

From: [McCutcheon, Joanne](#)
To: [Hepper, Fiona](#)
Cc: [Hutchinson, Peter](#)
Subject: Grants
Date: 06 September 2012 15:12:49

Fiona

Re grants I have looked through documentation – I was wrong about our consultation

In our consultation we said:

DETI is aware that there may be some instances where renewable heat installations have been developed since 1 September 2010 with the support of Government funding. It is DETI's view that these installers should not be penalised, however nor should they receive full incentives on-top of existing grant support. In these cases, DETI would propose that the installer have the choice to either pay back the grant and receive a full RHI tariff or retain the grant support and receive adjusted tariff levels (reduced number of years), determined by DETI and dependent on the scale of grant awarded. DETI will liaise with DECC in regards the treatment of Northern Ireland installations that received capital grant support from recent DECC grant schemes

The GB RHI states:

Interaction of the non-domestic RHI with grants

To ensure value for money and to stay within the European Commission's rules on State Aid we have considered the position of renewable heat installations that have received public funding from sources other than the RHI. We recognise that this issue will be particularly important for installations completed on or after the 15th July 2009 (and before the introduction of the RHI) as they may have received public funding from a variety of sources including grants from Central and Devolved Government schemes as well as grants and other forms of support from public authorities at regional or local level, or under European schemes. Our decision is based on the principle of no double public funding, but we will make provision for installations that had received public funding during the transition period i.e. between 15th July 2009 and the point at the which the RHI regulations come into force. RHI support will only be available if the installation in question has not received (and will not receive) any other public funding, or, where it has received public funding up to the point at which the RHI regulations came in to force, it has paid this back.

Ofgem told us

I've discussed with the GB Ops Team. In short the answer is no. Firstly it only applies to Transitional installations – 15/7/2009 to 28/11/2011. Any beyond this date cannot have the option to re pay. It has prevented uptake but they cannot apply for the RHI scheme unless the grant is paid back in full either in a lump sum or over a period, but upfront. It will be deemed as double funding and thus contravening State Aid.

If we were to go down this route of paying through either reduced payments or over a period of time while registering for RHI it would require an entire new build of the IT system to support this.

So it seems the options for us would be:-

1. Insist on grant being paid back in full either prior to receiving RHI. While we stressed that the consultation was just that and that decisions should not be taken on the basis of it – this stance would retreat a bit on the consultation position. Also organisations who paid grant might not be keen on receiving it back.
2. Insist on grant being paid back by a certain date as a condition of receiving RHI. Would need to check position re State Aid, would probably need to be managed by us, and as above organisations might not want money back in this way.
3. Facilitate a reduced tariff/term – this would probably involve us becoming involved manually on a case by case basis as from their e-mail Ofgem don't seem to be able to support this. Also DARD would probably then be wanting us to do this going forward as well as for those in the transitional group.
4. Alternatively we could look at an amended tariff for those who have received a grant (i.e removing the capital cost, finance costs etc from the model) This is likely to be complicated not least as it would need to cover various grant scenarios. Would also be a departure from what DECC is doing and may incur costs with Ofgem. Again DARD would probably then want this for their installations too.
5. We go with option 1 in phase 1 with a view to looking at alternative (option 4) in Phase 2 – however, imagine we would get negative publicity because you're telling the transitional period group that they need to wait a further year.
6. We go with Option 3 for the transitional group and then look at Option 5 for any DARD recipients.

No other bright ideas!!

We'll need to decide on this fairly quickly – perhaps Peter will have some inspiration when he returns !!

Joanne