

From: [McCay, Davina](#)
To: [Moore, Stephen \(DETI\)](#)
Subject: FW: As requested: NIRHI applications with Carbon Trust loans
Date: 09 June 2014 11:49:29
Attachments: [image001.gif](#)

Stephen

Please see below from Carbon Trust regarding applications likely to exceed the de minimis level – 3 of these are classed as agriculture which has a lower limit.

Regards

Davina

Davina McCay

Sustainable Energy

Department of Enterprise, Trade & Investment

Netherleigh

Massey Avenue

Belfast, BT4 2JP

Tel: 028 9052 9535 (ext: 29535)

Mob: Personal information redacted by the RHI Inquiry

TextRelay: 18001 028 9052 9535

Web: www.detini.gov.uk

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

From: Nadia Carpenter [<mailto:Nadia.Carpenter@ofgem.gov.uk>]

Sent: 09 June 2014 11:42

To: McCay, Davina

Cc: Edmund Ward

Subject: As requested: NIRHI applications with Carbon Trust loans

Hi Davina,

As requested on Friday please see the table below showing NIRHI applications in receipt of Carbon Trust loans who we may not be able to accredit if RHI payments are assessed under de minimis limits relevant to the sector.

Please note that this data should only be used to give an indicative position with regard to developing non-domestic NIRHI policy and that any personal data (including details of individual accounts or personal details) should not be circulated outside those directly involved.

As we discussed on Friday the value we have been using for RHI payments is based on the maximum possible output of the installation over one year. This is a highly conservative measure as no installation will be operating at its maximum for one year. We have not been sure how to assess expected installation output reliably by an alternative method.

You have said that Stephen Moore will be in London on Wednesday and Thursday of this week. We are keen to set up a meeting with him to discuss this issue. Please could you let me know if this is possible and any suitable times? Edmund Ward, (possibly) Teri Clifton and members of our legal team would attend.

Please give me a call if you would like to discuss anything (020 7901 7321).

Thanks and kind regards,

Nadia

Organisation/Installation Name	Organisation Type	Capacity	EUR value of de minimis aid over three years if RHI included	Relevant EUR de minimis limit for application	Relevant de minimis limit exceeded?
Irrelevant information redacted by the RHI Inquiry	Plant Nursery	99	150,469.67	7,500 (Agriculture)	YES
Irrelevant information redacted by the RHI Inquiry	Plant Nursery	99	150,469.67	7,500 (Agriculture)	YES
McGrane Biomass 1	Plant Nursery	400	185,622.31	7,500 (Agriculture)	YES
Brooklands Healthcare	Nursing Home	99	205,165.13	200,000 (General)	YES
Brooklands Healthcare	Nursing Home	99	209,185.70	200,000 (General)	YES
Eglinton Timber	Timber Merchants	990	454,196.00	200,000 (General)	YES
Lusty Beg Hotel Spa	Hotel and Spa	99	State Aid Declaration not yet returned	200,000 (General)	
Irrelevant information redacted by the RHI Inquiry	Warehouse	28	State Aid Declaration not yet returned	200,000 (General)	

Nadia Carpenter
Assistant Manager - RHI
New Scheme Development
9 Millbank
London
SW1P 3GE
Tel: 0207 901 7321
www.ofgem.gov.uk



This message may be confidential, privileged or otherwise protected from disclosure. It does not represent the views or opinions of Ofgem unless expressly stated otherwise.

If you have received this message by mistake, please contact the sender and immediately delete the message from your system; you should not copy the message or disclose its contents to any other person or organisation.

From: Moore, Stephen (DETI)
To: [McCay, Davina](#)
Cc: [Pauley, Alberta](#); [Ryan, Damien](#)
Subject: RE: As requested: NIRHI applications with Carbon Trust loans
Date: 09 June 2014 17:30:00
Attachments: [image001.gif](#)

Davina

Many thanks.

As discussed, if OK with Ofgem, I will go round to Ofgem on Wednesday 18th after my meeting with BIS. If all goes to plan, I could probably be at Ofgem about 4pm.

Unfortunately a meeting first thing on Thursday 19th in Ofgem would be difficult as I need to be in BIS at 10am for a presentation by DG Comp.

If there is a problem meeting on Wednesday, I could try to see if BIS would provide a meeting room at 9.00am in BIS, but clearly we wouldn't have a lot of time to discuss.

In relation to the NIRHI applications data below, lots to think about!

Initially I was surprised at the high estimated amount of de minimis aid. As discussed, to date I have always been given DETI the impression that the amount of RHINI de minimis aid would be well below the de minimis ceiling. Therefore, I think we really need to understand why the estimated amount is so high. However, it is possible the amounts are correct – see below.

As Geoff Smyth suggested, the number of boilers with a capacity of 99kW looks odd and needs further investigation, especially as the RHI tariff drops from 5.9p/kWh to 1.5p/kWh once the boiler is 100kW.

I also note the fourth column appears to suggest the 'total' amount of de minimis aid.

1. Can Ofgem confirm this is the case and, if possible, provide a further breakdown to show how much of this de minimis aid is Carbon Trust de minimis and how much is RHINI de minimis?

NB – the maximum loan from the Carbon Trust is £100,000 and I understand the 'commercial' rate they use is 5.4%, which implies a £100,000 loan contains £5,400 de minimis aid – which is the maximum amount. So the RHINI de minimis aid will always be a much larger amount.

2. In relation to the RHINI de minimis amounts, can Ofgem provide some more clarity on how these were calculated?

In particular, I want to see the daily or annual running hours that are being predicted in each case. As mentioned earlier, the de minimis value has to be calculated on an ex ante basis (which is a requirement of the de minimis regulation) and if the organisation is using the running hours provided to it by the installer for this ex ante calculation, I am concerned that they may be significantly overestimating the amount of RHINI aid they will actually receive.

Geoff seemed to be suggesting he thought the number of hours were often too high and that the Carbon Trust were getting applicants to reduce the number of hours. It would therefore be interesting to compare the estimated running hours in the Carbon Trust loan applications with those in the RHINI applications.

3. Can we get this data from the Carbon Trust?

Overestimating is concern because, while the fact the RHINI payment will be based on actual metered amount of heat generated means that the organisation will not be overcompensated and cannot defraud the State, if the RHINI hours and aid have been overestimated, it is possible that some these RHINI projects are not economically viable. If projects are not viable, they should probably not be accredited.

Why overestimate?

In the RHINI case, the installer may overestimate the number of hours so that the predicted return from RHINI will be greater and hence 'suggest' a shorter payback period, which gives the applicant a greater incentive to proceed with the project.

In the Carbon Trust case, the installer may overestimate the number of hours so the applicant company gets a larger loan from the Carbon Trust. The maximum amount of the Carbon Trust loan is based on the projected CO2 saving, which is related to the number of running hours.
<http://www.carbontrust.com/client-services/wales/loans-eligibility>

In both cases, overestimating the number of hours is good for the installer but not necessarily the applicant (or the Carbon Trust).

[NB - Due to the fact the aid is paid out on actual heat produced, overestimating has no impact on the amount of RHINI support]

I estimate (using the tariff amounts in the State aid decision and assuming (for simplicity) the boilers run 365 days per year for 20 years) that the two Hanna Biomass boilers are running on average 3.53 hours / day, the Brooklands boilers are running 4.8 and 4.9 hours / day and the McGrane boiler is running 4.23 hours / day. There is clearly some consistency in the figures, but I cannot say whether this is consistently too high, about right or too low!

However, given the above estimates don't show the running hours have been obviously 'maximised' (i.e. 24hrs x 7days x 52 weeks x 20years), I fully accept it is also possible that the number of running hours could have been correctly estimated.

If this is the case, this de minimis option is clearly not going to work in these cases and we may need to rethink whether a revision to the State aid decision is necessary.

Finally, the fact the Carbon Trust is now providing loans to organisations engaged in 'primary agricultural' activities, which fall within the scope of the agricultural de minimis regulation, is a further complication which means DARD and possible DEFRA may need to be involved in this discussion. My understanding is that each Member State has an annual agricultural de minimis ceiling that cannot be exceeded and all agricultural de minimis aid has to be registered with DEFRA.

Happy to discuss.

Stephen

Stephen Moore

European Support Unit
Department of Enterprise, Trade & Investment
Netherleigh
Massey Avenue
Belfast, BT4 2JP
Tel: 028 9052 9415 (ext: 29415)
Mob: Personal information redacted by the RHI Inquiry
TextRelay: 18001 028 9052 9415
Web: www.detini.gov.uk

Visit the website for the European Sustainable Competitiveness Programme for NI - www.eucompni.gov.uk

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

From: McCay, Davina
Sent: 09 June 2014 11:49
To: Moore, Stephen (DETI)
Subject: FW: As requested: NIRHI applications with Carbon Trust loans

Stephen

Please see below from Carbon Trust regarding applications likely to exceed the de minimis level – 3 of these are classed as agriculture which has a lower limit.

Regards

Davina

Davina McCay

Sustainable Energy
Department of Enterprise, Trade & Investment
Netherleigh
Massey Avenue
Belfast, BT4 2JP
Tel: 028 9052 9535 (ext: 29535)
Mob: Personal information redacted by the RHI Inquiry
TextRelay: 18001 028 9052 9535
Web: www.detini.gov.uk

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

From: Nadia Carpenter [<mailto:Nadia.Carpenter@ofgem.gov.uk>]
Sent: 09 June 2014 11:42
To: McCay, Davina
Cc: Edmund Ward
Subject: As requested: NIRHI applications with Carbon Trust loans

Hi Davina,

As requested on Friday please see the table below showing NIRHI applications in receipt of Carbon Trust loans who we may not be able to accredit if RHI payments are assessed under de minimis limits relevant to the sector.

Please note that this data should only be used to give an indicative position with regard to developing non-domestic NIRHI policy and that any personal data (including details of individual accounts or personal details) should not be circulated outside those directly involved.

As we discussed on Friday the value we have been using for RHI payments is based on the maximum possible output of the installation over one year. This is a highly conservative measure as no installation will be operating at its maximum for one year. We have not been sure how to assess expected installation output reliably by an alternative method.

You have said that Stephen Moore will be in London on Wednesday and Thursday of this week. We are keen to set up a meeting with him to discuss this issue. Please could you let me know if this is possible and any suitable times? Edmund Ward, (possibly) Teri Clifton and members of our legal team would attend.

Please give me a call if you would like to discuss anything (020 7901 7321).

Thanks and kind regards,

Nadia

Organisation/Installation Name	Organisation Type	Capacity	EUR value of de minimis aid over three years if RHI included	Relevant EUR de minimis limit for application	Relevant de minimis limit exceeded?
Irrelevant information redacted by the RHI Inquiry	Plant Nursery	99	150,469.67	7,500 (Agriculture)	YES
Irrelevant information redacted by the RHI Inquiry	Plant Nursery	99	150,469.67	7,500 (Agriculture)	YES
McGrane Biomass 1	Plant Nursery	400	185,622.31	7,500 (Agriculture)	YES
Brooklands Healthcare	Nursing Home	99	205,165.13	200,000 (General)	YES
Brooklands Healthcare	Nursing Home	99	209,185.70	200,000 (General)	YES
Eglinton Timber	Timber Merchants	990	454,196.00	200,000 (General)	YES
Lusty Beg Hotel Spa	Hotel and Spa	99	State Aid Declaration	200,000 (General)	

			not yet returned		
Irrelevant information redacted by the RHI Inquiry	Warehouse	28	State Aid Declaration not yet returned	200,000 (General)	

Nadia Carpenter

Assistant Manager - RHI
New Scheme Development
9 Millbank
London
SW1P 3GE
Tel: 0207 901 7321
www.ofgem.gov.uk



This message may be confidential, privileged or otherwise protected from disclosure. It does not represent the views or opinions of Ofgem unless expressly stated otherwise.

If you have received this message by mistake, please contact the sender and immediately delete the message from your system; you should not copy the message or disclose its contents to any other person or organisation.