

From: [Wightman, Stuart](#)
 To: [Partridge, Jeff](#)
 Cc: [Thompson, Sandra](#); [Hughes, Seamus](#); [Dolaghan, Paul](#); [Cooper, Trevor](#)
 Subject: RE: RHI Budget - Northern Ireland
 Date: 19 May 2015 16:57:51
 Attachments: [image001.jpg](#)

Hi Jeff, thanks for responding to Sandra's email below.

The table below illustrates how successful uptake of the Non-domestic scheme has been over the past twelve months. Since I joined DETI in June last year, the monthly expenditure has effectively tripled. This is why our AME profile has changed so much. The aim of the NI RHI is to incentivise households and businesses to switch to renewable heating systems and achieve at 2020 target of 10% renewable heat by 2020. At current uptake levels, we'll achieve the 2015 target of 4% by the end of the year.

RHI Non Domestic Forecasts				
Period	No of Applications	Ave per month	£ - ave money at 2068 pm	£ - Cumulative Monthly Total
Jan - Mar 13	9	3.0	£6,204.00	£18,612.00
Apr - Jun 13	17	5.7	£11,718.67	£53,768.00
Jul - Sep 13	23	7.7	£15,854.67	£101,332.00
Oct - Dec 13	36	12.0	£24,816.00	£175,780.00
Jan - Mar 14	43	14.3	£29,641.33	£264,704.00
Apr - Jun 14	80	26.7	£55,146.67	£430,144.00
Jul - Sep 14	86	28.7	£59,282.67	£607,992.00
Oct - Dec 14	116	38.7	£79,962.67	£847,880.00
Jan - Mar 15	153	51.0	£105,468.00	£1,164,284.00
Apr - Jun 15 (to 10 May)	74	55.6	£115,061.65	£1,509,468.96
	637			

I would welcome any clarification that can be provided by DFP around future RHI budgets. **We need this ASAP.** In terms of taking steps to curtail RHI 2015/16 spending, as you are aware once installations are accredited onto the non-domestic scheme, annual payments are committed for 20 years. With our committed monthly expenditure estimated to be over £1.5m by the end of June, **we're already committed to an annual spend of £17m (an overspend of £4.2m) even if we were to close both schemes today.** Closing the RHI schemes should be a very last resort as it would be very damaging for the local renewable heating and poultry industry and would generate a lot of negative press and correspondence for the Department. The performance of the NI RHI is a success story and should be taken as positive. We should surely be making the case for more RHI AME money from HMT/DECC rather than curtailing the scheme.

I welcome your thoughts and advice on how we can make a case to DFP/HMT for more funding..

Happy to discuss.

Thanks

Stuart

From: Partridge, Jeff
 Sent: 19 May 2015 14:55
 To: Thompson, Sandra
 Cc: Wightman, Stuart; Hughes, Seamus
 Subject: FW: RHI Budget - Northern Ireland
 Importance: High

Sandra,

I refer to the email chain below and your email attached to Energy's June 2015 Monitoring input which stated that, following a major review of current RHI applications, the expected uptake in 2015-16 would result in a profile of £3M Capital and £22M Resource, as opposed to the allocated AME budget of £1.14M Capital and £10.5M Resource.

I will contact DFP regarding the questions raised about NI's RHI AME allocation for 2015-16, any caps on spend, and any possible carry forward of AME from unspent allocations in previous years. However, it is likely from previous correspondence that Energy had with DECC that a cap of 2.98% of the DECC RHI scheme will apply to NI RHI, and that the total amount available for 2015-16 will be therefore be in the region of £12.8M.

The email from Jon Parker (HMT) in April 2011 specified that RHI was not treated as standard AME, and overspending would have consequences for Resource DEL budgets. That being the case, Energy Branch should take steps to curtail spending in 2015-16 to keep within the likely ceiling of £12.8M until such times as we obtain clarification from DFP.

Regards,

Jeff

From: Thompson, Sandra
 Sent: 26 March 2015 15:51
 To: Partridge, Jeff
 Cc: Wightman, Stuart; Hughes, Seamus
 Subject: FW: RHI Budget - Northern Ireland
 Importance: High

Hi Jeff – as discussed please see below (and attached) re our concerns re RHI/ AME budget going forward. I appreciate that we basically secure our budget via AME profiling but it would be helpful if we could establish some parameters as non-

domestic commitments made now/ in next couple of years will have implications for the next 20 years. I and RHI team will be happy to provide further info/ clarification as required.

Thanks and regards

Sandra

Sandra Thompson

Co-ordination Branch

Department of Enterprise, Trade & Investment

Netherleigh

Massey Avenue

Belfast, BT4 2JP

Tel: 028 9052 9382 (ext: 29382)

TextRelay: 18001 028 9052 9382

Web: www.detini.gov.uk

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

From: Wightman, Stuart

Sent: 25 March 2015 14:10

To: Thompson, Sandra

Cc: Dolaghan, Paul; Hughes, Seamus; Mills, John (DETI)

Subject: RHI Budget - Northern Ireland

Sandra

Please see email exchange below and attachment concerning the Northern Ireland RHI budget. We made contact with HMT for advice but have been directed to DFP. We are seeking some clarification around the future NI RHI budget. As you are aware, the level of uptake of the Non-domestic scheme has increased significantly over the last few months and we're expecting uptake to remain high with over 200 new applications for biomass heating systems from the poultry industry (linked to Moy Park's expansion) expected over the coming 12 months. With RHI payments for accredited non-domestic heating installations committed for 20 years, it is important we manage our budget carefully. In addition, with the introduction of the full domestic RHI scheme in December 2014, we now have the added pressure of annual domestic tariff payments.

We were originally allocated £25M for the 4 years from 11/12 to 14/15 (£2M-11/12, £4M-12/13, £7M-13/14, 12M-14/15) and to end 2014/15 we will have spent £7.88M. However with the increase in uptake recently, the rolling estimated monthly RHI spend has risen to around £928k which we are assuming will increase by an additional £64k for new accreditations each month (£60k non-dom / £4k dom). Based on these figures our projected total monthly RHI spend will have reached £1.68M by March 2016 and £2.496M by March 2017. **The corresponding projected annual spends will be £16M in 15/16 and £25.5M in 16/17.**

I'm therefore keen to identify the total RHI budget going forward to ascertain if any tariff reductions will be needed. We'll be making amendments to the Non-Domestic RHI Regulations later this year which provides an opportunity to introduce future tariffs reductions if necessary. We basically need to know what our maximum budget is going forward so we can try to manage future scheme uptake/tariffs to manage costs. It is worth highlighting that our current projections might be a little conservative with the numbers of applications we're expecting from the poultry industry during 16/17. If we allowed to carry over the remaining £17.12M (we haven't spent) this might cover our payments for 15/16 but I would be much happier if I knew we also had our 15/16 allocation on top of this. This would enable us to continue to accept new applications during 15/16 safe in the knowledge that we will not overspend. We would also like some clarity around our likely budget from 16/17 onwards however I realise that this probably won't be possible until sometime after the Parliamentary elections.

In summary, our queries around the RHI budget are:

- (1) Can the unspent balance of £17.12M from the original £25M be carried forward into 2015/16;
- (2) Have we received a budget allocation for 2015/16 which based on our current understanding would be 3% of the DECC allocation (£430M) which would equate to £12.9M.
- (3) Can any clarity be provided on the maximum annual budget available from 16/17 onwards or is this determined by our own AME profile.

Urgent clarification on the above matters from DETI Finance Branch and DFP would be appreciated so we can factor in tariff reductions if necessary as part of our Phase 2 Non-domestic RHI changes.

Happy to discuss.

Thanks

Stuart

Stuart Wightman

Head of Energy Efficiency Branch

Energy Division

Department of Enterprise, Trade & Investment

Room 24A Netherleigh

Massey Avenue

Belfast, BT4 2JP

Tel: 028 9052 9425 (ext: 29425)

TextRelay: 18001 028 9052 9425

Web: www.detini.gov.uk

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

From: Smyth Murray, Samuel - HMT [<mailto:Samuel.SmythMurray@hmtreasury.gsi.gov.uk>]

Sent: 20 March 2015 09:48

To: Hughes, Seamus

Cc: Wightman, Stuart; Barber Nicola (Heat and Industry)

Subject: RE: RHI Budget - Northern Ireland

Hi Seamus,

I cover the GB RHI in HMT. I had a word with my colleagues in the devolution team here in HMT and they advise that you need to speak to the DFP NI in the first instance.

Regards,

Sam

From: Hughes, Seamus [<mailto:Seamus.Hughes@detini.gsi.gov.uk>]

Sent: 20 March 2015 09:38

To: Smyth Murray, Samuel - HMT

Cc: Wightman, Stuart

Subject: FW: RHI Budget - Northern Ireland

Good morning Samuel

Just in follow up to Nicola's email below I would be grateful if you could confirm that you are the relevant contact in HMT. We are keen to have early engagement to establish the budgetary position.

Many thanks

Regards

Seamus

Seamus Hughes

Energy Efficiency Branch

Department of Enterprise, Trade & Investment

Netherleigh

Massey Avenue

Belfast, BT4 2JP

Tel: 028 9052 9532 (ext: 29532)

TextRelay: 18001 028 9052 9532

Web: www.detini.gov.uk

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

From: Barber Nicola (Heat and Industry) [<mailto:Nicola.Barber@decc.gsi.gov.uk>]

Sent: 16 March 2015 11:14

To: Hughes, Seamus

Cc: Irrelevant information redacted by the RHI Inquiry [Samuel.SmythMurray@HMTreasury.gsi.gov.uk]

Subject: FW: RHI Budget - Northern Ireland

Hi Seamus

Our contact in HMT is Sam Smyth-Murray who I have copied into this e-mail. Jon Parker moved jobs some time ago – I think initially to Ofgem. If Sam isn't the right contact for your queries I hope he'll be able to put you in touch with someone that can help.

Kind regards

Nicola



Nicola Barber

Head of Delivery Relations, Renewable Heat Incentive

E: nicola.barber@decc.gsi.gov.uk T: 0300 068 6147

Follow us on [Twitter.com/DECCgovuk](https://twitter.com/DECCgovuk)

I work on Monday, Tuesday Thursday and Friday.

From: Hughes, Seamus [<mailto:Seamus.Hughes@detini.gsi.gov.uk>]

Sent: 13 March 2015 16:23

To: Barber Nicola (Heat and Industry)

Subject: FW: RHI Budget - Northern Ireland

Good afternoon Nicola

The email thread below and attachment refers.

I had attempted to contact Jon parker in HMT but I received a bounce back on my emails and the phone number I have is also dead. I am attempting to locate an appropriate contact in HMT but this is not forthcoming as yet, hence this alternative approach to DECC in the first instance.

If you are the wrong person to assist with the query perhaps you could re-direct me.

Apologies for the unannounced approach but we are keen to get some clarity around the Northern Ireland RHI budget going forward.

Many thanks in advance.

Regards

Seamus

Seamus Hughes

Energy Efficiency Branch
Department of Enterprise, Trade & Investment
Netherleigh
Massey Avenue
Belfast, BT4 2JP
Tel: 028 9052 9532 (ext: 29532)
TextRelay: 18001 028 9052 9532
Web: www.detini.gov.uk

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

From: Hughes, Seamus
Sent: 12 March 2015 16:54
To: 'jon.parker@hmtreasury.gsi.gov.uk'
Cc: Wightman, Stuart
Subject: RHI Budget - Northern Ireland
Good afternoon Jon

Apologies at the outset for this email out of the blue on foot of the old correspondence below but we are trying to establish the position with the Northern Ireland RHI budget going forward from 2015/16. I'm not sure if you are still involved in this work area but if not perhaps you could redirect me to the appropriate person. In addition I am also attaching a copy of correspondence from Gregory Barker MP to our Minister in January 2014 confirming that the Northern Ireland RHI budget would come from the £430m figure agreed for the GB RHI scheme.

We are keen to establish clarity around the budget and perhaps an initial step following this email would be to set up a teleconference over the coming period to talk through the issues?

Both Stuart and myself have both recently joined DETI and therefore were not involved in the early discussions. The Northern Ireland RHI has been in operation now since November 2012 for the non – domestic sector and was extended to the domestic sector in December 2014 and RHI uptake has been good and is increasing.

Best Regards

Seamus

Seamus Hughes

Energy Efficiency Branch
Department of Enterprise, Trade & Investment
Netherleigh
Massey Avenue
Belfast, BT4 2JP
Tel: 028 9052 9532 (ext: 29532)
TextRelay: 18001 028 9052 9532
Web: www.detini.gov.uk

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

From: Clydesdale, Alison [<mailto:Alison.Clydesdale@detini.gsi.gov.uk>]
Sent: 15 April 2011 12:36
To: 'Parker, Jon - HMT'
Cc: Hutchinson, Peter; Garcia, Nicolas - HMT; Parkinson, Mark - HMT; Mike.brennan@dfpni.gsi.gov.uk
Subject: RE: [RESTRICTED] RE: RHI NI
Jon

Many thanks - this is most helpful and will help us clarify our options in our economic appraisal.

We will of course still require Ministerial and DFP approval in due course for any scheme proposed here.

DFP would, I think, lead on feeding back to you on forecasting so I have passed on your email to our finance team here who will liaise with DFP in that regard.

Best Regards

Alison

Alison Clydesdale

Sustainable Energy
Department of Enterprise, Trade & Investment
Netherleigh
Massey Avenue
Belfast, BT4 2JP
Tel: 028 9052 9248 (ext: 29248)
Mob: Personal information redacted by the RHI Inquiry
Textphone: 028 9052 9304
Web: www.detini.gov.uk

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

From: Parker, Jon - HMT [<mailto:Jon.Parker@hmtreasury.gsi.gov.uk>]
Sent: 15 April 2011 12:13
To: Clydesdale, Alison
Cc: Hutchinson, Peter; Garcia, Nicolas - HMT; Parkinson, Mark - HMT; Mike.brennan@dfpni.gsi.gov.uk
Subject: [RESTRICTED] RE: RHI NI

Alison,

Sorry for the delay in coming back to you. Taking your points in turn:

- i) With DECC, we have agreed that they can make commitments to spending in future years (up to 20 years) for installations that are installed within the SR period (i.e. the initial payments have to be affordable within the SR profile), and providing that the policy is set up so that payments should be basically flat over the 20 year period in real terms (i.e. no backloading to ease short-term affordability pressures). This same agreement would apply to any NI scheme.
- ii) DECC's GB RHI profile is £56m/133m/251m/424m. NI's share of this is 2.98%, so £1.7m/4.0m/7.5m/12.6m. The NI scheme would need to follow this profile as much as possible – on which further below. We will need you to feed into us forecasts of NI RHI spending for the Office of Budget Responsibility's bi-annual forecasts – this can be fed through me or Mark Parkinson (in the Devolved Countries Unit within Treasury).
- iii) This funding does have to be used for renewable heat, but if NIE decide you would like to use it for a grant scheme or some such then this would be permissible as long as the cost of NIE spending is constrained to the AME consequential.

The other key point it is necessary to let you know about is that the DECC RHI spending is not being treated as standard AME, where the Exchequer takes on all risks of overspend. Instead, there is a risk-sharing arrangement whereby should RHI spending in one year exceed the SR profile, then DECC would need to repay this in future years. They can do this through announcing changes to the SR that will bring cost savings relative to the SR profile in future years. However, a small proportion of any required future savings (still to be determined, but likely to be of the order of 5%) will have to be funded through contributions from DECC's DEL. Again, these rules would be applied in equivalent fashion to NI.

Happy to discuss any of these issues in more detail.

Jon

Jon Parker | Joint Head, Energy Branch | Energy, Environment and Agriculture
HM Treasury, 1/N2, 1 Horse Guards Road, SW1A 2HQ | 020 7270 5641

 Please consider the environment before printing this email.

www.hm-treasury.gov.uk

From: Clydesdale, Alison [<mailto:Alison.Clydesdale@detini.gsi.gov.uk>]

Sent: 11 April 2011 13:00

To: Parker, Jon - HMT

Cc: Hutchinson, Peter

Subject: RHI NI

Jon

We spoke briefly the other day about the £25m allocation to NI for an RHI.

Can I ask you to clarify for me :-

- (i) The position with the commitment to 20 year payments within NI.
- (ii) The process for advising on the spending profile of the £25m AME that we have been allocated.
- (iii) If the £25m can solely be used for an RHI - or we can use it to incentivise in a different way e.g grant ?

Happy to discuss.

Alison

Alison Clydesdale

Sustainable Energy

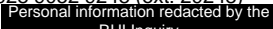
Department of Enterprise, Trade & Investment

Netherleigh

Massey Avenue

Belfast, BT4 2JP

Tel: 028 9052 9248 (ext: 29248)

Mob:  Personal information redacted by the RHI Inquiry

Textphone: 028 9052 9304

Web: www.detini.gov.uk

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

.....

This email and any files transmitted with it are intended solely for the use of the individual(s) to whom they are addressed. If you are not the intended recipient and have received this email in error, please notify the sender and delete the email.

This footnote also confirms that our email communications may be monitored to ensure the secure and effective operation of our systems and for other lawful purposes, and that this email has been swept for malware and viruses.

The original of this email was scanned for viruses by the Government Secure Intranet virus scanning service supplied by Vodafone in partnership with Symantec. (CCTM Certificate Number 2009/09/0052.) This email has been certified virus free.

Communications via the GSi may be automatically logged, monitored and/or recorded for legal purposes.

This email was scanned by the Government Secure Intranet anti-virus service supplied by Vodafone in partnership with Symantec. (CCTM Certificate Number 2009/09/0052.) In case of problems, please call your organisations IT Helpdesk.

Communications via the GSi may be automatically logged, monitored and/or recorded for legal purposes.

The original of this email was scanned for viruses by the Government Secure Intranet virus scanning service supplied by Vodafone in partnership with Symantec. (CCTM Certificate Number 2009/09/0052.) This email has been certified virus free.

Communications via the GSi may be automatically logged, monitored and/or recorded for legal purposes.

This email was scanned by the Government Secure Intranet anti-virus service supplied by Vodafone in partnership with Symantec. (CCTM Certificate Number 2009/09/0052.) In case of problems, please call your organisations IT Helpdesk.

Communications via the GSi may be automatically logged, monitored and/or recorded for legal purposes.

The original of this email was scanned for viruses by the Government Secure Intranet virus scanning service supplied by Vodafone in partnership with Symantec. (CCTM Certificate Number 2009/09/0052.) This email has been certified virus free.

Communications via the GSi may be automatically logged, monitored and/or recorded for legal purposes.

This email was scanned by the Government Secure Intranet anti-virus service supplied by Vodafone in partnership with Symantec. (CCTM Certificate Number 2009/09/0052.) In case of problems, please call your organisations IT Helpdesk.

Communications via the GSi may be automatically logged, monitored and/or recorded for legal purposes.

The original of this email was scanned for viruses by the Government Secure Intranet virus scanning service supplied by Vodafone in partnership with Symantec. (CCTM Certificate Number 2009/09/0052.) This email has been certified virus free.

Communications via the GSi may be automatically logged, monitored and/or recorded for legal purposes.

This email was scanned by the Government Secure Intranet anti-virus service supplied by Vodafone in partnership with Symantec. (CCTM Certificate Number 2009/09/0052.) In case of problems, please call your organisations IT Helpdesk.

Communications via the GSi may be automatically logged, monitored and/or recorded for legal purposes.