

From: [Clydesdale, Alison](#)
To: [Hepper, Fiona](#); [Frazer, Fred](#)
Cc: [Hutchinson, Peter](#)
Subject: Fw: Correspondence with George Gray re RHI
Date: 25 November 2010 17:13:44
Attachments: [Letter to George Gray re Renewable Heat Incentive, July 2010 DRAFT.DOC](#)
[Email RE Energy Bill.html](#)
Importance: High

Fiona, fred,peter

See advice from jim hamilton - he has been persuaded that we should not pursue any further with george gray. I will need to check out his ref to the budget bill - we need enabling powers so not sure that this would give us enough cover.

Alison

This message was sent from my Blackberry device.

From: Hamilton, Jim
To: Clydesdale, Alison
Cc: Reynolds, David
Sent: Thu Nov 25 15:08:34 2010
Subject: FW: Correspondence with George Gray re RHI

Alison,

Having read George's advice on this I agree that amendment to the current Energy Bill is non-runner.

The only other thing you could consider is whether under MPMNI you could rely solely on the Budget Bill for cover to the expenditure of £25m.

If you are intending to go down the UK Bill route then I think the only way to do this is by means of a Ministerial amendment. It seems to me just too risky to do this by means of a Private Member's amendment. In any case, the same consultation with the Committee, and agreement by the Executive and the Assembly would be required.

Jim

From: Clydesdale, Alison
Sent: 24 November 2010 14:20
To: Hamilton, Jim
Subject: FW: Correspondence with George Gray re RHI
Importance: High

Jim

Further to our recent telephone conversation regarding the best route to achieving an RHI amendment, I attach our letter of July

asking George Gray to consider this and his subsequent response.

Given his response I'm not sure that the availability of the funding alone is enough to change George's position relating to renewables being outside the scope of the bill. We would also have a concern about delaying the Energy Bill at this late stage.

As discussed, DECC seem relatively relaxed about an amendment through Westminster - although the process isn't entirely clear on it yet. We have a meeting pencilled in with DECC in January to discuss - might you or someone from your team like to sit on that meeting? - it's a videoconference here in Netherleigh.

Grateful for your views.

<<Letter to George Gray re Renewable Heat Incentive, July 2010 DRAFT.DOC>> <<Email_RE Energy Bill.html>>

Best Regards

Alison

Alison Clydesdale

Sustainable Energy

Department of Enterprise, Trade & Investment

Netherleigh

Massey Avenue

Belfast, BT4 2JP

Tel: 028 9052 9248 (ext: 29248)

Mob: Personal information redacted by the RHI Inquiry

Textphone: 028 9052 9304

Web: www.detini.gov.uk

Netherleigh
Massey Avenue
BELFAST BT4 2JP
Tel: 028 90529272
Fax: 028 9052 9549
Textphone: 028 9052 9304
Email: fred.frazer@detini.gov.uk

George Gray
Office of the Legislative Council
Parliament Buildings
Stormont
Belfast
BT4 35W

22 July 2010

Dear Mr Gray

DETI Energy Bill – Potential Amendments

The DETI Energy Bill is now at Committee Stage, and I am writing to seek your views on further areas for possible inclusion in the Bill which have recently been brought to the attention of Energy Division. I would be grateful for your advice as to whether the issues outlined below would fall within the scope of the Bill, and what impact, if any, their inclusion might have on current provisions in the draft Bill, particularly in relation to delaying progress of the Bill.

Renewable Heat Incentive

At its meeting on 17 June, the ETI Committee discussed a DETI briefing paper on EU Energy Policy and members agreed to explore with the Department the possibility of introducing a renewable heat incentive (RHI) in Northern Ireland through amendments to the Energy Bill. Inclusion of RHI would bring Northern Ireland into line with the rest of the UK following the introduction of an amendment incorporating RHI into the 2008 Energy Bill in GB (a copy of the amendments made by DECC to the Energy Bill to provide powers for renewable heat is attached at **Annex A**). It should be noted that further secondary legislation will be needed to implement a renewable heat incentive both in GB and in NI.

Following DECC's decision to incentivise renewable heat in GB, DETI has been working on a study to determine the most appropriate method of developing and supporting the local renewable heat market. This study will complete shortly and indications are that a targeted incentive for domestic and commercial customers, similar to the GB model, would be appropriate, however further economic analysis will be required. If it was within the scope of this Bill, general powers on renewable heat, similar to the amendments made by DECC to the 2008 Energy Bill, would be a very useful addition, with more specific powers to be taken by 2.2 regulations at a later date. This would ensure that future measures to support the delivery of renewable heat could be introduced in a timely manner to prevent the local market being severely disadvantaged in light of the proposals in GB.

If you consider that this new provision could be incorporated within the scope of the Energy Bill, DETI would need to undertake a short, focused consultation with stakeholders on this issue over the summer period with the potential of tabling it as an amendment to the Bill when the Committee reconvenes in the autumn. The alternative would be to include it in a possible future Bill on miscellaneous energy issues which is under consideration at present. Energy Division will be appearing before the Committee on 9 September to present further evidence on the Energy Bill and we will need to provide the Committee with a way forward in response to their query on RHI.

Electricity Distribution Licencing

A company has raised the issue of obtaining an electricity distribution licence, however the distribution of electricity is not a licensable activity in Northern Ireland and the incumbent network owner, NIE, has an electricity transmission licence which is deemed to include the function of electricity distribution. I understand that my colleague Elaine Cassidy has already discussed the issue of electricity distribution licensing with you and your advice is that this would fall outside the scope of the Bill.

While seeking your views on the issues outlined above, I do, of course, remain sensitive to OLC's resource availability and the legislative timetable. I am aware that, even if one or both of these issues was deemed to be within the scope of the Energy Bill, the inclusion of substantive amendments at this stage could jeopardise the passage of the Bill before next year's Assembly elections. In addition to obtaining your view on whether particular matters fall within the scope of the Energy Bill, it would therefore be helpful to know whether or not you would advise the Department to try to proceed with such amendments in view of the timing constraints we face, or deal with them within a further Bill.

I look forward to receiving your response. In the meantime, if you have any comments or queries, please do not hesitate to contact me.

Yours sincerely



Fred Frazer
Energy Markets

cc Fiona Hepper
Alison Clydesdale
Irene McAllister
Peter Hutchinson
Susan Stewart