

From: [Paget Fulcher](#)
To: [Hutchinson, Peter](#)
Subject: RE: Domestic RHI - Cost / Benefit
Date: 14 March 2014 16:53:10
Attachments: [DETI RHITM Phase 2 model FINAL.xlsm](#)

Dear Peter,

I am in the office today so have tracked down the Phase 2 model, attached to this email.

I apologise if this was not sent through to you earlier.

Best regards,

Paget

From: Hutchinson, Peter [mailto:Peter.Hutchinson@detini.gov.uk]
Sent: 14 March 2014 09:27
To: Paget Fulcher
Subject: RE: Domestic RHI - Cost / Benefit

Paget,

Thanks for your prompt reply on this, very helpful.

The query on the model can wait for another day.

Thanks,

Peter

From: Paget Fulcher [mailto:paget.fulcher@cepa.co.uk]
Sent: 12 March 2014 16:39
To: Hutchinson, Peter
Subject: RE: Domestic RHI - Cost / Benefit

Hi Peter,

I'm afraid, Iain no longer works for CEPA. However I would be happy to help.

My quick response is that this occurs because of a domestic financing constraint (compare tables 7.2 and 7.3). Because the lifetime and seven year tariffs do not address the barrier of the upfront cost to households, the tariffs won't be able to incentivise them to install renewable heating. Only the ones with upfront grant elements can start to break the barrier and increase deployment. Does that make sense?

On the other hand I'm not sure why for example there is an increase in deployment when you move from no domestic support to having a lifetime or seven-year tariff when there are additional tariffs but that could be down to an effect such as non-domestic schemes pushing out some less efficient domestic schemes in the baseline.

I'm afraid I'll have to look into your question on the model as I don't have access to the project folder at the moment (I'm on secondment to Ofgem working on interconnector policy). Is this urgent?

Regards,

Paget

From: Hutchinson, Peter [<mailto:Peter.Hutchinson@detini.gov.uk>]

Sent: 12 March 2014 16:09

To: Paget Fulcher

Subject: FW: Domestic RHI - Cost / Benefit

Paget,

Emailed Iain the query below re NI domestic RHI, however the email bounced back so am assuming he has moved on from CEPA.

Can you take a look at the query and, if possible, provide a quick answer?

Thanks,

Peter

From: Hutchinson, Peter

Sent: 12 March 2014 15:52

To: 'Iain Morrow'

Subject: Domestic RHI - Cost / Benefit

Iain,

Sorry to bother you, hoping you can answer a very quick query on the report you completed for us last June (attached for ease of reference).

We are working through the approval process for domestic RHI and some queries have been raised regarding the cost benefit analysis. Can you advise why the "lifetime tariff" and "seven year tariff" options detailed in tables 7.4 – 7.8 (pages 55-60 of attached) are zero'ed out showing no benefit in comparison to the "do nothing" option? Looking at it now I can't understand how this could be the case.

If you are able to advise that would be most helpful.

In addition, we never received the economic model for the phase 2 analysis – can you advise was this because the analysis was carried out "off-model" or was there another reason?

Thanks,

Peter

Peter Hutchinson

Renewable Heat

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