

From: [Scott, Michelle](#)
To: [Cooper, Trevor](#)
Cc: [Millar, Angela \(DFP\)](#); [Finlay, Christine](#); [Rooney, Eugene](#); [Murphy, Shane](#); [Mills, John \(DETI\)](#); [McFarlane, Iain](#); [Hutchinson, Lee-Anne](#); [Wightman, Stuart](#)
Subject: RE: Business Case Addendum for the NI Non-Domestic Renewable Heat Scheme
Date: 28 October 2015 12:22:52

Trevor

Many thanks for coming back to me – sorry I had read the RPI point last week and subsequently forgot!

Michelle

From: Cooper, Trevor
Sent: 28 October 2015 12:15
To: Scott, Michelle
Cc: Millar, Angela (DFP); Finlay, Christine; Rooney, Eugene; Murphy, Shane; Mills, John (DETI); McFarlane, Iain; Hutchinson, Lee-Anne; Wightman, Stuart
Subject: FW: Business Case Addendum for the NI Non-Domestic Renewable Heat Scheme

Michelle

Many thanks for your ongoing consideration of this case (i note the time of your email last night!!!). Your queries are addressed below – i am at ofmdfm audit cttee 1.15 to 3.30 – free after if you need to discuss further:-

The tariffs currently in place for this scheme are slightly higher than those set out within the 2012 business case. For example the proposed tariff for 20-99 kWth for Biomass was 5.9p in the business case, however the actual tariff operating is 6.4p. Indeed, the only tariffs which remain in line with the business case are those for the largest installations. Sorry if I am missing it in the addendum – but grateful for an explanation on why the tariffs increased post DFP approval.

Paras 2.26 and 7.58 of original business case set confirmed that tariffs would be subject to adjustment for RPI – so unless a tariff was amended for reason of either bringing return into line or for affordability reasons there would be movement due to rpi – up or down - gives comfort to investor that their return would not be eroded by inflation impact over twenty years.

I just wanted to check another quick point regarding risk management. The original business case contained a relatively high level assessment of risk and in this section there was reference to, for example, risk of incorrect subsidy (to be managed by DETI through regular reviews) and risk of insufficient budget (to be managed through ongoing engagement by DETI with key industry stakeholders, DECC and HMT). While I assume this narrative around risk was not translated into a live risk register at the time, has it been now in response to our current experience?

Yes, risks associated with both RHI Schemes are included in the Energy Division Business Plan and Risk Register. RHI risks were in previous plans but focus was on, for example, internal resources and introduction domestic scheme. Extract from current register below – which is supplemented by references in Assurance Statements and actions in Energy Divisional Plan – position on RHI is also being monitored by DETI Board – Independent Members are being provided with the information that we have sent you.

Objective: Promote Sustainable energy			For risks with a residual assessment of High or Medium Impact and High Likelihood:							
Category – Operation and Policy Delivery			<u>Number of Quarters at this Level:</u>							
Risk Appetite – Open			CONTROLS IN PLACE			ACTION PLANNED		TARGET DATE	OWNER	
RISK	Inherent Assessment					Residual Assessment				
	Impact	Likelihood				Impact	Likelihood			
10. Failure to manage RHI budgets and authorisations.	High	High	Revised RHI profile Escalate issues			High	High	Introduce tiered controls for biomass.	November 2015 March 2016	John Mills (SW)

			Develop revised business case			Develop proposals for digression	Ongoing	
						Continue to refine estimating of budgets	October 2015	
						Seek DFP approval		

On a related point – was this programme subject to Gateway review?

There is no record that a Gateway Review was completed on the original RHI proposals in 2012.

From: Scott, Michelle
Sent: 28 October 2015 01:37
To: Cooper, Trevor
Cc: Millar, Angela (DFP); Finlay, Christine
Subject: RE: Business Case Addendum for the NI Non-Domestic Renewable Heat Scheme

Trevor

Apologies – quick couple of question on this.

The tariffs currently in place for this scheme are slightly higher than those set out within the 2012 business case. For example the proposed tariff for 20-99 kWth for Biomass was 5.9p in the business case, however the actual tariff operating is 6.4p. Indeed, the only tariffs which remain in line with the business case are those for the largest installations. Sorry if I am missing it in the addendum – but grateful for an explanation on why the tariffs increased

post DFP approval.

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On a related point – was this programme subject to Gateway review?

Thanks

Michelle

From: McCoy, Laura **On Behalf Of** Cooper, Trevor
Sent: 27 October 2015 16:20
To: Scott, Michelle
Cc: Rooney, Eugene; Stewart, Chris (DETI); Mills, John (DETI); Brankin, Bernie; McFarlane, Iain; Wightman, Stuart
Subject: Business Case Addendum for the NI Non-Domestic Renewable Heat Scheme

Michelle

Please see attached from Trevor Cooper.

Please note the Business Case Addendum has been updated slightly from yesterdays version due to a few typos and formatting errors.

Regards,

Laura McCoy
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