

**From:** Galloway, Pamela  
**To:** "[Jarrett, Keith - HMT](#)"  
**Subject:** RE: Renewable Heat Incentive Scheme  
**Date:** 26 November 2015 11:13:00

---

Thanks Keith

I take it this is a total cap i.e commitment to ongoing payments relating to prior installations are first call on this funding and then what is left can be used for further investment? In that circumstance this funding will be split between RAME and CAME – I take it that is what you expect and it is for us to provide the split when loading the next set of AME numbers to OSCAR. Our department will be talking to DECC on the operation of the revised scheme but I want to make sure that numbers are set before they embark upon a scheme that may fall outside of these parameters.

Thanks again  
Pamela

Pamela Galloway  
Central Expenditure Division  
Room P1 New Building  
Rathgael House  
Bangor

Tel: 028 91858010  
Internal: 68010  
email: [pamela.galloway@dfpni.gov.uk](mailto:pamela.galloway@dfpni.gov.uk)

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**From:** Jarrett, Keith - HMT [mailto:Keith.Jarrett@hmtreasury.gsi.gov.uk]  
**Sent:** 26 November 2015 11:10  
**To:** Galloway, Pamela  
**Subject:** RE: Renewable Heat Incentive Scheme

Pamela

The RHI numbers for NI are

£ million	2015-16	2016-17	2017-18	2018-19	2019-20
GB	420	640	780	900	1010
NI		18.3	22.3	25.7	28.9

These are basically calculated using Barnett on the GB numbers.

I've not seen anything regarding conventional AME stuff announced at AS/SR.

Thanks

Keith Jarrett  
Devolution Spending Control  
Second Floor, Yellow Zone

Desk 2D.311  
HM Treasury  
Tel: 020 7270 4809 (GTN 270 4809)

---

**From:** Galloway, Pamela [<mailto:Pamela.Galloway@dfpni.gsi.gov.uk>]  
**Sent:** 26 November 2015 10:51  
**To:** Jarrett, Keith - HMT  
**Subject:** RE: Renewable Heat Incentive Scheme

Keith

We spoke on this at the time and you said my query was timely as it was also subject to discussions with DECC.

I see in yesterday's announcement that this scheme is to continue but will be subject to a cap. Can you let me know how this is envisaged to work and what the NI share of the funding for this will be.

Will we be seeing a 'barnett' spreadsheet for all the AME measures announced?

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**From:** Jarrett, Keith - HMT [<mailto:Keith.Jarrett@hmtreasury.gsi.gov.uk>]  
**Sent:** 09 October 2015 10:17  
**To:** Galloway, Pamela  
**Subject:** RE: Renewable Heat Incentive Scheme

Pamela

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Thanks

Keith Jarrett  
Devolution Spending Control  
Second Floor, Yellow Zone  
Desk 2D.311  
HM Treasury  
Tel: 020 7270 4809 (GTN 270 4809)

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So firstly to let you know of the little bit of understanding I have and then on to the questions.

So at 2010 Spending Review we were notified in the settlement letter of AME funding being available to NI should we choose to implement a NI renewable Heat Incentive Scheme. This funding totalled £25 million over the 5 years. However the scheme itself by its nature involves a commitment to fund up to 20 years based upon tariffs. At that time we had sight of an email which clarified that these commitments to future spending were for installations installed within the SR period. So far so good and AME forecasts locally included reference to this although returns to OBR in the early part of this process did not (as it was outside of the usual list of things they wanted at that time).

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So onto the final question on these future years numbers based upon set tariffs – the forecast will include the best estimation of the commitment going forward but there is no level of announced expenditure to measure that against – is that the case – it is one of those items where it is what it is?

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**From:** Galloway, Pamela  
**To:** [Scott, Michelle](#)  
**Cc:** [Millar, Angela \(DFP\)](#); [Benton, Sarah](#)  
**Subject:** RE: RHI references within SR - AME  
**Date:** 26 November 2015 09:58:00

---

Michelle

I want to get clear clarification from HMT on this one before we embark on a path that we later find is wrong, especially as this mentions a cap – we need to know our element of this cap so that whatever scheme is offered is framed within this limit (if we have one).

I will let you know what I find.

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**From:** Scott, Michelle  
**Sent:** 26 November 2015 09:47  
**To:** Galloway, Pamela  
**Cc:** Millar, Angela (DFP); Benton, Sarah  
**Subject:** RHI references within SR - AME

Pamela

We have been discussing DETI's Renewable Heat Incentive, and the AME implications. Yesterday's SR included reference to the future of the scheme, with increased funding for the scheme to 2020-21. The reference and figures below are from the SR policy costings paper and, as this document sets out the costings for tax and AME policy decisions, I think it is reasonable to conclude the RHI spending will remain in AME.

I just want to clarify the next steps from a budgetary perspective. Clearly I will look to DETI to engage with colleagues in DECC to understand the policy implications for the design of the scheme, however as this is an AME cost within the SR, can we assume our NI expenditure is now treated as normal AME, or will further clarification follow from HMT on our RHI AME expenditure?

As we have discussed, there has been increased uptake of this fund after a period of relatively low spend therefore it will be important from a budgetary perspective that we have a common understanding of the funding arrangements.

Many thanks

Michelle

## Renewable Heat Incentive: capping costs and improving value for money

### Measure description

This measure will reform the Renewable Heat Incentive (RHI) from 2016-17 to 2020-21, improving value for money and including additional budget management controls (budget caps). Funding of the scheme will continue to rise to £1.15bn in 2020-21.

In each year, the budget cap will provide a backstop on expenditure. Should the forecast expenditure on existing applications and accreditations reach the agreed budget for that year or any future year, the Secretary of State will be able to take action to suspend the scheme to new applications.

### The cost base

Current RHI deployment data and expected deployment in the remainder of the year has been used to calculate expected spend in 2015-16. The Department of Energy & Climate Change (DECC) publishes its latest deployment data on a monthly basis. DECC expects current deployment levels to increase in future years in line with the level of the agreed budget.

### Costing

The costing is derived by assuming that spend reaches the agreed budget level in each year from 2016-17 to 2020-21, which will be supported by improved cost control as set out above.

### Exchequer impact (£m)

	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Exchequer impact	0	+30	+100	+245	+460	+690

### Areas of uncertainty

The main uncertainty in the costing relates to the demand-led nature of the scheme, which means that deployment is uncertain. There is also uncertainty around the amount of heat that will be generated by installations participating in the scheme, for example due to variability in weather. Similarly the production of biomethane can vary due to factors such as the availability of feedstock.

1

**From:** [Scott, Michelle](#)  
**To:** [Galloway, Pamela](#)  
**Cc:** [Millar, Angela \(DFP\)](#); [Benton, Sarah](#)  
**Subject:** RE: RHI references within SR - AME  
**Date:** 02 December 2015 13:51:37

---

Pamela

I took a call from DETI on this today. Their Audit committee are a little nervous about the budgetary position in respect of the RHI and are seeking comfort from the DETI FD that the increased RHI spend this year will be funded through AME. They also need to take decisions about the scheme for 2016-17 and beyond, which will be, in part, informed by the funding available and any limitations on that funding. If we need to further amend the RHI scheme in 2016/17 in recognition of a new cap then we would need to start that work immediately.

I appreciate the SR was only last week, however I just wanted to check if you had heard anything yet?

Thanks

Michelle

---

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**Cc:** Millar, Angela (DFP); Benton, Sarah  
**Subject:** RE: RHI references within SR - AME

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1

**From:** [Scott, Michelle](#)  
**To:** [Scott, Michelle](#)  
**Subject:** FW: CONFIRMATION OF 2015-16 RHI AME ALLOCATION  
**Date:** 23 February 2017 20:23:57  
**Attachments:** [Response from Rt Hon Gregory Barker MP07 01 14.pdf](#)  
[image001.gif](#)

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**From:** Brankin, Bernie  
**Sent:** 03 December 2015 15:31  
**To:** Scott, Michelle  
**Subject:** FW: CONFIRMATION OF 2015-16 RHI AME ALLOCATION

Michelle

As discussed, see attached correspondence.

Bernie

## **Bernie Brankin**

Finance Branch  
Department of Enterprise, Trade & Investment  
Netherleigh  
Massey Avenue  
Belfast, BT4 2JP  
Tel: 028 9052 9417 (ext: 29417)  
TextRelay: 18001 028 9052 9417  
Web: [www.detini.gov.uk](http://www.detini.gov.uk)

[cid:image001.gif@01D12DDC.F407EC30](#)



[NI Year of Food & Drink 2016](#)

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Department  
of Energy &  
Climate Change

The Rt Hon Gregory Barker MP  
Minister of State

Department of Energy & Climate Change  
3 Whitehall Place,  
London  
SW1A 2AW

[www.gov.uk/decc](http://www.gov.uk/decc)

Your ref: DETI COR 595/2013

Minister Arlene Foster, MLA  
Minister for Enterprise, Trade and Investment  
Department of Enterprise, Trade & Investment  
Netherleigh  
Massey Avenue  
Belfast,  
BT4 2JP

7 January 2014

Dear Arlene

Thank you for your letter dated 16 December in response to mine of 29 November that included detail of the government's proposed response to the consultation on extending the non-domestic RHI scheme, and details of the budget management mechanism for the domestic RHI scheme.

I am pleased you were able to support the Government's range of proposals, which have since been formally published on 4 December.

You raised a point about the Northern Ireland budget for the RHI in 2015/16, and in particular sought clarification of whether this comes from the £430m settlement agreed for the GB RHI scheme.

The standard arrangement is that the population-based Barnett Formula is applied to all departmental settlements in Spending Reviews in the normal manner, with full details of the formula set out in the Statement of Funding Policy. Funding for the Northern Ireland RHI scheme for 2015/16 would therefore be derived from the £430m 2015/16 settlement figure agreed for the GB scheme, but not paid directly from that.

I understand that your Department should have received RHI funding directly from HMT in the 2015/16 Spending Round.

I hope this is helpful.

Scott, Michelle

From: Galloway, Pamela  
Sent: 03 December 2015 15:55  
To: Scott, Michelle; McGuinness, Jeff  
Subject: FW: Renewable Heat Incentive Scheme

*revision*  
*AME 15/16.*  
*June*  
*revised.*  
*forecast.*

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*RHI*

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*18/28.9.*

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From: [Scott, Michelle](#)  
 To: [Galloway, Pamela](#); [McGuinness, Jeff](#)  
 Subject: RHI  
 Date: 03 December 2015 14:20:00

Pamela

This does not reflect the very recent and unprecedented spike in demand – however it does assume the scheme will make new commitments until Sept 2016 – DFP approval is not in place for the scheme to run beyond the end of this financial year.

I will contact DETI as agreed

Michelle

<b>Table 3.19 – Non Domestic RHI Expenditure (for commitments up to 31 Dec 2016) £,000</b>								
<b>Non Domestic Forecast</b>	<b>15/16</b>	<b>16/17</b>	<b>17/18</b>	<b>18/19</b>	<b>19/20</b>	<b>20/21</b>	<b>6 Year Total</b>	<b>20 Year Total</b>
Previous Commitments (Nov12 – March15)	13,058,742	13,058,742	13,058,742	13,058,742	13,058,742	13,058,742	77,229,074	261,174,840
New Commitments (Apr15- Sept16)	8,412,243	18,271,625	19,359,965	19,359,965	19,359,965	19,359,965	104,123,726	386,134,869
<b>Revised AME Forecast (Oct15)</b>	<b>21,470,985</b>	<b>31,330,367</b>	<b>32,418,707</b>	<b>2,418,707</b>	<b>32,418,707</b>	<b>32,418,707</b>	<b>182,476,178</b>	<b>647,309,709</b>

**From:** [Scott, Michelle](#)  
**To:** [Scott, Michelle](#)  
**Subject:** FW: RHI  
**Date:** 23 February 2017 21:04:34

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---

**From:** Morelli, Emer  
**Sent:** 03 December 2015 17:43  
**To:** Scott, Michelle  
**Subject:** Re: RHI

Thanks Michelle.

Emer

Sent from my BlackBerry 10 smartphone.

---

**From:** Scott, Michelle  
**Sent:** Thursday, 3 December 2015 17:06  
**To:** Morelli, Emer  
**Subject:** FW: RHI

Emer

Trevor thinks the figures should be available tomorrow, but flagged that the email has been forwarded to energy branch who may react to the suspension/closure question. I have stressed this is a decision which is outside DFP's gift, we are merely gathering information.

I bumped into Mike and mentioned this in case we get a Private Office reaction this evening. Given the potential gap between the cap and the commitments, Mike was relaxed about a DETI reaction.

Michelle

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**From:** Scott, Michelle  
**Sent:** 03 December 2015 15:52  
**To:** Cooper, Trevor  
**Cc:** Morelli, Emer; Brankin, Bernie; Millar, Angela (DFP)  
**Subject:** RHI

Trevor

As we have discussed, DFP have been engaging with HMT to understand the implications for NI's RHI funding of last week's SR announcement.

As you are aware, while the SR reported that funding for the scheme will continue to rise, a cap was also announced which will provide a 'backstop on expenditure'. This mechanism would allow the Secretary of State to take action to suspend the scheme to new applications should forecasts reach the budget levels set out within the SR document.

To inform our discussions with HMT on the implications of a cap on the funding made available to us, I would be grateful if you could provide the latest cost forecasts for the RHI scheme (domestic and non-domestic) under the current arrangements by year (including 2015-16), split by existing commitments and projected new commitments.

I would also be grateful if you could indicate, in the event that any cap on expenditure for NI was lower than the existing commitments, how quickly the scheme could be suspended/closed to new applications. As highlighted above, this is simply scenario planning to inform a wider discussion with HMT.

When we spoke recently about this scheme, you indicated there was a considerable spike in applications as a result of the announcement of the tariff reduction. I would therefore also be grateful if you could provide an update on that spike, in particular how many of these additional applications have been, or are likely to be, approved. It would also be helpful if you could explain where these have been factored into your cost projections (i.e are they in existing or new commitments).

I assume much of this information will be updated in real time by OFGEM and therefore should be readily available to Energy branch? I would be grateful if this information could be provided as quickly as possible to inform discussions on Monday.

Many thanks

Michelle

**From:** [Scott, Michelle](#)  
**To:** [Cooper, Trevor](#)  
**Cc:** [Morelli, Emer](#); [Brankin, Bernie](#); [Millar, Angela \(DFP\)](#)  
**Subject:** RHI  
**Date:** 03 December 2015 15:52:27

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