

**From:** [McMurray, Stephen](#)  
**To:** [Scott, Michelle](#)  
**Cc:** [Brennan, Mike](#); [Morelli, Emer](#); [Cousins, Heather](#); [Montgomery, Paul](#); [McNally, Noel](#); [Finlay, Christine](#); [Murphy, Shane](#); [Woods, Michael \(DfE\)](#); [Dukelow, Victor](#)  
**Subject:** RE: RHI addendum - rates of return  
**Date:** 11 January 2017 16:54:56

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Thanks Michelle, your understanding from our recent discussions is correct and I confirm that the October 2015 conclusion on value for money reached by DETI is not undermined by this change in comparator to the 12% figure.

Stephen

### **Stephen McMurray**

RHI Taskforce

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**From:** Scott, Michelle  
**Sent:** 06 January 2017 16:41  
**To:** McMurray, Stephen  
**Cc:** Brennan, Mike; Morelli, Emer; Cousins, Heather; Montgomery, Paul; McNally, Noel; Finlay, Christine  
**Subject:** RHI addendum - rates of return

Stephen

There has been a helpful engagement between our departments on the rates of return query raised by DoF just before Christmas, and I am grateful for the clarity provided.

As highlighted in previous correspondence, the 2015 addendum had compared a rate of return of between 11.6% and 12.8% for the proposed new tiered tariff to the 12% included in the State Aid Approval notification.

I understand from our recent engagement that this comparator was incorrect, as the 12% is an IRR while the 11.6% and 12.8% figures are simply the payback periods expressed as percentages.

The IRRs for the tiered tariffs which have now been calculated demonstrate that the IRRs achievable under three scenarios range from 11% to 19%, with 19% being the maximum return achievable. Clearly this can only be indicative as movement in any of the underpinning cost assumptions would change the IRR (as has always been the case for calculating the returns achievable on this scheme).

I would be grateful if you could confirm that the October 2015 conclusion on value for money

reached by the then DETI is not undermined by this change in comparator to the 12% figure.

Many thanks

Michelle