

**From:** [Moore, Stephen \(DFE\)](#)  
**To:** [Marten, Lucy](#); [McAdams, Jonathan](#); [daniel.arnold@beis.gov.uk](mailto:daniel.arnold@beis.gov.uk); [Adair, Joanne](#); [Smith, Alan](#)  
**Cc:** [Dukelow, Victor](#); [Murphy, Shane](#); Irrelevant information redacted by the RHI Inquiry; [McCormick, Andrew \(DFE\)](#); [McMurray, Stephen](#)  
**Subject:** RHI State aid notification - readout of 7 March telephone call with DG Comp  
**Date:** 07 March 2017 15:58:49  
**Attachments:** [image001.png](#)

---

Lucy, Jonathan, Joanne, Alan and Dan

Just received a phone call from Kate Kelliher in DG Comp during which we discussed a number of points and next steps, as follows.

In particular, there are a number of actions and questions I may need your help to address. These are highlighted in bold below.

1. CHP

Kate outlined a possible rationale for including CHP in the NI decision. This would be based on information and data the Commission has received in relation to the CHP tariffs in the GB RHI scheme.

However, when I explained that the NI CHP installations would probably not be accredited until after 1 April 2018, Kate agreed with me that these could be excluded from the scope of this decision.

She said she would discuss this with Ronald Van de Ven, but thinks this would be OK.

She also added that **we have to specifically ask that CHP be excluded and commit to notifying this as soon as appropriate.**

2. The CAFRE biomass boiler

Kate and Ronald are happy that there is no State aid to the CAFRE biomass boiler and that it falls outside of the scope of State aid.

However, the Commission's legal services are not content and want them to mention this banding issue and, even though it doesn't catch any undertakings, they seem to want us to commit to doing something about this.

Exactly what they want is unclear.

One suggestion was that we consider and commit to removing the CAFRE boiler from the scope of the 2017 Regulations or we commit to amending the 2017 Regulations as soon as possible to ensure the CAFRE boiler does, as the very least, no better than it did previously.

Kate appreciates that amending the 2017 regulations is not something we can do instantly, but she did ask if we could see if RHI payments to CAFRE could be ruled outside the scope of the

Regulations or the Energy Act 2011.

**Have we any plans to address the CAFRE boiler issue?**

3. Notification

The Commission is on course to invite us to Notify this Friday or next Monday.

When we do so, she is suggesting we make some minor revisions to our pre-notification paper (to turn it into the Notification paper) and the supplementary information form.

In particular, she wants us to revise the text on the incentive effect and proportionality to simply confirm that the scheme complies with the incentive effect and proportionality tests as set out in the Environmental Aid Guidelines.

Similarly, she wants us to revised the Supplementary Information form by removing our answers to specific questions (i.e. nos 32 – 39), as these do not need to be answered for the RHI scheme.

She also wants us to revise our answer to questions 27 and 28. These are as follows.

27 .Please provide evidence that the aid will be granted only until the plant has been fully depreciated according to normal accounting rules and provide a detailed analysis of the depreciation of each type of the investments for environmental protection (see point 131(d) of the EEAG):

28 For aid schemes, please specify how the compliance with the condition in point 131(d) of the EEAG will be ensured:

I will discuss the questions above with Alan Smith (and BEIS? - *Dan do you know how BEIS answered these questions?*) and suggest how we might revise the answers.

I will also draft the Notification paper and revised the Supplementary Information form as suggested by DG Com.

4. Inspections

Kate's final question relates to the inspections of installations.

**Are we inspecting all installations, including non biomass installations?**

Happy to discuss.

Stephen

**Stephen Moore**  
State Aid Unit