECC how their RHI budget is treated but to no avail. I believe they've stayed within their much larger allocation each year so haven't had to test what penalties they would incur. For forecasting we use a combination of historic monthly application numbers and average heat payments. However, with over 1800 applications on the non domestic scheme now and only 864 fully accredited (receiving heat payments), over 50% of our annual expenditure forecast is based on estimated annual payments for some 940 installations awaiting accreditation. Even after both schemes have closed, future forecasts will continue to change until the backlog of applications are processed and estimated payments are all based on actuals. In terms of market intelligence and trying to predict increases in demand. The NI RHI schemes (like the GB schemes) are demand-led where applications are made after the renewable heating installations are in place. This makes it extremely difficult to forecast projected demand and why it was to be funded by AME. Ofgem/DETI don't know about a new installation until an application has been received. Happy to discuss.

Thanks, Stuart

From: Stewart, Chris (DETI)
Sent: 29 January 2016 16:39
To: Mills, John (DETI); Wightman, Stuart; Rooney, Eugene
Cc: McIlwrath, Linda
Subject: FW: Letter from David Sterling to Andrew McCormick re RHI - dated 29 January 2016
John, Stuart, Eugene

As suggested by Andrew, I will address relevant points in the draft note for Andrew to send to HOCS.

Para 2 is straightforward, and I can answer without difficulty.

I do not fully understand the question in para 3, and don't see the relevance of the reference to amendments to the scheme. My understanding is that the HMT decision in December changed a relatively manageable problem into a criticality. The change was that the original arrangement (overspend to attract a 5% RDEL penalty) was replaced with a requirement for all of the overspend (beyond Barnett consequential share) to be met from RDEL. It would be interesting to know whether DECC was subject to the same stricture.

I can answer most of paragraph 4, but would welcome any information on demand forecasting arrangements that we have. It will emphasise the point that the existence of a large vertically integrated firm with an ability to stimulate demand rapidly either before or in response to the planned introduction of controls appears to be unique to NI.

The remainder of the letter does not pose particular questions, but happy to take any suggestions on a response.

C

From: McCormick, Andrew (DETI)
Sent: 29 January 2016 16:13

To: Stewart, Chris (DETI)

Cc: Hill, Janice; Rooney, Eugene; Mills, John (DETI)

Subject: Fw: Letter from David Sterling to Andrew McCormick re RHI - dated 29 January 2016

Sent from my BlackBerry 10 smartphone.

From: Sterling, David <David.Sterling@dfpni.gov.uk>

Sent: Friday, 29 January 2016 14:24

To: McCormick, Andrew (DETI)

Cc: HOCS; Brennan, Mike; Morelli, Emer; McBurney, Joanne; Scott, Michelle; Frazer, Helen

Subject: Letter from David Sterling to Andrew McCormick re RHI - dated 29 January 2016

Please find attached letter from David Sterling, Permanent Secretary, DFP.

Many thanks.

Jill for Helen Frazer



JILL DOWNIE

SPS to the Budget Director

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