

From: [McCutcheon, Joanne](#)
To: [Hepper, Fiona](#)
Cc: [Hutchinson, Peter](#)
Subject: RHI/DARD grants
Date: 10 September 2012 10:33:53

Fiona

See Peter's e-mail below.

This is how we answered the State Aid question.

I have been asked to confirm that it will not be possible for any new installation to benefit from the RHI and at the same time receive a grant contributing to the direct costs of heat production, and to clarify whether the same issue as the one in the mainland UK scheme could arise on CHP installations being potentially eligible for grants under another scheme.

From the launch of the scheme it will not be possible to receive grant funding that contributes to the direct costs of a heat production installation and to receive RHI tariffs as well.

Installations commissioned during the transitional period (from 1 September 2010 to the date the regulations come into operation) that have received a government grant for the direct costs of heating will have two options. Either the grant is repaid and the full RHI is received or the RHI will be reduced by an amount equivalent to the other grant. This will ensure these sites are neither disadvantaged nor over-incentivised.

We know what we intended - but now that DARD is getting its grants out before the RHI – they will surely fall into the transitional period - it's getting very messy!

My suggested response to DARD would be

DETI are intending to introduce a Renewable Heat Incentive (RHI) in Autumn 2012. This scheme will seek to incentivise the installation of renewable heat by providing long term stable support over the life time of the technology. Installations will not be able to benefit from the RHI and at the same time receive any grant contributing to the direct costs of heat production. Details of the RHI can be found at

www.detini.gov.uk/deti-energy-index/deti-energy-template-menu-5.htm

This is going to be a problem for us.

Joanne

From: Scott, Peter
Sent: 06 September 2012 15:33

To: McCutcheon, Joanne
Cc: Savage, Patrick; Hutchinson, Peter
Subject: RE: RHI

Joanne

As discussed yesterday we are opening Tranche 2 of the BPCF next week. It would be good to have a paragraph, maybe one used in your assurances to the EU that capital grant would not be paid in addition or will be refunded, that we could use with applicants that query the RHI position.

Would you supply me with some words please?

Thanks

Peter

Peter Scott

Climate Change and Renewable Energy Branch

DARD

Room A5.07

Castle Buildings

Upper Newtownards Road

Belfast

BT4 3SR

Tel: 02890378593 (internal ext 88593), alternative no: 02890524130 (internal ext 24130)

From: McCutcheon, Joanne

Sent: 03 September 2012 13:44

To: Scott, Peter

Cc: Savage, Patrick; Hutchinson, Peter

Subject: RE: RHI

Peter

Thanks for your e-mail. The current position with the RHI, is that the Minister has announced her intention to proceed with the introduction of the scheme subject to the necessary legislation being passed by the Assembly. She has also announced the tariffs and bandings. We are therefore hopeful that Phase 1 will commence this Autumn. We have State Aid approval for this Phase and so it will need to be implemented exactly as it was notified to the EU. We cannot at this stage make any changes to this phase.

As the development work on the administrative system has progressed it has become apparent that we cannot accommodate adjustments to incentive payments iro grant payback – therefore under Phase 1 all participants will have to repay grants before receiving an RHI.

Phase 2 will extend the scheme - potentially to domestic installations and additional technologies; it may also provide an opportunity to consider other changes. As this phase will need to be separately notified to the EU, it is unlikely to commence before Summer 2013 at the earliest.

Just to clarify our intentions re the domestic sector. If any installation has received a grant under the RHPP this will be taken into account in subsequent RHI payments i.e. all domestic installations will be equally incentivised. The mechanism by which this is done will be considered as part of the phase 2 development work.

Peter is on leave at the moment but will be back in the office next week – I will ask him to continue to liaise with yourself and Patrick

Regards

Joanne

From: Scott, Peter
Sent: 24 August 2012 14:11
To: McCutcheon, Joanne; Hutchinson, Peter
Cc: Savage, Patrick
Subject: RHI

Joanne, Peter

Since our meeting on RHI in Netherleigh we have been discussing with colleagues in DARD how the RHI and capital grant will not mix. It appears that quite a few grants (in addition to BPCF) that DARD administer and that can include RE kit may be impacted upon by the way the RHI is to be implemented by DETI, given your assurances re State Aid. For example, Farm Modernisation grants, Axis 3 Diverification grants and Processing and Marketing Grants.

So far our thoughts are that the agriculture and food processing sector will have hard decisions to make given the restricted lending climate for capital installations and may feel government are working against them.

Our discussions on comparison with the domestic sector are also a concern given that significant uptake of RHI by the domestic market could have a major market impact on the supply of feedstock in NI. I think it will be a hard sell to say that a farmer, with a small scale biomass boiler, similar in size to a large domestic house has to repay grant/not get RHI when a householder may get both.

Is there any worth in looking again at a size restriction condition?

Perhaps we can pick up RHI again on my return from AL wc 3 September.

Thanks

Peter