

**From:** [Iain Morrow](#)  
**To:** [Hutchinson, Peter](#)  
**Cc:** [McCutcheon, Joanne](#)  
**Subject:** RE: Final report for RHI extension project  
**Date:** 15 February 2012 14:48:49  
**Attachments:** [image001.png](#)

---

Peter

Thanks. My responses (mostly "OK") to each comment below.

Iain

---

**From:** Hutchinson, Peter [mailto:Peter.Hutchinson@detini.gov.uk]  
**Sent:** 15 February 2012 14:19  
**To:** Iain Morrow  
**Cc:** McCutcheon, Joanne  
**Subject:** RE: Final report for RHI extension project

Iain,

Just a few minor amends to this paper before it can be finalised, detailed below;

Page 4 – Can you footnote the domestic GSHP tariff (8.4p) with wording along the lines of “this tariff reflects a deeming approaching for the domestic sector, if a metered approach was introduced a tiered tariff would be more appropriate tariff, this would be (xx)p/kWhr for the first 1314 hWhs (15% output) and then (xx)p/kWhr after that.” **[Iain Morrow]** OK

Page 4 – Can you footnote the geothermal tariff with wording along the lines of – “this is an indicative tariff based on deep geothermal primarily displacing domestic heating, the tariff is dependent on the type of heating displaced and therefore a tariff between 1.6-4.6p could be appropriate depending on the counterfactual position” **[Iain Morrow]** OK

Page 5 – Can probably remove footnote 7 and just put the wording “...for the first 1314 peak load hours and then 1.9” in the box after 7.6 as you have in the biomass medium GB box. **[Iain Morrow]** OK

Page 6 - Would it be appropriate to place a sentence here about CEPA(?) recommending DETI review tariffs in 2014/2015 in order to implement changes for ongoing years to reflect expected changes in technology/fuel prices? **[Iain Morrow]** OK. We said that in our previous report, so I'm happy to include a sentence referring back to that.

Page 6 – Can I just ask, whether the total lifetime subsidy of £445m is within the expected budget of 2/4/7/12/17/22/27 etc? **[Iain Morrow]** Yes (see footnote 13).

Annex A – Can you just check the domestic costs, where it says 16% I still seem to get that only a 12% rate has been used, eg ASHP 12% rate is 1218 and 538 (counterfactual) and the 16% rate (I calculate) is 1535 and 657. Can you check the domestic figures and advise. **[Iain Morrow]** OK will check and confirm.

Annex A– Also, I'm still getting different figures when calculating the final tariff by dividing the sum of difference with expected heat output ((size of tech x 8760hrs)x load factor%). This being the case it might be best to add a line in each of the calculations in after table 2 but before table 3 saying.... “The appropriate tariff is then calculated by dividing the sum of difference (or individual difference of each component) by the expected heat output ((i.e. [size]x [8760 hours per year] x [load factor] from table above) of the renewable technology. The heat output of this

technology is XXXXXX kWh and therefore the tariff calculations are worked out as follows.” Then table 3 will detail the tariffs. **[Iain Morrow]** That isn't quite how we calculate the tariff, since we consider changes in fuel costs for example. How different are your figures?

I think that is everything, grateful if you could consider and amend as required. Any problems let me know.

Will be in touch separately about payment once these issues are considered.

Thanks,

Peter

## **Peter Hutchinson**

Renewable Heat  
Department of Enterprise, Trade & Investment  
Netherleigh  
Massey Avenue  
Belfast, BT4 2JP  
Tel: 028 9052 9532 (ext: 29532)  
Textphone: 028 9052 9304  
Web: [www.detini.gov.uk](http://www.detini.gov.uk)



[www.ni2012.com](http://www.ni2012.com)

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

**From:** Iain Morrow [<mailto:Iain.Morrow@cepa.co.uk>]  
**Sent:** 14 February 2012 14:47  
**To:** Hutchinson, Peter  
**Cc:** Mahmoud Abu-ebid; Oliver Edberg; Mark Cockburn  
**Subject:** Final report for RHI extension project

Peter

Please find attached our final report for this project. I hope you find it useful.

As you will see it is effectively the same as the earlier draft. The major change is that we have settled on a single figure for geothermal, but caveated that this depends on the counterfactual to a large extent.

Regards

**Iain Morrow**  
Managing Consultant

**Cambridge Economic Policy Associates**  
Queens House, 55-56 Lincoln's Inn Fields  
London, WC2A 3LJ

**Please note my direct line has changed**

Tel +44 20 7269 0236 (direct)/ +44 20 7269 0210 (switchboard)

Mobile Personal information redacted by the RHI Inquiry

Fax +44 20 7405 4699

Email [jain.morrow@cepa.co.uk](mailto:jain.morrow@cepa.co.uk)

Web [www.cepa.co.uk](http://www.cepa.co.uk)