

**From:** [Johnston, Iris](#) on behalf of [Thomson, David](#)  
**To:** [Lewis, Colin](#)  
**Cc:** [McCoy, Laura](#)  
**Subject:** RE: Budgetary Issues associated with administration of the Renewable Heat Incentive  
**Date:** 20 December 2012 14:42:02  
**Attachments:** [image001.png](#)

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Colin

Could David and Fiona have 10 minutes with you when you finish your meeting with Paul Simpson?

Iris

## **Iris Johnston**

Personal Secretary  
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**From:** Sterling, David [<mailto:David.Sterling@detini.gsi.gov.uk>]  
**Sent:** 20 December 2012 14:08  
**To:** Thomson, David; Lewis, Colin  
**Cc:** Hill, Janice  
**Subject:** RE: Budgetary Issues associated with administration of the Renewable Heat Incentive

Colin/David

We have a difference of opinion between Fiona and Trevor about the materiality of this change. Rather than debate this in email correspondence can you broker an agreed position on this matter. If you cannot I will have to deliberate, but I will need to see both sides of the argument succinctly set out. Needless to say, I'd prefer that agreement was reached.

David

## **David Sterling**

Permanent Secretary

Department of Enterprise, Trade & Investment  
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**From:** Hepper, Fiona [mailto:Fiona.Hepper@detini.gsi.gov.uk]  
**Sent:** 20 December 2012 12:12  
**To:** Sterling, David  
**Cc:** Thomson, David; Lewis, Colin; Cooper, Trevor; Murphy, Shane; McCutcheon, Joanne; Hutchinson, Peter; Hill, Janice; Hepper, Fiona  
**Subject:** FW: Budgetary Issues associated with administration of the Renewable Heat Incentive

David

This is not a material change that would require a return to casework. As discussed this morning, this is a refinement of the estimates originally provided by Ofgem in the feasibility study and based on Ofgem's experience of actually running the GB scheme over the last year. The original figures were presented at Casework as forecasts, as was the issue of NI being 3% of the overall costs. Casework was also advised that going forward, Ofgem would be passing on the actual costs of running the scheme. The new figures are still forecasts based on 3% of the overall costs.

However, all these figures are still only estimates. The actual costs will have to be agreed between us each year and a refinement is that charging will be on the percentage of tariff payments made. That is, Ofgem has indicated that they will calculate the actual NI costs on the basis of the percentage of tariff payments that relate to NI. Any change to this principle, or any additional charges, will be subject to a change control procedure which we have agreed with Ofgem, including an escalation process if agreement can't be reached at working level.

Fiona

**Fiona Hepper**

Head of Energy Division  
Department of Enterprise, Trade & Investment  
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**From:** Sterling, David [mailto:David.Sterling@detini.gsi.gov.uk]  
**Sent:** 20 December 2012 10:39  
**To:** Hepper, Fiona; Sterling, David; Thomson, David; Lewis, Colin  
**Cc:** Cooper, Trevor; Murphy, Shane; McCutcheon, Joanne; Hutchinson, Peter; Hill, Janice  
**Subject:** RE: Budgetary Issues associated with administration of the Renewable Heat Incentive

Fiona

We discussed this morning. Can you confirm whether you consider this to be a material change to the scheme which would require further consideration by the Casework Committee.

David

**David Sterling**

Permanent Secretary  
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**From:** Hepper, Fiona [mailto:Fiona.Hepper@detini.gsi.gov.uk]  
**Sent:** 19 December 2012 17:47  
**To:** Sterling, David; Thomson, David; Lewis, Colin  
**Cc:** Cooper, Trevor; Hepper, Fiona; Murphy, Shane; McCutcheon, Joanne; Hutchinson, Peter  
**Subject:** Budgetary Issues associated with administration of the Renewable Heat Incentive  
**Importance:** High

TMT  
Please see attached for consideration asap  
Thanks  
Fiona

**Fiona Hepper**

Head of Energy Division  
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