

From: [Clydesdale, Alison](#)
To: ["Parker, Jon - HMT"](#)
Cc: [Hutchinson, Peter](#); [Garcia, Nicolas - HMT](#); [Parkinson, Mark - HMT](#); Mike.brennan@dfpni.gsi.gov.uk
Subject: RE: [RESTRICTED] RE: RHI NI
Date: 15 April 2011 12:36:18

Jon

Many thanks - this is most helpful and will help us clarify our options in our economic appraisal.

We will of course still require Ministerial and DFP approval in due course for any scheme proposed here.

DFP would, I think, lead on feeding back to you on forecasting so I have passed on your email to our finance team here who will liaise with DFP in that regard.

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

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From: Parker, Jon - HMT [mailto:Jon.Parker@hmtreasury.gsi.gov.uk]
Sent: 15 April 2011 12:13
To: Clydesdale, Alison
Cc: Hutchinson, Peter; Garcia, Nicolas - HMT; Parkinson, Mark - HMT; Mike.brennan@dfpni.gsi.gov.uk
Subject: [RESTRICTED] RE: RHI NI

Alison,

Sorry for the delay in coming back to you. Taking your points in turn:

- i) With DECC, we have agreed that they can make commitments to spending in future years (up to 20 years) for installations that are installed within the SR period (i.e. the initial payments have to be affordable within the SR profile), and providing that the policy is set up so that payments should be basically flat over the 20 year period in real terms (i.e. no backloading to ease short-term affordability pressures). This same agreement would apply to any NI scheme.
- ii) DECC's GB RHI profile is £56m/133m/251m/424m. NI's share of this is 2.98%, so £1.7m/4.0m/7.5m/12.6m. The NI scheme would need to follow this profile as much as possible – on which further below. We will need you to feed into us forecasts of

NI RHI spending for the Office of Budget Responsibility's bi-annual forecasts – this can be fed through me or Mark Parkinson (in the Devolved Countries Unit within Treasury).

- iii) This funding does have to be used for renewable heat, but if NIE decide you would like to use it for a grant scheme or some such then this would be permissible as long as the cost of NIE spending is constrained to the AME consequential.

The other key point it is necessary to let you know about is that the DECC RHI spending is not being treated as standard AME, where the Exchequer takes on all risks of overspend. Instead, there is a risk-sharing arrangement whereby should RHI spending in one year exceed the SR profile, then DECC would need to repay this in future years. They can do this through announcing changes to the SR that will bring cost savings relative to the SR profile in future years. However, a small proportion of any required future savings (still to be determined, but likely to be of the order of 5%) will have to be funded through contributions from DECC's DEL. Again, these rules would be applied in equivalent fashion to NI.

Happy to discuss any of these issues in more detail.

Jon

Jon Parker | Joint Head, Energy Branch | Energy, Environment and Agriculture
HM Treasury, 1/N2, 1 Horse Guards Road, SW1A 2HQ | 020 7270 5641

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From: Clydesdale, Alison [<mailto:Alison.Clydesdale@detini.gsi.gov.uk>]

Sent: 11 April 2011 13:00

To: Parker, Jon - HMT

Cc: Hutchinson, Peter

Subject: RHI NI

Jon

We spoke briefly the other day about the £25m allocation to NI for an RHI.

Can I ask you to clarify for me :-

- (i) The position with the commitment to 20 year payments within NI.
- (ii) The process for advising on the spending profile of the £25m AME that we have been allocated.
- (iii) If the £25m can solely be used for an RHI - or we can use it to incentivise in a different way e.g grant ?

Happy to discuss.

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

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From: [Brankin, Bernie](#)
To: [Clydesdale, Alison](#)
Cc: [Cooper, Trevor](#); [Hepper, Fiona](#); [Hutchinson, Peter](#)
Subject: FW: [RESTRICTED] RE: RHI NI
Date: 15 April 2011 16:04:28

[Alison](#)

AME budgets have just been confirmed by Treasury/ DFP. Your AME allocation for RHI is £2m in 11/12, £4m in 12/13, £7m in 13/14 and £12m in 14/15. This will be confirmed in writing to you early next week. I will discuss further with DFP and come back to you.

[Bernie](#)

Bernie Brankin

Finance
Department of Enterprise, Trade & Investment
Netherleigh
Massey Avenue
Belfast, BT4 2JP
Tel: 028 9052 9417 (ext: 29417)
Textphone: 028 9052 9304
Web: www.detini.gov.uk

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From: Clydesdale, Alison
Sent: 15 April 2011 12:25
To: Hepper, Fiona; Brankin, Bernie
Cc: Hutchinson, Peter
Subject: FW: [RESTRICTED] RE: RHI NI
Importance: High

[Fiona - for info .](#)

[Bernie - see below regarding reporting against the £25m that we have been allocated for RHI - can you advise how this will work in practice for us - I am presuming that DFP will work through your side on this ?](#)

[Can you also advise if this years' allocation of £1.7 m will show in Energy's budget line ?](#)

[Happy to discuss.](#)

[Alison](#)

Alison Clydesdale

Sustainable Energy

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From: Parker, Jon - HMT [mailto:Jon.Parker@hmtreasury.gsi.gov.uk]
Sent: 15 April 2011 12:13
To: Clydesdale, Alison
Cc: Hutchinson, Peter; Garcia, Nicolas - HMT; Parkinson, Mark - HMT; Mike.brennan@dfpni.gsi.gov.uk
Subject: [RESTRICED] RE: RHI NI

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Jon Parker | Joint Head, Energy Branch | Energy, Environment and Agriculture
HM Treasury, 1/N2, 1 Horse Guards Road, SW1A 2HQ | 020 7270 5641

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To: Parker, Jon - HMT
Cc: Hutchinson, Peter
Subject: RHI NI

Jon

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