

**MINUTES OF DETI CASEWORK MEETING
RENEWABLE HEAT INCENTIVE (RHI) SCHEME
21 October 2015**

COMMITTEE:	Eugene Rooney Trevor Cooper Shane Murphy	(Chairperson, DETI) (Head of Finance, DETI) (Head of ASU, DETI)
PROJECT TEAM:	John Mills Stuart Wightman Alan Smith Seamus Hughes	(Head of Energy Division, DETI) (Energy Division, DETI) (Energy Division, DETI) (Energy Division, DETI)
DFP :	Emer Morelli Angela Millar Michelle Scott Noel McNally	(DFP) (DFP) (DFP) (DFP)
SECRETARIAT:	Lee-Anne Hutchinson	(ACB - DETI)

Introduction

1. ER welcomed everyone to the DETI casework meeting to discuss the RHI scheme. ER explained that the aim of the meeting was to discuss the issues which needed to be resolved urgently for the RHI scheme given the imminent proposed legislative changes.
2. It was confirmed by all attendees that there were no conflicts of interests to declare.

Background

3. ER asked what was the current position regarding the legislation on the RHI scheme. JM said that a notice had been issued two months earlier to say the legislation changes would be made in early November. He confirmed that it is currently with the legal advisors and it will go to the Assembly in November 2015. JM confirmed the Minister has cleared the policy and the Committee have cleared the SL1. He confirmed that the last legal issues are being scoped and are on track. JM explained that the main change in the legislation relates to the change introducing a tiered tariff and an annual cap on the hours.
4. EM asked if the proposals required consultation. SW said that a consultation had taken place in 2013. He said that the final policy was in line with legal advice. ER felt that DFP approval needed to be in place before the legislation could be laid.

5. ER asked if DECC views had been sought on the proposed changes. JM said they hadn't but they had been dealing with OFGEM and they had numerous discussions with them on the practicalities. ER asked if there had been any concerns raised. JM confirmed there had been issues but they had been worked through.
6. ER noted that much of the take-up in technology related to biomass and questioned whether England has similar issues. JM said that the vast majority in GB is biomass with 90% in the non-domestic market with the domestic market being more balanced. He confirmed they did have similar issues.
7. EM asked were Energy Division relying on the 2013 consultation. JM confirmed that the current legislative proposals are being considered as the out workings of the 2013 consultation and that no additional public consultation would be carried out. He explained that energy Officials have ensured that key representatives from the industry were informed of the published final proposals.
8. TC asked if Energy Division had held discussions with the industry. SW confirmed they held discussions with suppliers and installers. He said they had spoken to some clients after the notice had been issued.
9. MS enquired about the trigger points that were not implemented in 2013 and should they not have been included. JM said that it was a Ministerial decision to look at the domestic scheme rather than pushing through the trigger points on non-domestic which would have significantly delayed the implementation of the domestic scheme.
10. SW confirmed that there had not been enough resources to do both and that it had taken to December 2014 to introduce the domestic scheme.
11. ER asked if any other industry, than poultry, in England used biomass. SW said that it wasn't just the poultry industry there but other agriculture industries, and hotels.
12. MS asked what triggered the cost control measures that were implemented in England in 2012. SW was unsure and confirmed they would check to identify the trigger. He assured the panel the NI scheme had received limited application numbers in 2012/13.

Action Point: Energy to identify the trigger of the cost controls in England in 2012.

13. NMcN asked about the tariff digression and if the band widths were to be widened how had this been taken into account. SM said this would reduce any quirks in the incentive to install sub optional sized equipment. NMcN asked how this change would be fed into the

forecast. SW said the forecast has the higher expenditure amount included for the 199 KW boiler. SW said the forecasts incorporated this increase.

14. EM asked if the tariff change is the most effective way to control the scheme at this time. SW confirmed this to be the case pending the further review and proposals for next year.
15. MS enquired if any more discussions had been held with DECC as the Spending Review will be concluded in November. JM said that there had been nothing as yet.
16. JM indicated DETI would be happy if approval has a caveat and Energy Division can report to DFP after November.
17. JM said that it was a Ministerial agreement that the legislative changes be taken forward as a priority.
18. TC asked DFP if a multiyear position would be received from Treasury in November. MS said they were unsure how much information would be provided by Treasury as in previous years they hadn't provided much information. DFP may need to get further advice from Treasury.
19. ER asked if the renewable targets were being reported against PFG and JM confirmed they were.
20. ER asked about the reference to security of supply in the business case addendum. SW confirmed it was in relation to availability of biomass fuel but agreed to remove this from the business case.
21. ER asked about the contract with OFGEM. SW confirmed that Ofgem are appointed by DETI under powers in the Energy Act 2011 and that an Administrative Agreement was in place with Ofgem. SH said that it is an indefinite agreement but that it can be stopped in 60 days. ER said the approval sought around administration of the scheme should be clarified.
22. TC clarified that the information included in the casework on the Domestic Scheme was for purposes of looking at affordability of both schemes going forward, not around any approval for the Domestic Scheme as this was already in place.

Conclusion and recommendation

23. ER summarised the position that DETI had been examining the options for managing the scheme in the short term pending a full review and in light of a rapid acceleration in demand for biomass technology in recent months. The DETI Casework Committee had concluded that, at this time, the proposed changes set out in the business case seemed to be the best way of approaching the Non-Domestic Scheme in the short term.

24. ER noted that DFP approval is required before the legislation could be laid and the Minister needs to be informed.

25. MS said that DFP required more time to review the business case and provide comments. She asked that DETI provide DFP with the reasons why the scheme went outside the previous approval period and what is in place to prevent it happening again.

A handwritten signature in black ink that reads "Eugene Rooney". The signature is written in a cursive style with a large initial 'E'.

EUGENE ROONEY

10 MARCH 2016