

# Moy Park

# AGENDA

- Moy Park Perspective : *benchmarking. indirect heating.*
- Understanding Forecast 20 year NI RHI Budget Deficit
- Poultry Farming Benchmarking
- Existing Conditions of Scheme
- Robust Auditing
- Budget Implications
- Potential Adjustments
- Summary

*Competitive accy. Advocate for responsible use.*



*Moy Park 4 boilers.  
Hot water Heating dry heat*

*700 farm in NI  
350 RHI boilers.*

## Moy Park Perspective

- Long Term commitment to Hot Water Heating in Poultry Farming
- GB & NI RHI Schemes
- Advocates of responsible use – underpinned by benchmarked data
- Budget Compliance
- Partnership approach.

# Understanding the forecast budget deficit

- Total Forecast £1.2bn with deficit £0.5bn?
- Poultry Industry Usage assumptions unclear
- CHP plants 2018/19

Not something recognizing  $\frac{24}{7}$  <sup>empty</sup> <sub>when hits</sub> } Benchmarking.  
 No heat in June

May Park result.  $32^{\circ} - 21^{\circ}$  aspect of farms. | Interscope no birds in pen  
 7/18 no heat } 8/10 days x 5 = 50 days

[Balance of optimal heat] 40 days of needed heat

CHP B

# CHP Plants – included - £180,000,000!

Table 7: RHI Applications and associated costs 2012 to 2016

Period	Application Numbers	Annual Cost £m	Total 20 Year cost <sup>3</sup> £m
<b>Non-domestic schemes</b>			
Nov 2012 – March 2015	564	13.2	285
April to September 2015 *	359	6.4	195
October 2015 *	429	5.5	250
November 2015	432	4.8	235
December 2015 – March 2016	324	0.6	185 <sup>4</sup>
<b>Total non-domestic</b>	<b>2,128</b>	<b>30.5</b>	<b>1,150</b>
Domestic schemes	2,721	4.6	30
<b>Total commitment to 31 March 2016</b>	<b>4,849</b>	<b>35.1</b>	<b>1,180</b>

Contestable business case – Wood Pellet production away from source

Hidden in this number – not explicit (0.6M \* 20 + inflation = £6M from £185m = £180M)

Boiler vs Applicants

99 kWhs amongst list  
Some inclusion Feb 20/30m

Applicant vs Boiler

assume to fall out over 20 years.

contingency = cost

<sup>4</sup> Assumes that 2 large CHP (combined heat and power) plants with preliminary accreditation will proceed in 2018-19

Common text  
wood pellet in G. Anti  
2.3103116

£170m avails. 2 plants  
no-appeal a certainty + use.  
25 days after  
scheme closed

# Understanding the forecast budget deficit

- Total Forecast £1.2bn with projected deficit £0.5bn?
- Poultry Industry Usage assumptions?
- CHP plants 2018/19?
- **Applicants versus Boilers?**
- **12 month Payments – order of cost per boiler**
- **Forecast assumes no fall-out over 20 years**

# Poultry Farming Benchmarking

- CAFRE July 2015 evidence based paper published
- Consistent with Moy Park GB & NI Data set
- c1,800 - 2,000kWh per thousand standard birds per crop PA
- Audit Summary

can also kWh

- Processor Payments – thousand bird produced
- Audited Accounts
- Fuel Purchase summary invoices
- Bank Statements – purchase of fuel [BALCAS]
- Maintenance Records and Certification

→ cap statement.

have to by fuel :-

only up to:  
 100%  
 50% of the current value of yr + den

- Auditor General stated possible for Poultry Boiler to run 24/7 – 800,000kWh experience and CAFRE paper shows more like 400,000kWh

average 30,000 birds

30,000 birds

7x60 = 420,000  
 [average typical] Bf ham. v.

2,000

= 2,000. 400,000 per year

## Existing Conditions of the Scheme

- **Annual declarations 2.24** All participants



“Confirm they are not generating heat for the predominant purpose of increasing their periodic support payments”

- **Evidence of criminal activity**

“may refer the case to the relevant authorities for investigation.”

Source: Department of Economy NI **Guidance for non-domestic RHI applicants**

⊗ Show ~~the~~ for?  
robust auditing.  
⊕ auditing / Penra need to understand and ability to  
get data from meters.  
Look for longer evidence.



Before / After  
matters today

# Immediate need for Robust Auditing

checked, not white  
where else do you  
have controls?  
not insulated  
Keep this day.

- Resourced and informed – across sector and disciplines *new bases of. - EU single point.*
  - Examples – EU Single Payment
  - Audit Specification
    - Independent and rapid *scrutinize meters*
    - Technical – installation, meter integrity & fuel purchase
    - **New Approach Business Case** – evidence of appropriate business activity ... Production y Usage
- BENCHMARKING across sectors ... proof required

common reminder  
not right. ] will be used.

do need  
point. ] benchmark across  
sector

## - Inappropriate usage

- Fraud – trigger point e.g. greater than 50% Hours running PA *only valid at 800 kWh.*
- Inefficient Use
  - ✓ Unnecessary Use – business case outside normal commercial heating requirement
  - ✓ Over usage – benchmarking across sectors
  - Inefficient Buildings/Process – inefficiency inadvertently rewarded

Control documents  
+ invoice.  
Tech / Audit.  
No justification for  
additional steps to.

high level usage  
Efficient boilers  
Emiss Part of Views  
+ handle  
maintenance

Fossil fuel before have  
oil / gas to biomass. + other background heat  
burning.

ROZGW - BASIS

# 20 Year Budget Implications

- Total Predicted Spend (20 years) worst case
- (Predicted over spend £480,000,000)

£1,200,000,000

- CHP Plants – included but not RHI as we know it
- Potential disqualified boilers (PWC 4.5%)
- Inappropriate usage/over estimated
- efficiency based est20%

Invalidated assumptions and drop out

*boilers not built.*

- Net potential less savings
- Estimated Westminster Funding

-£ 180,000,000

-£ 100,000,000

-£ 170,000,000

-£ 50,000,000

⊗ CHP explain  
stri + what  
better.

[4.5%].

£ 700,000,000

£720,000,000 } £660m

- Assumptions very general both in spend and savings – needs more detailed analysis

⊗ Bin it back.

5.1 15.9 16.4 ↔ Epyg ↓ } big difference  
what cost impact.

GB - £28k per year  
NZ - £24k per year

4.00 kWh  
↓  
3.80 kWh

depression ⇒ only look for

# Potential Adjustments to the NI Scheme

## Original Intent

- Replace Fossil Fuel with Renewable
- Support capital investment in renewable systems
- Mitigate fuel cost increases renewable v fossil

## Adjustments

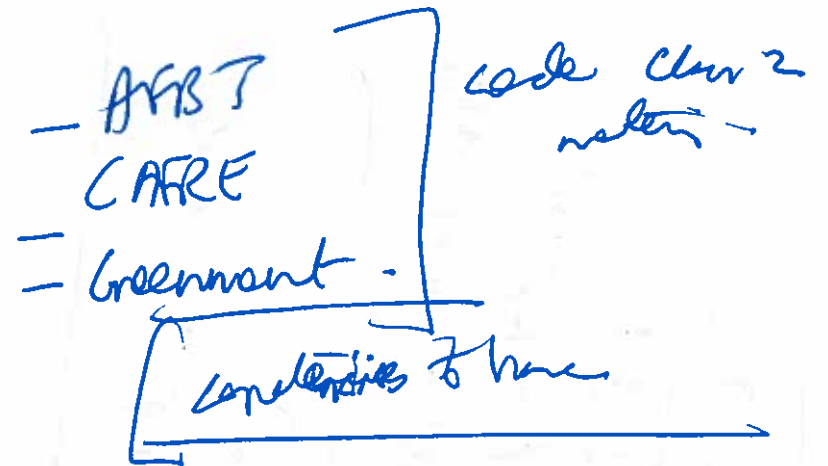
- Maintain a level playing field across NI & GB
- Retrospective Tiering
- Separate investment costs in infrastructure from fuel
- Index link fuel costs to a basket of fuels

↔ AMZ in GB  
+ across Europe. in UK  
Market

Reasonable basket of 400 kWh  
 [ Reasonable basket of 400 kWh ]  
 [ separate capital + fuel cost ]  
 £2.00 per tonne  
 ↓  
 £1.50 per tonne

Energy Penetration for competition  
partly model from GB.

# Summary



- Long Term commitment to Hot Water Heating in Poultry Production + Welfare of Farmer.
- GB & NI RHI Scheme
- Advocates of responsible use – underpinned by benchmarked data
- Budget
  - Forecast needs to be validated
  - Auditing can drive Budget compliance
- GB & NI RHI Scheme
- Partnership approach.

still left to Audit. [ Conversion / Appliance / Foreign / Appliance / Foreign / Appliance ]

- less kerth letter  
- less Announce or a by product near venturing.  
only repair when phone leads in.  
retrofitted in a number of house.

2011/12 [ ] and water repair  
Partner letter -> audit of this scheme

① APB → PWC  
copy every month  
net 24 hrs.

② Not done of Peak -

May Park from Net the peak  
100 in period

Yes see it also.

Can't get load now it.

Who is in charge 600 KWH  
+ what is the reason?

When is done: Start audit + review  
(reporting audit)

retirement  
fuel.

May Park - Techni Agents

presented in the May Park - VFM report  
not to contact Audit Office.

£ 270m gap here.

Annual Review of  
CHP → will cost  
at least  
£200m, revenue +  
expenditure

New Venture.