

**From:** [Stewart, Chris \(DETI\)](#)  
**To:** [Cooper, Trevor](#)  
**Cc:** [McIlwrath, Linda](#)  
**Subject:** FW: RHI  
**Date:** 14 August 2015 18:09:30

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Trevor

No surprise here.

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**From:** Stewart, Chris (DETI)  
**Sent:** 13 August 2015 11:58  
**To:** Cairns, Timothy; McCormick, Andrew (DETI)  
**Cc:** McIlwrath, Linda; McIlwrath, Linda  
**Subject:** RE: RHI

Tim

On foot of our recent conversation, I spoke to DFP who confirmed the advice. In essence, a course of action that would not provide value for money would require a direction to the Accounting officer; DFP officials would then be in a similar position and would have to be directed by the Finance Minister to approve the proposal.

Chris

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**From:** Stewart, Chris (DETI)  
**Sent:** 11 August 2015 18:09  
**To:** Cairns, Timothy; McCormick, Andrew (DETI)  
**Cc:** McIlwrath, Linda  
**Subject:** FW: RHI

Tim

To see the advice on a 3000 hour approach. This would be very difficult, and would raise an Accounting Officer issue for Andrew.

Chris

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**From:** Mills, John (DETI)  
**Sent:** 11 August 2015 17:16  
**To:** Stewart, Chris (DETI)  
**Cc:** McIlwrath, Linda; Wightman, Stuart; Hughes, Seamus; McCoy, Laura; McIlwrath, Linda  
**Subject:** RE: RHI

Chris,

- The proposed 1314 peak hours is taken from DECC and supports parity with the GB scheme. This ensures acceptance (and, conversely, what's the justification for NI being different?).
- It equates to 15% of the maximum possible annual running hours for a boiler (8760 hours). Given our understanding of the poultry sector where heat demand runs in 3 x 5 week cycles (the first with a high heat requirement, second with less and third none as the shed is empty awaiting the next crop of chickens) this can be defended in VFM terms. Obviously, suggestions of heating empty sheds cannot.
- We would have no basis for a 3000 hours, (or indeed any other figure).
- DARD has provided a report which shows the upper limit of the annual heat requirement to be 388,000kWh's. In our proposed tiered tariff structure using this and a 99kW boiler running at 90% efficiency as the measure the total annual payment would be £11,557. Assuming an initial capital cost of £50,000 this would see payback, (£5,737 per yr capital element), in around 8.7 years or 11.5% rate of return, and bring us into line with the 12% rate of return envelope included in the EU State Aid Approval.
- If we were to apply a 3000 hour figure the corresponding total annual payment would be £20,823. This would see payback, (£19,013 per yr capital element), in

around 2.6 years or 38.46% rate of return and well outside of State Aid Approval.

- In addition the total annual costs on the 3000 hour scenario would not address our requirement to bring spending back under control and within budget.

Seamus, many thanks.

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**From:** Stewart, Chris (DETI)

**Sent:** 11 August 2015 15:33

**To:** Mills, John (DETI)

**Cc:** McIlwrath, Linda; Wightman, Stuart; Hughes, Seamus; McCoy, Laura; McIlwrath, Linda

**Subject:** RE: RHI

John

Thank you.

I spoke to Tim on the submission: he accepts the need for early control measures, but has asked whether a 3000 hour limit would be more appropriate than 1000 hours. Can we (without doubling the work on the business case) provide some quick advice on the VFM of that?

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**From:** Mills, John (DETI)

**Sent:** 11 August 2015 15:03

**To:** Stewart, Chris (DETI)

**Cc:** McIlwrath, Linda; Wightman, Stuart; Hughes, Seamus; McCoy, Laura

**Subject:** RE: RHI

Chris,

Stuart's off:

1. The additional AME funding we require has appeared in our baseline;
2. The lack of clearance of the submission prevents us from going out to public notification on the essential tariff tier change to be made from 1 October (but documents prepared). Following meeting with SPAD on 28 July I sent the requested update note on RHI financial management measures to him on 30 July. No response. I understand you issued a reminder on 7 August.
3. Reply received from DECC on budget issues. Basically says no spare UK funding and arrangements need to be made with HMT.
4. Preparation of "business case" to justify continued spend and assure VFM is ongoing but close to finalising (awaiting August figures available from next week). Positive NPV can be shown on spend but response to DFP, again, hampered by not being able to give assurance on introduction of further control measures.

Seamus, add anything else you can think of.

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**From:** Stewart, Chris (DETI)

**Sent:** 11 August 2015 14:06

**To:** Wightman, Stuart

**Cc:** Mills, John (DETI); McIlwrath, Linda

**Subject:** RHI

Stuart

Grateful if you would let me know the latest position on RHI (Andrew has asked for a progress report), and it would be useful if I could relay to you the content of a further conversation with Tim Cairns on the subject.

C