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From: Partridge, Jeff [Jeff.Partridge@detini.gov.uk]
Sent: 19 May 2015 14:55
Subject: FW: RHI Budget - Northern Ireland
Attachments: Response from Rt Hon Gregory Barker MP07 01 14.pdf
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

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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

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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