

From: Wightman, Stuart
Sent: 12 January 2017 13:01
To: McCann, Brendan
Cc: McCormick, Andrew (DFE); McMurray, Stephen; Marten, Lucy
Subject: FW: Letter to DfE RHI 10 January 2017

Brendan, lines and background as discussed.

Thanks, Stuart

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CHP Applications for Preliminary Accreditation

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Lines

- Applications for preliminary accreditation for two large Combined Heat and Power (CHP) plants were received prior to scheme closure in February 2016. Both applications are currently being considered by Ofgem. The two installations are expected to be completed in 2018 and will be eligible for the CHP tariff which is currently 3.5 p / KWh if full accreditation is secured. There are no other CHP installations on the scheme.
- The first CHP plant involves a 2.3MW electricity output and 11.5 MW heat output to be used to produce wood pellets. The second CHP plant involves a 1.4MW electricity output and 6MW heat output to be used to produce bedding for horses.
- The two installations together are expected to receive annual RHI payments of £3m per year for 20 years (£60m over 20 years).

Background

Ofgem is considering applications for preliminary accreditation for two large CHP projects which were received before scheme closure. There are currently no other CHP installations on the scheme. The current tariff for CHP is 3.5 p / KWh.

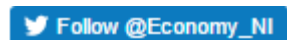
Preliminary accreditation means an individual or an organisation can submit plans and evidence demonstrating that once built, an installation would meet the eligibility criteria of the NIRHI scheme. If Ofgem are satisfied that the eligibility criteria would be met, that it is likely renewable heat will be generated at the plant and that certain planning requirements are met, they will grant preliminary accreditation, which may include conditions. It is only available for installations greater than 200Kw in size that have not yet been commissioned. There are no time limits on the validity of preliminary accreditation. However, receipt of preliminary accreditation is not a guarantee that a future full accreditation application will be granted nor that the current tariff will be available.

The first project (McGuckians) involves proposals for £26m CHP plant in Cloghmills (2.3MW power / 11.5MW heat) to produce wood pellets. The project is to be financed through loan from the Green Investment Bank. The project has secured planning permission and has an estimated completion date of March 2018. If fully accredited, the installation could attract annual RHI payments of £2m / year for 20 years. The proposed project is a significant one in the Cloughmills area set to create around 150 during the construction phase and in the order of 100 jobs thereafter. The main output from the proposed plant is wood pellets and in that regard it would become a key supplier of biomass fuel on the local market.

The second project (A&N Irwin Feeds) involves proposals for a large CHP plant in Dungannon (1.4MW power / 6MW heat) to produce bedding for stables / horses. This project has not yet received planning permission and cannot receive preliminary accreditation until this is in place. This project unlikely to be completed until late 2018.

Stuart Wightman

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

From: Wightman, Stuart
Sent: 11 January 2017 11:40
To: McMurray, Stephen
Cc: Marten, Lucy; McCann, Brendan; Coyne, Terence
Subject: RE: Letter to DfE RHI 10 January 2017

Stephen

In relation to point 1, I can confirm that Moy Park are correct, the McGuckian's CHP project did not secure Planning Permission until 24 March 2016 which was after scheme closure. We queried this with Ofgem at the time and secured legal advice (attached). In summary, planning approval does not have to be received for an application for preliminary accreditation to be properly made and accepted by Ofgem. Ofgem cannot however grant preliminary accreditation unless planning approval is provided. Ofgem therefore had to accept the application as it was properly made before the closure date. Given that planning approval was subsequently received, Ofgem must process the application and grant preliminary accreditation if all eligibility criteria are met.

In terms of point 2, PWC completed a detailed analysis of all the applications / installations and produced various charts / graphs showing the different categories. These were shared with both the NIAO and PAC and can be forwarded to DoF for information. The attached table (2nd table) was provided to DoF as part of their briefing for PAC. This table shows that of the 975 medium biomass applications received during Sep-Nov 2015, 420 (or 43%) were within SIC code 01 which relates to **'Crop and animal production, hunting and related service activities'** which covers poultry.

Happy to discuss.

Thanks, Stuart

Stuart Wightman

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From: McMurray, Stephen
Sent: 10 January 2017 21:53
To: Marten, Lucy; McCann, Brendan; Coyne, Terence; Murphy, Shane; Wightman, Stuart; Montgomery, Paul
Subject: Fw: Letter to DfE RHI 10 January 2017

To see

Sent from my BlackBerry 10 smartphone.

From: Morelli, Emer <Emer.Morelli@finance-ni.gov.uk>
Sent: Tuesday, 10 January 2017 17:59
To: McMurray, Stephen
Cc: Sterling, David; McCormick, Andrew (DFE); Scott, Michelle; Brennan, Mike; Caldwell, Alison; Cousins, Heather
Subject: Letter to DfE RHI 10 January 2017

Stephen

Attached correspondence refers.

Many thanks

Emer

Emer Morelli
Supply
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