Section 5: SKILLS TRANSFER

Outline the potential for skills transfer

5.1 This piece of work requires a combination of both economic and energy, specifically renewable heat, expertise to understand the current heat market in terms of supply and demand and to assess the effectiveness and cost of the various support measures that will be considered. This expertise will be required to analyse the market and provide the evidence base for a way forward on an appropriate financial support mechanism for renewable heat.

What arrangements have been put into place to facilitate the transfer of skills from the consultants to departmental staff to the extent that this is a benefit of the consultancy?

5.2 Throughout the project there will be some opportunity for skills transfer to Departmental staff, specifically in relation to energy economics and the cost/benefit of the various options considered. This knowledge and understanding will increase through close contact with the appointed consultants and can be maintained following the successful completion of the project.

When is it anticipated that knowledge and skills delivered by the consultancy will be transferred to internal staff?

5.3 Knowledge and skills delivered by the consultancy will be transferred to internal staff throughout the project through meetings and discussions about the elements of the project. This will be increased further on delivery of the draft report through the process of quality assurance. The final report will assist in in-house knowledge and support the development of a RHI and renewable heat route map.

What are the implications of skills transfer for future consultancy support?

5.4 Due to the highly technical nature of renewable heat, specifically the economics surrounding the various technologies, the skills transfer involved in the project will not mean that future consultancy won’t be required. However, the transfer of skills, knowledge and understanding during this assignment will ensure that this work can be developed further in-house and that any future consultancy will be monitored and quality assured by knowledgeable and experienced staff.
2.29 Ms McCutcheon was replaced by Stuart Wightman on 30 June 2014. From the beginning of his time within the Renewable Heat Branch, Mr Wightman’s time was split between Renewable Heat and Energy Efficiency. Mr Hutchinson’s vacant position was also filled (by Seamus Hughes) on 30 June 2014.

2.30 Mr Thomson retired from the NI Civil Service on 30 June 2014 and was replaced as Head of Policy Group by Chris Stewart on 1 August 2014. On 1 July 2014, Dr McCormick joined the Department as Mr Sterling’s replacement as Permanent Secretary.

2.31 A chart visualising this staff timeline is set out in Figure 2 below:

2.32 The Departmental Officials (introduced at paragraph 2.25 et seq.) who were interviewed as part of our work are as follows:

- Joanne McCutcheon;
- Alison Clydesdale;
- Peter Hutchinson (interviewed twice);
- Fiona Hepper;
- John Mills;
- Chris Stewart;
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\[\text{Figure 2 - Department staff timeline}\]

2.32 The Departmental Officials (introduced at paragraph 2.25 et seq.) who were interviewed as part of our work are as follows:

- Joanne McCutcheon;
- Alison Clydesdale;
- Peter Hutchinson (interviewed twice);
- Fiona Hepper;
- John Mills;
- Chris Stewart;
undertaken alongside the Department for Regional Development (now Department for Infrastructure), and the Department of Finance and Personnel (now Department of Finance).

**Divisional Structure**

9. DETI was led by a Permanent Secretary who was supported by two Deputy Secretaries at Grade 3 level. One Deputy Secretary headed the Policy Group; the other headed the Management Services Group. Each Deputy Secretary was responsible for a number of Divisions (headed by a Grade 5) and Units (headed by a Grade 6).

10. Energy policy, with the exception of nuclear power, is a devolved matter and as such Energy Division had responsibility for the Scheme in DETI. During the lifetime of the Scheme, the Grade 5 with responsibility for Energy Division reported to the Grade 3 with responsibility for the Policy Group.

11. Finance Division was also involved in budgetary issues relating to the Scheme and in matters relating to Internal Audit. The Grade 5 with responsibility for Finance Division, reported to the Grade 3 with responsibility for the Management Services Group. A table of staffing structures is attached at Annex 1.

12. With the exception of the Internal Audit staff, who carried out reviews of the Scheme and the departmental Economists, no other officials from other divisions of DETI had any material involvement in any aspect of the Scheme.

**Departmental and other personnel**

13. DETI’s Permanent Secretary at the outset of the Scheme was David Sterling. On 1 July 2014, David Sterling transferred to the Department of Finance and Personnel (DFP), now the Department of Finance (DoF). His replacement as Permanent Secretary was Andrew McCormick who took up post on 1 July 2014.
14. As stated in paragraph 10 above, Energy Division had responsibility for the Scheme in DETI. During the lifetime of the Scheme, the Grade 5 with responsibility for Energy Division reported to the Grade 3 with responsibility for the Policy Group. At the outset of the Scheme the Grade 3 responsible for the Policy Group was David Thomson who remained in post until 30 June 2014, when he retired from the Northern Ireland Civil Service. David Thomson’s replacement as Head of Policy Group was Chris Stewart, who took up post on 1 August 2014 and he retained oversight of Renewable Energy following the creation of DfE in May 2016.

15. The origins of policy on renewable heat had started as early as 2008-09 as part of the wider work on the Strategic Energy Framework (SEF) and the transposition of the Renewable Energy Directive. This work was headed by a Grade 5, Jenny Pyper who was in post until 31 May 2010. Olivia Martin was the Grade 7 during the emergence of renewable heat policy preparation until July 2009.

16. From October 2016, as part of the urgent response to the difficulties arising from the Scheme, responsibility for the Scheme was transferred to Heather Cousins, the Grade 3 responsible for Higher Education and Investment Group in DfE.

17. A high incidence of staff changes between November 2013 and July 2014 meant that, in effect, two separate groups of staff were involved with the Scheme during its lifetime (although there was some overlap between the two). The first team (for ease of reference Team 1) was headed by a Grade 5, Fiona Hepper, who was in post from the outset of the Scheme until 2 December 2013. Alison Clydesdale was the Grade 7 from July 2009 – May 2011 in the early days of the policy preparation and was replaced by Joanne McCutcheon on 9 May 2011. Peter Hutchinson (Deputy Principal) reported to the Grade 7. Joanne McCutcheon and Peter Hutchinson were in post until 1 May 2014 and 19 May 2014 respectively. The second team (again for ease of reference Team 2) was headed by John Mills, who was in post from 6 January 2014 until 9 May 2016. Stuart Wightman (Grade 7) and
Seamus Hughes (Deputy Principal) both took up post on 30 June 2014 and were in post when the Scheme was suspended to new applicants on 29 February 2016. In the short period between Joanne McCutcheon’s departure and Stuart Wightman’s arrival, Davina McCay acted as Grade 7 on a temporary basis (from 14 May 2014 to 7 July 2014) before returning to Energy Efficiency Branch.

18. When DfE was created, Energy Division was divided in two with the aim of increasing the level of senior management time and resource for it’s complex agenda. A new post at Grade 6 level was created with responsibility for all aspects of renewable energy, reporting directly to Chris Stewart (who was given a narrower range of policy responsibilities so that a larger proportion of his time could be spent on energy issues). The post was filled on a temporary basis by Alison Clydesdale until she was appointed to a permanent Grade 6 post in Department of Education in September 2016. Stuart Wightman was then temporarily promoted to Grade 6 from September to December 2016, after which the post was subsumed into the RHI Task Force on further reorganisation in December 2016, to address the critical issues facing DfE on the Scheme.

19. The Grade 5 with responsibility for Finance Division during the lifetime of the Scheme was Trevor Cooper, who remained in post until the creation of DfE on 8 May 2016, when he transferred to another part of the Department.

20. The Head of Finance Division reported to the Grade 3 with responsibility for the Management Services Group. At the outset of the Scheme, the Grade 3 with responsibility for the Management Services Group was Colin Lewis. Colin Lewis transferred to the Department of Finance and Personnel on 22 April 2013. His replacement as Head of Management Services Group was Eugene Rooney who took up post on 1 October 2013 and remained in that role until the creation of DfE on 8 May 2016, when he transferred to another part of the Department.
“act up” in Peter's role. They told me there was no need to do so and that Dan Sinton was very experienced.

After Joanne had left (or about the time she was leaving) I spoke to Peter again. His post had not yet been filled. I asked again whether someone should “act up” in his post. This time Peter told me that someone should be appointed. (I do not recall asking him why he had changed his opinion. I thought then that he must have had a different option to Joanne - but had not voiced this during our earlier discussion.) Peter did not suggest that he should “act” and/or delay his own departure.

I launched a “competition” within Energy Division for the temporary “acting up”. This was circulated to the 12 or so Deputy Principals in the Energy Division. Each candidate had to prepare a short submission, to be considered. After this process Davina McCay was selected.

Whilst I had recognised, during January, that the departure of Peter and Joanne at or about the same time was not ideal, I thought by launching the competition process I could solve these problems. For the sake of clarity - their departures were not the only staffing issues requiring resolution. There were two other Deputy Principals pressing to leave Energy Division; another vacancy which preceded my arrival in Energy Division and a number of instances of over-burdened posts/un-resourced work commitments. I believe I had raised these issues at a senior management team meeting (sometime before the posts were advertised) I was directed (correctly) to discuss these issues with the Head of Human Resources.

She had advised me that the Department had no replacements (a helpfully clear answer) and we discussed the options (e.g. “competition”; lateral transfers; an internal “trawl”). Human Resources confirmed that competition was the appropriate way forward particularly as Peter Hutchinson’s post was defined as a “generalist” one i.e. therefore capable of being carried out by any competent Deputy Principal. Also, the “open” competition process allowed us to require certain skills (e.g. policy and legislative experience) and to select appropriate candidates within a defined timescale (i.e. as opposed to taking whoever became available next).
working on it 24 hours a week and we developed a renewable heat premium payment scheme that was being run in house by 1,500 applications...

IM  
So domestic?

JM  
Yeah, no not the domestic RHI they are completely different scheme, we were running a sustainable energy messaging campaign, we were secretariat to enable heat strategy group, we were you know... so I can’t swear there was a meeting or there is a minute but I wasn’t told to do a review in Jan 2014 and I can see very good reasons why it wasn’t done then. But whenever I left in April 2014, my expectation was that the scheme would be reviewed.

IM  
And just on you leaving Joanne had you any specific handover notes, we see the handover notes that Peter seemed to have penned did you have any specific handover notes.

JM  
John had just arrived in the branch and I think it was probably his first week, the reasons I needed it had come to light over Christmas after Fiona left. The first week he was there I asked would he approve it and he said he ... well the day I asked for it, it was approved for the next day there was no problem with that. He asked me when I wanted it and I said as soon as possible, but I recognised it wasn’t going to be a good idea for me to walk out the door so we agreed 30th April. In the run up to me going I asked repeated times who was coming in my place and I was never told, I wasn’t told where the person was. I recognised that Peter was going to be the lynchpin, he came to me and asked if he could apply for a move out and it was up to me to sign the approval for him to move and I told Peter that I couldn’t do that without asking John. I went and asked John and I told John that I thought Peter was very, very important, and John told me that he ... it was not his way of operating to stand in the way of anybody who wanted to move. So Peter’s application was signed off and he subsequently got that move which left a situation where I was leaving at the end of April and he was ... I’m not sure I knew when but I knew he was leaving shortly after I left. I went back to John again in the month I would say before I left and said I think there’s going to be a problem and I suggested that if Peter would be allowed to act up into the post that I was leaving I thought that he might stay, and John told me that he would not allow Peter to act up into the post and that if he had other plans, but he didn’t tell me what they were, and he told me that if there was, he didn’t anticipate acting up but if there was to be acting up, he would be offering it round all the DP’s in the branch, which didn’t make much sense and so that was how Peter came to leave very shortly after I left. Peter and I were aware of what all the issues were and as I said, I can’t say how relieved I am to see the handover document. As regards did I do a handover, I went to John and I told John how complex I thought the system was and that I thought it would be very useful for whoever came after me for me to have a one to one with them, and I told him that I wasn’t going away until 1st July and once he knew who was coming, if he wanted to give me a ring I would come in for a couple of days and talk that person through what the issues were.

IM  
So the rest is history?

JM  
Well I didn’t get a phone call. I tried to find out if there is anybody there and did that by asking a colleague who told me that in June there was nobody there and on 1st July I went away to.

IM  
You go back Joanne to the kind of, you, yourself and Peter kind of lived and breathed this for quite a while, what did you think? So you were leaving in April and you got a sense of what were you thinking were the key things, the key challenges, the key issues that whoever came behind you and had to grasp, grapple or deal with?

JM  
The key challenge at that time was workload, capacity. Because, a bit like as I said earlier, this was an evolving scheme that was growing and growing and growing, and you know every few months Dec seemed to have I don’t know how many people working on it, you know, review this, consult it on this, got experts in on this, change
Mr Mills: Yes.

Mr Scoffield QC: OK. Now, in terms of what happened after she left, there was discussion at the time about the possibility of acting Peter up.

Mr Mills: Yes.

Mr Scoffield QC: The view that you took about that was that that wouldn’t be a fair or proper way to proceed because the correct course, in light of your understanding of the human resources processes, was that others at his level or others at the level above him ought to be given the opportunity to compete for that role even if that was only a temporary role.

Mr Mills: Yes, that’s correct. Others at his level.

Mr Scoffield QC: OK. In due course, there was a process to appoint someone into Joanne McCutcheon’s role as a temporary stopgap. That hadn’t been your initial intention, but when it became necessary, or when it became clear that there would be a period without some in that role, you decided that there should be a competition. That’s the competition that Davina McCay entered and won. Peter could have applied for that but didn’t.

Mr Mills: That’s correct.

Mr Scoffield QC: Leaving that aside, it is the case that you could have stopped Peter from moving by saying that you were not content with him transferring out of the division.

Mr Mills: That’s correct.

Mr Scoffield QC: At the time, what you did was you tried to delay that for as long as possible. I think, maybe, in your statement you mention that you were able to delay it for a number of weeks but you felt that you’d got to the stage where you couldn’t delay that any further without jeopardising his new position.

Mr Mills: Yes.

Mr Scoffield QC: And you felt it would be unfair on him to do so.
that would give rise; but Ms McCutcheon’s evidence, and your evidence, seems to suggest
that there was a discussion at the time where she was emphasising to you how capable he
was and how important he was and that you ought to at least be considering ways to try to
keep him in the Department. And I want to understand from you, Mr Mills, how strongly that
message was delivered to you, and received by you, that you should be taking what steps
you could to keep that knowledge within the division.

Mr Mills: [Short pause.] Well, I —. I think the — that — just because, um —. On the
capability, yes, everybody would like to keep their capable people. Um, but, um, that is, um,
not something, “You’re capable, so I can’t let you go” is not an issue. The fact that he had a
lot of knowledge — I mean, I accept that that was the case, but unless Peter is to stay there
forever, I don’t think I appreciated at the time that, um, that Peter — that so much was tied
up in Peter. But I certainly see it now. I think what probably wasn’t said was, “If you let Peter
go, there will be a disaster and the non-domestic scheme will run off the tracks”.

I mean, if I go back to the very first heads of branch papers I’ve got, the wording that’s
used there is the only urgent issue was — was an AQ, and this in January 2014 and the other
stuff is about the — the importance of the non— of the domestic scheme. The only thing
that’s described as “urgent” in the heads of branch record in the first part of 2014 is the
clearance of the domestic business case. So, um —. But, you know, at the end of the day, it
was down to me. I didn’t realise what, er — the risk that the non-domestic scheme
represented. So, as I say, I at least had —. I didn’t want to lose Peter by any means — you
don’t want to lose capable people. But it was just wrong, to me, to go back to — to use old-
fashioned, tap-on-the-shoulder civil servant practices and, in trying to fix the resource
problems in energy division, I at least had a mechanism for replacing Peter in a satisfactory
manner.

Mr Scoffield QC: In the course of your discussion of this topic with the panel over the last
Hutchinson wanted to apply for career opportunities elsewhere (i.e. in different departments). She suggested I should promise him “temporary promotion” and that would prevent him leaving. She said he had a “lot of knowledge” and was “very capable”.

She said she thought Peter would leave unless I offered him the “acting up” role (i.e. temporary promotion”). The emphasis was on Peter’s ability and this was how to “entice” him to stay. It was not suggested that (i) Peter was the only person who “understood” RHI or (ii) the RHI schemes would be in danger or jeopardy if he left.

My thinking at that time was:

(i) It would have been unfair not to have a competition process. I did not want to start my time in the Department making “assumptions” about who should be “promoted” or not;
(ii) Temporarily promoting Peter would not solve the loss of a member of the RHI team when Joanne departed;
(iii) I thought Peter wanted to go and didn’t want to stop his career development;
(iv) If Joanne had thought Peter should not go, she should have refused the request (as she was his Line Manager) or advised me (in unequivocal terms) why he should stay. (Such permission was refused by other Heads of branches during my time).

By April 2014 I believe I had spoken to Human Resources about an “elective transfer process” to fill various Energy Division posts and the process had been launched (i.e. advertisements had been circulated within the NI Civil Service).

Unfortunately, that process had gone more slowly than I had hoped. Although there had been a “good” response to the advertisements (for 5 posts) a lot of time had been spent drafting the job specifications, liaising with the Trade Unions via HR etc.

Therefore by a point in April 2014, I knew that Joanne was leaving and that Peter had applied for a new post and been successful.

I discussed the matter with Joanne and Peter some time during April and asked them whether someone should be appointed to
“resources group”, so it wasn’t my decision, it was — alone. The resources group was the top management team: myself and the two dep secs, head of finance and head of HR. We met on a fairly regular basis, and — because — and we looked at grade 7 moves. So I’m almost sure that Mrs McCutcheon’s —

Mr Lunny: Career break, you were aware of.

Mr Thomson: — career break was approved, and we would have been able then to say, “What’s the significance, and will we get another grade 7 and what are the moves?”. That would have been dealt with at the resources group or, at least, with the head of human resources, because you need to think through the significance. I’m not sure I knew that Peter was going at the same time.

Mr Lunny: Ought Peter and Joanne to have been let leave, effectively, at the same time?

Mr Thomson: No, I think that was an incorrect decision.

Mr Lunny: And ought you to have been made a ware that that decision was being contemplated?

Mr Thomson: I hope I didn’t know about it, because —.

Mr Lunny: If you had known about it —

Mr Thomson: Well, no, it just — it just —.

Mr Lunny: — what do you think your reaction would have been?

Mr Thomson: Yes, I wouldn’t have agreed to that. I mean, it just sounds too risky for such a small team to have a movement as quickly as that. I just hope I didn’t know about it.

Mr Lunny: And who — you’ve mentioned that the grade 7 — grade 7 movement, career break —

Mr Thomson: Grade 7 was generally looked —.

Mr Lunny: — come to your group, your resources group.

Mr Thomson: Yes, it would normally do. Below that, it was the head of the division who
independent non-executive, so they carry quite a lot of weight in Departments because they are seen in a part of a formal process at the place that links to the board.

**Mr Scoffield QC:** So, just picking up on the issue that we’ve been discussing for the last few moments, the unamended version will’ve been seen by grade 3 Mr Stewart, possibly by the permanent secretary. But I think the point Dame Una’s making is that they then go to others, perhaps in the audit department in the audit committee, who will not have seen the unamended version; they’ll only have the final agreed version. Is that right?

**Mr Mills:** I don’t know the answer to that question.

**Dr MacLean:** Well, if we’re coming back to the actual topic, then, well, I’ll —

**Mr Scoffield QC:** Yes, we’ll do that.

**Dr MacLean:** — keep my question for then.

**Mr Scoffield QC:** Moving on, then, from the general issue of resources and looking specifically at what happened with the renewable heat branch in mid-2014, we know that Ms McCutcheon left at the end of April 2014. She took a career break, and I understand that was for reasons unconnected with her employment, which we won’t delve into in any great detail. Mr Hutchinson then left on the 16th of May. So, within two or three weeks of each other, they had both left. Now, I’m not sure it’s quite presented in these terms in your statement, but would you agree that that left a significant knowledge gap within that branch in terms of how the non-domestic renewable heat incentive scheme had been set up and was running?

**Mr Mills:** Yes, I would agree that left a significant knowledge gap.

**Mr Scoffield QC:** Should that have been allowed to happen?

**Mr Mills:** In hindsight, clearly not. The — I mean, I’m going by Joanne’s description of events from her PwC statement, but, very early on, in the first couple of weeks, she asked for a career break, and, as you say, that was for reasons unconnected with work. And the —
full time SO on the Non Domestic RHI side from 1 September 2015. Some additional ad hoc support from other staff in the wider Division would also have been made available from time to time when required. There was also a partially retired DP, (Dan Sinton), who worked two days per week up until he retired in September 2015 but his involvement was almost exclusively with the Domestic RHI scheme.

6 My arrival in the Division/Branch coincided with a number of other staff changes within Energy Division. In addition to Stuart Wightman there was also another new Grade 7 and two other DPs. The Director, Grade 5 had also only been in post since January 2014. This level of staff change at the same time was extremely unusual and in my experience unprecedented. I am a Civil Servant with almost 36 years service across a number of Departments and I have never encountered this level of staff change at the same time in any Division before. This level of change I believe significantly contributed to the problems that arose with the non domestic RHI. There was no specific training arranged for me or any of the other new staff and no meaningful overlap with leaving staff which resulted in a lack of continuity and loss of corporate memory in this area.

7 I was provided with an Induction Pack as a new entrant to the Department setting out general information about the Department and Energy Division. At some point during the first few days, I was also given a hard copy of a handover note by Davina McCay, drafted by Peter Hutchinson, who had left the Branch I understand some two months before. I do not know how many others in the Division/Branch were also given copies of the handover note. I do not recall any specific discussion or explanation about the document at the point of handover, and being new to the Department, Division and work area I was not in a position to question or raise issues at that time. The first few pages of the handover note referenced the key Statement of Truth

I believe that the facts stated in this witness statement are true.

Signed: _______

________________________________________________________________________

Dated: _______________2 June 2017_____________
Mr Aiken: “We’re not doing that: I wonder should we be.”

Mr Wightman: Uh-huh.

Mr Aiken: But it’s just not something that occurred at the time.

Mr Wightman: No. No.

Mr Aiken: Now, I —.

The Chairman: Would that be a —

Mr Aiken: Yes, it would.

The Chairman: — useful time?

Mr Aiken: Yes.

The Chairman: Meet again, 25 to?

[The hearing was suspended at 11:17 am]

[The hearing resumed at 11:36 am]

Mr Aiken: Mr Wightman, we’ve been looking at the DECC staff chart, and, inevitably with these things, we come into some other issues each time we look at a particular document for a specific reason. But I want to just give you an opportunity to comment on the question of staff turnover. Seamus Hughes has given evidence to the Inquiry already, as you’re aware, and he made the point, both in his PwC interview and then before the panel, in his 35 years of working in the Civil Service, he described the level of staff change as unprecedented. So, in effect, you’d the entire structure, as it were, changing round about the same time. Is there anything you want to say about that?

Mr Wightman: No. No, I would agree with Seamus. I think, to have, effectively, from permanent secretary level right down to DP level in the space — albeit I know John Mills moved six months before — but to have that whole sort of chain of command move, it would be very, very unusual. And you would expect there to be at least one cog, if you like, in the wheel, or two, for continuity purposes. So, obviously, I know that the Inquiry is looking
from that that from, certainly, from your position as deputy secretary down, any people
coming into new jobs in a new Department would not get a written handover of any kind?

Mr Stewart: Not automatically, Chair. There was no systematic approach to that, so it was
ad hoc; it might have happened some times and not happened on other occasions.

The Chairman: And these were people who were generalists, would have no — not
necessarily have any experience in the area to which they were being transferred?

Mr Stewart: That’s correct, Chair.

The Chairman: Now, is that a satisfactory position?

Mr Stewart: I don’t think it is, Chair, no, and I think —.

The Chairman: How long had it persisted?

Mr Stewart: For as long as I can remember, Chair. I don’t recall ever experiencing a
systematic approach to handover. I think it’s one of the things that the Inquiry has revealed
is lacking in our arrangements.

The Chairman: So, it depended entirely upon the individual you were taking over from.
They may have been more helpful or less hopeful [sic] and anyway, it was going to be
verbal?

Mr Stewart: Yes. Now, I say, I can’t — I can’t claim that there was a complete absence of
written handover documents — indeed, one has featured prominently in the Inquiry. What
I’m saying is there was no systematic approach to it; it was ad hoc. I’m sure there are many
examples of people very diligently repairing — or preparing — written handover notes and
using them. But there would be just as many, if not more examples, of people —

The Chairman: Who didn’t.

Mr Stewart: — relying on learning on the job.

The Chairman: So, what was the —? The effect on any continuity of knowledge and
experience must have been disastrous.
Mr Stewart: Well, certainly disastrous if, as in the particular circumstances in RHI, you get a very high incidence of turnover at all grades from permanent secretary to deputy principal in a fairly short period of time.

The Chairman: All right. Thank you.

Mr Scoffield QC: Chair, you’ve foreshadowed some of the questions I was going to come on to, but I’ll give you —.

The Chairman: I’m sorry —.

Mr Scoffield QC: It’s quite all right, Chair —.

The Chairman: It was just Mr Stewart, quite rightly, made a very clear statement of something that, I think, the panel would regard as very important.

Mr Scoffield QC: Indeed, Chair. And, in fact, it reflects Mr Stewart’s written evidence. I’ll just take you to one or two passages in that. Maybe if we could have a look at WIT-11574.

This is paragraph 165 of your first written statement, Mr Stewart, and you were asked about whether there were any systems for ensuring continuity of knowledge. You say you’re:

“not aware of any formal system ever having existed. Any action that was taken appears to have been on an ad hoc basis.”

So, that’s as you’ve said a few moments ago to the Chair.

And then at paragraph 227 of that same statement — if we can find that — you say something similar:

“that there was no systematic approach to handover briefing within DETI”.

But I think you’ve indicated this morning, that’s NICS-wide at that stage. Is that right?

Mr Stewart: Well, that’s my experience in NICS. I’m sure there are probably colleagues across the NICS who are — would rightly want to point out examples of good practice that I’m not aware of. But, I’m certainly not aware of any systematic approach anywhere.

Mr Scoffield QC: Now, I think you’ve agreed that that wasn’t satisfactory, although that
people who had come into a number of roles in energy division were?

Mr Stewart: Not immediately, because, apart from anything else, they were all one chapter ahead of me in the book for quite a while, but it soon became apparent. You know, Stuart Wightman and Seamus Hughes only joined a short time before me; John Mills, who was the voice of experience, as it were, had, nevertheless, only been there since January.

And it did strike me then that we had lost a lot of corporate continuity in a very short time.

Dr MacLean: You were aware of that, but there weren’t any particular actions undertaken on the back of that.

Mr Stewart: I can’t claim that I took any particular actions over it. I was aware of it. I think it probably took me some months, perhaps even longer than that, to realise just how profoundly challenging that was.

Dr MacLean: Thank you.

Mr Scoffield QC: There’s a couple of points I want to pick up on there, Mr Stewart, which have arisen in the course of your discussion with the panel. You were asked about project management, and I think you’ve indicated that project management ought to have been employed in relation to the RHI scheme: is that right?

Mr Stewart: Yes.

Mr Scoffield QC: Now, if we can just have a look at WIT-11586, it’s just a couple of pages before what we have on the screen now. You provided an extremely helpful list, in your first witness statement, of 12 factors which, you felt, had contributed to the difficulties with the scheme. We’ll come back to some of these later, but, if we just go over the page, I think the first four are probably what we would call “phase 1 issues”. And then we’ve a number of phase 2 and 3 issues set out there also. I draw attention to that because the absence of project management wasn’t something that you identified at this stage. Now, I know it’s now over a year ago before this statement was provided, but why wasn’t that something
who were new, particularly within energy division, and in relation to RHI in particular. Now, I
know this happened before you took up post. When you got there, it might well have been
that there was very little that you could do about it, but from the evidence that you’ve heard
in the course of the Inquiry, do you think that the staff turnover which happened at the end
of 2013, and perhaps more importantly in early 2014, should’ve been allowed to happen, or
could it and should it not have been permitted to happen?

Mr Stewart: I think anyone looking at the situation now would recognise that it was a bad
thing. It was clearly suboptimal to have that amount of staff turnover in that time. But I think
some elements were beyond anybody’s control. I mean, David Thomson had decided to
retire. I’m not sure there was anything anyone could do about that.

I think your particular focus on perhaps the deputy principal and grade 7 posts, looking at
it now it would’ve been better if it had not happened in that way, but I’m very reluctant to
criticise colleagues who made their decision, one, because I’m not aware of all the thought
processes that they would’ve gone through at that time. They may well take the view that
no one actually set out to change that number of posts at the same time. Particular
circumstances, particular reasons arose for each one, and it would’ve seemed a reasonable
thing to do at the time when the decisions were made. But looking at the consequences
now, yes, I think all concerned wish that we had done it differently.

Dr MacLean: Mr Stewart, coming from outside the Civil Service I’m familiar with
succession planning as a means of dealing with some of these issues so that you look in
advance at who’s gonna go where, and the process can be more managed. Am I right in
thinking that within the Northern Ireland Civil Service there would’ve been no mechanism,
for instance, that would’ve recognised Mr Thomson’s impending retirement, Ms Hepper’s
career-advancement plans to, for instance, have moved her into Mr Thomson’s role, rather
than moving into a similar-level role in another part of the Civil Service? And the same could
were provided with the necessary training resources, project management or information to
manage and oversee the RHI — the non-domestic scheme and then the domestic scheme.
Do you want to say any more about training? When you say you weren’t given, you feel,
adequate training, what do you mean by that?

Mr Wightman: The training point was probably more to do with resources and project management. The training point was probably more to do with —. I’d never come across a sort of ongoing initiative, ongoing scheme, like the renewable heat before, so I wasn’t aware of on —. You know, particularly coming from policy background, I wasn’t aware of, when you’ve got an ongoing initiative like that there, there will be certain things that you have to do like, obviously it’s come out, the need to seek reapproval, the need to do the reviews and things. So you’ve got a live scheme to contend with. Obviously, we were doing new policy as well. So it was probably training/information in terms of, you know, being alerted to the things that you would be expected to do with a live scheme. In my experience, I’ve dealt with a lot of capital works, with my civil engineering background. But that was one-off. You know, it might’ve been a couple of years’ worth of work, but it was one project, which had a start and an end. It was this —. You know, the fact that this was an ongoing scheme and there’s certain things that you have to do with that ongoing scheme would’ve been quite new to me.

Mr Aiken: So, and if I’ve understood you correctly, there wasn’t — or certainly, if there was, you weren’t in a position or weren’t availing of it — anybody who was bringing you up to speed with the principles behind — whether it was RHI or something else — the principles behind this type of live scheme, which was not something you’d had experience of in your previous roles.

Mr Wightman: Yes.

Mr Aiken: And you then deal with the question of resources. And what I want to do is to
form a priority list of actions for each day. A monthly highlight report was issued by Energy Division setting out significant developments. Finance was centrally managed and the budget signed off by the Head of Division on a monthly basis. Bi-annual assurance statements were also made which included highlighting any control issues. Above this were Departmental level plans and risk registers. It is worth noting that the Divisional Plans are instructive in that they show the amount and breadth of work and projects included in the Division, for which I was responsible. It is also of note that the plans of 2012-13 and 2013-2014 do not mention of any of the issues listed in the handover note, or of any of the risks that actually materialized; see page 17 of the Plan for 2012-13, and page 21 of the Plan for 2013-14. (Annexes 1-3). The Risk Register for 2013/14 (marked June) identifies “failure to meet NI’s 4% renewable heat target by 2015” and “Failure to develop a coherent heat policy for NI” at risks 3 and 10 respectively. The 2014/15 Risk Register (marked June) records “insufficient resources/expertise to implement complex programmes within deadlines”. (Annexes 4 & 5).

Handover

11. I had a half-day briefing session with my predecessor. She had moved on before I joined so we did not cross over, in terms of timing. I received an induction pack which contained Energy Division strategic documents such as its Strategic Energy Framework and background and lines on the issues facing the Division. I did not receive any formal training on RHI or other aspects of the Energy Division job though I attended a conference on energy regulation.

12. On the job learning is the common civil service approach in my experience. I have now located the RHI section of the briefing materials and attach these for ease of the Inquiry. (Annex 6). The briefing is summary and general in character (as I would have expected at the level I was joining Energy Division). Background documents were included or, possibly, referenced in the handover material but I do not have a copy of the material and cannot recall if this included material on RHI. The main document I recall concentrating on was the Department’s Strategic Energy Framework 2010 -2020 (which had been endorsed by the Executive) with its 43 objectives including achieving 10% renewable heat by 2020 (Annex 7).
particular issues or concerns around RHI at that time.

**Dr MacLean:** OK.

**Mr Scoffield QC:** Can I just ask you one question about the exchanges that you had with John Mills that you mentioned a few moments ago, Mr Sterling? You won’t have seen this — and I'm not in a position to call it up on the screen now — but within the last couple of days we've just received a further short supplementary statement from Mr Mills, and one of the things that he discusses in that — I should say: we will get you a written copy of this so you can have a look at it — but he says that he had a discussion with you about the responsibilities of energy division and the head of division before he took up the post. He explained to you that, because of very particular family circumstances that he was experiencing at the time, he wouldn’t be in a position to work the same hours that Fiona Hepper had worked — that is to say, a great many additional hours beyond the usual working week — and that he received a measure of reassurance from you that that would be OK. And I think the impression that he took from that meeting was that, perhaps, Mrs Hepper had been working harder than really was necessary. Do you have any recollection of that discussion, or do you —?

**Mr Sterling:** No, actually I do. I have a clear recollection of that discussion, which would have occurred November/December 2013. And I was quite clear that — there’s no two grade 5s manage in the same way, and, as I say, I had previous experience of how John would work. I knew clearly how Fiona would work; I was quite clear that John would take a different approach, and, as I say, I remember him making that point, and I did say to him at the time that, “Look, yes. I reckon you can manage the division without having to work the hours that Fiona was working at the time”.

**Mr Scoffield QC:** When you say that it was clear to you that Mr Mills would take a different approach in terms of managing the division to Mrs Hepper, can you just explain
what you mean by that?

Mr Sterling: Yes. I think what I mean is that, you know, some grade 5s tend to be more hands-on with their grade 7s than others. There’s no right and wrong approach in all of this, and my expectation based on my knowledge of both John and Fiona would be that John would have had a lighter touch when it came to the way in which he worked with his grade 7s than Fiona would have had. And I’m, yes — in saying that, I wanna be very careful: I’m not saying that there is a right and wrong approach in all these things; different people manage in different ways. And, you know, the thing that we in top management need to do is to recognise that different approaches are being deployed and to satisfy ourselves that those are working.

And I do recall that, certainly on at least a couple of occasions, you know, early in John’s period in charge of energy division, I would’ve had conversations and I would’ve just said generally, “How’s it going?”. And my recollection is that he was positive about how he was settling in. I recall him saying that it was a very good bunch of grade 7s and that he was working well with them.

Dr MacLean: Was it not the case, though, that three of them had left or were leaving?

Mr Sterling: Well, certainly, Joanne was leaving. I don’t recall —.

Dr MacLean: I seem to remember there was other turnover at the time, but I may have missed that.

Mr Sterling: I just don’t know. I don’t recall.

Dr MacLean: In terms of knowing somebody’s style, those who are more hands-off in this sort of situation are perhaps at greater risk of not picking up what’s going on: is that fair?

Mr Sterling: I don’t think that necessarily follows. When I say “more hands-off”, I don’t mean [Short pause] — I don’t want to suggest there would be any less responsibility being exercised; I’m just saying that there can sometimes be different approaches between
which would’ve been about taking the post, and only once I’d taken the post would I then have had a handover meeting with Fiona Hepper.

**Mr Scoffield QC:** OK. Now, you’ve set out, as I’ve said, in paragraphs 7 and 8 of your most recent statement, some further details about the discussion that you had with Mr Sterling at that meeting. And one of the things that you say is that you were upfront in saying to Mr Sterling that there were very particular family circumstances in your case, which you’ve outlined to the Inquiry, which meant that you wouldn’t be able to work what you call extra hours or excessive hours. And I just want you to explain to the panel what, if anything, the response was to that at the meeting you had with Mr Sterling.

**Mr Mills:** Yes, I’d had some contact with Fiona, so I knew that she worked a lot of hours, and so my main concern about taking the job at that time was that the job really needed much longer than normal working hours to be done, so I asked David if that was the case and pointed out that, due to family circumstances, that’s not something I would be able to do. And David said that he thought the job could be done in normal hours and less hours than Fiona actually did it in.

**Mr Scoffield QC:** And having done the job yourself, do you have any view about whether that was right or wrong?

**Mr Mills:** David was wrong, and Fiona was right.

**Mr Scoffield QC:** And why do you say that?

**Mr Mills:** Because the span of some, probably, 15 or 16 subjects of great complexity and often urgent, which urgently needed to be dealt with, simply required more than the 37 hours, conditioned hours, that one would normally expect. I think at senior levels you always expect to have weekends, lose weekends and have times when you’re going to have to work more than that, but the job really required a lot more hours to keep absolutely on top of all those issues. And certainly comparing it with the job I did before and the job I did...
would deal with staff movements at below grade 7.

Mr Lunny: So that’s Mr Mills, the grade 5.

Mr Thomson: Or Fiona before him.

Mr Lunny: Or Fiona before him. And you can readily appreciate, no doubt, the importance that handovers have generally, but the particular importance they might have in a situation like that, where all of the relevant staff are moving within a very short time of each other. Were you aware whether, in 2014, there were any requirements or guidelines in place in relation to handovers —

Mr Thomson: No.

Mr Lunny: — generally or handovers in that particular type of situation?

Mr Thomson: I’m not aware of any formal guidance. It was just good practice to make sure —

Mr Lunny: There was some.

Mr Thomson: — that there’d be some handover. There’d be a discussion. If I try to think back to the many moves that I’ve — I don’t recall anything in that sense. But there would have been, you know, “Make sure that the key points are given, you draw attention to the documents”.

Mr Lunny: And whose responsibility would it have been to make sure, for example, that Joanne McCutcheon and Peter Hutchinson completed proper handovers with their successors? Would that have been at grade 3 level or grade 5 level?

Mr Thomson: Grade 5 for — I mean, it was just general practice — I’m not — that people spoke to whoever was replacing them.

Mr Lunny: But whose responsibility would it have been to ensure that proper handovers occurred at grade 7 level or at DP level?

Mr Thomson: Well, at grade 7 or DP it was — the reason I was hesitating slightly — was
Q2 - Set out a summary of your role or roles within the Department for Economy (previously the Department of Enterprise, Trade and Investment) ("the Department"). Please provide details of dates between which you held the role/s; when, how and why you were appointed to the role/s; and what the role/s entailed). In each instance, describe how this role related, if at all, to the Non Domestic Renewable Heat Incentive (RHI) Scheme in Northern Ireland ("the Scheme").

Q3 – Explain, insofar as is relevant to any involvement you had with the RHI Scheme, to who you were accountable to and/or reported to you.

Transfer to DETI

8. Having worked in water policy and legislation within DRD for six years, I enquired about a possible transfer for career development purposes around November 2013. However, for business continuity purposes, I was not permitted to move until the summer of 2014. This was to facilitate a handover with the new Director of Water Policy Division as the previous Director had transferred to DETI’s Energy Division (January 2014). I also had a number of key pieces of policy work (including development of a draft water strategy) that needed to be completed.

9. In April 2014 I applied for a Grade 7 vacancy in Energy Division (Annex 1) within DETI which was advertised in the NICS Weekly Opportunities Bulletin. Given my engineering background and having worked within the areas of public transport and water policy / legislation, energy looked like a natural fit for me. What had particularly attracted me to the post was the opportunity to develop, from scratch, the new Domestic RHI Scheme and to see this through from start to finish. During discussions about the role I was advised that this project would be my primary role/project. I had also previously worked for the Director of Energy Division (John Mills) for 6 years when he was my Director in DRD Water Policy Division. During this time we had developed an effective working relationship which had enabled us to successfully progress a number of significant policies and pieces of legislation.

10. Following a discussion with John Mills in early May 2014 I took up the post of Head of Energy Efficiency Branch on 30 June 2014. I understand that my experience of developing policy and legislation was an important factor in the decision to appoint me. DETI had wanted the post to be filled sooner as the previous renewable heat policy team (Grade 7 and DP) had both already left in

Statement of Truth

I believe that the facts stated in this witness statement are true.

Signed: S. Wightman

Dated: 20 June 2017
Mr Stewart: It looks very surprising now, I think, in the light of what has happened to the RHI and the history of its evolution and the difficulties that have been encountered, but, at that time, certainly on taking up post, it wasn’t particularly visible; in fact, it wasn’t visible at all. The first day briefing that I received and which Andrew McCormick had received about a month earlier listed some 53 policy issues, I think, in total as being worthy of attention.

There were 17 energy issues within that, and RHI was the seventeenth of those.

The Chairman: Sorry, can you start again? How many were in the first day briefing?

Mr Stewart: 53 issues —

The Chairman: Thank you.

Mr Stewart: — Chair, I think overall, of which 17 were energy issues.

The Chairman: Thank you.

Mr Stewart: RHI was the seventeenth of those. I don’t mean that to come across as a criticism of those who prepared the first day brief; that’s a reflection simply of the lack of visibility of the issue generally in the Department at that time. It would’ve been perceived, quite wrongly, of course, as we know now, but as a scheme following the same pattern as a similar scheme in Great Britain, one that was bumping along, where the concern, such that there was at that stage, would’ve been about underperformance, and there simply wasn’t any visibility at all of what we now know to be the very serious flaws and issues within the scheme and the very significant risks associated with it.

10:00 am

Mr Scoffield QC: You mention there that, of the energy division issues which were included in your and Dr McCormick’s first day brief, this was the seventeenth. Should the panel read any significance into the fact that it’s number 17 of 17? Were the issues listed in order of priority, either expressly or is that a kind of a rule of thumb that the important stuff goes first?
Handover arrangements

160. My predecessor, Mr David Thomson, retired in June 2014, whereupon he was appointed on a temporary basis as Chief Executive of the Northern Ireland Tourist Board (now Tourism NI), until May 2015. I had a number of meetings (listed below) with Mr Thompson in his new role. In the first such meeting I sought Mr Thomson’s general advice on the Deputy Secretary post, including his views on working effectively with the Minister and SPAD, and the strengths and areas for development of the Directors within Policy Group. That aside, there was no formal handover briefing, either written or verbal. Mr Thompson did not refer to, or provide me with any documents, or impart any key information to me in relation to the RHI. To the best of my recollection, RHI was not mentioned during any of the meetings. The focus of the meetings tended to be on tourism matters, reflecting its significance in the DETI policy agenda (Mr Thomson advised that he had tended to spend some 60% of his time on tourism matters).

Meetings with David Thomson

25 September 2014
20 October 2014
20 November 2014 (Andrew McCormick and Howard Hastings also attended)
3 February 2015
3 March 2015
2 April 2015
14 May 2015

Statement of Truth

I believe that the facts stated in this witness statement are true.

Signed: [Signature]

Dated: 6 June 2017
that lies with me personally, in relation to the oversight and leadership of the Department, and with — if it’s a matter of more corporate, Civil Service-wide issues and given that there are significant transfers between Departments, the management of transfer between Departments and the continuity of expertise in that context becomes something that’s corporate to the NICS as a whole and therefore to the NICS board.

This is a major, major issue that we need to look at as a result of what’s happened, and, indeed, as you’re aware, there has been work done on interim lessons learned and, I think, looking at the way in which governance is applied, including the deployment of expertise, the alignment of sufficient expertise to particular areas, all — and the way in which —.

The Chairman: Let’s stick —.

Dr McCormick: — information is transferred.

The Chairman: Let’s stick with staff turnover for the moment.

Dr McCormick: Yes. OK.

The Chairman: It can’t be the case — or maybe it can, but to me it seems unlikely — that this was the only example of staff turnover that took place within a very short time of a number of people throughout the Civil Service. Was there no recognised system for precautionary ensuring that there was continuity where a number of staff all left within a relatively short time? There was no system anywhere in the Civil Service.

Dr McCormick: No, and I think — I’m trying hard to think of —

The Chairman: Yes.

Dr McCormick: — another example where at every level there was change within, actually, less than six months, given that John Mills arrived into January ’14. So, within a period of less than six months, there was transfer literally at every level. I can’t think of another case where that arose. So, the first, if you like, the first fail-safe is at least there’s somebody still around within the chain of command with some degree of memory. I’m not
saying that’s adequate, I’m not saying that that’s robust, but this was, to me, incredibly
vulnerable, looking at it.

The Chairman: Well, should that have been seen by the previous permanent secretary, Sterling?

Dr McCormick: Um, well, I —

The Chairman: If you say it never happened before.

Dr McCormick: I don’t know if he knew about it. It surely should’ve been com — should’ve been with —. He should’ve been —. It should’ve been drawn to his attention that this was happening before commitments were made. One thing that can happen within the Civil Service is that arrangements are made to commit people to moves. Agreement is made at — it’s seen as a line management responsibility, so therefore you could have several levels all agreeing to change at the same time. I’ve always been of the view that people should tell their superiors and their superiors — the next up the chain — to be aware of what’s going on. Certainly when I was in — my position as a permanent secretary is to say, “Any move happening at grade 7 level, I want to know about it before it happens.” —

The Chairman: But why do —?

Dr McCormick: — “Before a commitment is made for it to happen, I want to know. I’m not going to interfere, I’m not going micromanage, but, before a grade 7 move happens, I need to know that it’s planned”.

The Chairman: Does that just depend upon your particular approach?

Dr McCormick: That’s my particular approach.

The Chairman: And yet, in this case, there was a wholesale change of staff —

Dr McCormick: That’s right.

The Chairman: — which doesn’t seem to have been appreciated by the permanent secretary at all.
Dr McCormick: Um. I don’t, I don’t know exactly what David knew at that time, but it appears close to that, yes.

The Chairman: Yes.

Mr Scoffield QC: I wonder, again, if we can just take this step by step. So, when there is a range of staff who are all moving at the same time, I think you’ve accepted a few moments ago that there were no systems in place to deal with that. That wasn’t satisfactory: would you agree with that?

Dr McCormick: Clearly unsatisfactory, yes.

Mr Scoffield QC: And that needs to be dealt with. And, I think, without providing too many details, you’ve assured the panel that that’s an issue which is being taken forward by the NICS at board level arising out of this case.

Dr McCormick: Uh-huh.

Mr Scoffield QC: So, where it happens, there needs to be better processes to deal with continuity of knowledge.

Dr McCormick: Yes.

Mr Scoffield QC: I think the logically prior issue which the Chair has just been exploring with you is “Should it have been allowed to happen?” or “Should it have happened at all?”, and you’ve indicated that you’re not aware of precisely what Mr Sterling knew or didn’t know. Mr Mills was asked some questions about this and gave an explanation in relation to each of the moves and the constraints that, he felt, there were in saying no to a number of the people who wanted to move. Is your position that the situation which arose here not only should not have occurred but could have been stopped?

Dr McCormick: Well, I don’t know enough about the personal circumstances, and I wouldn’t want to second-guess. What I would say is that, if it was genuinely unavoidable — and there can be situations where two, three, four members of a team or a chain of
body of information there in the TRIM system, but I think the panel has seen perhaps quite a
lot of evidence of just how difficult the TRIM system is to use. Its core capabilities are very
sound: it can store very large quantities of information. But what I might call the “front end”
of TRIM is a difficult, challenging interface to use and, in particular, its search capabilities, I
think, are nowadays well short of what might be considered best practice. For example, I
couldn’t go to TRIM today and easily search for all the emails from me to John Mills or from
John to me within a particular period, with RHI as the subject. It would be a case of either
doing a search on words — perhaps using RHI and seeing what it turns out, or the name
Mills or the name Stewart — or else starting from the top down and going through the
entire file plan, looking at it hierarchically, trying to identify those containers that might
contain something relevant and then, within that, trying to judge which records within a
container might be relevant.

At the risk of sounding like someone who harks after a bygone age, that was much easier
to do with a paper filing system than it is in TRIM. If there’s a file sitting on your desk, you
can tell almost instantly whether it’s relevant or not. If you’re going through it, you can tell
fairly easily whether a particular document is relevant or not. With TRIM, you’re relying
firstly on the container title and thereafter on the record title and, if they’re not precise
enough and not comprehensive enough, you’re left, well, either taking a chance and not
reading a document or, more likely, looking at it and thinking, “Well, that might be relevant.
I’d better read it just in case”, which is very laborious and slows down the use of TRIM in
that way. So I think team 1 are correct: there was information there; it was accessible. I think
it was difficult to find. That’s not a criticism of team 1; I think it’s a shortcoming of the TRIM
system.

The Chairman: You may take it, I think, that old-fashioned or not, Dame Una and I are
both supportive of what you have just said. But, not only you but Mr Mills has also been
critical of the system. Flowing from that, were lower officials or any — were officials given
any sort of detailed instruction as how to use TRIM?

10:15 am

Mr Stewart: Yes, Chair. It’s probably not the time to tell you that I was once SRO for the
programme that introduced TRIM. There was extensive training at the time for all users in
how to use it. But as I say, it does — all systems require [sic] on the discipline of those using
it, but TRIM, I think, is uniquely vulnerable in that regard.

The Chairman: Did they get that training when they joined the service?

Mr Stewart: Anyone joining the service or at the time of the introduction of TRIM. All
staff were trained.

Dame Una O’Brien (Statutory Inquiry Panel Member): I’m very interested to hear what
you’ve got to say about TRIM, but would it, not to stray too much into territory we’re going
to come to later but just to put this in context, wouldn’t it be true to say that, really, no
matter how accessible it was or searchable it was, it’s still only a backup, in the sense that
you can’t rely on a massive computer system as your underlying project management tool
and that one of the difficulties that you face coming into a job is having any sense of
weighting or priority as to what’s important to read, because a new team coming in could
have spent months reading and still not really been able to make sense of what they were
reading? And that’s why we will want to get your views about the absence of project
management in this, because that is the organising method whereby that relevance of
former documents, papers and emails and so on can be brought to meaning for a new team,
whereas I think, if we go down the road of solely thinking about the future of TRIM, that
might perhaps take the attention away from the significance of project management. So,
while I am encouraged by what you’ve said about how it needs to change, at the same time
it does still leave a question unaddressed about where project management sits in all of this.
Mr Stewart: I think you’re absolutely right, Dame Una, and I think the absence of project management for RHI has been well remarked on and acknowledged. And you’re quite correct: a project management approach automatically creates a suite of documents that you need to read first on taking up post.

Dame Una O’Brien: So you don’t need to spend time searching and looking and hoping you’ve found the relevant thing and if someone thought to put things in the right container. There’s so much scope for, even with the best system, for human error to have played a part.

Mr Stewart: Yes, whereas project management immediately takes you to the correct starting point. It gives you a core set of documents to read from which you can then broaden your reading as and when the opportunity arises.

Dame Una O’Brien: But, nevertheless, you are saying to us that this system that is the very important storage system has got shortcomings and there’s scope for improvement: is that correct?

Mr Stewart: I think it’s got shortcomings and there’s scope for improvement. I think there’s an even greater danger and shortcoming in the system, and that’s the email system, which, as, I think, you’ve heard from a number of witnesses, has got a feature whereby, after three months, if an email hasn’t been stored in TRIM, it would normally be automatically deleted from the system. Now, if you add that to the loss of discipline of record-keeping and an over-reliance on email as being the record of something having happened, you then introduce another potential failure mode or risk, in that, if the email is the note or the only record, if it isn’t filed correctly, then it might disappear after three months and, thereafter, you encounter whatever the shortcomings of TRIM are.

Dr MacLean: Mr —.

Dame Una O’Brien: You don’t even know what’s missing then.
answer to that is, “Why not?”.  

Sorry to harp back to my early days, but what I was told, “Keep asking why until you’re satisfied”, and this is more — it feels more like a hands-off, “Just stop spending”, and that’s, I think, a more constructive creative dialogue to establish what’s going on, and that’s, to me, the key to getting to the root of the issue — to get right down to the root cause.

**Mr Scoffield QC**: Let’s look at energy division for a moment, then. They’ve approached finance division, which you say is a reasonable, indeed, the correct action.

**Dr McCormick**: Yes.

**Mr Scoffield QC**: Are you also saying, though, that without the assistance of finance division, effectively, they should have figured this out themselves?

**Dr McCormick**: It’s a —. There’s a bar there, and is it too high — is it unfairly high? When I look at Alison’s email to Peter, then, you know, she identifies the issues that’s there. It:

> “presents a significant challenge.”

So, it had been internalised within energy division in 2011. So, yes, I think there’s a fair ground they could’ve covered on their own. OK, it might well have taken them back to, “Well, we need to ask some questions”, but what I struggle with is why we persisted so long saying to ourselves, “We don’t know”, when the fundamental answers were, I think, pretty clear in —.

**Mr Scoffield QC**: In the 2011 emails.

**Dr McCormick**: Yes.

**Mr Scoffield QC**: Now, one of the answers that team 2 — and I’m generalising here — give in relation to that is they say, “Well, in the first instance we approached finance division. That was the right thing to do, but, leaving that aside, yes, there were materials from 2011 which might have assisted, but those were not readily available to us. Yes, they’re in TRIM. TRIM is difficult to use when you’re looking for something if you don’t know it exists and you
don’t know precisely what to search for”. Is that — what’s your view of that line?

Dr McCormick: I’m not a big TRIM user; I avoid it if I possibly can. So, I sympathise. I suppose I just go back that the evidence is that they had the Jon Parker email. The Jon Parker email itself — in itself, I can’t interpret it any other way than only working in an environment of cost control. It’s so clearly implicit in everything he says.

Therefore, reading and understanding that, the very least I would expect is: why does that feel so strange? What’s going on here? And, then, to have not put a request — a pressure onto finance directorate, “Give us more money”. And that did get escalated right up to the advice to me to go and ask Jeremy Pocklington. You know, what should’ve been asked instead is, “Can you help us understand this email?”. And whether or not they found the Brankin/Clydesdale exchange, looking at it from first principles takes you into some very serious questions. And, then, you know, maybe they would’ve asked somebody else, such as Alison who was not far away, or even gone back and said, “Well, how was —? What was your expectation at the time the scheme was set up?”. 

Mr Scoffield QC: Can I take it from that, then, that ultimately your answer to the question is: you wouldn’t criticise team 2 for not finding the other internal materials notwithstanding that you’ve said these documents were not difficult to find but that —?

Dr McCormick: Maybe they’re more difficult to find. As I say, I don’t use TRIM a lot, but, you know, they were found. I’m not sure how Alison found them ahead of the PAC in September ’16. That shows they could be found.

Mr Scoffield QC: Your point is —.

Dr McCormick: Maybe she knew better how to look for them.

Mr Scoffield QC: Your point is, even on the basis of the Parker email, which had been located —

Dr McCormick: Yes.
would be usually insisting on things going into the TRIM system. Often, that was because the
TRIM system allowed several people to work on a document, so, with a handover note that
was a one-off, I’m not sure I would have thought of that very much.

Mr Scoffield QC: If it transpires that it wasn’t put into the TRIM system and was passed
on in other ways so that it wouldn’t be readily available for someone coming into post at a
later stage who was looking through TRIM for a document of that type, is that something
which would either surprise or disappoint you?

Mr Mills: Well, a person would have to — TRIM’s great — but a person has to know that
there’s something there to look for, so putting it on TRIM per se is no, is not going to solve
anything in itself. I mean, whether I would have said to her when Stuart came, “By the way, I
insisted Peter Hutchinson did a handover note, and please make sure you’ve got that”.

Mr Scoffield QC: The point you’ve made there is a common-sense point: if it goes into
TRIM and no one knows it’s there or how to find it, that doesn’t really do anyone any good.
The important point is to make sure that it gets to the people that need to see it. So, I
suppose, following on from that, I wonder if you could outline to the panel if there were any
steps that you took — other than ensuring that Peter Hutchinson produced the note — to
ensure that it both got to, and was read by, the people who needed to see it next.

Mr Mills: Well, I’d like to be able to say, yes, I’d made — I’d said to Stuart Wightman and
Davina, “Have you got Peter’s handover note?”, but, in truth, I can’t remember. It would
have been a common-sense thing to do. I —.

Mr Scoffield QC: Is that something you think you probably did do, or something that you
can’t recall and you can’t say either way, or something you think you probably didn’t do?

Mr Mills: I can’t recall if I said it or not. I had, you know, I would have agreed the priorities
with Stuart in the form of a PPA and made sure —. Well, I did a presentation to the whole
division on the new divisional plan in June, including to those who were arriving. So I would
1 so, too, are these other emails that we’ve just been looking at. Can you explain, in your view,
2 why these emails wouldn’t have been found and considered at that time when the Parker
3 email was also rediscovered?

4 Mr Mills: Um, well, that’s —. To a certain extent, that’s a question about TRIM. Um, it’s
great if you know what to look for and if you know what’s there. Um, and, um, the general
way — I don’t know; I can’t speak for other people — but the way you’re supposed to work
TRIM, and certainly the way I do, is you word search. So, if you put in “RHI funding”, and it’s
renewable heat funding, you won’t get anything. So you have to get the exact thing right. Or,
if you put in “non-domestic funding”, you won’t find anything. Um, and, to a certain extent,
it’s only the advent of the Inquiry that has made, I think, people do this type of searching.
Um, and certainly I have done searches on “energy efficiency”, “energy” — any word you
can think of — so I can’t think that people — Stuart or Seamus — at the time would’ve, not
knowing there was a funding repository there, not knowing these documents existed, are
going to start doing fishing expeditions on TRIM to find them.

5 Mr Scoffield QC: So, as I’ve said, it might be something that we need to take up with Mr
Wightman and Mr Hughes, but if the position is that they discovered the Parker email but
not these emails, you think that might be an issue with the accessibility of information which
is stored only on TRIM when you don’t know what you’re looking for?

6 Mr Mills: Um, yes. It’s great, but it doesn’t give you a —. TRIM gives you a document, if
you know the right word. It doesn’t give you a picture, as the Chair has said a couple of
times. It doesn’t give you a narrative. It doesn’t give you a whole picture. It doesn’t give you
an explanation. It gives you information.

7 10:45 am

8 The Chairman: It didn’t need to give you an explanation. What it needed to do was give
you all of these emails, which came within a matter of six/eight weeks and which explained
the risks associated with the RHI budget. And we know that the Department has furnished
this “RHI funding” TRIM container, so that rather looks as if there is a TRIM container
containing all of the emails. What is now more worrying for me is your statement, “it’s great
if you know what to look for”. The implications — or the potential implications — of that
are: here is a Department concerned with commerce, with trade, and the only method that I
have heard so far of providing continuity of knowledge within that Department is not fully
understood or is not efficiently working or has not been properly explained to those who
depend on it. If that is right, that, I think, is a terrible indictment again, I’m afraid, of the
Department’s administrative services. If that is right.

Mr Mills: Well, I wouldn’t say knowledge transfer was a strong suit. If everything was in
one document and you found it, you would get everything. If they are saved as separate
documents, then just because you find one doesn’t mean you’ll find them all.

Mr Scoffield QC: If you found one which is in — and, again, I’m conscious that you will be
much more familiar with how TRIM works than I am — but if you found one which is within a
particular container, should that not prompt you to look at what else is in that container if it
has a title which looks to be relevant to the subject you’re enquiring about?

Mr Mills: But if you search as you’re supposed to, you won’t even know what container
it’s in. It’s irrelevant what container it’s in. You have to know there’s a repository there, and
somebody, in the first place, has to realise these emails’ll be really significant in five years’
time and have put them in the same container, which —.

I mean, presumably, the container you’re talking about was not just created by DETI or
DFE for the Inquiry, um, and was — does date from 2011, and these things were put in in
2011. But if you —. Let’s say the Parker email is called “Finance: Parker” and the other
e-mails that we’re looking at are called “Clydesdale: Finance”, you’re not gonna find
“Clydesdale” if you search on “Parker: Finance”. Um, if you searched on “RHI Funding”,

...
Mr Hughes: Yes.

Mr Aiken: — you expanding the non-domestic scheme, and you were trying to understand what changes had been made in GB.

Mr Hughes: Correct.

The Chairman: To their non-domestic scheme?

Mr Hughes: To their non-domestic scheme, yes.

The Chairman: It’s the summary of the regulatory changes to the GB non-domestic RHI?

Mr Hughes: Yes.

The Chairman: Nobody had provided any of that material to you up to then —

Mr Hughes: No.

The Chairman: — despite the fact that Mr Hutchinson, Fiona Hepper have told us that they read the consultations, they read the —.

Mr Hughes: Well.

The Chairman: You’ve never?

Mr Hughes: Yes. I certainly hadn’t, no.

Mr Aiken: I think if I put it this way, Mr Hughes, if you’d gone hoking in TRIM —

Mr Hughes: Yes, yes, yes.

Mr Aiken: — you would have found a plethora of material on that subject —

Mr Hughes: Yes.

Mr Aiken: — including, in 2013, public money had been used to pay Arthur Cox to do a broadly similar task —

Mr Hughes: OK.

Mr Aiken: — although, obviously, it would have been limited to the point in time that they carried out the task, summarising changes that occurred in the GB scheme. But the point I was drawing out to you, in fairness to you, none of that was drawn to your attention
Mr Hughes: No, I wouldn’t have known that.

Mr Aiken: — in the handover document.

Mr Hughes: No.

Mr Aiken: And there was no pre-existing arrangement for any systematic cooperation with DECC that was drawn to your attention for you to carry on with?

Mr Hughes: No. No.

Dame Una O’Brien: If we could just go to the beginning of the note again, Mr Aiken —

Mr Aiken: Yes. Would you scroll down one page, please?

Dame Una O’Brien: — I just want to be absolutely clear. It’s as though the first point, which says:

“Introduction of ‘degression’ (a budget control mechanism)”

it almost invites: well, where is the material that goes under that italicised heading? Doesn’t it? Cos all the other italicised headings have got some material and, I mean, it’s interesting that it’s listed as the first one because, obviously, that was a significant feature of the amendments that were made to the GB regs. However, the absence of any text must’ve been very confounding, almost implying that there wasn’t very much there. I don’t know what to make of it, but it is, as you say, quite odd, and there’s no colon implying that the text has been missed. It’s just given as a heading —

Mr Hughes: No —

Dame Una O’Brien: — whereas everything else is explained. It’s strange, isn’t it? Just the thing that you could’ve done with at that point in time.

The Chairman: Well, if you look above that, those are —.

Dame Una O’Brien: You’d have to go to the regs themselves, wouldn’t you?

The Chairman: Yes. They’re set out there in the top, yes.
Mr Aiken: And we’ll see it is a subject that you come to look at and do work on, and we’ll be looking at that with you.

Dame Una O’Brien: Yes, but it doesn’t say, “Refer directly to the regs for this information” or anything like —. I mean, all I’m pointing out is, it certainly doesn’t help.

Mr Aiken: No. And, you, unless you’d gone hoking in TRIM, and, as I understand the evidence you’re giving to the Inquiry, you didn’t have the capacity to do that and didn’t do it —

Mr Hughes: No, I didn’t.

Mr Aiken: — and therefore you won’t’ve known all of the interactions with Ofgem legal to do with warnings they were giving about proceeding without cost control, and so on and so forth. That would all have been alien to you —

Mr Hughes: Unaware of it, yes.

Mr Aiken: — because there wasn’t a section in the handover note to do with cost control, and no one else told you about the background over that issue.

Mr Hughes: That’s correct.

The Chairman: Even though you had Ministers’ letters and other material drawing the attention of the Northern Ireland Department to do it. We’ve had letters from Mr Barker, who’s telling Northern Ireland all about how they’re consulting on degression. They’re about to bring degression in.

Mr Aiken: I wonder is this a convenient moment, Chairman —

The Chairman: Oh, yes.

Mr Aiken: — to take a —.

Dame Una O’Brien: We’re getting carried away —

The Chairman: Yes, yes.

Dame Una O’Brien: — it’s so interesting.
the sheer scale, but in something like this here, it doesn’t matter. In policy development circles, scale doesn’t matter. The bottom line is it doesn’t matter if it’s for Northern Ireland or for the whole of the UK: the policy is the policy. When it comes to operation — operating that policy, that’s different — I appreciate that — but it just, yes, it was quite, quite alarming when I seen the sheer difference. And that’s the point that, I don’t think —. The Inquiry’s done a very good job of highlighting the resource issue; it’s the fact that, when you just sh — what does that actually translate to in practical terms? And obviously, this applies to my predecessors as well, who did a fantastic job trying to get the scheme to the place it got to, but, when you look at the sheer scale of it, it’s just — how are you supposed to operate in an efficient, effective way?

The Chairman: Was that the first time you —? The first time you saw it was for your statement, was it?

Mr Wightman: I think I might’ve come across it in the Public Accounts Committee, which would’ve been 2016 or something like that. It was in TRIM, to be fair, but you’ve probably found in the Inquiry it can be quite difficult to find stuff in TRIM.

Mr Aiken: It wasn’t something — your point is it wasn’t something you were cognisant of at the time.

Mr Wightman: No, and to be fair to — there might have been a chart up in John’s office. I don’t know if it was necessarily RHI; it might’ve been renewable heat, which is probably another one of these for — sorry, renewable electricity — probably another one of these for renewable electricity as well. But I don’t remember being aware of that, no.

Mr Aiken: Because, obviously, if you’d been aware, one of the questions that you might’ve asked yourself and then other people are: “What’s that person doing? What’s the modelling person actually doing? What’s the assumptions person doing?”.

Mr Wightman: Yes.
Rachel

Further to our discussion, please find attached exchange of letters between DETI and DECC Ministers regarding NI RHI funding for 2015/16. DECC RHI funding for GB scheme in 15/16 is £430m. The last letter confirms that the NI RHI funding allocation for 15/16 will be based on the Barnett-formula. We estimate that this will be between £10.8m - 12.9m. I also attach an email from Treasury in 2011 confirming the current £25m and the commitment to make subsequent RHI payments beyond the current SR period.

The indicative AME profile included in the Final Synopsis for Casework (P9 para j) was based on profiles/forecasts prepared earlier in the year. Last week, we sent through the attached revised AME profile as part of October Monitoring. This takes account of more recent information on RHI application numbers and payments. It also assumes that the two RHI Schemes will reach their saturation point from 2017/18 onwards and the number of new applications will then tail off. I can confirm that not all of the £25m already secured (for 2011/12-2014/15 period) will be spent this year. It is anticipated that there will be enough left to cover 2015/16. The 15/16 allocation (£10.8-12.9m) can then be carried through towards 2016/17. Further AME funding will be needed from 2016/17 onwards.

Please contact me if you wish to discuss.

Thanks

Stuart Wightman
Head of Energy Efficiency Branch
Energy Division
Department of Enterprise, Trade & Investment
Room 24A Netherleigh
Massey Avenue
Belfast, BT4 2JP
Tel: 028 9052 9425 (ext: 29425)
TextRelay: 18001 028 9052 9425
Web: www.detini.gov.uk
Jon

Many thanks - this is most helpful and will help us clarify our options in our economic appraisal.

We will of course still require Ministerial and DFP approval in due course for any scheme proposed here.

DFP would, I think, lead on feeding back to you on forecasting so I have passed on your email to our finance team here who will liaise with DFP in that regard.

Best Regards

Alison

Alison Clydesdale
Sustainable Energy
Department of Enterprise, Trade & Investment
Netherleigh
Massey Avenue
Belfast, BT4 2JP
Tel: 028 9052 9248 (ext: 29248)
Mob: 077 6310 1379
Textphone: 028 9052 9304
Web: www.detini.gov.uk

Please consider the environment - do you really need to print this e-mail?

From: Parker, Jon - HMT [mailto:Jon.Parker@hmttreasury.gsi.gov.uk]
Sent: 15 April 2011 12:13
To: Clydesdale, Alison
Cc: Hutchinson, Peter; Garcia, Nicolas - HMT; Parkinson, Mark - HMT;
    Mike.brennan@dfpni.gsi.gov.uk
Subject: [RESTRICTED] RE: RHI NI

Alison,

Sorry for the delay in coming back to you. Taking your points in turn:

1) With DECC, we have agreed that they can make commitments to spending in future years (up to 20 years) for installations that are installed within the SR period (i.e. the initial payments have to affordable within the SR profile), and providing that the policy is set up so that payments should be
basically flat over the 20 year period in real terms (i.e. no backloading to ease short-term affordability pressures). This same agreement would apply to any NI scheme.

ii) DECC’s GB RHI profile is £56m/133m/251m/424m. NI’s share of this is 2.98%, so £1.7m/4.0m/7.5m/12.6m. The NI scheme would need to follow this profile as much as possible – on which further below. We will need you to feed into us forecasts of NI RHI spending for the Office of Budget Responsibility’s bi-annual forecasts – this can be fed through me or Mark Parkinson (in the Devolved Countries Unit within Treasury).

iii) This funding does have to be used for renewable heat, but if NIE decide you would like to use it for a grant scheme or some such then this would be permissible as long as the cost of NIE spending is constrained to the AME consequential.

The other key point it is necessary to let you know about is that the DECC RHI spending is not being treated as standard AME, where the Exchequer takes on all risks of overspend. Instead, there is a risk-sharing arrangement whereby should RHI spending in one year exceed the SR profile, then DECC would need to repay this in future years. They can do this through announcing changes to the SR that will bring cost savings relative to the SR profile in future years. However, a small proportion of any required future savings (still to be determined, but likely to be of the order of 5%) will have to be funded through contributions from DECC’s DEL. Again, these rules would be applied in equivalent fashion to NI.

Happy to discuss any of these issues in more detail.

Jon

Jon Parker | Joint Head, Energy Branch | Energy, Environment and Agriculture
HM Treasury, 1/N2, 1 Horse Guards Road, SW1A 2HQ | 020 7270 5641

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From: Clydesdale, Alison [mailto:Alison.Clydesdale@detini.gsi.gov.uk]
Sent: 11 April 2011 13:00
To: Parker, Jon – HMT
Cc: Hutchinson, Peter
Subject: RHI NI

Jon

We spoke briefly the other day about the £25m allocation to NI for an RHI.

Can I ask you to clarify for me :

(i) The position with the commitment to 20 year payments within NI.
(ii) The process for advising on the spending profile of the £25m AME that we have been allocated.

(iii) If the £25m can solely be used for an RHI - or we can use it to incentivise in a different way e.g grant?

Happy to discuss.

Alison Clydesdale
Sustainable Energy
Department of Enterprise, Trade & Investment
Netherleigh
Massey Avenue
Belfast, BT4 2JP
Tel: 028 9052 9248 (ext: 29248)
Mob: [Personal information redacted by the RHI Inquiry]
Textphone: 028 9052 9304
Web: www.detini.gov.uk

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From: Clydesdale, Alison
To: Hutchinson, Peter
Cc: Hepper, Fiona; Connolly, Samuel
Subject: FW: [RESTRCTED] RE: RHI NI
Date: 04 May 2011 11:00:52

Peter

I spoke with Bernie yesterday at length about this.

This presents a significant challenge.

DFp will require evidence of our ability to control the scheme in order to minimise over/under spending in any one year.

From a finance perspective grant is the riskiest route financially as it is hard to control the number of applications especially at the end of the programme. But from the policy side I expect we will need some element of front loaded grant to stimulate demand.

You will need to ask CEPA to factor this in as a risk factor in the economic appraisal - I didn't see any evidence of this in the draft that we have already received - but it will need to be fully addressed - especially as finance have asked to see the final proposals.

I also raised with Bernie the fact that the non grant route i.e. RHI will require admin funding to cover the cost of Ofgem administering the scheme. We will need to make a bid in June monitoring (I'll discuss with Sandra) but she was not hopeful that funding could be found.

It might be useful to get the IA for the grant funded element of the DECC scheme if we can - so as we can see how DECC are addressing this risk as their AME funding is being treated in the same way.

Alison

Alison Clydesdale
Sustainable Energy
Department of Enterprise, Trade & Investment
Netherleigh
Massey Avenue
Belfast, BT4 2JP
Tel: 028 9052 9248 (ext: 29248)
Mob: [RESTRCTED]
Textphone: 028 9052 9304
Web: www.detini.gov.uk

Please consider the environment - do you really need to print this e-mail?

From: Brankin, Bernie
Sent: 03 May 2011 15:40
To: Clydesdale, Alison
Cc: Cooper, Trevor; Hepper, Fiona; Hutchinson, Peter
Subject: FW: [RESTRCTED] RE: RHI NI

Alison

Energy Division's AME has now been confirmed. I have spoken to Stuart Stevenson regarding RHI NI
AME allocation. RHI spending is not being treated as standard AME. This means that your RHI NI budget allocation is being treated the same as DEL allocations. If you underspend in any year, that part of your budget is lost to the department and, if you overspend in any year, DETI's budget will be reduced by the amount of overspend in future years. The NI Block lost all underspent budgets in 10/11 and DFP are currently in negotiations with Treasury about end year flexibility for the Block for this year and future years.

As discussed, you will need to take this treatment of AME into consideration when drawing up your proposals on how you will spend this allocation particularly if you are considering grants (which Energy Division knows from past experience are fraught with control problems). Please copy Finance into your draft proposals which would need to address the controls that you would put in place to prevent significant under/over spending. These proposals will also require DFP approval.

Happy to discuss further.

Bernie

Bernie Brankin
Finance
Department of Enterprise, Trade & Investment
Netherleigh
Massey Avenue
Belfast, BT4 2JP
Tel: 028 9052 9417 (ext: 29417)
Textphone: 028 9052 9304
Web: www.detini.gov.uk

Please consider the environment - do you really need to print this e-mail?

From: Brankin, Bernie  
Sent: 15 April 2011 16:04  
To: Clydesdale, Alison  
Cc: Cooper, Trevor; Hepper, Fiona; Hutchinson, Peter  
Subject: FW: [RESTRICTED] RE: RHI NI

Alison

AME budgets have just been confirmed by Treasury/ DFP. Your AME allocation for RHI is £2m in 11/12, £4m in 12/13, £7m in 13/14 and £12m in 14/15. This will be confirmed in writing to you early next week. I will discuss further with DFP and come back to you.

Bernie

Bernie Brankin
Finance
Department of Enterprise, Trade & Investment
Netherleigh
Massey Avenue
From: Clydesdale, Alison  
Sent: 15 April 2011 12:25  
To: Hepper, Fiona; Brankin, Bernie  
Cc: Hutchinson, Peter  
Subject: FW: [RESTRICTED] RE: RHI NI  
Importance: High

Fiona - for info.

Bernie - see below regarding reporting against the £25m that we have been allocated for RHI - can you advise how this will work in practice for us - I am presuming that DFP will work through your side on this?

Can you also advise if this years’ allocation of £1.7 m will show in Energy's budget line?

Happy to discuss.

Alison

Alison Clydesdale  
Sustainable Energy  
Department of Enterprise, Trade & Investment  
Netherleigh  
Massey Avenue  
Belfast, BT4 2JP  
Tel: 028 9052 9248 (ext: 29248)  
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From: Parker, Jon - HMT  
Sent: 15 April 2011 12:13  
To: Clydesdale, Alison  
Cc: Hutchinson, Peter; Garcia, Nicolas - HMT; Parkinson, Mark - HMT; Mike.brennan@dfpni.gsi.gov.uk  
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Happy to discuss any of these issues in more detail.

Jon

Jon Parker | Joint Head, Energy Branch | Energy, Environment and Agriculture
HM Treasury, 1/N2, 1 Horse Guards Road, SW1A 2HQ | 020 7270 5641

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From: Clydesdale, Alison [mailto:Alison.Clydesdale@detini.gsi.gov.uk]
Sent: 11 April 2011 13:00
To: Parker, Jon - HMT
Cc: Hutchinson, Peter
Subject: RHI NI

Jon

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Happy to discuss.

Alison

Alison Clydesdale
Sustainable Energy
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Mr Aiken: — committee, which we’re going to see, in terms of the domestic scheme.

Now the handover document itself, you explained to the Inquiry you read it before you met with Peter Hutchinson.

Mrs McCay: Yes.

Mr Aiken: And it referenced a lot of documents that you, according to the note, could find in TRIM.

Mrs McCay: Yes.

Mr Aiken: You may have needed all of the six weeks to read the documents that were referenced in it. But can you remember if you read any of those documents in advance of meeting Peter Hutchinson to talk through the handover?

Mrs McCay: I can’t remember, to be honest.

Mr Aiken: You don’t remember?

Mrs McCay: I don’t remember.

Mr Aiken: I’m not meaning to insult you in any way, but by the time you’d finished your acting up, do you know how many of the reference documents you’d have read?

Mrs McCay: Certainly not all of them. I will have read what I’d needed to read to do the day — the task at the time.

Mr Aiken: So, you kept this as an aide-memoire, as it were, a point comes in, you look at it, there’s a reference document, you might have dipped into it to see — find out some information that you needed, dealt with it. But you — if I put it this way, you had no window to be sitting reading through these documents to understand all of the background behind RHI?

Mrs McCay: No. There just wasn’t time.

Mr Aiken: Now, Peter Hutchinson has said to the Inquiry that he prepared two files of material. I’m not sure he necessarily describes it as lever arch files, but two — the
Mr Scoffield QC: And at this particular meeting when that message was being delivered to you, did you understand that to be coming from the Minister or the SpAd via David Sterling and David Thomson or was this just their own advice?

Mr Mills: I don’t know whether they’d been asked to do anything specifically; just that that’s the point they — that I think David Sterling, in particular, made.

Mr Scoffield QC: I want to talk to you, then, as I said, about the handover from Fiona Hepper to you. We know that Ms Hepper left her post on the 28th of November 2013 and that you commenced in post on the 6th of January 2014, so there was no overlap between the two of you.

Mr Mills: No.

Mr Scoffield QC: And whenever you took the job, were you aware that there wouldn’t be an overlap; that you’d be coming in after Fiona had left?

Mr Mills: Yes.

Mr Scoffield QC: And would that be standard procedure in the Civil Service at that grade, from your knowledge?

Mr Mills: [Short pause.] I can’t particularly say. I think I heard David this morning saying at Senior Civil Service levels, the, um, that there isn’t very often a handover. Actually, that is, that is my experience as well. So, my successor didn’t, didn’t, wasn’t there when I was still there. The person I replaced in environmental policy had departed, and there was somebody temporarily promoted into the role, so there wasn’t a direct handover there. My successor in water, again, I don’t rec — wasn’t there when I was there. So —.

Mr Scoffield QC: So it’s not something you would’ve expected to have happened — for there to be an overlap?

Mr Mills: Not —. Not —. No, not particularly. I think the six-week-odd gap is perhaps an unusual —. No, I —. No, I think it’s probably quite normal, actually.
briefing was of a scheme which was underperforming and which needed to be given
impetus to improve its performance and achieve the Executive’s Programme for
Government target of 4% renewable heat by 2015. This was to be achieved
principally by introducing the domestic scheme, which was not yet in place. Only the
non-domestic scheme was in place. From the records of 2014 and my recollection,
the main specific issues on RHI were, as I have mentioned, introduction of the
domestic scheme; establishment of administrative arrangements with Ofgem,
particularly arrangements associated with meeting Ofgem’s costs (Ofgem were the
administrators of the scheme), but also data sharing, and carbon trust loans. This last
issue was due to the problem created by RHI applicants having availed of carbon trust
or other “green” loans at low rates of interest and using them to install renewable heat
devices. This was considered double incentivisation. Applicants were required to pay
back the loans before proceeding with their RHI application. This was resolved in the
domestic regulations of December 2014.

18. My specific role in relation to RHI was to oversee and support the work of the RHI
Branch to take forward existing policy and legislative development of the RHI
schemes to achieve the Executive’s Programme for Government target of 4%
renewable heat by 2015 (and 10% by 2020).

19. There was a difference between the non-domestic and domestic arrangements in that
Energy Division was responsible for the administration and operational delivery of
the domestic scheme and its predecessor, the Renewable Heat Premium Payment
Scheme (RHPP). The non-domestic scheme was managed, administered and delivered
by Ofgem, the GB energy regulator, which also administered the GB renewable heat
scheme and the Renewables Obligation (the other significant renewable scheme-
concerning renewable electricity) across the UK. Therefore, Energy Division did not
have responsibility for the day to day running of the non-domestic scheme.

20. My period of responsibility did not include the planning, setting-up, design or
implementation of the non-domestic RHI scheme, which all occurred before I joined
Energy Division. I did not oversee the operation of the scheme, which, as I have said,
was administered by Ofgem.
OK. As I say, that’s a document which relates to the RHI scheme. The panel has seen it and read it. If there’s nothing else that you want to say about that, I want to ask you then just about the handover meeting and what was discussed on that day insofar as you recall.

Mr Mills: Yes, so, presumably, we’ll come back to what’s not in it, I suppose.

Mr Scoffield QC: I think the two points that were made to Mrs Hepper in her evidence were that there’s no emphasis on the introduction of cost controls as the part of phase 2. There’s nothing in relation to the forthcoming review and it’s one of the reasons why we’re coming on to the next topic. I think the tenor of Mrs Hepper’s evidence was not in there but was discussed, so I want to take you to some of that. So, maybe just take that document down, please.

In paragraph 17 of your main witness statement, Mr Mills, you’ve said that you have no specific recollection of what was said about the non-domestic RHI scheme at the half-day handover briefing session, but you have said that you had no impression of any major risk in relation to the scheme. If the answer to this is simply that you don’t remember, that’s fine, but other than that general impression that there wasn’t any major risk or crisis or alarm bell, can you remember anything else about what was or wasn’t said by Mrs Hepper about the non-domestic RHI scheme at the handover?

Mr Mills: Well, with 80 subjects on the briefing there, I couldn’t put my hand on my heart and say that reviews and cost controls or anything else was or wasn’t mentioned. I think the point I would make, though, is there’s a difference between that and highlighting, which I now, I guess, perceive to be a line of argument, that things were raised and emphasised and highlighted, and I would contend that wasn’t the case. Because there was going to be a gap between us, there was certainly one area where Fiona took action because there was going to be a gap to follow up or if there was something that, I mean —. The review, principally, I guess I’m speaking about, which was to begin,
supposedly in January. If that had been highlighted and been the case, then it seems unlikely either that we would’ve agreed that Fiona would take some action to say, “Get something in place for John. Get something going so we’re going in January”, or that I wouldn’t have said, “Which is the grade 7 and can you have something ready for me on this in January?”, if it was going to be that urgent.

What I started in energy division with knowing was that there was a consultation and that that was the next thing to follow up, that Ofgem — the non-domestic scheme was in place, the domestic wasn’t. Ofgem were the administrators, the PFG 4% and 10% targets were prominent. So, that’s what I came, and that’s fairly consistent with actually what’s in the cover note there. Certainly, once I got to energy division, the absence or what was presented to me was the domestic scheme, so —.

Mr Scoffield QC: I want to come on to that in a moment and talk about what you mean by what was presented to you was the domestic scheme, but if we just stick for a moment with what we can discern about what was discussed at this meeting. One thing you mention there I just wanted to ask you about; I think you did say there was one area where Fiona Hepper had taken some action because of the gap between your arrival and her departure. What was that?

Mr Mills: There was an energy Bill being promoted, but the person leading on the energy Bill had left, and I think this is the explanation: there was a need to prioritise transposition of the energy efficiency directive, so resources had gone away, so the energy Bill was faltering, and, rather than leave, I guess, me to deal with the fact that there wouldn’t’ve been any progress on my arrival or what to do with the energy Bill, Fiona, I think, noted — did a note to David Thomson seeking approval to temporarily stop work on the energy Bill and copied it to me.

Mr Scoffield QC: So, the point you’re making about that is that’s something that she did
in December. Is that right?

Mr Mills: Whether she did it in December or November, I imagine that the note could be found. It’s not to do with RHI, but it was a linking measure she took, helpfully, to carry over a piece of work that was in danger of falling between us.

Mr Scoffield QC: And you’re drawing a comparison there between the fact there was no linking measure in relation to the planned review. Is that the point you’re making?

Mr Mills: I’m inferring that if a very prominent, important thing was supposed to start in January ’14, it would’ve been necessary to take similar action.

Mr Scoffield QC: You mentioned a few moments ago that you’re someone who is in the habit of taking notes whenever you’re having a conversation like this. Can I assume from what you’ve provided to the Inquiry that you no longer have any notes from this discussion?

Mr Mills: No. I have no papers other than those that I’ve provided to the Inquiry.

Mr Scoffield QC: Now, I just want to talk you through one or two of the things that Mrs Hepper’s evidence to the Inquiry suggests were discussed or covered at that meeting and give you an opportunity to comment on that. And, Chair, I can give you the transcript references to these if that would be of assistance, but, in the course of Mrs Hepper’s oral evidence to the Inquiry, she says that, at the meeting, she discussed the RHI budget with you; discussed when that ran out — so that was end March 2015 — and that the extent of the funding available dovetailed with the need for reapproval of the scheme. She also says that she discussed the requirement that the scheme be reviewed and that that should commence pretty soon. And then she also told the Inquiry that she knows that she covered the issues of degression and cost control with you, and part of the reason that she thought she recalled that in particular was because she said that you’d had a bit of a joke about whether it was degression or digression and how it was spelt. Can you remember those things being discussed? Is your evidence that they may have been but you can’t recall, or
have you any other observations to make on that?

Mr Mills: Well, I’d repeat, really, what I’ve said is that it’s very difficult for me to recall whether they were mentioned, but I would dispute whether they were highlighted. The review, I commented on. The RHI budget and reapproval, I have — I don’t recall any discussion on that. Cost controls, however, I did —. Again, while I don’t specifically recall, it was — that was one of the three elements of the consultation of July/October 2013 was in my head, so I wouldn’t dispute that.

The Chairman: What do you mean by July — sorry, July/October? Maybe I took you up —.

Mr Mills: The DETI consultation of July to October —

The Chairman: Oh, the DETI —

Mr Mills: — 2013 —

The Chairman: Yes, I see.

Mr Mills: — on phase 2 of the RHI. So I knew that was the last thing that had happened, and the next thing to do was to follow up on that.

3:00 pm

The Chairman: That would’ve been in your head with regard to cost control, would it?

Mr Mills: That would’ve been where I got the reference, the —. Yes, that would’ve been.

The Chairman: What about the joke about degression?

Mr Mills: Well, as I said to Mr Scoffield, I was still spelling it incorrectly afterwards, so I don’t recall the — that, but I — in all honesty, I couldn’t remember the details of —.

The Chairman: It’s something you would remember, isn’t it?

Mr Mills: Um, there were a lot of subjects to get through. The — I think when you’re faced with a lot of energy issues, what you tend to get is the RHI, the RHPP, IME3, EMR and an alphabet soup of difficult concepts, so —.

The Chairman: Had you ever heard of degression before?
FIRST DAY BRIEFING MATERIAL

BRANCH: RENEWABLE HEAT

Issue: RENEWABLE HEAT INCENTIVE (RHI)

Current Position / Way Forward:

- Phase 1 of the RHI (for non-domestic installations) was launched in November 2012. There have been over 50 applications to date.

- A public consultation on Phase 2 (which will extend the scheme to domestic installations and expand the existing non-domestic scheme) closed on 14 October 2012.

- Energy Division is currently developing the final policy position for approval by DETI Casework Committee, the Minister and DFP.

- Non-domestic elements of Phase 2 will require EU State Aid approval.

- Existing Regulations need amending for extension of non-domestic scheme. Regulations need to be laid in the Assembly for the domestic scheme.

- An administrative system to manage the new domestic scheme needs to be procured through a competitive tender process. Ofgem currently act as the Administrator of Phase 1 of the RHI under an Agency Services Agreement. The procurement project will seek tenders for developing a system to (i) run the domestic scheme or (ii) run both the domestic and non domestic scheme.

Background:

1. The overarching objective of the RHI is to support the attainment of a level of 10% renewable heat by 2020 against a 2010 baseline position of 1.7%. The development of this sector can also have real benefits in terms of increased energy security, a reduction of CO₂ emissions and opportunities for ‘green jobs’.
FIRST DAY BRIEFING MATERIAL

2. DETI launched the first phase of the NI RHI in November 2012; the RHI mechanism provides long term financial incentives for businesses wishing to install renewable heat technologies such as biomass, ground source heat pumps, solar thermal etc.

3. The RHI represents financial support of up to £25m for the renewable heat market up to 2015, and total support of around £180m for the lifetime of the scheme.

4. The RHI tariffs are designed to cover all the additional costs involved in switching to renewable heat, in addition a rate of return of 12% is applied to make the tariffs more attractive towards investors.

5. DETI has just finished consulting on expanding the scheme to consider additional technologies such as large biomass, biomass and bioliquid CHP, deep geothermal and air source heat pumps. The proposals on the second phase of the scheme also include the introduction of a domestic and consideration of an uplift tariff for district heating schemes.

Briefing Prepared by: Joanne McCutcheon Contact Phone No: 29425
Alternative Contact: Peter Hutchinson Contact Phone No: 29532
us do the domestic scheme ahead of some of the other things in the consultation — was a
direction of travel which was set. You became aware of it; you didn’t disagree with it.

Mr Mills: Correct.

Mr Scoffield QC: Now, the next topic that I wanted to talk to you about in the context,
again, of handover and what you learnt when you joined the division is what assistance you
received from Mr Thomson. And one of the reasons why I wanted to talk to you about that is
because, again, Mrs Hepper, in her evidence, made the point that, at that stage, she was the
only moving part in the team. So Mr Thomson was still there, Ms McCutcheon was still there
and Mr Hutchinson was still there. So I want to talk to you about what you learned from
each of those different team members at the different levels. And I want to talk about Mr
Thomson first of all. It might be that you’ve covered this, because you said a few moments
ago, I think, that you don’t recall having any discussions with Mr Thomson about the RHI
scheme. Is that right?

Mr Mills: That’s correct.

Mr Scoffield QC: You can’t remember him ever saying anything to you about the RHI
scheme?

Mr Mills: Eh, no.

Mr Scoffield QC: Can you remember having a handover or induction conversation with
Mr Thomson at all?

Mr Mills: Um, no, apart from, I think, the meeting I recall that I’ve referred to earlier,
when we talked about streamlining. I’ve got a feeling that both David Thomson and David
Sterling were at that — both at that meeting. And that was — there were no — I didn’t have
any other conversations with David Thomson on RHI or, indeed, many other conversations
on energy.

Dame Una O’Brien: Can you say what you mean by that? I mean, did you — he was your
line manager, yes?

Mr Mills: Um, yes, well, David was covering for, I think, the illness of another one of the
grade 5s in his command. Um, and —.

Dame Una O’Brien: Uh-huh, uh-huh. But he’s told us he was sort of fully back in his role
from January 2014.

Mr Mills: Well, he was — he had that priority and he also had the tourism stuff. And I did
not have conversations with David Thomson on —. I recall a couple of insta—. Well, David
would’ve been, of course, at the divis— at the departmental meetings. He would’ve been at
the issues meetings with Ministers. Um, we — um, he —. Very early on, we had a briefing for
the First and deputy Minister on a subject; he attended that. There was a work issue
unrelated to RHI that we discussed one time. And David, presumably, would’ve, I think,
signed off my forward job plan from March — or April ’14 to April ’15, but, apart from that
—.

Dame Una O’Brien: Is that something you would’ve discussed with him?

Mr Mills: Well, that was shortly before he was leaving and, at that, he had said — he
apologised that he wasn’t involved in energy.

Dame Una O’Brien: Just to be clear, did — he was a bridge. Mrs Hepper had left. He was
the line manager for the grade 5 post. Did you have an induction meeting with him on the
range of issues for which you were taking responsibility?

Mr Mills: No, but you’re not expecting to have your hand held at grade 5. So, um —.

Dame Una O’Brien: Certainly not, but that — they’re two different things, arguably.

Dr MacLean: We heard that there was a sort of a role-share during this time between Mr
Thomson and Mr Sterling and that Mr Sterling had, for some time, been taking direct line
management responsibility for Ms Hepper and that he continued to have an interest in
energy and some of the energy topics. So, did you have contact with Mr Sterling in lieu of
the ones that you didn’t have with Mr Thomson?

Mr Mills: No, I was not —. I was clear that Mr Thomson was my line manager, and if I had any separate meetings with David, it was because something had come up which particularly concerned — that would’ve involved him thus. People — developers, for example — who might have been concerned about projects would want to go to the highest person in the organisation, so I remember David and I having a meeting with some developers one time and —.

Dr MacLean: OK. Thank you.

Mr Scoffield QC: We’ve covered some of the areas that I wanted to ask you about, Mr Mills, but just let me try and summarise what you’ve said, just so that we’re clear. You were clear when you joined that Mr Thomson was your line manager.

Mr Mills: Yes.

Mr Scoffield QC: There weren’t any areas where you felt that you were reporting directly to David Sterling. Is that right?

Mr Mills: Correct.

Mr Scoffield QC: You’ve said that you didn’t have any kind of discussion with Mr Thomson about RHI and you didn’t have any induction with him generally about your post in energy division.

Mr Mills: Correct.

Mr Scoffield QC: Did you not find that strange?

Mr Mills: Um —. [Short pause.] To be honest, I didn’t question it at the time. The grade 3 tends not to be collocated with the grade 5 and the team, and they are operating at a much higher level. Fiona, just in terms of physical proximity, had moved up to be close to Netherleigh. Where we were based was in an old house and an annex, and the team were in the annex, and the permanent secretary and the undersecretary were in the house. And
Renewable Heat Branch

Staff

• Vacant DP – Peter Hutchinson had previously been in post (left 16.5.14) and was mostly involved in RHI Phase 1 and the Public Consultation on Phase 2

• Dan Sinton DP (part-time) – Dan has mostly been responsible for the RHPP and administrative preparation for the domestic RHI

• Linda McGready EO1 – Linda has been part of the RHPP team. She has only recently been promoted to EO1. It was envisaged that she would assist Dan with the introduction of the domestic RHI as well as overseeing the RHPP.

• Cait Paterson EO2 (job share) – Admin for RHPP scheme

• Philippa Whiteside EO2 (job share) – Admin for RHPP scheme

• Peter Briggs SO – Peter works for two branches. We are supposed to have 0.5 of his time but have been having less of this in practice. We have been using Peter to look after any issues re legislation, to write up PPEs and as secretariat to two cross-departmental groups.
Immediate actions (by end August 2014)

- Securing approvals for the launch of the Domestic RHI
  - Secure casework committee approval
  - Secure Ministerial approval
  - Notification to ETI Committee

- Launch of Domestic RHI
  - Phased ending of RHPP scheme
  - Passage of legislation by draft affirmative -first draft prepared. Some issues to be considered are;
    - Inclusion of biomass wood stoves for a short period of time
    - Eligibility of swimming pools
    - Treatment of systems with a combined capacity over 45kW
    - Movement of large domestics (single systems over 100kW) into non-domestic scheme
    - Inclusion of bioliquids
    - Capping payments at £2000 per annum to prevent overpayments on inefficient homes.
  - Drafting of guidance documents / faqs
  - Publication of guidance on nidirect.gov.uk/energwise
  - Development of IT system for administration

- Ofgem administration
  - Agreement of “change control” mechanism for administrative costs
  - Agreement of data sharing protocols
  - Agreement on Carbon Trust loan issue
  - Discussion regarding impending changes to admin procedures based on Phase 2 policy.

- Review of current non-domestic scheme
  - Review biomass tariffs under 100kW
  - Consideration of tiered tariffs to prevent excessive payments

- Non-domestic Phase 2 policy
  - Determine policy on phase 2 for non-domestic, including;
    - New technologies and tariffs
    - Biomass sustainability issues
    - Air quality issues
    - Metering changes (in line with GB)
    - Use of process heat
    - Relocation of plants
  - Preparation of State Aid paper
  - Engagement with Ofgem re potential changes
  - Engagement with DECC re GB proposals
Communications
  - Meeting with Navigator Blue to discuss research findings from previous media campaign
  - Agree the need for marketing activity in 2014/15 (budget of c £40k)
  - Business case and marketing brief for activity

Arrange meetings of cross-departmental groups (heat and communications)
1. Renewable Heat Incentive (RHI)

Overview

- The RHI is an incentive mechanism aimed at promoting the uptake of renewable heat installations in the commercial sector. No upfront support is awarded but payments are provided for the lifetime of the technology (up to 20 years) and are calculated based on the size, type and heat use of the installed technology. Payments are based on metered heat output x appropriate tariff (tariffs differ for different technologies and are in the form of pence per Kwh). This scheme is similar in nature to the NI Renewables Obligation (NIRO) which incentivises renewable electricity.
- The scheme was designed following public consultation (July 2011) and independent economic analysis by Cambridge Economic Policy Associates (June 2011 and January 2012).
- The NI RHI was launched on 1 November 2012 (the GB scheme was launched in November 2011). The schemes are similar in many aspects however the tariffs for NI have been designed specifically for the local heat market. The NI tariffs tend to be lower than GB tariffs – this is because the cost differential between conventional heating and renewable heating is less in NI than GB.
- For the scheme to be launched approvals were required from a DETI Casework Committee, DFP, the DETI Minister and EU (re State Aid).
- The scheme is underpinned by secondary regulations.
- The scheme administered on a day to day basis by Ofgem. The relationship with Ofgem is via an Administrative Services Agreement. Money is transferred on a monthly basis to cover payments – this is looked after by Sandra Thompson (Energy co-ordination Branch).
- To date (12.5.14) there have been 153 applications under the RHI, all bar one for biomass, and 105 accreditations.

Useful reading / documents

- April 2009 Submission beginning the work on renewable heat - DT1/09/0033582 and DT1/09/0144352
- Executive Summary of a 2010 Study into the NI renewable heat market - DT1/10/0089593
- CEPA Analysis Work - DT1/11/0071551 (first report) and DT1/12/0034035 (follow up research)
- State Aid application and addendum - DT1/12/0000602 and DT1/12/0021740
- Casework Synopsis - DT1/12/0026878
- RHI Business Case - DT1/12/0035322
- Guidance notes for the RHI scheme - www.nidirect.gov.uk/rhi
- Legislation - Link to legislation.gov
- Documents underpinning relationship with Ofgem - DT1/13/0063865, DT1/13/0063864, DT1/13/0063866
- FAQs - DT1/13/0038171
• Spreadsheet analysis on uptake - DT1/14/008879

**Key contacts**

- **Ofgem**

  **Day to day admin issues**  Teri Clifton  teri.clifton@ofgem.gov.uk  0141 341 3991
  **Technical issues**  Edmund Ward  Edmund.Ward@ofgem.gov.uk  0207 901 7168
  **Monthly payments**  Deckerson Thomas  Deckerson.Thomas@ofgem.gov.uk  0207 901 3060
  **Monthly reports**  Mohini Depala  Mohini.Depala@ofgem.gov.uk  0203 263 9917

- **DECC (Organisation chart at DT1/14/0025193)**

  **SCS Contact (G3)**
  **Stakeholder Engagement & Communications**
  **GB Domestic RHI**
  **RHI Strategy**

  Nicola Barber  nicola.barber@decc.gsi.gov.uk

- **DCENR**

  **Renewable and Sustainable Energy Division**
  **Des Byrne**  Des.Byrne@dcenr.gov.ie  +353 1 678 3215
  **John Rice**  John.Rice@dcenr.gov.ie

**Current / emerging issues**

- **Data Protection** – DETI and Ofgem have had many discussions regarding data sharing under the RHI. Ofgem receive applications and provide DETI with a weekly update on these, however the information provided does not include location, post code, type of sector and other information that might aid statistical records, briefing material or policy development. Ofgem are again considering how such information could be shared.

- **Carbon Trust Loan** – An issue arose in summer / autumn 2013 where Ofgem refused an application on the basis they had received a Carbon Trust 0% interest loan – this was despite the fact that Ofgem and advised applicants and DETI that they consider the two scheme were compatible. Following consideration, DETI revoked Ofgem’s decision and allowed applicants to avail of both schemes. This, however, has State Aid implications in that applicants mustn’t breach EU thresholds on de minimis aid. Ofgem had previously advised this situation had been sorted however it now appears this isn’t the case and are awaiting DETI instructions on how to proceed. In GB, Ofgem accredit installations and simply notify DECC that both sources of funding have been received – it is unclear whether this satisfies State Aid rules. Stephen Moore (EU) has been very helpful on this issue. Papers at DETI Container DT15/160/245/54/Energy DETI - Sustainables - Renewable Heat - Carbon Trust Loans and RHI 2013/14.

- **Tariffs** – It is becoming apparent that the payments made to installations are higher than would have been expected under the CEPA modelling. Ofgem (Edmund Ward) has advised (on 13.5.14)
that the experience in GB and NI has shown that many installations have had a higher demand (time of operation) than had been assumed in the tariff calculations; this is especially true of certain sectors. As the demand is higher than what has been assumed the tariffs can become over-generous. This issue would need to be considered as a matter of urgency. The email from Janette O’Hagan (DT1/14/0088268) is also relevant to this point, where applicants could over-use technologies for financial gain. Again CEPA had advised in their 2011 analysis that this wouldn’t be the case. The solution would be to “tier” tariffs, where a certain tariff is provided for the first 15/20% of use and then another lower tariff is provided for the rest of the heat use. This is used in GB tariffs. Certainly this should be considered for biomass under 100kW as a matter of urgency. This has been discussed briefly with Edmund Ward and he advised that Ofgem would be able to implement without too many changes to existing systems.

- **Budget** – the initial budget was for £25m until March 2015, this came with correspondence with HMT that payments made under the initial funding would be covered in future years (DT1/11/0044780). DECC have received a budget of £430 for 2015/16, a DETI share of this would be the order of £10-12m however no confirmation has been forthcoming. Correspondence from DECC has suggested the money will be provided to NI from HMT (DT1/14/0061088). Finance are aware. In future years a more joined up approach with DECC may be sensible regarding budgeting i.e. a single UK budget covering both schemes? In terms of admin budget, the expected costs of Ofgem is expected to be £260k – a bid has been submitted as part of June Monitoring. These costs are based on 3% of GB costs. Ofgem are scheduled to submit a “change control” to current protocols to confirm these costs.
2. Renewable Heat Premium Payment (RHPP)

**Overview**

- As the RHI scheme covered non-domestic applications only, it was agreed to introduce a short term grants scheme for domestic customers. This was done with the intention to introduce a longer term incentive mechanism (similar to RHI) for domestics in the future. Those availing of the grant would remain eligible to apply for the incentive mechanism when introduced.
- The Renewable Heat Premium Payment (RHPP) scheme was launched on 24 May 2012 and provides a payment to householders wishing to install a renewable heat technology in their home. The value of the support is fixed but varies depending on the technology:
  - Air source heat pump - £1700
  - Biomass - £2500
  - Ground source heat pump - £3500
  - Solar thermal - £320
- To date (12.5.14) there have been over 1700 applications, 960 of these had led to an installation being made and 800 have received payment. DETI has paid out £1.6m on this scheme in total.
- The most popular technology is biomass, accounting for 50% of applications / installations. Solar thermal accounts for c30%.
- The scheme is administered within the Branch, with the EOI and EOII’s responsible for recording applications, checking eligibility, raising queries, carrying out visits and processing payments. Payments are authorised by the 2 DPs.
- Claims are checked (as per the procedures manual). The % of sites to be visited was agreed with Trevor Cooper and Audit at the start of the scheme. The branch maintains a pivot table to monitor how the Branch is performing regarding the number of site visits.
- Once the position is finalised on Domestic RHI the closure of the RHPP will need to be managed.

**Useful reading / documents**

- Terms and Conditions - DT1/12/0070156
- Information and Guidance - DT1/12/0070157
- Application form - DT1/12/0130587
- Application procedures - DT1/13/0022901
- Claim checklist - DT1/12/0114082
- Visit analysis - DT1/14/0051546

**Current / emerging issues**

- As with any grant scheme there are a number of issues relating to eligibility / applications to be aware of (Dan can provide verbal briefing). Some of these include;
  - Greenhouse NI – An installer installed a number of technologies despite not being appropriately accredited under the Microgeneration Certification Scheme (MCS). The installer advised applicants he was MCS accredited however it was discovered on
application that this wasn’t the case. Applicants who installed before the installer was MCS have been informed they won’t be eligible for the RHPP but may be able to apply for domestic RHI. Trading Standards (Nikki Craig) have been involved in dealing with complaints and are currently taking the installer in question to court.

- **Angus Orlingo Boilers** – A supplier notified Dan Sinton that a boiler, to which he was sole UK distributor, had been installed in NI on a number of occasions without it being supplied by his company. His company purchased the boiler from Polish suppliers and had it accredited under MCS. His accusation was that NI suppliers had purchased directly from Poland and installed in NI. As the boiler didn’t come through his company it wouldn’t be MCS accredited (despite it being the same product). The team have visited a number of Angus Orlingo boilers – it is very difficult to tell whether the boiler installed is from the UK company or Polish suppliers. All appropriate documentation has been supplied by applicants for these installations.
3. Phase 2 of the RHI

Overview

- As the initial RHI was focussed primarily on well established technologies and did not cover the domestic sector, it was agreed that a second phase was required to consider innovative technologies and long term support for the domestic sector. This is similar to the approach in DECC.
- The proposals for Phase 2 were developed using independent economic analysis carried out by CEPA / AEA. This analysis informed a public consultation that took place between Jul – Oct 2013. 50 formal responses were received.
- The proposals had three main elements;
  - Introduction of a domestic RHI, payments to be made over 7 years with an element of upfront support. Payments would be made on a ‘deemed’ basis.
  - New technologies / tariffs in the non-domestic sector. This included large biomass, biomass/bioliquids CHP, ASHPs, deep geothermal and district heating.
  - Technical amendments to the Regulations on issues such as metering, air quality, biomass etc.
- The responses were analysed and final policy on domestic RHI scheme agreed – this is subject to Casework Committee and Ministerial approval.
- DECC have launched their domestic RHI (April 2014) but are still to confirm their position on the non-domestic elements.

Domestic key issues

- Some policy (Dan can advise further) issues for finalisation include;
  - Treatment of systems with combined capacity over 45kW
  - Capping payments at £2000 to prevent over-payments
  - Treatment of swimming pools
  - Commissioning v installation i.e. MCS requirements
  - Standards for bioliquids
- Casework to be arranged with Eugene Rooney (or PS). Papers required are;
  - Letter from David Thomson
  - Synopsis Paper
  - Business Case
  - CEPA Analysis
  - Risk Register
- First draft of legislation is prepared but to be finalised pending casework and agreement of policy issues. May also need to consider whether these Regulations impact on the existing non-domestic Regulations and should changes to the non-domestic Regs be enacted by these new Regulations. For example;
  - Treatment of domestics over 100kW
  - Metering issues
  - Relocation of plants
• Following Casework approval a submission to Minister will be required. This would include issues such as;
  - Final policy for approval
  - Briefing for ETI Committee (and SL1 if possible)
  - Timetable for introduction
  - Press Release
• To launch scheme an appropriate IT system will be required and guidance documents for applicants.

**Domestic RHI reading / papers**

• CEPA Analysis work - DT1/13/0111260
• Public consultation - DT1/13/0111258
• Overview of responses - DT1/14/0032062
• Overarching policy document / response to consultation - DT1/14/0083031
• Casework guidance - DT1/14/0089729
• Business Case - DT1/14/0067766
• Synopsis - DT1/14/0082995
• David Thomson letter - DT1/14/0082515
• Risk Register - DT1/14/0082983
• Information on GB scheme

**Non domestic key issues / papers**

• Phase 2 consultation included proposals to expand the scheme for new technologies including;
  - Biomass over 1MW
  - Biomass / Bioliquid CHP
  - Bioliquid
  - ASHPs (air to air and air to water)
  - Biomass Direct Air
  - Deep Geothermal
• DECC have preliminary advised that they will not be taking forward plans for support for air to air heat pumps, biomass direct air or bioliquids.
• DETI also proposed an ‘uplift’ tariff for biomass fuels district heating schemes.
• In addition to policy options on tariffs / technologies, there is also a need for technical issues to be considered including;
  - Biomass Sustainability i.e. sourcing of biomass / imports – mostly significant for large systems but DECC have begun the introduction of a “supplier” list for all sizes.
  - Cost Control or Degression
- Air Quality – need to ensure RHI doesn’t impact negatively on air quality, however GB levels are very stringent and reflect that natural gas is being displaced in GB rather than heating oil. Stringent targets might have impact on biomass production in NI. Key contacts are Bruce Harper in DOE and Nigel Moore (DARD), Terence Patton (DARD) and Chris Johnston (AFBI).
- Relocation of plants.
- Changing definition of complex metering.

- Final decisions are required on technologies to be supported, tariffs and eligibility standards. These policy decisions will be need State Aid approval.
- There is also need for further liaison and consideration of DECC final proposal’s to understand linkages.
- Existing Regulations will need to be amended based on policy changes.
- Any changes will also need to be considered by Ofgem and there will be an associated cost – Ofgem had previously advised that they would need to scope operational changes once policy was confirmed, the costs of this scoping would be in the order of £80k (not currently in budget line).

**Reading / Papers**

- CEPA Analysis work - DT1/13/0111260
- Public consultation - DT1/13/0111258
- Overview of responses - DT1/14/0032062
- Information on GB scheme
- DECC response to consultations- DT1/13/0204229
Communications

Overview

- In December 2010, the Executive agreed to new protocols regarding the delivery of sustainable energy messages by Government Departments and Agencies. It was agreed that all Departments involved in sustainable energy messaging would deliver such campaigns via a single contract. The contracted marketing agency would have responsibility for ensuring consistency of messaging and timing campaigns; there would also be benefits in terms of research and evaluation. A single brand would also be developed.
- In July 2011, Navigator Blue was appointed and a single brand known as “EnergyWise” was adopted. A first campaign was held between October 2011 and March 2012 focusing on establishing the branding and promoting basic energy efficiency behaviours. Subsequent campaigns were held in 2012/13 and 13/14 that focussed on promotion of renewable heat and RHI/RHPP.
- In addition to outdoor media, TV and Radio activity a website has been developed on NI Direct (www.nidirect.gov.uk/energywise).
- The contract was for an initial period of 2 years with the potential to be extended for a further 2 years – the contract was extended in July 2013 and will therefore continue to July 2015. There is a budget of around £40k for 2014/15 that could be used for promotion of the domestic RHI.
- The management of the contract with Navigator Blue is the responsibility of the cross-departmental group on sustainable energy messaging. This group is chaired by EIS (Chris McNabb).

Useful reading / documents

- Original Exec Paper - DT1/10/0092498
- Protocols for using contract - DT1/11/0094701
- Research report from 2012/13 campaigns - DT1/13/0112541
- Examples of artwork – DT1/14/0030939, DT1/14/0018509, DT1/14/0018493
- 2013/14 Business Case - DT1/13/0176604
- Other documents in “Energy DETI - Sustainables - Sustainable Energy Communications” or (historical documents) in “Energy DETI - Sustainables - SE IDWG (Sustainable Energy Interdepartmental Working Group) - Sub Group - SE Communications”

Contacts

- OFMDFM
  - GAU – Day to day contact    Mark Robinson Mark.robinson@ofmdfmni.gov.uk  Ext 88226
  - GAU – G7                    Kim Martin  Kim.martin@ofmdfmni.gov.uk          Ext 88141
  - NI Direct / Web info        Audrey Bertinat Audrey.bertinat@ofmdfmni.gov.uk Ext 88573

- Navigator Blue (contact with NB is normally via OFMDFM)
Current / emerging issues

- Navigator Blue is keen to present the research findings from the recent 2013/14 campaign – this would also be an opportunity to meet with the NB team and discuss potential options for 2014/15. This would be arranged by Mark Robinson, OFMDFM.
- If it is decided to carry out marketing activity in 2014/15 a business case will be required for the budget.
- The Communications Sub Group have not met for a number of months – whilst this is chaired by GAU, DETI have often instigated the meetings. Items for discussion would include forthcoming communication activity and development / maintenance of the NI Direct website.
Renewable Heat Sub Group / Strategy / BioEnergy Action Plan

Overview

- The Branch chair and act as secretariat for the Renewable Heat subgroup of SEIDWG.
- This group has two main responsibilities
  - monitoring progress against Bioenergy Strategy 2011-2015
  - Consideration of cross-cutting issues relating to deployment of renewable heat.

- It was originally envisioned that this group would assist in developing a Renewable Heat Road Map. This document would pull together cross-cutting issues (incentivisation, fuel supply, air quality, planning, heat in public estate, business opportunities etc) and demonstrate how the 10% renewable heat target might be secured and the benefits. This aspect of work was put on hold by Fiona Hepper until the domestic RHI is in place.

Useful reading / documents

- Renewable Heat Road Map, discussion document - DT1/13/0072361

Contacts

- Peter Briggs acts a secretariat for the group.

Current / emerging issues

- Peter Briggs has been asked to seek updated on the Bioenergy Action Plan.
- A meeting will be required in Autumn 2014.
processes of setting out, agreeing, a PPA — a forward job plan — and with setting the
divisional priorities and setting the energy division plan.

Two other factors with handover at that time. One was during the period in June, when
Davina was around, the priority was taken up very much with the domestic with the
casework committee on RHI. And, secondly, there was another set of handovers that I was
dealing with, which was the two people above me, in Chris Stewart and Andrew McCormick
both arriving and both starting to ask, “Well, what’s all the energy issues about?”, because I
think the Minister had highlighted to them that it’s an area that they should concentrate on.

Dr MacLean: You said that you asked Peter Hutchinson for the detailed handover note to
facilitate that process. Is that correct?

Mr Mills: My recollection is there’s a handover note because I asked Peter to do one. Yes.

Dr MacLean: Did you ever read it?

Mr Mills: I don’t recall seeing it or reading it. That is, I, I —. There’s no trail to say that I
got it electronically, and it’s not in my hard copy papers, so I don’t know that I received it.
Um, but, if I had, there is a danger that I would’ve gone, “Great, Peter’s done what I asked
him to do”. You know, I think it’s a point that Stuart has made is: if you really think there’s a
crisis and the train’s going off the rails, a handover note is not the vehicle to put that sort of
stuff in. It should have been highlighted in risk registers and the like.

12:30 pm

Dr MacLean: It was. Some of the risks were. It was just that simply nobody was looking at
the risk register.

Mr Mills: Well, I don’t think that some of the things were in the divisional risk register.

Dr MacLean: No, no, in the project risk register, but that’s a whole topic on its own. But
after having asked for the detailed handover note, you didn’t see it or read it or you have no
reollection of that?
moving parts at that stage in 2014 — was it not particularly important that you got a copy
and that you read it?

Mr Mills: Well, there were a number of people leaving at that time and various
arrangements. It was a handover note for somebody else’s job in the division at the end of
the day. So I wouldn’t have necessarily expected to have gone through such a document in
detail. The documents that were divisional documents were the divisional plan and the risk
register. Those had been in development from March, or something like that, 2014. So I
would’ve expected, in terms of the objectives that I needed to be aware of, for them to have
been in those documents.

Mr Scoffield QC: OK. Now, I think there’s a number of points in that answer that I maybe
just want to explore with you a little further. You say that you wouldn’t have considered it
necessary for you to look at the handover note in detail yourself. Is that because it was being
compiled at a grade several grades below you and, therefore, it was a level of detail that you
wouldn’t be expected to have? Or was it simply because of time pressures or —? Why do
you make the case that it’s not something which, you having taken the view it was important
that this be produced, you should yourself have recourse to?

Mr Mills: Well, it’s important to be produced as a continuity with the people that were
taking over. But, I —. Yes, time pressures would’ve meant that I wouldn’t be looking in detail
at any DP’s job in the division. Or any —. Now, there’s a slight difference there because
Peter was maybe doing it for the branch rather than just the DP post. But even so, I would’ve
expected that to be filtered through, as with all the branches, into the divisional plan.

Dr MacLean: Is this not slightly different though? I keep coming back to it, I apologise,
but, normally you would have a grade 7 there managing all of this for you in terms of the DP
moving on. Did you make no differentiation in this instance because the grade 7 had already
gone and was not there to carry out that role?
Mr Mills: I have no recollection of that.

Dr MacLean: Do you have a recollection of ensuring that either Stuart Wightman and/or Seamus Hughes had it and read it?

Mr Mills: I can't remember.

The Chairman: Well, we know what happened with Wightman and Hughes.

Mr Mills: I have to say, another element of continuity in this was Ofgem, of course, with the administrators of the scheme as well. So, from my point of view, there is that continuity.

Dr MacLean: Sorry, Mr Scoffield. That was quite lengthy, yes.

Mr Scoffield QC: I want to talk about the handover note in a bit more detail in just a few moments. Before we get to that, there were a number of documents that I wanted to take you to in relation to both Joanne and Peter leaving around the same time. I think probably quite a lot of that has been superseded by the discussion you’ve had with the panel over the last few minutes, but I want to just to try and sum up and draw together the strands of what we’ve been discussing about that before we move on. So, perhaps you can tell me if you agree with this summary.

Joanne McCutcheon, we know, approached you just after Christmas 2013 — so this is January 2014 — and said that an issue had arisen over Christmas, and in the first week, I think, she asked you if she could go on career break for personal reasons which were unrelated to work. And I think your position on that was — and is — it would’ve been unfair in light of her particular circumstances to refuse that request.

Mr Mills: That would’ve been, well, unfair, but if —. Joanne, to my mind, did quite a noble thing, because she could’ve taken — if she’d taken sick leave, I wouldn’t have been able to replace her at all.

Mr Scoffield QC: So, she stayed on until the end of April, and you were content with that in terms of what was happening with her post?
It’s almost as though you are either without interest or curiosity about what was going on with regard to the non-domestic scheme; the lack of contact with the team and what sounds to me like a lack of interest in the content of what they were doing, if I just look at that period of time from when you started to when Peter Hutchinson goes, putting it all together. Now, if that’s an unreasonable picture, I’m giving you a chance now to fill in the gaps or tell me something that I’ve missed.

Mr Mills: Um, well, thank you. I certainly would like to reject lack of interest. Um, the, um —. If I could use an analogy, energy division felt like keeping a series of spinning plates going to me, and the, um — and other issues appeared to be in greater risk of tumbling off their spinning and of resulting in risk. As soon as I joined energy division, the non-domestic RHI did not appear to be a high-risk area and, therefore, if I, er — if I wasn’t as involved in it, it was because I saw it as a lesser risk. And I would have thus —. Referring back to staffing, for example, in maybe February 2014, the head of the electricity branch came to me and said, “Well, I’m just drowning in tasks here. I can’t keep up with the demands”, and I attempted to respond to that.

2:15 pm

So, I’m not blaming Joanne, but Joanne didn’t come to me in February 2014 and say, “Oh my goodness, we just can’t keep up with this non-domestic scheme”. The initial feedback that I got from a trawl of what was really urgent in 2014 said that the priority on the RHI was the domestic scheme, or issues associated with the domestic scheme — Carbon Trust loans and data with the — with the — with Ofgem. So those were —. I agree it was — it may appear that there was less involvement, or there was less involvement, because —

Dame Una O’Brien: Well, I think —.

Mr Mills: — it wasn’t a risk.

Dame Una O’Brien: I think, on the evidence, there was less involvement.
considering the heat data shared by Ofgem and comparing against tariff assumptions – I had prepared a spreadsheet of calculations\(^{122}\) to support this analysis.

6.71 Whilst this was identified as an emerging trend there was still, in my view, not enough data to make definitive conclusions or recommendations. By May 2014, there were 100 accreditations, not all of which would have received multiple payments. Heat levels could also be affected by seasonality, sector of installation or heat requirements. I anticipated that this issue needed some level of review. At the same time, we had been seeking more information from Ofgem to support our analysis.

6.72 Linked to the point are the events of w/c 12 May 2014. I was preparing to leave the Department therefore I was finalising different elements of work including the drafting of a handover note. Ms O’Hagan, who I had met with in October 2013 (and emailed after the meeting) emailed raising the issue of installations over-using / wasting heat to gain additional payments.\(^{123}\) The potential for applicants to waste heat and the need for tiered tariffs had been discussed with CEPA / AEA in 2011/12. Ms O’Hagan’s email had a level of detail worth considering and it resonated with some of the trends that I felt were emerging. The next day, I discussed the issue with Edmund Ward, Ofgem – this was part of a wider conversation in relation to Carbon Trust loans. Mr Ward explained that the issue of high demand was something he was aware of in GB amongst certain sectors. We discussed the issue and whether tiering could be a remedial action. Mr Ward explained that he felt that tiering would be administratively simple to deploy in the NI Scheme.

\(^{122}\) Annex 71 – DETI spreadsheet of tariff assumptions and calculations

\(^{123}\) Annex 72 – Emails between Peter Hutchinson and Janette O’Hagan re RHI (8 October 2013 and 12 May 2014)
6.73 I recorded all this information in my handover note\textsuperscript{124} for the attention of incoming staff. It stated;

- “It is becoming apparent that the payments made to installations are higher than would have been expected under the CEPA modelling.” Referring to my own analysis re higher than expected payments.

- “Ofgem (Edmund Ward) has advised on 13.5.14) that the experience in GB and NI has shown that many installations have had a higher demand (time of operation) than had been assumed in the tariff calculations; this is especially true of certain sectors. As the demand is higher than what has been assumed the tariffs can become over-generous. This issue would need to be considered as a matter of urgency.” Referring to the conversation with Edmund Ward detailed above.

- “The email from Janette O’Hagan (DT1/14/0088268 (refers to TRIM reference)) us also relevant to this point, where applicants could over-use technologies for financial gain.” Referring to the email of 12.5.14 from Ms O’Hagan demonstrating the point had been considered, followed up, saved in record management system and flagged for future consideration.

- “CEPA had advised in their 2011 analysis that this wouldn’t be the case.” Referring to the point that CEPA had considered but not recommended tiering at that point but it may now need to be considered.

- “The solution would be to “tier” tariffs, where a certain tariff is provided for the first 15/20% of use and then another lower tariff

\textsuperscript{124} See Annex 28
is provided for the rest of the heat use. This is used in GB tariffs. Certainly this should be considered for biomass under 100kW as a matter of urgency.” Referring to the potential solution to guard against high load factors and the risk within the small biomass tariff.

- “This has been discussed briefly with Edmund Ward and he advised that Ofgem would be able to implement without too many changes to existing systems.” Referring to point above, tiering was discussed with Ofgem and it would not have been administratively difficult to facilitate.

6.74 This issue was also highlighted in the section entitled “Immediate actions (by end August 2014)” with the statement;

- Review of current non-domestic scheme
  - Review biomass tariffs under 100kW
  - Consideration of tiered tariffs to prevent excessive payments

d. The amendment, suspension or closure of the Scheme:

6.75 In relation to the amendment of the Scheme, I was involved in analysis work and public consultation on Phase 2 of the RHI. The Phase 2 work consultation 3 broad areas;
  a) Implementation of a domestic RHI
  b) Expansion of the non-domestic Scheme
  c) Administrative changes (including Cost Control)

6.76 The Phase 2 Consultation\textsuperscript{125} was informed by analysis work undertaken by CEPA / AEA between February – June 2013.\textsuperscript{126} In terms of amendments to the non-domestic Scheme, CEPA / AEA provided analysis and recommendations on a number of new tariffs including air source heat pumps,

\textsuperscript{125} See Annex 25
\textsuperscript{126} See Annex 24
- Submission to Private Office 13 May – needs to be cleared no later than 22nd for Committee meeting on 29 May.

**Potential need for legislative change in relation to electricity and gas certification provisions**
- Draft sub with HOD – 6 May.
- Need to re-open discussions with DECC and engage DSO as necessary

**PETER - RENEWABLE HEAT**

**RHI Phase 1**
- Carbon Trust loan issue remains unresolved – Ofgem are not accrediting installations in receipt of CT loans until there is direction from DETI. Stephen Moore has been asked for his opinion on the potential options, these are;
  - Accredit like normal accreditations;
  - Accredit but record details and notify DETI (GB model); or
  - Before accreditation issue separate guidance and record potential levels of aid. The aid would be treated under “de minimis” rules.
- Data sharing issue remains unresolved – issue now focussed on the receipt and storage of sensitive information by DETI. Information management have been engaged.
- Potential need for review of tariffs (particularly for biomass less than 99kW) given advice from Ofgem re: the use of these systems. A system of tiered tariffs might be appropriate.
- Uptake under the scheme remains positive in comparison to GB figures.

**RHI Phase 2**
- Accountability Branch has confirmed that DFP approval is not required iro domestic scheme as it is from the same pot of money (£25m) as the original approval.
- Accountability Branch has however advised internal Casework is required given agreement at Casework at Phase 1. Casework to be arranged through Eugene Rooney. Once this is confirmed Ministerial approval will be required for the launch.
- Anticipated dates – Minister to announce scheme in June, migration of existing RHPP installations commencing July, open to new applicants Sept.
- First draft of legislation has been prepared by Arthur Cox – needs finalised once all approvals are in place. Affirmative debate to lay Regulations. This needs to be done before the launch and before recess should the launch be delayed for any reason.
- Terms and Conditions / Guidance documents for the scheme are being finalised prior to drawing up letters, application forms etc.
- Preparatory work for developing the administrative system is being taken forward with IT colleagues.
Electricity and gas certification

- Gas – BGE(UK) FOU application submitted 1 April. Electricity – NIAUR advised 20 May that all licence modifications and other conditions now met and with legal to look at the final decision (presumably imminent for Moyle and SONI/NIE).

Administrative order to designate provisions of EU Electricity and Gas Regulations

- Missed Committee meeting this week, but submission cleared 27 May and on agenda for Committee meeting next week
- Subject to Committee clearance, aim to make designations next Friday 6 June (HoD to sign)

Potential need for legislative change in relation to electricity and gas certification provisions

- Submission issued 20 May.
- Continuing to press DECC to engage on developing proposals but no further information received despite repeated requests.

DAVINA - RENEWABLE HEAT

RHI Phase 1

- Carbon Trust loan issue remains unresolved – Ofgem are not accrediting installations in receipt of CT loans until there is direction from DETI. Stephen Moore has been asked for his opinion on the potential options, these are;
  - Accredit like normal accreditations;
  - Accredit but record details and notify DETI (GB model); or
  - Before accreditation issue separate guidance and record potential levels of aid. The aid would be treated under “de minimis” rules.
  Option 3 had previously been agreed with Ofgem - currently setting up meeting/teleconference with Ofgem and Stephen Moore to resolve.
- Data sharing issue remains unresolved – issue now focussed on the receipt and storage of sensitive information by DETI. Information management have been engaged and have been pressed for update.
- Potential need for review of tariffs (particularly for biomass less than 99kW) given advice from Ofgem re: the use of these systems. A system of tiered tariffs might be appropriate.
- Uptake under the scheme remains positive in comparison to GB figures.

RHI Phase 2

- Accountability & Casework has confirmed that DFP approval is not required in respect of domestic scheme as it is from the same pot of money (£25m) as the original approval.
Administrative order to designate provisions of EU Electricity and Gas Regulations

- Designations signed and sealed and notice submitted to Press Office to go in Belfast Gazette (Press Office advise that it will go in on 13 June).
- NIAUR informed informally – draft letter to Jenny with HoD (9 June) – this should issue before notice is published in Belfast Gazette on 13 June.
- Once letter issues, we will notify licensees and publish on DETI website.

Potential need for legislative change in relation to electricity and gas certification provisions

- Continuing to press DECC to engage on developing proposals but no further information received despite repeated requests.

DAVINA - RENEWABLE HEAT

RHI Phase 1

- Carbon Trust loan issue ongoing – Ofgem is holding a number of applications until issue is resolved. Stephen Moore has advised that the only appropriate solution is that before accreditation Ofgem should issue separate guidance and record potential levels of aid. The aid would be treated under “de minimis” rules. A meeting is arranged for Wednesday 18th at Ofgem to resolve. DETI has also consulted with Carbon Trust on the matter.
- Data sharing issue ongoing – Information Management is investigating a new service for data transfer and will report back to Energy Division shortly.
- Potential need for review of tariffs (particularly for biomass less than 99kW) given advice from Ofgem re: the use of these systems. A system of tiered tariffs might be appropriate.
- Uptake under the scheme remains positive in comparison to GB figures.

RHI Phase 2

- Accountability & Casework has confirmed that DFP approval is not required in respect of domestic scheme as it is from the same pot of money (£25m) as the original approval.
- Casework approval has been granted although some further actions and investigations have been requested. Permission granted to proceed in parallel.
- Anticipated dates – Minister to announce scheme in June, migration of existing RHPP installations commencing July, open to new applicants Sept.
- Aim to have submission, final policy, press release and SL1 with Minister before box closes on 18 June.
- First draft of legislation has been prepared by Arthur Cox – needs finalised once all approvals are in place. Affirmative debate to lay Regulations. Aim to
ENERGY EFFICIENCY BRANCH (STUART)

RHI Phase 1
- Carbon Trust loan issue ongoing – Letter issued to Ofgem on interim arrangements for dealing with RHI applicants with CT loans and on using reasonable operating hours to project tariff payments (until Regulations are amended) – await response.
- Longer term plan is to amend Regulations to allow repayment of CT loan.
- Data sharing issue ongoing – Information Management investigating new service for data transfer and will report back to Energy Division shortly.
- Uptake under the scheme remains positive in comparison to GB figures.

RHI Phase 2
- Accountability & Casework confirmed DFP approval required in respect of domestic scheme although same pot of money (£25m) as original approval.
- Business Case revised to address Casework Committee comments/concerns. Clearance received by Finance Branch 23 July and papers submitted to DFP.
- Minister has approved policy. Response provided to ETI Committee on SL1 queries – awaiting clearance by ETI Committee Chair
- Anticipated dates – subject to SL1/Business Case clearance, Minister to announce scheme in August, migration of existing RHPP installations to commence shortly, open to new applicants in late Autumn.
- First draft of legislation has been prepared by Arthur Cox – currently being considered with view to writing to DSO in August.
- Terms and Conditions / Guidance documents for scheme being finalised prior to drawing up letters, application forms etc.
- Preparatory work for developing the administrative system being taken forward with IT colleagues – good progress being made.
- Trading Standards Case against Greenhouse Renewables adjourned 7 July – meeting with Trading Standards on 28 July and arranging meeting with MCS/DECC to discuss how affected households might be included in NI domestic RHI scheme.

Energy Efficiency
- Review of work needed to finalise policy on Energy Efficiency Obligation has indicated that it cannot be included in proposed Energy Bill due to timescale.
- Work underway to establish next steps in development of Obligation, including review of studies and legal advice to date.
- Stuart and Alison to discuss transfer of residual EED work/actions.

2015/16 Budgets
- DECC received budget of £430m for 2015/16, a DETI share of this would be the order of £10-12m, however no confirmation has been forthcoming.

Communications
- Meeting to be arranged with new G7/DP and Navigator Blue to discuss 2013/14 research findings and potential activity for 2014/15.
COMPOSITE DIVISIONAL PLAN

ENERGY DIVISION

2014 – 2015

May 2014
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<td>ENERGY MARKETS BRANCHES BUDGET</td>
<td></td>
</tr>
<tr>
<td>SUSTAINABLES/RENEWABLES BRANCHES OPERATING PLAN</td>
<td></td>
</tr>
<tr>
<td>SUSTAINABLES/RENEWABLES BRANCHES ORGANISATION CHARTS</td>
<td></td>
</tr>
<tr>
<td>DIVISIONAL GOALS:</td>
<td></td>
</tr>
<tr>
<td>SUSTAINABLE ENERGY BRANCH</td>
<td></td>
</tr>
<tr>
<td>RENEWABLE ELECTRICITY POLICY &amp; LEGISLATION</td>
<td></td>
</tr>
<tr>
<td>RENEWABLE HEAT BRANCH</td>
<td></td>
</tr>
<tr>
<td>SUSTAINABLES/RENEWABLES BRANCHES BUDGET</td>
<td></td>
</tr>
<tr>
<td>ENERGY CO-ORDINATION BRANCH OPERATING PLAN</td>
<td></td>
</tr>
<tr>
<td>ENERGY CO-ORDINATION BRANCH ORGANISATION CHART/BUDGET</td>
<td></td>
</tr>
<tr>
<td>ENERGY CO-ORDINATION DIVISIONAL GOALS</td>
<td></td>
</tr>
</tbody>
</table>
ENERGY DIVISION TARGETS

[PfG Priority 1]

Productivity Growth

TO PROMOTE THE DEVELOPMENT OF ECONOMIC INFRASTRUCTURE.

PfG AND CORPORATE PLAN TARGETS 2011/2015

Action – PROMOTING DELIVERY OF NORTHERN IRELAND’S ECONOMIC INFRASTRUCTURE THROUGH DELIVERY OF THE OBJECTIVES SET OUT IN THE EXECUTIVES’ STRATEGIC ENERGY FRAMEWORK 2010 AIMED AT:

- Building competitive energy markets;
- Ensuring security of supply;
- Enhancing sustainability and development of our energy infrastructure;
- Increasing the level of electricity and heat from renewable sources.
## DETI Core Values

Our values relate to our staff, our business partners, our stakeholders and our customers.

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Courage</strong></td>
<td>We take ownership, responsibility and accountability for our own actions</td>
</tr>
<tr>
<td></td>
<td>We welcome constructive feedback and are open to change and new ways of working</td>
</tr>
<tr>
<td></td>
<td>We trust one another and believe in a no-blame culture in carrying out our duties</td>
</tr>
<tr>
<td></td>
<td>We are committed to addressing poor performance and challenging inappropriate behaviours</td>
</tr>
<tr>
<td><strong>Openness</strong></td>
<td>We are honest and transparent in our dealings with work colleagues and customers, and always act with integrity</td>
</tr>
<tr>
<td></td>
<td>We engage with our stakeholders and encourage their participation in what we do</td>
</tr>
<tr>
<td></td>
<td>We are committed to teamwork and joined-up working within and across branches, divisions and partner organisations</td>
</tr>
<tr>
<td></td>
<td>We communicate openly and effectively</td>
</tr>
<tr>
<td><strong>Respect</strong></td>
<td>We seek out, listen to and consider the views of others</td>
</tr>
<tr>
<td></td>
<td>We acknowledge good performance and appreciate the contribution of others</td>
</tr>
<tr>
<td></td>
<td>We treat people fairly with respect and honesty, and show concern for others</td>
</tr>
<tr>
<td></td>
<td>We welcome diversity and look for different perspectives and experiences</td>
</tr>
<tr>
<td><strong>Excellence</strong></td>
<td>We have a positive and flexible attitude to work and to doing the best job possible</td>
</tr>
<tr>
<td></td>
<td>We are innovative in our thinking and strive for continuous improvement</td>
</tr>
<tr>
<td></td>
<td>We are committed to showing visible and approachable leadership</td>
</tr>
<tr>
<td></td>
<td>We manage public money effectively and aim to achieve best value for money</td>
</tr>
</tbody>
</table>
# OPENING BASELINE BUDGET ALLOCATIONS 2014/15

## ADMIN:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries</td>
<td>£1,651,000</td>
</tr>
<tr>
<td>GAE</td>
<td>£20,000</td>
</tr>
<tr>
<td>Consultancy</td>
<td>£280,000</td>
</tr>
</tbody>
</table>

## RESOURCE / PROGRAMME:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consultancy (Wayleaves)</td>
<td>£16,000</td>
</tr>
<tr>
<td>EU Competitiveness (inc match)</td>
<td>£75,000</td>
</tr>
<tr>
<td>Total Resource / Programme</td>
<td>£91,000</td>
</tr>
</tbody>
</table>

## CAPITAL

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy Infrastructure</td>
<td>£10,000,000</td>
</tr>
</tbody>
</table>

## Annual Managed Expenditure (AME)

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>RHI (Resource)</td>
<td>£6,350,000</td>
</tr>
<tr>
<td>RHI (Capital)</td>
<td>£</td>
</tr>
</tbody>
</table>
ENERGY DIVISION STAFFING STRUCTURE
### Overview of Divisional Work (TO BE UPDATED)

<table>
<thead>
<tr>
<th>Legislation</th>
<th>Expenditure</th>
<th>Policy/Strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td>GAE</td>
<td>£20,000</td>
<td>Strategic Energy Framework (SEF) Implementation Plan, including review of costs and benefits of SEF renewable electricity targets.</td>
</tr>
<tr>
<td>Legal Advice and Counsel (via DSO)</td>
<td>£280,000</td>
<td>Onshore Renewable Electricity Policy</td>
</tr>
<tr>
<td>Wayleaves Consultancy</td>
<td>£16,000</td>
<td>Offshore Renewable Electricity Policy</td>
</tr>
<tr>
<td>Renewable Heat Admin (Bid) £650,000</td>
<td></td>
<td>Renewable Heat Incentive Phase 2 Policy</td>
</tr>
<tr>
<td>Isles II Project (Interreg) £130,000</td>
<td></td>
<td>Bioenergy Action Plan – monitor and report progress</td>
</tr>
<tr>
<td>Energy Efficiency Obligation Study £30,000</td>
<td></td>
<td>Energy Efficiency Obligation</td>
</tr>
<tr>
<td>RHI Analysis (Competitiveness)* £35,000</td>
<td></td>
<td>Common Arrangements for Gas</td>
</tr>
<tr>
<td>Sustainable Energy Communications Campaign (Competitiveness) £150,000</td>
<td></td>
<td>Electricity &amp; Gas Market Policy</td>
</tr>
<tr>
<td>RHI (AME Resource) £6,000,000</td>
<td></td>
<td>Review of All-Island Energy Market Development Framework</td>
</tr>
<tr>
<td>RHPP (AME Capital) £1,000,000</td>
<td></td>
<td>Isles Offshore Grid Study</td>
</tr>
<tr>
<td>Review of Costs and Benefits of 40% renewable electricity targets £75,000</td>
<td></td>
<td>Emergency Planning and Security of Supply</td>
</tr>
<tr>
<td>EED Article 18 – quality labels study £30,000</td>
<td></td>
<td>British Irish Council (BIC) – Energy Workstream</td>
</tr>
<tr>
<td>EED Article 8 – contribution to DECC UK wide CHP assessment £30,000</td>
<td></td>
<td>EU Target Model compliance</td>
</tr>
<tr>
<td>Common Arrangements for Gas – Bill preparation (subject to agreement with DCC/UR/CER on progress with CAG)</td>
<td></td>
<td>Electricity Market Reform (implementation) policy</td>
</tr>
<tr>
<td>Electricity and Gas (Market Integrity and Transparency) (Enforcement etc) (Northern Ireland) Regulations 2013 (REMIT)</td>
<td></td>
<td>Small scale FIT policy</td>
</tr>
<tr>
<td>Renewables Obligation Order (Northern Ireland) 2015</td>
<td></td>
<td>Gas Network Extension</td>
</tr>
<tr>
<td>Renewables Obligation Closure Order</td>
<td></td>
<td>Community and renewable energy policy</td>
</tr>
<tr>
<td>(Northern Ireland) 2015</td>
<td></td>
<td></td>
</tr>
<tr>
<td>------------------------</td>
<td>------------------</td>
<td></td>
</tr>
<tr>
<td>EMR secondary legislation in collaboration with DECC</td>
<td>Policy on transition options from NIRO to CfDs and 2017 grace period</td>
<td></td>
</tr>
</tbody>
</table>
ENERGY MARKETS – OPERATING PLAN 2014 - 2015

1. ROLE AND OBJECTIVES

The main purpose of the Branch is to promote the strategic development of efficient, diverse, reliable, and environmentally friendly electricity and gas industries in Northern Ireland, and to develop mutually beneficial energy markets on a North-South, East-West basis.

Specifically, its objectives are:

<table>
<thead>
<tr>
<th>OPERATING PLAN TARGETS</th>
</tr>
</thead>
<tbody>
<tr>
<td>• By May 2014, complete exercise on the part of NIAUR / DETI Working Group into drivers of electricity pricing and composition / allocation of network charges.</td>
</tr>
<tr>
<td>• During 2014/15, ensure monitoring of any electricity / gas tariff reviews.</td>
</tr>
<tr>
<td>• By August 2014, secure Ministerial agreement of SEM Committee preferred High Level Market Design.</td>
</tr>
<tr>
<td>• By June 2014, make Regulations to establish new electricity and gas licence modification and appeals arrangements.</td>
</tr>
<tr>
<td>• During 2014/15, work towards implementation of decision for provision of additional 250MW (minimum) of conventional power generation.</td>
</tr>
<tr>
<td>• During 2014/15, work with DECC, DCENR and respective Regulatory Authorities to meet obligations in EC Regulation 994/11 (Security of Supply) and EC Regulation 347/13 (TEN-E Infrastructure) to support NI security of gas and electricity supply.</td>
</tr>
<tr>
<td>• By March 2015, in collaboration with NIAUR, complete relevant Privacy Impact Assessment.</td>
</tr>
<tr>
<td>• By September 2014, secure formal project designation under the 2014 – 2020 ERDF programme.</td>
</tr>
<tr>
<td>• During 2014/15, ensure full DETI support for delivery of second North / South interconnector.</td>
</tr>
<tr>
<td>• By December 2014, issue Letter of Offer in respect of NI Executive grant for gas extension project.</td>
</tr>
</tbody>
</table>
# DIVISIONAL GOALS FOR 2014/15
## ELECTRICITY BRANCH

<table>
<thead>
<tr>
<th>Objective</th>
<th>Key Actions</th>
<th>Performance Target(s) and Date(s)</th>
<th>Risks</th>
<th>Risk Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Robust arrangements for processing Article 39 applications for offshore generating stations and Processing Onshore Article 39 and Article 40 (overhead line) consents</strong></td>
<td>Consideration of requests for screening and scoping opinions. Public consultation on opinions. Issuing. Consideration of Article 39 applications and public consultation. Close liaison with DOE, DSO and developers. Participation in steering/project groups set up to manage to DETI and DOE consent process. <strong>Determine process to allow assessment of applicant’s financial and technical competence</strong> <strong>Revise Article 39 application form</strong> <strong>Publish guidance on Article 39 applications (including published criteria)</strong> <strong>Bill Stevenson / Anthony Haughan</strong></td>
<td>Some timescales prescribed by the Offshore Electricity Development Regulations e.g. 4 weeks to issue screening opinion and 6 weeks for scoping opinion.</td>
<td><strong>Reputational - Criticism for any delays to consenting process attributable to Department (and knock on effect for SEF 40% target). - Grounds for challenge by objectors if legislative requirements not properly followed.</strong></td>
<td>L2 I4 = 8</td>
</tr>
<tr>
<td><strong>Amending NI REMIT Regulations deliver high level of consumer protection</strong></td>
<td>Consultation process on required amendments. Drafting amending regulations. ETI committee and Executive approval. Laying and making regulations. Liaise with DSO and DECC. <strong>Bill Stevenson / Anthony Haughan</strong></td>
<td>Within 8 months of equivalent GB amending legislation coming into force.</td>
<td><strong>Disparity between Northern Ireland and GB regimes. Level of protection for NI consumers and energy providers is less than in GB</strong></td>
<td>Risk considered low (L1 I5 = 5)</td>
</tr>
</tbody>
</table>
| Pool of competent wayleave officers to support wayleave consideration of applications and applications for tree cutting orders | Re-run tender process  
Consideration of NIE applications  
Allocation of case to wayleave officer and monitoring progress of enquiry  
Consideration of report submitted by wayleave officer  
Decision and, if appropriate, issue of wayleave or order to fell or lop trees  
Management of current case numbers | By end of September 2014  
Ongoing  
Time from receipt of application to Department’s decision should not exceed 6 months | Without competent wayleave officers in place the Department is unable to process applications for wayleaves needed to connect a new supply or deal with applications to fell or cut trees posing a danger to overhead lines. An experienced group of wayleave officers will also be needed to deal with applications arising from any new North South Interconnector without any undue delay | L2 15 = 10 |
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</thead>
<tbody>
<tr>
<td>Vesting Procedures</td>
<td>Devise and publish procedure for dealing with vesting applications</td>
<td>By end of March 2015</td>
<td>Likely to receive vesting applications if N/S interconnector is approved. Failure to expedite such applications will delay construction of interconnector</td>
<td>---</td>
</tr>
</tbody>
</table>
| Processing wayleave applications and applications for tree cutting orders | Consideration of NIE applications  
Allocation of case to wayleave officer and monitoring progress of enquiry  
Consideration of report submitted by wayleave officer  
Decision and, if appropriate, issue of wayleave or order to fell or lop trees  
Reduce backlog of injurious affection wayleave applications | Time from receipt of application to Department’s decision should not exceed 6 months  
To clear backlog by end of Oct 2014 | Criticism and challenge if statutory duty not observed; undue delay processing applications; challenge or complaints about fairness of process or outcome. | --- |
<table>
<thead>
<tr>
<th>Article 39 guidance</th>
<th>Determine process to allow assessment of applicant’s financial and technical competence</th>
<th>By end of Sept 2014</th>
<th>To comply with relevant EU directives and ensure Department’s approach and procedures for granting Article 39 consent is robust.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Revise Article 39 application form</td>
<td></td>
<td>Bill Stevenson/Anthony Haughan</td>
</tr>
<tr>
<td></td>
<td>Publish guidance on Article 39 applications (including published criteria)</td>
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<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Case for delivery of North/South Interconnector supported PAC</th>
<th>Review of DETI input to DOE statement of case Liaising with DOE, DSO Attending hearing Devise and publish procedure for dealing with vesting applications</th>
<th>PAC could resume in Q3/Q4 of 2014 By end of March 2015</th>
<th>Criticism and possible delay with project if Department does not appropriately input, advise or engage with PAC.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Case for delivery of North/South Interconnector supported PAC</td>
<td></td>
<td></td>
<td>Risk considered low L1 L4 = 4</td>
</tr>
</tbody>
</table>

| Re-designed SEM to be EU Target Market Compliant | Ensure full DETI participation in the DETI/DCENR Target Model Steering Group and associated GB/Ireland Working Groups established to oversee the delivery of a SEM High Level Market Design I and the implementation of Project arrangements including Network codes development required to deliver compliance with the EU target Model Address legislative issues in a timely manner as necessary when they arise | Ongoing: Secure Ministerial agreement for SEM Committee preferred High Level Design by end August 2014. | Risk of infraction if SEM energy trading and Committee has primary responsibility for SEM Compliance with EU Target Model. High Level Design Proposals and associated Capacity Remuneration Mechanism may not meet with Commission approval and require revision within an existing compressed timeframe, proposals are not Target Model compliant by 2016 Clarity on resulting requirements for amendments to existing or making of new legislation is not fully defined Risk that any legislative amendments cannot be implemented within required timeframe. |
| Re-designed SEM to be EU Target Market Compliant |                                                                                                                               |                                                                 | L3 I5 = 15                                                                                                         |

| Impact of Electricity Tariffs assessed and Minister/Departmental lines developed | Engage with the Utility Regulator in relation to electricity Tariffs | During 2014/15, ensure full DETI participation in any necessary electricity tariff reviews | The Utility Regulator has the ultimate authority in respect of the tariff setting process and may not have complete regard to DETI views. |
| Impact of Electricity Tariffs assessed and Minister/Departmental lines developed |                                                                 |                                                                 | Risk considered low L1 I3 = 3                                                                                           |

| Impact of Electricity Tariffs assessed and Minister/Departmental lines developed |                                                                 |                                                                 |                                                                                                                       |

<p>| Impact of Electricity Tariffs assessed and Minister/Departmental lines developed |                                                                 |                                                                 |                                                                                                                       |
| <strong>Smart Metering/Smart Grid Metering rollout</strong> | Work with the Utility Regulator to progress the development of a road map for the implementation of a Smart Meter roll out to include associated privacy considerations in line with the Energy Efficiency Directives. | Ongoing | <strong>Failure of the Utility Regulator to consult within the required timeframe which will lead to a delay in developing and implementing a Smart Metering Roll out policy</strong>&lt;br&gt;<em>Bill Stevenson / Joyce Rutherford</em>&lt;br&gt;<em>L3 I5 = 15</em> |
| Isles 2 Implementation | Ensure Full DETI participation in the ISLES2 Steering Group to ensure delivery of the ISLES 2 project by May 2015 | Ongoing | <strong>This project is acknowledged ambitious in terms of objectives and the requirement to bring on board a range of stakeholders within the timeframe.</strong>&lt;br&gt;<strong>Lead Partner responsibility is with Scottish Government</strong>&lt;br&gt;<em>Bill Stevenson / Joyce Rutherford</em>&lt;br&gt;<em>Risk considered low L3 I2 = 6</em> |
| <strong>Access ERDF funding to deliver Grid Development programme</strong> | Engage with NIE /Utility Regulator/SONI to work up the detail of proposals designed to facilitate increased levels of Renewable Electricity which would be suitable for funding through ERDF.&lt;br&gt;Secure appropriate European and Financial approvals to proceed with delivery of the Grid Strengthening proposals. | Ongoing | <strong>Failure to secure appropriate EU and financial approvals</strong>&lt;br&gt;<strong>Failure to secure financial approvals</strong>&lt;br&gt;<strong>Failure of NIE/UR/SONI to engage in and provide adequate approvals on a timely basis to deliver all project proposals.</strong>&lt;br&gt;<strong>Potential requirement for European Support Unit to redefine the structure of the 2014/2020 ERDF Programme which will have implications on the funding available</strong>&lt;br&gt;<strong>Match funding concerns – availability and Regulator approval arrangements</strong>&lt;br&gt;<em>Bill Stevenson / Joyce Rutherford</em>&lt;br&gt;<em>L3 I3 = 9</em> |
| <strong>Competent Authority arrangements supportive of electricity Projects of Common Interest arrangements – electricity projects</strong> | Work with DECC and DOE to agree delegated Competent Authority (CA) arrangements for the handling of industry proposals for Projects of Common Interest under the EC Regulation 347/13 (TEN-E Infrastructure)  To wWork with DECC to finalise the transfer of delegated CA actions by June 2014.&lt;br&gt;Work with DoE and other consenting | Support DECC production of UK Manual of Procedures for Projects of Common Interest (PCI's) by 31 May 2494/2014.&lt;br&gt;<em>Work with DECC to finalise the transfer of delegated CA actions by June 2014.</em>&lt;br&gt;<em>Work with DoE and other consenting</em>&lt;br&gt;<em>L1 I4 = 4</em> | <strong>Failure of others to respond in time as most Consents required by PCI fall outside DETI’s competence.</strong>&lt;br&gt;<strong>Delay in development of enhanced DETI website to highlight DETI Consenting arrangements.</strong>&lt;br&gt;<strong>Delay by DECC as UK Competent</strong> |</p>
<table>
<thead>
<tr>
<th>Stakeholder and industry expectations managed in relation to Electricity Pricing</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Engage with industry, Regulator and ETI Committee to address recommendations in the Committee’s report into electricity pricing</td>
<td></td>
</tr>
<tr>
<td>Bill Stevenson</td>
<td></td>
</tr>
</tbody>
</table>

**Bill Stevenson/Anthony Haughan**

authorities to oversee PCI process.

**Authority to transfer actions to DETI**

Reputational – lack of developer confidence in DETI

**Stakeholder and industry expectations managed in relation to Electricity Pricing**

Respond to ETI Committee recommendations by 25 April 2014

Provide further evidence, as required, to Committee and report progress against actions assigned to Department

The majority of recommendations arising from the ETI Committee report fall outside the Department’s policy remit

Recommendations have implications for the operation of the single market arrangement and the work to re-design the SEM to achieve EU Target Model compliance

Unrealistic expectation that Department can deliver improved pricing outcomes

L4 L3 = 12
### DIVISIONAL GOALS FOR 2014/15
#### MARKETS SUPPORT BRANCH

<table>
<thead>
<tr>
<th>Objective</th>
<th>Key Actions</th>
<th>Performance Target(s) and Date(s)</th>
<th>Risks</th>
<th>Risk Rating</th>
</tr>
</thead>
</table>
| **IME 3 - legislation** | New electricity and gas licence modification and appeals process  
- Liaise with NIAUR re any additional transitional requirements and secure commitment to make consequential changes to licences  
- Liaise with DOJ and others as necessary re creation of offences  
- Liaise with BIS to agree legislative vehicle for changes to Enterprise and Regulatory Reform Act and co-ordinate timings with NI Regulations | By June 2014, make Regulations to establish new electricity and gas licence modification and appeals arrangements. | Lack of feedback from/engagement with Utility Regulator regarding licence implications which could have legislative consequences  
Lack of engagement with DOJ, BIS  
BIS failure to progress/agree to changes to Enterprise and Regulatory Reform Act | | |
| **IME 3 - certification** | Designation of companies certified by Utility Regulator | As soon as is reasonably practicable upon notification of final electricity and gas certification decisions by Utility Regulator, designate and notify the Commission, the companies and the Utility Regulator as required by the Electricity and Gas Orders. | Responsibility for making final certification decisions and ensuring ongoing compliance is a matter for the Utility Regulator | | |
| **IME 3 – EU Electricity and Gas Regulations** | Designation of provisions of EU Electricity and Gas Regulations  
- Notify Minister and Committee of outcome of consultation and proposed designations  
- Liaise with DECC on their legislative proposals  
- Engage as necessary with DSO  
- Review designations as necessary if changes are made to EU Electricity and Gas Regulations | By May 2014, notify the Committee of the outcome of the consultation which closed in January 2014  
By June 2014, complete the revised electricity and gas designations and publish in the Belfast Gazette | Lack of clarity from DECC on content of their proposed legislation  
Failure of Commission/DECC to keep DETI informed of changes to EU Regulations which might affect designations | | |

Helen Vaughan / Adele Willis
<table>
<thead>
<tr>
<th>IME 3 – EU Electricity and Gas Regulations</th>
<th>Potential legislative consequences of implementation of EU Electricity and Gas Regulations</th>
<th>In consultation with Electricity and Gas teams, consider and progress as required any legislative issues arising from implementation of EU Electricity and Gas Regulations – ongoing during 2014/15</th>
<th>Technical nature of codes – reliant on Utility Regulator assessment of NI impacts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Helen Vaughan / Adele Willis</td>
<td></td>
<td></td>
<td>Lack of feedback from Utility Regulator on NI impacts of developing EU Codes, with consequent risk that issues of concern are not identified and addressed while codes are being developed</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Depending on timing, resource issues may arise if potential legislative implications are not identified and brought to Department’s attention early</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Legislation</th>
<th>Review of Electricity (Applications for licences and extensions of licences) Regulations (Northern Ireland) 2007</th>
<th>By March 2015, to agree a draft consultation paper reviewing the Electricity (Applications for licences and extensions of licences) Regulations (Northern Ireland) 2007</th>
<th>Lack of information from Utility Regulator has hampered progress on the review of these Regulations during previous years</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Utility Regulator review of meter certification Regulations</td>
<td>During the year, to contribute as necessary in conjunction with the electricity team, to the review by the Utility Regulator of the meter certification and Electricity Standards of performance Regulations</td>
<td>Lack of engagement with Utility Regulator regarding proposed timings for the review of this legislation</td>
</tr>
<tr>
<td></td>
<td>Utility Regulator review of Electricity Standards of Performance Regulations</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Demand Side Units - EED</td>
<td>By June 2014, contribute as necessary to the review of consultation responses and draft legislation relating to transposition of the EED</td>
<td>Action required by Utility Regulator to ensure demand side units can participate in the market</td>
</tr>
<tr>
<td>Helen Vaughan / Adele Willis</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### DIVISIONAL GOALS FOR 2014/15 (Updated 12 May 14)

#### GAS/ EMERGENCY PLANNING BRANCH

<table>
<thead>
<tr>
<th>Objective</th>
<th>Key Actions</th>
<th>Performance Target(s) and Date(s)</th>
<th>Risks</th>
<th>Risk Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grant funding in support Gas Network Extension in the West</td>
<td>Work with the Utility Regulator and appointed licensee to progress development of new natural gas infrastructure in the West of NI. Continue to engage with key stakeholders on gas extension proposals. Continue to liaise with BIS and EU in relation to State Aid approval of NI Executive grant support for gas network extension. Fred Frazer / Irene McAllister</td>
<td>By 31 December 2014, issue a Letter of Offer to the appointed developer in respect of NI Executive grant for the gas extension project. During 2014/15, continue to engage with other Departments, District Councils, NIHE, and industry on gas extension proposals. By 31 October 2014 engage with the Utility Regulator on arrangements for external technical assurance of gas extension project.</td>
<td>Failure of the Utility Regulator to appoint a developer to construct the new gas networks, thus impacting of grant aiding development. Failure of DETI to agree the terms of a Letter of Offer with the licensee, and be unable to provide grant funding. EU objection to request for State Aid to grant fund the project. Failure of external bodies to engage with the DETI on gas extension issues. Failure to appoint an external consultant to provide technical assurance.</td>
<td>L2/15 = 10 L2/15 = 10 L1/15 = 5</td>
</tr>
<tr>
<td>Consider impacts and ensure Minister and Senior officials are informed of Gas Tariff Reviews</td>
<td>Participate in gas tariff reviews co-ordinated by the Utility Regulator. Assess tariff review impacts. Fred Frazer / Irene McAllister</td>
<td>During 2014/15, ensure DETI representation at gas tariff review meetings. Provide prompt updates to Minister and Senior officials in advance of formal tariff announcements.</td>
<td>The Utility Regulator has the ultimate authority in respect of the tariff setting process, and may not have complete regard to DETI views.</td>
<td>L1/13 = 3</td>
</tr>
<tr>
<td>EC Gas Regulation requirements delivered to ensure compliance and avoid infringement.</td>
<td>Work with the Utility Regulator and the gas industry to ensure progress in implementation of the EC Gas Regulation. Fred Frazer / Irene McAllister/ Alan Chowney</td>
<td>During 2014/15, continue to engage with the Utility Regulator and gas industry in relation to their development of network codes to deliver compliance with the EC Gas Regulation 715/2009. Work with DECC, Ofgem, Utility Regulator and CER to resolve.</td>
<td>Lack of engagement and agreement by gas industry, Utility Regulator, and TSOs resulting in failure to deliver EU Gas Regulation compliance by due dates. Failure to secure appropriate</td>
<td>L2/15 = 10 L3/15 = 15</td>
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<tr>
<td>Title</td>
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<tr>
<td><strong>Support developers of Gas Storage</strong></td>
<td>Work with developers, other Departments and Agencies, Crown Estate, and the Utility Regulator in relation to progressing proposals for gas storage, and engagement with other Departments, Regulatory Authorities, and TSOs to resolve outstanding gas issues, and therefore deliver Regulation compliance.</td>
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<tr>
<td><strong>Review of old Gas Files to meet PRONI requirements</strong></td>
<td>Review of old gas files, including Kinsale Gas project files to meet PRONI targets.</td>
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<tr>
<td><strong>Ensure adequate Generation Security of Supply margin in NI</strong></td>
<td>Work with the Utility Regulator and SONI towards implementation of arrangements to provide an additional minimum of 250MW of generation adequacy.</td>
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<tr>
<td><strong>Ensure Compliance with EC Gas Security of Supply Regulation</strong></td>
<td>Work with DECC, DCENR, and respective Regulatory Authorities to meet obligations in EC Regulation 994/10 (Security of Supply), and EC 347/13 (TEN-E Infrastructure) Regulation to support NI security of gas supply.</td>
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<tr>
<td><strong>Review of National Fuel</strong></td>
<td>Work with DECC, other NI Departments and Agencies, Crown Estate, and the Utility Regulator in relation to the issue of &quot;residual liability&quot;.</td>
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<tr>
<td><strong>Ensure adequate Generation Security of Supply margin in NI</strong></td>
<td>Continue engagement with the Crown Estate in relation to the issue of &quot;residual liability&quot;.</td>
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<tr>
<td><strong>Ensure Compliance with EC Gas Security of Supply Regulation</strong></td>
<td>Continue to liaise with DECC officials in relation to Third Party Access (TPA) arrangements for off-shore gas storage. Aim to agree any provisions for the Energy Bill by 30 Sept 14.</td>
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<tr>
<td><strong>Review of old Gas Files to meet PRONI requirements</strong></td>
<td>Review old gas files as directed by DETI Information Management Unit to meet PRONI and DETI targets.</td>
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<tr>
<td><strong>Ensure adequate Generation Security of Supply margin in NI</strong></td>
<td>Ensure that a timeline for any option agreed between SONI and a developer/promoter, as a result of the current market test and competition for interest to provide additional generation capacity, is put in place for December 2014.</td>
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<tr>
<td><strong>Ensure Compliance with EC Gas Security of Supply Regulation</strong></td>
<td>DETI to contribute to UK, Ireland and Regional Risk Assessments to be with the EU Commission by 30 June 2014.</td>
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<tr>
<td><strong>Review of National Fuel</strong></td>
<td>Work with DECC on substantial.</td>
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<td></td>
<td>DECC failure to deliver across many.</td>
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<tr>
<td>Task</td>
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<td>Person(s)</td>
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</table>
| Emergency Plan for Fuel (NEP-F) to reduce impacts of a fuel security of supply events | - Agencies to complete review of National Emergency Plan for Fuel (NEP-F) by July 2014 to include how these will be implemented in NI.
- DETI to then update the NI Response Strategy to Fuel Supply Chain Disruption by 31 December 2014.
- Continue to work with priority fuel users to encourage business continuity planning for fuel disruption. | Fred Frazer/ Alan Chowney |
| Local Resilience Forums in GB and with the Scottish and Welsh DA’s, and lack of engagement by NI oil industry by the due is date. | Other work priorities cause slippage, for example unsighted responses to energy emergencies. |               |
| Establish delegated Competent Authority Arrangements to support Projects of Common Interest arrangements | - Work with DECC and DOE to agree delegated Competent Authority (CA) arrangements for the handling of industry proposals for Projects of Common Interest under the EC Regulation 347/13 (TEN-E Infrastructure) by June 2014.
- Work with DoE and other consenting authorities to oversee PCI process. | Fred Frazer/ Alan Chowney |
| Failure of others to respond in time as most Consents required by PCI fall outside DETI’s competence. | Delay in development of enhanced DETI website to highlight DETI Consenting arrangements. | L2/ I4 = 8    |
| Complete a review of the Fuel Security Code, including a SONI review of fuel switching arrangements for generators. | - Complete review of Fuel Security Code (FSC) and related Fuel Switching Arrangements.
- Work with DECC into finalisation of the transfer of delegated CA actions by June 2014. | Fred Frazer/ Alan Chowney |
| Lack of agreement between SONI and generators on a draft Fuel Switching Agreement as the mechanism to deliver core elements of the FSA. | Delay by DECC as UK Competent Authority to transfer actions to DETI. | L3/ I3 = 9    |
| Review energy planning and resilience arrangements for Winter 2014/15 Preparation | - Ensure planning and resilience measures are in place in for home heating oil, electricity and gas supplies.
- Complete actions for Fuel Security Code above.
- Design or input into desk top exercises with gas, electricity and oil industries then finalise arrangements through pre winter meetings with industry and the CCG (NI) Sub Group on Fuel Resilience. | Fred Frazer/ Alan Chowney |
| Delay in publication of FSC, and failure of energy industry to engage in resilience preparation. | Slippage in longer lead times for this work due to other pressing deadlines across organisations or insufficient support from shared staff resource. | L2/ I4 = 8    |
### TOTAL MARKETS BUDGET

<table>
<thead>
<tr>
<th>Description</th>
<th>£</th>
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<tr>
<td>TOTAL</td>
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<tr>
<td>Admin Consultancy / Legal</td>
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<td>Admin Consultancy / Other</td>
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<tr>
<td>Resource Consultancy (Wayleaves)</td>
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<td>Interreg</td>
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<td>Isles II</td>
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1. ROLE AND OBJECTIVES

The main purpose of the Branch is to develop sustainable energy policy for Northern Ireland and raise awareness of and promote sustainable energy generally.

Specifically its objectives are:

<table>
<thead>
<tr>
<th>OPERATING PLAN TARGETS</th>
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<tbody>
<tr>
<td>• By May 2014, make and lay necessary Regulations in Assembly to ensure NI compliance ahead of Energy Efficiency Directive deadline of 5 June.</td>
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<tr>
<td>• By December 2014, secure:</td>
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<tr>
<td>(i) Introduction of Energy Bill to NI Assembly; and</td>
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<tr>
<td>(ii) Executive approval for Offshore Renewable Energy Bill</td>
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<tr>
<td>• By December 2014, finalise draft NI Feed-in Tariff Contracts for Difference arrangements.</td>
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<tr>
<td>• By December 2014, publish study findings into costs / benefits of SEF 40% renewables target.</td>
</tr>
<tr>
<td>• By March 2015, deliver necessary legislative amendments to Renewables Obligation Order.</td>
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<tr>
<td>• By May 2014, finalise secondary legislation to enable launch of RHI (Domestic) scheme.</td>
</tr>
<tr>
<td>• By December 2014, amend current legislation to facilitate expansion of the non-domestic RHI.</td>
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</table>
2. **BRANCH ORGANISATION CHARTS**

[UPDATED VERSION TO BE INSERTED]
<table>
<thead>
<tr>
<th>Objective</th>
<th>Key Actions</th>
<th>Performance Target(s) and Date(s)</th>
<th>Risks</th>
<th>Risk Rating</th>
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<tbody>
<tr>
<td>Transposition of Energy Efficiency Directive</td>
<td>Finalise UK wide transposition aspects with DECC Lay NI regulations to transpose Articles 9-11, 13 &amp; 15 by transposition deadline of 5 June 2014 Commission consultancy work on Article 18 – quality labels Finalise EST study into barriers to Energy Efficiency in relation to Articles 18 &amp; 19</td>
<td>By end May 2014 By 5 June 2014 By 30 August 2014 By end April 2014</td>
<td>NI legal input not received in a timely fashion to allow inclusion in UK wide SI Failure to lay regulations could lead to infraction Failure to progress work on quality labels could lead to infraction Failure to complete study will expose a gap in transposition for NI</td>
<td></td>
</tr>
<tr>
<td>Energy Efficiency Policy</td>
<td>Review proposed EEO mechanism in respect of scope, costs and enforcement regime. Work with OFMDFM / SIB in relation to HEAT scheme Review Energy Services Agreement Forum.</td>
<td>By end October 2014 Ongoing</td>
<td>Failure to set up a EEO could leave NI with no support mechanism for energy efficiency post 2016 Failure to highlight EED requirements to OFMDFM could lead to energy savings from scheme not be included as part of compliance Incorrect schemes cannot be counted under EED</td>
<td></td>
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<tr>
<td>Legislation</td>
<td>Finalise Energy Bill policy</td>
<td>By end November 2014</td>
<td>Failure to secure agreement on policy and ETI committee approval could result in further delay to the Energy Bill</td>
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<td></td>
<td>Secure ETI committee approval</td>
<td>December 2014</td>
<td>OLC drafting resource not available</td>
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<tr>
<td></td>
<td>Introduce Bill to Assembly</td>
<td>January 2015</td>
<td>Failure to resolve liability issue will result in further Bill delay</td>
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<tr>
<td></td>
<td>Finalise Offshore Renewable Energy Bill Policy</td>
<td>December 2014</td>
<td>OLC drafting resource not available</td>
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<td></td>
<td>Commence drafting of Offshore Bill</td>
<td>March 2015</td>
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<td></td>
<td><strong>Alison Clydesdale / Davina McCay/ Trevor McBriar</strong></td>
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<tr>
<td>Electricity Market Reform</td>
<td>Participate in the EMR NI CFD Project Steering Board and subgroups as appropriate</td>
<td>Ongoing</td>
<td>Failure to agree contract terms/ systems and settlement procedures for NI generators could lead to uncertainty in investment contracts</td>
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<tr>
<td></td>
<td>Finalise NI CFD contract terms</td>
<td>By end December 2014</td>
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<td></td>
<td>Work with DECC Supplier Obligation team to agree systems and settlement policies for NI</td>
<td>By end March 2015</td>
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<td></td>
<td>Work with DECC on NI input to UK wide EMR secondary legislation</td>
<td>By end August 2014</td>
<td>Lack of DSO resource</td>
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<tr>
<td></td>
<td>Work with NIAUR on consumer impact of EMR</td>
<td>On going</td>
<td></td>
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<tr>
<td></td>
<td>Secure Ministerial approval for the way forward on the CfD Exemption for Energy intensive Industries with DECC &amp; BIS</td>
<td>By end March 2015</td>
<td>Increased consumer bills</td>
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<tr>
<td></td>
<td><strong>Alison Clydesdale / Michael Harris / Alan Smith</strong></td>
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<tr>
<td>Briefing and General Administration</td>
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<tr>
<td>Respond to AQs, requests for Ministerial briefing in a timely and accurate manner</td>
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<tr>
<td>Respond to COR and TOFs as required and in a timely manner</td>
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<tr>
<td>Brief ETI Committee in written or oral form as required</td>
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<tr>
<td>Provide advice on Executive papers from OGDs as required</td>
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<tr>
<td>Contribute to Energy Co-ordination Branch requirements</td>
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<td>All</td>
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<tr>
<td>Objective</td>
<td>Key Actions</td>
<td>Performance Target(s) and Date(s)</td>
<td>Risks</td>
<td>Risk Rating</td>
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<tr>
<td><strong>Continued development of the NIRO</strong></td>
<td>Secure Assembly approval for the Renewables Obligation (Amendment) Order (Northern Ireland) 2014</td>
<td>By 31 May 2014</td>
<td>Without Assembly agreement revisions cannot be introduced</td>
<td>(L2/I4) 8</td>
</tr>
<tr>
<td></td>
<td>Consult on NIRO amendments for inclusion in Renewables Obligation Order (Northern Ireland) 2015</td>
<td>By 30 April June 2014, issue public consultation</td>
<td>Without consultation there is a risk of over/under compensation of technologies. In addition, the Renewables Obligation Order (Northern Ireland) 2009 requires reviews every 4 years.</td>
<td>(L2/I4) 8</td>
</tr>
<tr>
<td></td>
<td>Consult on RO transition/grace periods for inclusion in Renewables Obligation Order (Northern Ireland) 2015 and Renewables Obligation Closure Order (Northern Ireland) 2015</td>
<td>By 31 August 2014, issue public consultation</td>
<td>Failure to clarify grace period criteria could result in investment hiatus.</td>
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<tr>
<td></td>
<td>Secure Assembly approval for the Renewables Obligation Order (Northern Ireland) 2015</td>
<td>By 31 March 2015</td>
<td>Without Assembly agreement revisions cannot be introduced</td>
<td>(L2/I4) 8</td>
</tr>
<tr>
<td></td>
<td>Secure Assembly approval for the Renewables Obligation Closure Order (Northern Ireland) 2015</td>
<td>By 31 March 2015</td>
<td>Without Assembly agreement the NIRO grace period criteria cannot be introduced.</td>
<td>(L2/I4) 8</td>
</tr>
<tr>
<td><strong>Introduction of a Small scale FIT</strong></td>
<td>Finalise small scale FIT provisions in draft Energy Bill (MH)</td>
<td>By 31 March 2015</td>
<td>Incorrect provisions will inhibit the FIT’s introduction in 2017</td>
<td>(L3/I4) 12</td>
</tr>
<tr>
<td></td>
<td>Secure agreement from DECC to have NI small scale FIT costs socialised across the UK</td>
<td>By 30 August 2014</td>
<td>Lack of socialisation would make a NI FIT too expensive</td>
<td>(L3/I4) 12</td>
</tr>
<tr>
<td></td>
<td>Progress policy aspects of small scale FIT for consultation in 2015/16</td>
<td>By 31 March 2015</td>
<td>Lack of time/resource due to other pressures could limit development of the FIT</td>
<td>(L3/I4) 12</td>
</tr>
<tr>
<td>Objective</td>
<td>Key Actions</td>
<td>Performance Target(s) and Date(s)</td>
<td>Risks</td>
<td>Risk Rating</td>
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<tr>
<td><strong>Progress the Onshore/Offshore action plans renewable electricity</strong></td>
<td>Onshore Renewable Electricity Action Plan (OREAP) 2013-2020</td>
<td>Ensure progress on implementation of OREAP actions in 2014-2015</td>
<td>31 March 2015</td>
<td>Failure of other Departments/organisations to contribute</td>
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<tr>
<td></td>
<td></td>
<td>Barbara Swann</td>
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<td>Barbara Swann</td>
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<td></td>
<td>Engagement with TCE / DOE on the Offshore Leasing Round projects and wider offshore related activities.</td>
<td>5/6 meetings per year and ongoing liaison</td>
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<td></td>
<td></td>
<td>Barbara Swann</td>
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<tr>
<td>Objective</td>
<td>Key Actions</td>
<td>Performance Target(s) and Date(s)</td>
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<tr>
<td>Community Energy Action Plan</td>
<td>Lead cross departmental action <em>utilising SEIDWG</em>, including external stakeholder engagement, to develop draft NI Action Plan on Community Energy</td>
<td>31 August 2014</td>
<td>Failure to secure cross departmental engagement and support <em>Executive approval</em>.</td>
<td>(L3/3) 9</td>
</tr>
<tr>
<td>Or should we place this within SEIDWG as a sub group...otherwise limited work for the Group?</td>
<td>Secure Executive approval for consultation on a draft Action Plan</td>
<td>30 December 2014</td>
<td>Failure to secure Executive consideration and agreement.</td>
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<tr>
<td>Objective</td>
<td>Key Actions</td>
<td>Performance Target(s) and Date(s)</td>
<td>Risks</td>
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<tr>
<td>Cross Departmental Working/ Liaison on renewable electricity</td>
<td>DOE Marine Continue to ensure that DETI economic interests are represented in DOE Marine policy development e.g the establishment of Marine Conservation Zones. Barbara Swann</td>
<td>4 DOE led Inter departmental Marine Co-ordination Group meetings per year plus ad hoc meetings/ papers.</td>
<td>Lack of staff resource / time to contribute to DOE requirements.</td>
<td>(L2/I2) 4</td>
</tr>
<tr>
<td>Planning Services Renewables Sub Group Continue to ensure that DETI interests are represented in DOE planning policy issues Michael Harris/Barbara Swann</td>
<td>2 meetings per year.</td>
<td>As above</td>
<td></td>
<td></td>
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<tr>
<td>Renewable Electricity Grid Liaison Group Attendance at NIAUR led Grid Liaison Michael Harris</td>
<td>4 meetings per year</td>
<td>As above</td>
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<tr>
<td>Climate Change Participate and contribute to the work of the DOE led cross departmental working group on Climate change mitigation, including co-ordination of DETI contributions to the NI Greenhouse Gas Action Plan Barbara Swann</td>
<td>4/6 meetings per year and quarterly updates to the Action Plan.</td>
<td>As above</td>
<td></td>
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<tr>
<td>British Irish Council Represent Northern Ireland interests in the BIC Marine Renewable Sub Group and consideration of BIC work proposals Barbara Swann</td>
<td>2 meetings per year</td>
<td>As above</td>
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<tr>
<td>Objective</td>
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<tr>
<td>Sustainable Energy Inter Departmental Working Group (SEIDWG)</td>
<td>See above re Community Energy</td>
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<tr>
<td>Review of the costs and benefits of the SEF 40% renewable electricity target</td>
<td>Manage consultancy contract and ensure delivery of final report and tool</td>
<td>1 September 2014</td>
<td>Possible limitations on the information available for consideration.</td>
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<td></td>
<td>Publish review</td>
<td>30 December 2014</td>
<td>Failure of consultants to deliver satisfactory project on time</td>
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<td></td>
<td>Barbara Swann (in support to Alan Smith)</td>
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<tr>
<td>Briefing and General Administration</td>
<td>Respond to AQs, requests for Ministerial briefing in a timely and accurate manner</td>
<td>Ongoing</td>
<td>Lack of staff resource to handle volume of briefing and meet deadlines</td>
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<td>Respond to COR and TOFs as required and in a timely manner</td>
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<td>Brief ETI Committee in written or oral form as required</td>
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<td>Provide advice on Executive papers from OGDs as required</td>
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<td></td>
<td>Contribute to Energy Co-ordination Branch requirements</td>
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<td>All</td>
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### DIVISIONAL GOALS FOR 2014/15

#### RENEWABLE HEAT BRANCH

<table>
<thead>
<tr>
<th>Objective</th>
<th>Key Actions</th>
<th>Performance Target(s) And Date(s)</th>
<th>Risks</th>
<th>Risk Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administration of Phase 1 of RHI</td>
<td>Management of Agreement with Ofgem – ensure the service is delivered according to the Agency Services Agreement and within the agreed budget. &lt;br&gt;Joanne McCutcheon / Peter Hutchinson/Dan Sinton</td>
<td>ongoing</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administration of the RHPP</td>
<td>Administration of the RHPP scheme until the introduction of the domestic RHI. &lt;br&gt;Ensuring timely and accurate payments to installations with the appropriate level of checking as per agreed audit arrangements. &lt;br&gt;Joanne McCutcheon / Peter Hutchinson/Dan Sinton</td>
<td>Ongoing</td>
<td>Staff Resource not available to maintain level of checks.</td>
<td></td>
</tr>
<tr>
<td>Phase 2 – Launch of domestic RHI</td>
<td>Secure approvals for launch of scheme. &lt;br&gt;Lay Renewable Heat (domestic) regulations &lt;br&gt;Put administrative procedures in place to enable launch of scheme &lt;br&gt;Joanne McCutcheon / Peter Hutchinson/Dan Sinton</td>
<td>May 2014&lt;br&gt;May 2014&lt;br&gt;June 2014</td>
<td>Support not available from IT colleagues to develop administrative database</td>
<td></td>
</tr>
<tr>
<td>Phase 2 – extension to non-domestic scheme</td>
<td>Develop final policy proposals for amendments to non-domestic scheme &lt;br&gt;Secure approvals (including EU State Aid approval) &lt;br&gt;Lay amendments to non domestic Regulation Heat regulations</td>
<td>Sept 2014&lt;br&gt;Dec 2014&lt;br&gt;Feb 2015&lt;br&gt;March 2015</td>
<td>Delay in obtaining State aid approval</td>
<td></td>
</tr>
<tr>
<td><strong>Sustainable Energy Messaging</strong></td>
<td>Ensure Ofgem can administer changes to the scheme</td>
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<td>---------------------------------</td>
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<tr>
<td></td>
<td>Joanne McCutcheon / Peter Hutchinson/Dan Sinton</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Bioenergy Action Plan</strong></th>
<th>Convene biannual meetings of the cross departmental Renewable Heat Strategy Group and provide secretariat.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Monitor progress against Bioenergy Action Plan.</td>
</tr>
<tr>
<td></td>
<td>Joanne McCutcheon / Peter Hutchinson/Dan Sinton</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Actions</strong></th>
<th><strong>Ongoing</strong></th>
<th><strong>By 31 March 2015</strong></th>
<th><strong>Lack of engagement from other Departments</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Work with Navigator Blue to develop advertising/PR campaigns to support the launch of Phase2 of the RHI and any other renewable initiatives.</td>
<td>By 31 March 2015</td>
<td>Ongoing</td>
<td></td>
</tr>
<tr>
<td>Provide the secretariat for the SEIDWG Communications sub group</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

By 31 March 2015

Ongoing

Lack of engagement from other Departments
TOTAL SUSTAINABLES/RENEWABLES BUDGET

TOTAL £

Admin Consultancy / Legal £
Admin Consultancy / Other £

Energy Efficiency Directive Compliance Study £

Resource – Managed Service

RHI Admin £

EU Competitiveness (subject to Bid for £k)

RHI Analysis £
Sustainable Energy Messaging Campaign £

AME

RHI Scheme (Resource) £
RHPP (Capital) £
DIVISIONAL GOALS FOR 2014/15

ENERGY CO-ORDINATION BRANCH

CO-ORDINATION BRANCH - OPERATING PLAN 2014 - 2015

1. ROLE AND OBJECTIVES

The main purpose of the Branch is to provide full and ongoing administrative support for Energy Division.

2. BRANCH ORGANISATION CHART

Paul Dolaghan
   
Sandra Thompson
   
Nicola Forsythe
   
Emma Bayliss P/T    Lynne McBride P/T

3. TOTAL BRANCH BUDGET

No Programme or Capital allocation.

Overall monitoring of Admin, Resource and Capital budgets.
# DIVISIONAL GOALS FOR 2014/15

## ENERGY COORDINATION BRANCH

<table>
<thead>
<tr>
<th>Objective</th>
<th>Key Actions</th>
<th>Performance Target(s) and Date(s)</th>
<th>Risks</th>
<th>Risk Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economy (inc payments)</td>
<td>Compilation/co-ordination of all financial returns – monthly profiling; resource accounts; monitoring rounds; cash flow management. Processing, recording and monitoring of all Divisions payments.</td>
<td>- Monthly profiling/ accruals and other returns as part of ongoing exercises; - Returns for 2014/15 monitoring rounds; - Monthly overviews of financial systems. - Maintain accurate records and perform regular reconciliation with AccountNI totals. Process all payments within permitted timeframes and in line with AccountNI procedures.</td>
<td>Tight deadlines; System failures; Delayed spend on EU monies. Failure to provide accurate returns and/or meet necessary deadlines (resulting in penalties / loss of budget)</td>
<td></td>
</tr>
<tr>
<td>EU Competitiveness Programme</td>
<td>Input to Annual Implementation Report and progress reports, provision of monthly publicity returns and updates in relation to expenditure, designations etc. Attendance at bi and multi-lateral meetings. Maintenance of EU database and other records in relation to all funded projects. Co-ordination of EU drawdowns.</td>
<td>Ensure all info including publicity and monitoring info up-to date on database. Ensure corrective action taken in respect of any ineligible/ irregular EU expenditure at earliest opportunity. Provide input to all exercises/ drawdowns etc as requested. Check GAL letters prior to HOD signature Process all drawdowns within timeframe.</td>
<td>Inaccurate information provided to Commission. Delay in drawdown of EU funds.</td>
<td></td>
</tr>
</tbody>
</table>

Paul Dolaghan / Sandra Thompson

*Received from DFE on 30/05/2017*
*Annotated by RHI Inquiry*
<table>
<thead>
<tr>
<th>Objective</th>
<th>Key Actions</th>
<th>Performance Target(s) and Date(s)</th>
<th>Risks</th>
<th>Risk Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Interreg Programme</strong></td>
<td>Liaise with Divisional and external project managers and with EU Programmes and SEUPB to ensure smooth delivery of Programme.</td>
<td>Process / check quarterly project profiles and drawdowns.</td>
<td>Delay in provision of funding to projects.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Agree project profiles and ensure prompt assessment and payment of drawdowns.</td>
<td>Provide info as required to EU Programmes for monitoring rounds/profiling</td>
<td></td>
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</tr>
<tr>
<td></td>
<td>Paul Dolaghan / Sandra Thompson</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Consultancy expenditure and PPE/ EA returns</strong></td>
<td>Completion of Annual consultancy return and dealing with follow up queries.</td>
<td>Accurate completion of Annual consultancy return June 2014.</td>
<td>Deadlines missed / unnecessary queries or adverse reports from DFP.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Part input to relevant AQs FOIs misc queries.</td>
<td>Accurate completion of quarterly PPE and Economic appraisals returns.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Maintenance of accurate and up-to-date records.</td>
<td>Provision of prompt responses to all ad hoc queries.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Paul Dolaghan / Sandra Thompson</td>
<td>Maintain Energy contracts spreadsheet to facilitate follow up checks and completion of all returns.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Audit exercises – EU/ NIAO/ IAS</strong></td>
<td>Liaise with Auditors as first point of contact.</td>
<td>Where required, provide agreed management responses to Article 13 and IAS reports.</td>
<td>Adverse audit report. Interruption to EU funding.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Provide info, liaising as necessary with project managers, co-ordinate responses.</td>
<td></td>
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<tr>
<td></td>
<td>Paul Dolaghan / Sandra Thompson</td>
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</tr>
<tr>
<td>Objective</td>
<td>Key Actions G7 and / or DP Responsible</td>
<td>Performance Target(s) and Date(s)</td>
<td>Risks</td>
<td>Risk Rating</td>
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<tr>
<td>-----------</td>
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</tr>
<tr>
<td>External Energy Legal Advisors – Arthur Cox Contract</td>
<td>Liaise with company to ensure provision of monthly expenditure figures for profiling/monitoring purposes. Follow up re provision of narratives, checking by senior officers and requesting invoices when exp approved. Monitor expenditure to ensure annual cap of £400k is not exceeded. Maintain accurate and accessible records.</td>
<td>Monthly monitoring of spend; - Monthly forecasting as part of cash flow management exercise; - In-house assessment of contract; - Regular updates to ensure HOBs aware of position. Ensure second discount threshold monitored and discount applied promptly</td>
<td>Unexpected work requiring additional legal activity; Inaccurate monitoring of spend and forecasting. Overspend.</td>
<td></td>
</tr>
<tr>
<td>Assembly Questions, legislation exercises, Ministerial / Senior Management Briefings, Ministerial cases</td>
<td>Allocation to appropriate HOB/ DP, monitoring progress and ensuring deadlines met. Liaison as necessary with ALU, LMU, CLU and Private Office e.g. to seek part inputs, clarify detail, seek extensions to deadlines. Co-ordinating responses to inter branch questions/issues.</td>
<td>Within prescribed deadlines, ensure all questions, briefing requests are brought to attention of relevant HOB and that responses are provided.</td>
<td>Deadlines missed/ relevant HOB not alerted to request in time to respond.</td>
<td></td>
</tr>
<tr>
<td>Strategic Energy Framework Implementation Plan</td>
<td>Ensure advancement against SEF Actions is regularly updated and progress reported accordingly to DETI Senior Management and ETI Committee.</td>
<td>Provide ETI Committee with six monthly progress reports to end March &amp; end September 2013 against SEF 2010 Implementation Plan.</td>
<td>SEF affected by changing UK / global position. Failure to deliver on SEF Actions due to lack of resources within Energy Division.</td>
<td></td>
</tr>
<tr>
<td>Objective</td>
<td>Key Actions</td>
<td>Performance Target(s) and Date(s)</td>
<td>Risks</td>
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</tr>
<tr>
<td>File Management</td>
<td>Filing (electronic and hard copy).</td>
<td>Ensure important information is readily accessible and files effectively managed within timescales set.</td>
<td>Vital information not readily accessible when required resulting in delayed response times.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Maintaining file lists, opening TRIM containers, reviewing files for retention/destruction and FOI implications.</td>
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<td></td>
<td>Paul Dolaghan</td>
<td></td>
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</tr>
<tr>
<td>Internet and Intranet presence</td>
<td>Reviewing and updating as necessary.</td>
<td>Regular checks to ensure information is up to date and relevant.</td>
<td>Poor Divisional image portrayed through inaccurate and out of date information.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Paul Dolaghan</td>
<td></td>
<td></td>
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<tr>
<td>Miscellaneous support services</td>
<td>E.G. Arrange regular staff briefings by G5; booking meeting rooms; arrange hospitality; booking travel and accommodation; ordering and maintaining stationery; photocopying as required e.g. for JR cases; proof reading of draft legislation; issue of Letters of Offer; printer maintenance.</td>
<td>To provide essential support services to all HOBs in a timely and effective manner.</td>
<td>Disruption to schedules.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Preparation of papers for e.g. Executive/Committee business and consultation exercises.</td>
<td></td>
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<td></td>
<td>Paul Dolaghan</td>
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</tr>
<tr>
<td>Risk Register and Statements of Assurance</td>
<td>Seek and obtain relevant input from HOBs and prepare draft response for G5 clearance within deadline</td>
<td>Provide accurate returns within timeframe.</td>
<td>Failure to produce accurate information within timeframe.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Paul Dolaghan</td>
<td></td>
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<td>Objective</td>
<td>Key Actions G7 and / or DP Responsible</td>
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</tr>
<tr>
<td>‘Changing for the better’ Initiatives (HR Connect, AccountNI, NI Direct)</td>
<td>Attendance relevant working groups/ seminars.&lt;br&gt;Providing support and feedback to Division as appropriate.</td>
<td>Division kept up to speed and interests represented in relation to these initiatives.</td>
<td>Division’s interest not taken account of and Divisional staff not fully aware of developments that affects them.</td>
<td></td>
</tr>
<tr>
<td>PSA Targets &amp; Corporate and Divisional Plans</td>
<td>Draft plans/targets in relation to Co-ordination Branch.&lt;br&gt;Seek input from other HOBs and compile Divisional plans.</td>
<td>Maintain clear and easily accessible record of targets and progress towards achievement.</td>
<td>Division loses sight of overall progress and targets.</td>
<td></td>
</tr>
<tr>
<td>Honours</td>
<td>Seeking nominations from HOBs for garden party invites and honours lists.&lt;br&gt;Complete templates and draft returns in respect of nominees for G5 approval.</td>
<td>To ensure appropriate representation.</td>
<td>Sector not adequately represented.</td>
<td></td>
</tr>
<tr>
<td>Fuel Poverty</td>
<td>Attendance at inter departmental working groups.&lt;br&gt;Taking forward agreed actions through liaison with HOBs.&lt;br&gt;Preparing and agreeing action plans for DSD. Report progress on quarterly basis and feed into DSD Annual Report.</td>
<td>To ensure DETI interests registered and taken forward as appropriate.</td>
<td>DETI interests not represented.</td>
<td></td>
</tr>
<tr>
<td>Objective</td>
<td>Key Actions</td>
<td>Performance Target(s) and Date(s)</td>
<td>Risks</td>
<td>Risk Rating</td>
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</tr>
<tr>
<td>Climate Change Adaptation Sub-group</td>
<td>Attendance at meetings of Climate Change Adaptation Sub-group (established as a subgroup of the Cross Departmental Working Group on Climate Change). Take forward agreed actions through liaison with other Energy Branches and Divisions across DETI. Contribute to action plans for DoE. Paul Dolaghan</td>
<td>To ensure DETI interests registered and taken forward as appropriate.</td>
<td>DETI interests not represented.</td>
<td></td>
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</tbody>
</table>
COMPOSITE DIVISIONAL PLAN

ENERGY DIVISION

2014 – 2015

May 2014
<table>
<thead>
<tr>
<th>INFORMATION</th>
<th>PAGE</th>
</tr>
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<tbody>
<tr>
<td>PSA AND CORPORATE PLAN TARGETS 2011 – 15</td>
<td></td>
</tr>
<tr>
<td>DETI CORE VALUES</td>
<td></td>
</tr>
<tr>
<td>ENERGY DIVISION BUDGET ALLOCATIONS 2014– 15</td>
<td></td>
</tr>
<tr>
<td>ENERGY DIVISION STAFFING STRUCTURE</td>
<td></td>
</tr>
<tr>
<td>OVERVIEW OF ENERGY DIVISION WORK</td>
<td></td>
</tr>
<tr>
<td>ENERGY MARKETS OPERATING PLAN TARGETS 2014-15</td>
<td></td>
</tr>
<tr>
<td>ENERGY MARKETS BRANCHES ORGANISATION CHARTS</td>
<td></td>
</tr>
<tr>
<td>DIVISIONAL GOALS:</td>
<td></td>
</tr>
<tr>
<td>ELECTRICITY BRANCH</td>
<td></td>
</tr>
<tr>
<td>MARKETS SUPPORT BRANCH</td>
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<tr>
<td>GAS BRANCH</td>
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<tr>
<td>ENERGY MARKETS BRANCHES BUDGET</td>
<td></td>
</tr>
<tr>
<td>SUSTAINABLES/RENEWABLES BRANCHES OPERATING PLAN TARGETS 2014-15</td>
<td></td>
</tr>
<tr>
<td>SUSTAINABLES/RENEWABLES BRANCHES ORGANISATION CHARTS</td>
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<tr>
<td>DIVISIONAL GOALS:</td>
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<tr>
<td>SUSTAINABLE ENERGY BRANCH</td>
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<tr>
<td>RENEWABLE ELECTRICITY POLICY &amp; LEGISLATION BRANCH</td>
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<td>RENEWABLE HEAT BRANCH</td>
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<tr>
<td>SUSTAINABLES/RENEWABLES BRANCHES BUDGET</td>
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<tr>
<td>ENERGY CO-ORDINATION BRANCH OPERATING PLAN TARGETS 2014-15</td>
<td></td>
</tr>
<tr>
<td>ENERGY CO-ORDINATION BRANCH ORGANISATION CHART/BUDGET</td>
<td></td>
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<tr>
<td>ENERGY CO-ORDINATION DIVISIONAL GOALS</td>
<td></td>
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</tbody>
</table>
ENERGY DIVISION TARGETS

[PfG Priority 1]

Productivity Growth

TO PROMOTE THE DEVELOPMENT OF ECONOMIC INFRASTRUCTURE.

PfG AND CORPORATE PLAN TARGETS 2011/2015

Action – PROMOTING DELIVERY OF NORTHERN IRELAND’S ECONOMIC INFRASTRUCTURE THROUGH DELIVERY OF THE OBJECTIVES SET OUT IN THE EXECUTIVES’ STRATEGIC ENERGY FRAMEWORK 2010 AIMED AT:

- Building competitive energy markets;
- Ensuring security of supply;
- Enhancing sustainability and development of our energy infrastructure;
- Increasing the level of electricity and heat from renewable sources.
## DETI Core Values

Our values relate to our staff, our business partners, our stakeholders and our customers.

<p>| | |</p>
<table>
<thead>
<tr>
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</table>
| **Courage** | We take ownership, responsibility and accountability for our own actions  
             | We welcome constructive feedback and are open to change and new ways of working  
             | We trust one another and believe in a no-blame culture in carrying out our duties  
             | We are committed to addressing poor performance and challenging inappropriate behaviours |
| **Openness** | We are honest and transparent in our dealings with work colleagues and customers, and always act with integrity  
                  | We engage with our stakeholders and encourage their participation in what we do  
                  | We are committed to teamwork and joined-up working within and across branches, divisions and partner organisations  
                  | We communicate openly and effectively |
| **Respect** | We seek out, listen to and consider the views of others  
              | We acknowledge good performance and appreciate the contribution of others  
              | We treat people fairly with respect and honesty, and show concern for others  
              | We welcome diversity and look for different perspectives and experiences |
| **Excellence** | We have a positive and flexible attitude to work and to doing the best job possible  
                            | We are innovative in our thinking and strive for continuous improvement  
                            | We are committed to showing visible and approachable leadership  
                            | We manage public money effectively and aim to achieve best value for money |
## OPENING BASELINE BUDGET ALLOCATIONS 2014/15

**ADMIN:**

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>Salaries</td>
<td>£1,651,000</td>
</tr>
<tr>
<td>GAE</td>
<td>£20,000</td>
</tr>
<tr>
<td>Consultancy</td>
<td>£280,000</td>
</tr>
</tbody>
</table>

**RESOURCE / PROGRAMME:**

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consultancy (Wayleaves)</td>
<td>£16,000</td>
</tr>
<tr>
<td>EU Competitiveness (inc match)</td>
<td>£75,000</td>
</tr>
<tr>
<td><strong>Total Resource / Programme</strong></td>
<td><strong>£91,000</strong></td>
</tr>
</tbody>
</table>

**CAPITAL**

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy Infrastructure</td>
<td>£10,000,000</td>
</tr>
</tbody>
</table>

**Annual Managed Expenditure (AME)**

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>RHI (Resource)</td>
<td>£6,350,000</td>
</tr>
<tr>
<td>RHI (Capital)</td>
<td>£</td>
</tr>
</tbody>
</table>
ENERGY DIVISION STAFFING STRUCTURE

Energy Organisation
Chart June 2013.XLS
<table>
<thead>
<tr>
<th>Legislation</th>
<th>Expenditure</th>
<th>Policy/Strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td>GAE</td>
<td>£20,000</td>
<td>Strategic Energy Framework (SEF) Implementation Plan, including review of costs and benefits of SEF renewable electricity targets.</td>
</tr>
<tr>
<td>Legal Advice and Counsel (via DSO)</td>
<td>£280,000</td>
<td>Onshore Renewable Electricity Policy</td>
</tr>
<tr>
<td>NIAUR review of electricity meter certifications Regulations and Electricity Standards of Performance Regulations – timing and content not confirmed</td>
<td>Wayleaves Consultancy</td>
<td>£16,000</td>
</tr>
<tr>
<td>Electricity Licence Applications Regulations</td>
<td>Renewable Heat Admin (Bid)</td>
<td>£650,000</td>
</tr>
<tr>
<td></td>
<td>Isles II Project (Interreg)</td>
<td>£130,000</td>
</tr>
<tr>
<td>Energy Efficiency Obligation Study</td>
<td>£30,000</td>
<td>Energy Efficiency Obligation</td>
</tr>
<tr>
<td>RHI Analysis (Competitiveness)*</td>
<td>£35,000</td>
<td>Electricity &amp; Gas Market Policy</td>
</tr>
<tr>
<td>Energy Efficiency Directive regulations (UK and NI)</td>
<td>Sustainable Energy Communications Campaign (Competitiveness)</td>
<td>£150,000</td>
</tr>
<tr>
<td>Energy Bill</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Renewables Obligation (Amendment) Order (Northern Ireland) 2014</td>
<td>RHI (AME Resource)</td>
<td>£6,000,000</td>
</tr>
<tr>
<td>Renewable Heat Regulations</td>
<td>RHPP (AME Capital)</td>
<td>£1,000,000</td>
</tr>
<tr>
<td>Offshore Renewable Energy Bill</td>
<td>Review of Costs and Benefits of 40% renewable electricity targets</td>
<td>£75,000</td>
</tr>
<tr>
<td></td>
<td>EED Article 18 – quality labels study</td>
<td>£30,000</td>
</tr>
<tr>
<td>Fuel Security Code</td>
<td>EED Article 8 – contribution to DECC UK wide CHP assessment</td>
<td>£30,000</td>
</tr>
<tr>
<td>Common Arrangements for Gas – Bill preparation (subject to agreement with DCENR/UR/CER on progress with CAG)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Electricity and Gas (Market Integrity and Transparency) (Enforcement etc) (Northern Ireland) Regulations 2013 (REMIT)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Renewables Obligation Order (Northern Ireland) 2015</td>
<td></td>
<td></td>
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<tr>
<td>Renewables Obligation Closure Order</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Northern Ireland) 2015</td>
<td></td>
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<tr>
<td>-----------------------</td>
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</tr>
<tr>
<td>EMR secondary legislation in collaboration with DECC</td>
<td></td>
<td>Policy on transition options from NIRO to CfDs and 2017 grace period</td>
</tr>
</tbody>
</table>
ENERGY MARKETS – OPERATING PLAN 2014 - 2015

1. ROLE AND OBJECTIVES

The main purpose of the Branch is to promote the strategic development of efficient, diverse, reliable, and environmentally friendly electricity and gas industries in Northern Ireland, and to develop mutually beneficial energy markets on a North-South, East-West basis.

Specifically, its objectives are:

<table>
<thead>
<tr>
<th>OPERATING PLAN TARGETS</th>
</tr>
</thead>
<tbody>
<tr>
<td>• By May 2014, complete exercise on the part of NIAUR / DETI Working Group into drivers of electricity pricing and composition / allocation of network charges.</td>
</tr>
<tr>
<td>• During 2014/15, ensure monitoring of any electricity / gas tariff reviews.</td>
</tr>
<tr>
<td>• By August 2014, secure Ministerial agreement of SEM Committee preferred High Level Market Design.</td>
</tr>
<tr>
<td>• By June 2014, make Regulations to establish new electricity and gas licence modification and appeals arrangements.</td>
</tr>
<tr>
<td>• During 2014/15, work towards implementation of decision for provision of additional 250MW (minimum) of conventional power generation.</td>
</tr>
<tr>
<td>• During 2014/15, work with DECC, DCENR and respective Regulatory Authorities to meet obligations in EC Regulation 994/11 (Security of Supply) and EC Regulation 347/13 (TEN-E Infrastructure) to support NI security of gas and electricity supply.</td>
</tr>
<tr>
<td>• By March 2015, in collaboration with NIAUR, complete relevant Privacy Impact Assessment.</td>
</tr>
<tr>
<td>• By September 2014, secure formal project designation under the 2014 – 2020 ERDF programme.</td>
</tr>
<tr>
<td>• During 2014/15, ensure full DETI support for delivery of second North / South interconnector.</td>
</tr>
<tr>
<td>• By December 2014, issue Letter of Offer in respect of NI Executive grant for gas extension project.</td>
</tr>
</tbody>
</table>
2. **ENERGY MARKETS - BRANCH ORGANISATION CHARTS**

(Electricity Branch)  
- Bill Stevenson  
  - Anthony Haughan  
    - Liz Armstrong  
      - Linda Hyland

(Markets Support Branch)  
- Helen Vaughan  
  - Joyce Rutherford  
    - Ashleigh Kelly

(Gas Branch/ Emergency Planning)  
- Fred Frazer  
  - Irene McAllister  
    - Alan Chowney  
      - Colette McKay
## DIVISIONAL GOALS FOR 2014/15
### ELECTRICITY BRANCH

<table>
<thead>
<tr>
<th>Objective</th>
<th>Key Actions</th>
<th>Performance Target(s) and Date(s)</th>
<th>Risks</th>
<th>Risk Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Robust arrangements for processing Article 39 applications for offshore generating stations and processing onshore Article 39 and Article 40 (overhead line) consents</td>
<td>Consideration of requests for screening and scoping opinions. Public consultation on opinions. Issuing. Consideration of Article 39 applications and public consultation. Close liaison with DOE, DSO and developers. Participation in steering/project groups set up to manage to DETI and DOE consent process. Determine process to allow assessment of applicant’s financial and technical competence. Revise Article 39 application form. Publish guidance on Article 39 applications (including published criteria).</td>
<td>Some timescales prescribed by the Offshore Electricity Development Regulations e.g. 4 weeks to issue screening opinion and 6 weeks for scoping opinion. By end of Sept 2014</td>
<td>Reputational - Criticism for any delays to consenting process attributable to Department (and knock on effect for SEF 40% target). Grounds for challenge by objectors if legislative requirements not properly followed.</td>
<td>L2 I4 = 8</td>
</tr>
<tr>
<td>Amending NI REMIT Regulations deliver high level of consumer protection</td>
<td>Consultation process on required amendments Drafting amending regulations ETI committee and Executive approval Laying and making regulations Liaise with DSO and DECC</td>
<td>Within 8 months of equivalent GB amending legislation coming into force</td>
<td>Disparity between Northern Ireland and GB regimes. Level of protection for NI consumers and energy providers is less than in GB</td>
<td>Risk considered low (L1 I5 = 5)</td>
</tr>
</tbody>
</table>

Bill Stevenson / Anthony Haughan

DFE-377605

Received from DFE on 30/05/2017
Annotated by RHI Inquiry
| **Pool of competent wayleave officers to support wayleave consideration of applications and applications for tree cutting orders** | **Re-run tender process**<br>**Consideration of NIE applications**<br>**Allocation of case to wayleave officer and monitoring progress of enquiry**<br>**Consideration of report submitted by wayleave officer**<br>**Decision and, if appropriate, issue of wayleave or order to fell or lop trees**<br>**Management of current case numbers**<br>**Bill Stevenson/Anthony Haughan** | **By end of September 2014**<br>**Ongoing**<br>**Time from receipt of application to Department’s decision should not exceed 6 months** | **Without competent wayleave officers in place the Department is unable to process applications for wayleaves needed to connect a new supply or deal with applications to fell or cut trees posing a danger to overhead lines. An experienced group of wayleave officers will also be needed to deal with applications arising from any new North South Interconnector without any undue delay**<br>**L2 15 = 10** |
| **Vesting Procedures** | **Devise and publish procedure for dealing with vesting applications**<br>**Bill Stevenson/ Anthony Haughan** | **By end of March 2015** | **Likely to receive vesting applications if N/S interconnector is approved. Failure to expedite such applications will delay construction of interconnector** |
| **Processing wayleave applications and applications for tree cutting orders** | **Consideration of NIE applications**<br>**Allocation of case to wayleave officer and monitoring progress of enquiry**<br>**Consideration of report submitted by wayleave officer**<br>**Decision and, if appropriate, issue of wayleave or order to fell or lop trees**<br>**Reduce backlog of injurious affection wayleave applications**<br>**Bill Stevenson/Anthony Haughan** | **Time from receipt of application to Department’s decision should not exceed 6 months**<br>**To clear backlog by end of Oct 2014** | **Criticism and challenge if statutory duty not observed; undue delay processing applications; challenge or complaints about fairness of process or outcome.** |
| Article 39 guidance | Determine process to allow assessment of applicant’s financial and technical competence  
Revise Article 39 application form  
Publish guidance on Article 39 applications (including published criteria)  
Bill Stevenson/Anthony Haughan | By end of Sept 2014 | To comply with relevant EU directives and ensure Department’s approach and procedures for granting Article 39 consent is robust. |
|---------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Case for delivery of North/South interconnector supported PAC Public Enquiry into NIE interconnector application | Review of DETI input to DOE statement of case Liaising with DOE, DSO Attending hearing Devise and publish procedure for dealing with vesting applications  
Bill Stevenson/Anthony Haughan | PAC could resume in Q3/Q4 of 2014  
By end of March 2015 | Criticism and possible delay with project if Department does not appropriately input, advise or engage with PAC. |
| Re-designed SEM to be EU Target Market Compliant | Ensure full DETI participation in the DETI/DCENR Target Model Steering Group and associated GB/Ireland Working Groups established to oversee the delivery of a SEM High Level Market Design  
Implement the implementation of Project arrangements including Network codes development required to deliver compliance with the EU target Model Address legislative issues in a timely manner as necessary when they arise  
Bill Stevenson / Joyce Rutherford | Ongoing: Secure Ministerial agreement for SEM Committee preferred High Level Design by end August 2014.  
Ongoing  
Ongoing | Risk of infraction if SEM energy trading and Committee has primary responsibility for SEM compliance with EU Target Model, High Level Design Proposals and associated Capacity Remuneration Mechanism may not meet with Commission approval and require revision within an existing compressed timeframe, proposals are not Target Model compliant by 2016  
Clarity on resulting requirements for amendments to existing or making of new legislation is not fully defined  
Risk that any legislative amendments cannot be implemented within required timetable.  
L3 I5 = 15  
L3 I5 = 15  
I3 L3 = 3 |
| Impact of Electricity Tariffs assessed and Minister/Departmental lines developed | Engage with the Utility Regulator in relation to electricity Tariffs  
Bill Stevenson / Joyce Rutherford | During 2014/15, ensure full DETI participation in any necessary electricity tariff reviews | The Utility Regulator has the ultimate authority in respect of the tariff setting process and may not have complete regard to DETI views.  
Risk considered low L1 I3 = 3 |
<p>| <strong>Smart Metering/Smart Grid Metering rollout</strong> | Work with the Utility Regulator to progress the development of a roadmap for the implementation of a Smart Meter roll out to include associated privacy considerations in line with the Energy Efficiency Directives. | Ongoing | <strong>Failure of the Utility Regulator to consult within the required timeframe which will lead to a delay in developing and implementing a Smart Metering Roll-out policy</strong>&lt;br&gt;<strong>Limited progress by Regulator since Minister’s call to implement a Smart Meter Programme in July 2012</strong>&lt;br&gt;<strong>Regulator has reported resource issues</strong>&lt;br&gt;<strong>Risk of infraction if NI fails to meet Directive requirements</strong> | L3 I5 = 15 |
| <strong>Isles 2 Implementation</strong> | Ensure Full DETI participation in the ISLES2 Steering Group to ensure delivery of the ISLES 2 project by May 2015 | Ongoing | <strong>This project is acknowledged ambitious in terms of objectives and the requirement to bring on board a range of stakeholders within the timeframe.</strong>&lt;br&gt;<strong>Lead Partner responsibility is with Scottish Government</strong> | Risk considered low L3 I2 = 6 |
| <strong>Access ERDF funding to deliver Grid Development programme</strong> | Engage with NIE /Utility Regulator/SONI to work up the detail of proposals designed to facilitate increased levels of Renewable Electricity which would be suitable for funding through ERDF.&lt;br&gt;Secure appropriate European and Financial approvals to proceed with delivery of the Grid Strengthening proposals. | Ongoing | <strong>Failure to secure appropriate EU and financial approvals</strong>&lt;br&gt;<strong>Failure to secure financial approvals</strong>&lt;br&gt;<strong>Failure of NIE/UR/SONI to engage in and provide adequate approvals on a timely basis to deliver all project proposals.</strong>&lt;br&gt;<strong>Potential requirement for European Support Unit to redefine the structure of the 2014/2020 ERDF Programme which will have implications on the funding available - Match funding concerns – availability and Regulator approval arrangements</strong> | L3 I3 = 9&lt;br&gt;L3 I4 = 12 |
| <strong>Competent Authority arrangements supportive of electricity Projects of Common Interest arrangements – electricity projects</strong> | Work with DECC and DOE to agree delegated Competent Authority (CA) arrangements for the handling of industry proposals for Projects of Common Interest under the EC Regulation 347/13 (TEN-E Infrastructure) | Ongoing | <strong>Failure of others to respond in time as most Consents required by PCI fall outside DETI’s competence.</strong>&lt;br&gt;<strong>Delay in development of enhanced DETI website to highlight DETI Consenting arrangements.</strong>&lt;br&gt;<strong>Delay by DECC as UK Competent</strong> | L1 I4 = 4&lt;br&gt;L3 I4 = 12 |</p>
<table>
<thead>
<tr>
<th>Stakeholder and industry expectations managed in relation to Electricity Pricing</th>
<th>Bill Stevenson</th>
<th>authorities to oversee PCI process.</th>
<th>Authority to transfer actions to DETI. Reputational – lack of developer confidence in DETI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Engage with industry, Regulator and ETI Committee to address recommendations in the Committee’s report into electricity pricing</td>
<td>Bill Stevenson</td>
<td>Respond to ETI Committee recommendations by 25 April 2014</td>
<td>Provide further evidence, as required, to Committee and report progress against actions assigned to Department</td>
</tr>
<tr>
<td>The majority of recommendations arising from the ETI Committee report fall outside the Department’s policy remit. Recommendations have implications for the operation of the single market arrangement and the work to re-design the SEM to achieve EU Target Model compliance. Unrealistic expectation that Department can deliver improved pricing outcomes</td>
<td></td>
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<tr>
<td>14.13 = 12</td>
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</tbody>
</table>
### DIVISIONAL GOALS FOR 2014/15
#### MARKETS SUPPORT BRANCH

<table>
<thead>
<tr>
<th>Objective</th>
<th>Key Actions</th>
<th>Performance Target(s) and Date(s)</th>
<th>Risks</th>
</tr>
</thead>
</table>
| **IME 3 - legislation**   | New electricity and gas licence modification and appeals process              | By June 2014, make Regulations to establish new electricity and gas licence modification and appeals arrangements. | - Lack of feedback from/engagement with Utility Regulator regarding licence implications which could have legislative consequences  
- Lack of engagement with DOJ, BIS  
- BIS failure to progress/agree to changes to Enterprise and Regulatory Reform Act |
|                           | • Liaise with NIAUR re any additional transitional requirements and secure commitment to make consequential changes to licences  
• Liaise with DOJ and others as necessary re creation of offences  
• Liaise with BIS to agree legislative vehicle for changes to Enterprise and Regulatory Reform Act and co-ordinate timings with NI Regulations | Helen Vaughan / Adele Willis |                                                                                                                                            |
| **IME 3 - certification** | Designation of companies certified by Utility Regulator                      | As soon as is reasonably practicable upon notification of final electricity and gas certification decisions by Utility Regulator, designate and notify the Commission, the companies and the Utility Regulator as required by the Electricity and Gas Orders. | Responsibility for making final certification decisions and ensuring ongoing compliance is a matter for the Utility Regulator |
|                           | Helen Vaughan / Adele Willis                                                 |                                                                                                             |                                                                                                                                                                                                     |
| **IME 3 – EU Electricity and Gas Regulations** | Designation of provisions of EU Electricity and Gas Regulations              | By May 2014, notify the Committee of the outcome of the consultation which closed in January 2014  
By June 2014, complete the revised electricity and gas designations and publish in the Belfast Gazette | - Lack of clarity from DECC on content of their proposed legislation  
- Failure of Commission/DECC to keep DETI informed of changes to EU Regulations which might affect designations |
|                           | • Notify Minister and Committee of outcome of consultation and proposed designations  
• Liaise with DECC on their legislative proposals  
• Engage as necessary with DSO  
• Review designations as necessary if changes are made to EU Electricity and Gas Regulations | Helen Vaughan / Adele Willis |                                                                                                                                            |
| IME 3 – EU Electricity and Gas Regulations | Potential legislative consequences of implementation of EU Electricity and Gas Regulations | In consultation with Electricity and Gas teams, consider and progress as required any legislative issues arising from implementation of EU Electricity and Gas Regulations – ongoing during 2014/15 | Technical nature of codes – reliant of Utility Regulator assessment of NI impacts
Lack of feedback from Utility Regulator on NI impacts of developing EU Codes, with consequent risk that issues of concern are not identified and addressed while codes are being developed
Depending on timing, resource issues may arise if potential legislative implications are not identified and brought to Department’s attention early |
| Helen Vaughan / Adele Willis | | |

| Legislation | Review of Electricity (Applications for licences and extensions of licences) Regulations (Northern Ireland) 2007 | By March 2015, to agree a draft consultation paper reviewing the Electricity (Applications for licences and extensions of licences) Regulations (Northern Ireland) 2007 | Lack of information from Utility Regulator has hampered progress on the review of these Regulations during previous years |
| | Utility Regulator review of meter certification Regulations | During the year, to contribute as necessary in conjunction with the electricity team, to the review by the Utility Regulator of the meter certification and Electricity Standards of performance Regulations | Lack of engagement with Utility Regulator regarding proposed timings for the review of this legislation |
| | Utility Regulator review of Electricity Standards of Performance Regulations | | |
| | Demand Side Units - EED | By June 2014, contribute as necessary to the review of consultation responses and draft legislation relating to transposition of the EED | Action required by Utility Regulator to ensure demand side units can participate in the market |
| Helen Vaughan / Adele Willis | | | |
DIVISIONAL GOALS FOR 2014/15 *(Updated 12 May 14)*

**GAS/ EMERGENCY PLANNING BRANCH**

<table>
<thead>
<tr>
<th>Objective</th>
<th>Key Actions</th>
<th>Performance Target(s) and Date(s)</th>
<th>Risks</th>
<th>Risk Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Grant funding in support Gas Network Extension in the West</strong></td>
<td>Work with the Utility Regulator and appointed licensee to progress development of new natural gas infrastructure in the West of NI. Continue to engage with key stakeholders on gas extension proposals Continue to liaise with BIS and EU in relation to State Aid approval of NI Executive grant support for gas network extension Fred Frazer / Irene McAllister</td>
<td>By 31 December 2014, issue a Letter of Offer to the appointed developer in respect of NI Executive grant for the gas extension project. During 2014/15, continue to engage with other Departments, District Councils, NIHE, and industry on gas extension proposals. By 31 October 2014 engage with the Utility Regulator on arrangements for external technical assurance of gas extension project.</td>
<td>Failure of the Utility Regulator to appoint a developer to construct the new gas networks, thus impacting of grant aiding development. Failure of DETI to agree the terms of a Letter of Offer with the licensee, and be unable to provide grant funding. EU objection to request for State Aid to grant fund the project. Failure of external bodies to engage with the DETI on gas extension issues. Failure to appoint an external consultant to provide technical assurance.</td>
<td>L2/I5 = 10 L2/I5 = 10 L1/I5 = 5</td>
</tr>
</tbody>
</table>
outstanding market issues relating to
gas networks in SW Scotland and for
the South-North gas pipeline.

engagement with other Departments,
Regulatory Authorities, and TSOs to
resolve outstanding gas issues, and
therefore deliver Regulation
compliance.

Support
developers of Gas
Storage

Outstanding market issues relating to
gas networks in SW Scotland and for
South-North gas pipeline.

Work with developers, other Departments and
Agencies, Crown Estate, and the Utility
Regulator in relation to progressing proposals
for gas storage,

Provide input to Energy Bill in respect of revised
legislation to facilitate provision of future gas
storage projects

Fred Frazer / Irene McAllister

Continue to liaise with DECC officials in relation to Third Party Access
(TPA) arrangements for off-shore gas
storage. Aim to agree any provisions
for the Energy Bill by 30 Sept 14.

Matter is outside DETI control with final
decision on ‘residual liability’ issue to
be taken by Crown Estate and HM
Treasury.

DECC has to date not accepted
responsibility to lead on any legislative
change. Drafting of appropriate NI
legislation to deal with off-shore TPA is
proving difficult for OLC.

Review of old Gas
Files to meet
PRONI
requirements

Review of old gas files, including Kinsale Gas
project files to meet PRONI targets

Review old gas files as directed by
DETI Information Management Unit to
meet PRONI and DETI targets.

Some 40 All 2013 ASR. Kinsale files
will still to be reviewed, by end of
June at 31 March 2014 and a further
262 additional ASR 2014 files to be
reviewed by end of August 2014,
issued to Division by DETI IMU.
Completion of file review can be
delayed due to other
work priorities.

Ensure adequate
Generation
Security of Supply
margin in NI

Work with the Utility Regulator and SONI
towards implementation of arrangements to
provide an additional minimum of 250MW of
generation adequacy.

Fred Frazer / Irene McAllister

Ensure that a timeline for any option
agreed between SONI and a
developer/promoter, as a result of the
current market test and competition
for interest to provide additional
generation capacity, is put in place for
December 2014.

Agree requirement for updated joint
UR/DETI publication on security of
supply by end of Nov 2014.

The market test and competition does
not result in a promoter coming forward
to provide additional generation
capacity within the timescale.

SONI, industry and NIAUR unable to
agree on the cost of a preferred option.

Ensure
Compliance with
EC Gas Security of
Supply Regulation

Work with DECC, DCENR, and respective
Regulatory Authorities to meet obligations in EC
Regulation 994/10 (Security of Supply), and EC
347/13 (TEN-E Infrastructure) Regulation to
support NI security of gas supply

Fred Frazer/ Alan Chowney

DETI to contribute to UK, Ireland and
Regional Risk Assessments to be
with the EU Commission by 30 June
2014.

DETI to support completion of
UK/Ireland Preventative Action Plans
and Emergency Plans due to be with the
EU Commission by 31 December
2014.

Failure between Regulators to reach
agreement on some operating
parameters of the gas transmission
network between Ireland and GB and
associated tariff arrangements
necessary for the sharing of gas
supplies during emergencies, resulting
compliance failure.

Review of
National Fuel

Work with DECC, other NI Departments and
Work with DECC on substantial
DECC failure to deliver across many

Fred Frazer / Irene McAllister

Review old gas files as directed by
DETI Information Management Unit to
meet PRONI and DETI targets.

Some 40 All 2013 ASR. Kinsale files
will still to be reviewed, by end of
June at 31 March 2014 and a further
262 additional ASR 2014 files to be
reviewed by end of August 2014,
issued to Division by DETI IMU.
Completion of file review can be
delayed due to other
work priorities.

The market test and competition does
not result in a promoter coming forward
to provide additional generation
capacity within the timescale.

SONI, industry and NIAUR unable to
agree on the cost of a preferred option.

Failure between Regulators to reach
agreement on some operating
parameters of the gas transmission
network between Ireland and GB and
associated tariff arrangements
necessary for the sharing of gas
supplies during emergencies, resulting
compliance failure.

DECC failure to deliver across many

Fred Frazer / Irene McAllister

DETI to contribute to UK, Ireland and
Regional Risk Assessments to be
with the EU Commission by 30 June
2014.

DETI to support completion of
UK/Ireland Preventative Action Plans
and Emergency Plans due to be with the
EU Commission by 31 December
2014.

Failure between Regulators to reach
agreement on some operating
parameters of the gas transmission
network between Ireland and GB and
associated tariff arrangements
necessary for the sharing of gas
supplies during emergencies, resulting
compliance failure.
<table>
<thead>
<tr>
<th>Emergency Plan for Fuel (NEP-F) to reduce impacts of a fuel security of supply events</th>
<th>Agencies to complete review of National Emergency Plan for Fuel (NEP-F)</th>
<th>completion of National Arrangements by July 2014 to include how these will be implemented in NI. DETI to then update the NI Response Strategy to Fuel Supply Chain Disruption by 31 December 2014. Continue to work with priority fuel users to encourage business continuity planning for fuel disruption.</th>
<th>Local Resilience Forums in GB and with the Scottish and Welsh DA’s, and lack of engagement by NI oil industry by the due is date. Other work priorities cause slippage, for example unsighted responses to energy emergencies.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Establish delegated Competent Authority Arrangements to support Projects of Common Interest arrangements</td>
<td>Work with DECC and DOE to agree delegated Competent Authority (CA) arrangements for the handling of industry proposals for Projects of Common Interest under the EC Regulation 347/13 (TEN-E Infrastructure)</td>
<td>Support DECC production of a UK Manual of Procedures for Projects of Common Interest (PCI’s) by 31 May 2104. Work with DoE and other consenting authorities to oversee PCI process.</td>
<td>Failure of others to respond in time as most Consents required by PCI fall outside DETI’s competence. Delay in development of enhanced DETI website to highlight DETI Consenting arrangements. Delay by DECC as UK Competent Authority to transfer actions to DETI.</td>
</tr>
<tr>
<td>Complete a review of the Fuel Security Code, including a SONI review of fuel switching arrangements for generators.</td>
<td>Complete review of Fuel Security Code (FSC) and related Fuel Switching Arrangements</td>
<td>To have a revised FSC published before the end of December 2014.</td>
<td>Lack of agreement between SONI and generators on a draft Fuel Switching Agreement as the mechanism to deliver core elements of the FSA.</td>
</tr>
<tr>
<td>Review energy planning and resilience arrangements for Winter 2014/15 Preparation</td>
<td>Ensure planning and resilience measures are in place for home heating oil, electricity and gas supplies.</td>
<td>Complete actions for Fuel Security Code above. Design or input into desk top exercises with gas, electricity and oil industries then finalise arrangements through pre winter meetings with industry and the CCG (NI) Sub Group on Fuel Resilience.</td>
<td>Delay in publication of and FSC, and failure of energy industry to engage in resilience preparation. Slippage in longer lead times for this work due to other pressing deadlines across organisations or insufficient support from shared staff resource.</td>
</tr>
</tbody>
</table>
TOTAL MARKETS BUDGET

<table>
<thead>
<tr>
<th>Category</th>
<th>£</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL</td>
<td>£</td>
</tr>
<tr>
<td>Admin Consultancy / Legal</td>
<td>£</td>
</tr>
<tr>
<td>Admin Consultancy / Other</td>
<td>£</td>
</tr>
<tr>
<td>Resource Consultancy (Wayleaves)</td>
<td>£</td>
</tr>
<tr>
<td>Interreg</td>
<td>£</td>
</tr>
<tr>
<td>Isles II ?</td>
<td>£</td>
</tr>
</tbody>
</table>
### SUSTAINABLE / RENEWABLE ENERGY BRANCHES - OPERATING PLAN TARGETS 2014 - 2015

#### 1. ROLE AND OBJECTIVES

The main purpose of the Branch is to develop sustainable energy policy for Northern Ireland and raise awareness of and promote sustainable energy generally.

Specifically its objectives are:

<table>
<thead>
<tr>
<th>OPERATING PLAN TARGETS</th>
</tr>
</thead>
<tbody>
<tr>
<td>• By May 2014, make and lay necessary Regulations in Assembly to ensure NI compliance ahead of Energy Efficiency Directive deadline of 5 June.</td>
</tr>
</tbody>
</table>
| • By December 2014, secure:  
  (i) Introduction of Energy Bill to NI Assembly; and  
  (ii) Executive approval for Offshore Renewable Energy Bill |
| • By December 2014, finalise draft NI Feed-in Tariff Contracts for Difference arrangements. |
| • By December 2014, publish study findings into costs / benefits of SEF 40% renewables target. |
| • By March 2015, deliver necessary legislative amendments to Renewables Obligation Order. |
| • By May 2014, finalise secondary legislation to enable launch of RHI (Domestic) scheme. |
| • By December 2014, amend current legislation to facilitate expansion of the non-domestic RHI. |
2. **BRANCH ORGANISATION CHARTS**

[UPDATED VERSION TO BE INSERTED]
## DIVISIONAL GOALS FOR 2014/15
### SUSTAINABLE ENERGY BRANCH

<table>
<thead>
<tr>
<th>Objective</th>
<th>Key Actions</th>
<th>Performance Target(s) and Date(s)</th>
<th>Risks</th>
<th>Risk Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transposition of Energy Efficiency Directive</td>
<td>Finalise UK wide transposition aspects with DECC</td>
<td>By end May 2014</td>
<td>NI legal input not received in a timely fashion to allow inclusion in UK wide SI</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Lay NI regulations to transpose Articles 9-11, 13 &amp; 15 by transposition deadline of 5 June 2014</td>
<td>By 5 June 2014</td>
<td>Failure to lay regulations could lead to infraction</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Commission consultancy work on Article 18 – quality labels</td>
<td>By 30 August 2014</td>
<td>Failure to progress work on quality labels could lead to infraction</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Finalise EST study into barriers to Energy Efficiency in relation to Articles 18 &amp; 19</td>
<td>By end April 2014</td>
<td>Failure to complete study will expose a gap in transposition for NI</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Alison Clydesdale / Trevor McBriar / Davina McCay / Mary McKeown</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Energy Efficiency Policy</td>
<td>Review proposed EEO mechanism in respect of scope, costs and enforcement regime.</td>
<td>By end October 2014</td>
<td>Failure to set up a EEO could leave NI with no support mechanism for energy efficiency post 2016</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Work with OFMDFM / SIB in relation to HEAT scheme</td>
<td>Ongoing</td>
<td>Failure to highlight EED requirements to OFMDFM could lead to energy savings from scheme not be included as part of compliance</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Review Energy Services Agreement Forum.</td>
<td>By end October 2014</td>
<td>Incorrect schemes cannot be counted under EED</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Alison Clydesdale / Davina MCay / Trevor McBriar</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Legislation</td>
<td>By end November 2014</td>
<td>Failure to secure agreement on policy and ETI committee approval could result in further delay to the Energy Bill</td>
<td></td>
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<tr>
<td>---------------------------------------------------------------------------</td>
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</tr>
<tr>
<td>Finalise Energy Bill policy</td>
<td>December 2014</td>
<td>OLC drafting resource not available</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Secure ETI committee approval</td>
<td>January 2015</td>
<td>Failure to resolve liability issue will result in further Bill delay</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Introduce Bill to Assembly</td>
<td>December 2014</td>
<td>OLC drafting resource not available</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Finalise Offshore Renewable Energy Bill Policy</td>
<td>March 2015</td>
<td></td>
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</tr>
</tbody>
</table>

**Alison Clydesdale / Davina McCay / Trevor McBriar**

<table>
<thead>
<tr>
<th>Legislation</th>
<th>By end December 2014</th>
<th>Failure to agree contract terms/ systems and settlement procedures for NI generators could lead to uncertainty in investment contracts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Participate in the EMR NI CFD Project Steering Board and subgroups as appropriate</td>
<td>By end March 2015</td>
<td>Lack of DSO resource</td>
</tr>
<tr>
<td>Finalise NI CFD contract terms</td>
<td>By end August 2014</td>
<td>Increased consumer bills</td>
</tr>
<tr>
<td>Work with DECC Supplier Obligation team to agree systems and settlement policies for NI</td>
<td>On going</td>
<td>Increased costs for large energy users</td>
</tr>
<tr>
<td>Work with DECC on NI input to UK wide EMR secondary legislation</td>
<td>By end March 2015</td>
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<tr>
<td>Work with NIAUR on consumer impact of EMR</td>
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<td>Secure Ministerial approval for the way forward on the CfD Exemption for Energy intensive Industries with DECC &amp; BIS</td>
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**Alison Clydesdale / Michael Harris / Alan Smith**

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**Alison Clydesdale / Michael Harris / Alan Smith**

<table>
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<tr>
<th>Electricity Market Reform</th>
<th>Ongoing</th>
<th>Failure to agree contract terms/ systems and settlement procedures for NI generators could lead to uncertainty in investment contracts</th>
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**Alison Clydesdale / Michael Harris / Alan Smith**
<table>
<thead>
<tr>
<th>Briefing and General Administration</th>
<th>Respond to AQs, requests for Ministerial briefing in a timely and accurate manner</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>Respond to COR and TOFs as required and in a timely manner</td>
</tr>
<tr>
<td></td>
<td>Brief ETI Committee in written or oral form as required</td>
</tr>
<tr>
<td></td>
<td>Provide advice on Executive papers from OGDs as required</td>
</tr>
<tr>
<td></td>
<td>Contribute to Energy Co-ordination Branch requirements</td>
</tr>
<tr>
<td>All</td>
<td></td>
</tr>
<tr>
<td>Objective</td>
<td>Key Actions</td>
</tr>
<tr>
<td>-----------</td>
<td>-------------</td>
</tr>
<tr>
<td><strong>Continued development of the NIRO</strong></td>
<td>Secure Assembly approval for the Renewables Obligation (Amendment) Order (Northern Ireland) 2014</td>
</tr>
<tr>
<td></td>
<td>Consult on NIRO amendments for inclusion in Renewables Obligation Order (Northern Ireland) 2015</td>
</tr>
<tr>
<td></td>
<td>Consult on RO transition/grace periods for inclusion in Renewables Obligation Order (Northern Ireland) 2015 and Renewables Obligation Closure Order (Northern Ireland) 2015</td>
</tr>
<tr>
<td></td>
<td>Secure Assembly approval for the Renewables Obligation Order (Northern Ireland) 2015</td>
</tr>
<tr>
<td></td>
<td>Secure Assembly approval for the Renewables Obligation Closure Order (Northern Ireland) 2015</td>
</tr>
<tr>
<td><strong>Introduction of a Small scale FIT</strong></td>
<td>Finalise small scale FIT provisions in draft Energy Bill (MH)</td>
</tr>
<tr>
<td></td>
<td>Secure agreement from DECC to have NI small scale FIT costs socialised across the UK</td>
</tr>
<tr>
<td></td>
<td>Progress policy aspects of small scale FIT for consultation in 2015/16</td>
</tr>
<tr>
<td>Objective</td>
<td>Key Actions</td>
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<tr>
<td>-----------</td>
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</tr>
<tr>
<td><strong>Progress the Onshore/Offshore action plans for renewable electricity</strong></td>
<td>Onshore Renewable Electricity Action Plan (OREAP) 2013-2020</td>
</tr>
<tr>
<td></td>
<td>Ensure progress on implementation of OREAP actions in 2014-2015</td>
</tr>
<tr>
<td></td>
<td><strong>Barbara Swann</strong></td>
</tr>
<tr>
<td></td>
<td>Ensure progress on implementation of ORESAP 2014-2015 actions and arrange publication of annual progress report</td>
</tr>
<tr>
<td></td>
<td><strong>Barbara Swann</strong></td>
</tr>
<tr>
<td></td>
<td>Engagement with TCE / DOE on the Offshore Leasing Round projects and wider offshore related activities</td>
</tr>
<tr>
<td><strong>Offshore renewable electricity</strong></td>
<td>Offshore Renewable Energy Strategic Action Plan 2012-2020</td>
</tr>
<tr>
<td></td>
<td>Ensure progress on implementation of ORESAP 2014-2015 actions and arrange publication of annual progress report</td>
</tr>
<tr>
<td></td>
<td><strong>Barbara Swann</strong></td>
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<tr>
<td></td>
<td>Engagement with TCE / DOE on the Offshore Leasing Round projects and wider offshore related activities</td>
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<td>Objective</td>
<td>Key Actions</td>
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<tr>
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<td>------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Community Energy Action Plan</td>
<td><strong>Or should we place this within SEIDWG as a sub group...otherwise limited work for the Group?</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Lead cross departmental action (utilising SEIDWG), including external stakeholder engagement, to develop draft NI Action Plan on Community Energy</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Secure Executive approval for consultation on a draft Action Plan</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Michael Harris/ Barbara Swann</strong></td>
</tr>
<tr>
<td>Objective</td>
<td>Key Actions</td>
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<td>--------------------------------------------------------------------------</td>
<td>-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
</tbody>
</table>
| Cross Departmental Working/ Liaison on renewable electricity             | DOE Marine  
Continue to ensure that DETI economic interests are represented in DOE Marine policy development e.g. the establishment of Marine Conservation Zones.  
Barbara Swann  
Planning Services Renewables Sub Group  
Continue to ensure that DETI interests are represented in DOE planning policy issues  
Michael Harris/Barbara Swann  
Renewable Electricity Grid Liaison Group  
Attendance at NIAUR led Grid Liaison  
Michael Harris  
Climate Change  
Participate and contribute to the work of the DOE led cross departmental working group on Climate change mitigation, including co-ordination of DETI contributions to the NI Greenhouse Gas Action Plan  
Barbara Swann  
British Irish Council  
Represent Northern Ireland interests in the BIC Marine Renewable Sub Group and consideration of BIC work proposals  
Barbara Swann | 4 DOE led inter departmental Marine Co-ordination Group meetings per year plus ad hoc meetings/papers.  
2 meetings per year.  
4 meetings per year  
4/6 meetings per year and quarterly updates to the Action Plan.  
2 meetings per year | Lack of staff resource / time to contribute to DOE requirements.  
As above  
As above  
As above  
As above | (L2/I2) 4
<table>
<thead>
<tr>
<th>Objective</th>
<th>Key Actions</th>
<th>Performance Target(s) and Date(s)</th>
<th>Risks</th>
<th>Risk Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sustainable Energy Inter Departmental Working Group (SEIDWG)</td>
<td>See above re Community Energy</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
| Review of the costs and benefits of the SEF 40% renewable electricity target | Manage consultancy contract and ensure delivery of final report and tool  
Publish review  
Barbara Swann (in support to Alan Smith) | 1 September 2014  
30 December 2014 | Possible limitations on the information available for consideration.  
Failure of consultants to deliver satisfactory project on time |             |
| Briefing and General Administration | Respond to AQs, requests for Ministerial briefing in a timely and accurate manner  
Respond to COR and TOFs as required and in a timely manner  
Brief ETI Committee in written or oral form as required  
Provide advice on Executive papers from OGDs as required  
Contribute to Energy Co-ordination Branch requirements | Ongoing | Lack of staff resource to handle volume of briefing and meet deadlines |             |
## DIVISIONAL GOALS FOR 2014/15
### RENEWABLE HEAT BRANCH

<table>
<thead>
<tr>
<th>Objective</th>
<th>Key Actions</th>
<th>Performance Target(s) And Date(s)</th>
<th>Risks</th>
<th>Risk Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Monitor uptake of the non-domestic RHI and oversee the administration arrangements with Ofgem - Phase 1 of RHI</strong></td>
<td>Monitor the uptake of the non-domestic RHI and carry out policy reviews as required.</td>
<td>ongoing and date(s)</td>
<td>Tariffs under the scheme are overly generous and lead to higher than expected uptake and excessive payments, impacting on budgets.</td>
<td>L3, I4 = 12</td>
</tr>
<tr>
<td></td>
<td>Management of the administration agreement with Ofgem – ensure the service is delivered according to the Agency Services Agreement and within the agreed budget.</td>
<td>ongoing</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Joanne McCutcheon / Peter Hutchinson / Dan Sinton</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Deliver the RHPP scheme - Administration of the RHPP</strong></td>
<td>Deliver the Administration of the RHPP scheme until the introduction of the domestic RHI.</td>
<td>ongoing</td>
<td>Staff Resource not available to maintain level of checks.</td>
<td>L3, I3 = 9</td>
</tr>
<tr>
<td></td>
<td>Ensuring timely and accurate payments to installations with the appropriate level of checking as per agreed audit arrangements.</td>
<td>ongoing</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Joanne McCutcheon / Peter Hutchinson / Dan Sinton</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Introduce the domestic RHI scheme in Northern Ireland - Launch of domestic RHI</strong></td>
<td>Secure approvals for launch of scheme. Lay Renewable Heat (domestic) regulations Put administrative procedures in place to enable launch of scheme Promote the scheme to stakeholders</td>
<td>May 2014 and date(s)</td>
<td>Support not available from IT colleagues to develop administrative database</td>
<td>L3, I4 = 12</td>
</tr>
<tr>
<td></td>
<td>Joanne McCutcheon / Peter Hutchinson / Dan Sinton</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Phase 2 – extension to</strong></td>
<td>Develop final policy proposals for amendments to non-domestic scheme</td>
<td>Sept 2014</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Task</td>
<td>Responsible Parties</td>
<td>Timeframe</td>
<td>Remarks</td>
<td></td>
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<tr>
<td>---------------------------------------------------------------------</td>
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</tr>
<tr>
<td>Introduce changes to the non-domestic RHI scheme to include new technologies / tariffs and administrative arrangements.</td>
<td>Joanne McCutcheon / Peter Hutchinson/Dan Sinton</td>
<td>Dec 2014, Feb 2015, March 2015</td>
<td>Delay in obtaining State aid approval</td>
<td></td>
</tr>
<tr>
<td>Secure approvals (including EU State Aid approval)</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Lay amendments to non domestic Regulation Heat regulations</td>
<td></td>
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<tr>
<td>Ensure Ofgem can administer changes to the scheme</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Draft business case and secure necessary approvals</td>
<td></td>
<td>By 31 October 2014</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Draft a marketing brief, advising of campaign objectives and requirements.</td>
<td></td>
<td>By 30 November 2014</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Work with Navigator Blue to develop advertising/PR campaigns to support the launch of Phase2 of the RHI and any other renewable initiatives.</td>
<td></td>
<td>By 31 March 2015</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provide the secretariat for the SEIDWG Communications sub group</td>
<td></td>
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<tr>
<td>Joanne McCutcheon / Peter Hutchinson/Dan Sinton</td>
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</tr>
<tr>
<td>Convene biannual meetings of the cross departmental Renewable Heat Strategy Group and provide secretariat.</td>
<td>Joanne McCutcheon / Peter Hutchinson/Dan Sinton</td>
<td>Ongoing</td>
<td>Lack of engagement from other Departments</td>
<td></td>
</tr>
<tr>
<td>Monitor progress against Bioenergy Action Plan.</td>
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<tr>
<td>Category</td>
<td>Amount</td>
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</tr>
<tr>
<td><strong>Admin Consultancy / Legal</strong></td>
<td>£</td>
<td></td>
<td></td>
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</tr>
<tr>
<td><strong>Admin Consultancy / Other</strong></td>
<td>£</td>
<td></td>
<td></td>
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</tr>
<tr>
<td><strong>Energy Efficiency Directive Compliance Study</strong></td>
<td>£</td>
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<tr>
<td><strong>Resource – Managed Service</strong></td>
<td>£</td>
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<tr>
<td><strong>RHI Admin</strong></td>
<td>£</td>
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<tr>
<td><strong>EU Competitiveness (subject to Bid for £k)</strong></td>
<td>£</td>
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<tr>
<td><strong>RHI Analysis</strong></td>
<td>£</td>
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<tr>
<td><strong>Sustainable Energy Messaging Campaign</strong></td>
<td>£</td>
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<tr>
<td><strong>AME</strong></td>
<td></td>
<td></td>
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</tr>
<tr>
<td><strong>RHI Scheme (Resource)</strong></td>
<td>£</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td><strong>RHPP (Capital)</strong></td>
<td>£</td>
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</tbody>
</table>
DIVISIONAL GOALS FOR 2014/15

ENERGY CO-ORDINATION BRANCH

CO-ORDINATION BRANCH - OPERATING PLAN 2014 - 2015

1. ROLE AND OBJECTIVES

The main purpose of the Branch is to provide full and ongoing administrative support for Energy Division.

2. BRANCH ORGANISATION CHART

```
  Paul Dolaghan
   |      
  Sandra Thompson
   |      
  Nicola Forsythe

  Emma Bayliss P/T     Lynne McBride P/T
```

3. TOTAL BRANCH BUDGET

No Programme or Capital allocation.

Overall monitoring of Admin, Resource and Capital budgets.
## DIVISIONAL GOALS FOR 2014/15

### ENERGY COORDINATION BRANCH

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<tbody>
<tr>
<td><strong>Finance (incl payments)</strong></td>
<td>Compilation/co-ordination of all financial returns – monthly profiling; resource accounts; monitoring rounds; cash flow management. Processing, recording and monitoring of all Divisions payments. <strong>Paul Dolaghan / Sandra Thompson</strong></td>
<td>- Monthly profiling/ accruals and other returns as part of ongoing exercises; - Returns for 2014/15 monitoring rounds; - Monthly overviews of financial systems. - Maintain accurate records and perform regular reconciliation with AccountNI totals. Process all payments within permitted timeframes and in line with AccountNI procedures.</td>
<td>Tight deadlines; System failures; Delayed spend on EU monies. Failure to provide accurate returns and/or meet necessary deadlines (resulting in penalties / loss of budget)</td>
<td></td>
</tr>
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</tr>
<tr>
<td>Interreg Programme</td>
<td>Liaise with Divisional and external project managers and with EU Programmes and SEUPB to ensure smooth delivery of Programme. Agree project profiles and ensure prompt assessment and payment of drawdowns.</td>
<td>Process / check quarterly project profiles and drawdowns. Provide info as required to EU Programmes for monitoring rounds/ profiling</td>
<td>Delay in provision of funding to projects.</td>
<td></td>
</tr>
<tr>
<td>Consultancy expenditure and PPE/ EA returns</td>
<td>Completion of Annual consultancy return and dealing with follow up queries. Part input to relevant AQs FOIs misc queries. Maintenance of accurate and up-to-date records.</td>
<td>Accurate completion of Annual consultancy return June 2014. Accurate completion of quarterly PPE and Economic appraisals returns. Provision of prompt responses to all ad hoc queries. Maintain Energy contracts spreadsheet to facilitate follow up checks and completion of all returns.</td>
<td>Deadlines missed / unnecessary queries or adverse reports from DFP.</td>
<td></td>
</tr>
<tr>
<td>Audit exercises – EU/ NIAO/ IAS</td>
<td>Liaise with Auditors as first point of contact. Provide info, liaising as necessary with project managers, co-ordinate responses.</td>
<td>Where required, provide agreed management responses to Article 13 and IAS reports.</td>
<td>Adverse audit report. Interruption to EU funding.</td>
<td></td>
</tr>
<tr>
<td>Objective</td>
<td>Key Actions</td>
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</tr>
<tr>
<td>External Energy</td>
<td>Liaise with company to ensure provision of monthly expenditure figures for profiling/monitoring purposes.</td>
<td>Monthly monitoring of spend; Monthly forecasting as part of cash flow management exercise; Monthly forecasting as part of cash flow management exercise; Monthly forecasting as part of cash flow management exercise; in-house assessment of contract; in-house assessment of contract; Regular updates to ensure HOBs aware of position.</td>
<td>Unexpected work requiring additional legal activity; Inaccurate monitoring of spend and forecasting.</td>
<td></td>
</tr>
<tr>
<td>Legal Advisors – Arthur Cox Contract</td>
<td>Follow up re provision of narratives, checking by senior officers and requesting invoices when exp approved.</td>
<td>Ensure second discount threshold monitored and discount applied promptly.</td>
<td>Overspend.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Monitor expenditure to ensure annual cap of £400k is not exceeded.</td>
<td></td>
<td></td>
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</tr>
<tr>
<td></td>
<td>Maintain accurate and accessible records.</td>
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<td></td>
</tr>
<tr>
<td></td>
<td>Paul Dolaghan / Sandra Thompson</td>
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<tr>
<td>Assembly Questions, legislation exercises,</td>
<td>Allocation to appropriate HOB/ DP, monitoring progress and ensuring deadlines met.</td>
<td>Within prescribed deadlines, ensure all questions, briefing requests are brought to attention of relevant HOB and that responses are provided.</td>
<td>Deadlines missed/ relevant HOB not alerted to request in time to respond.</td>
<td></td>
</tr>
<tr>
<td>Ministerial / Senior Management Briefings,</td>
<td>Liaison as necessary with ALU, LMU, CLU and Private Office e.g. to seek part inputs, clarify detail, seek extensions to deadlines.</td>
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<tr>
<td>Ministerial cases</td>
<td>Co-ordinating responses to inter branch questions/issues.</td>
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<td></td>
<td>Paul Dolaghan</td>
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<tr>
<td>Strategic Energy Framework Implementation</td>
<td>Ensure advancement against SEF Actions is regularly updated and progress reported accordingly to DETI Senior Management and ETI Committee.</td>
<td>Provide ETI Committee with six monthly progress reports to end March &amp; end September 2013 against SEF 2010 Implementation Plan.</td>
<td>SEF affected by changing UK / global position. Failure to deliver on SEF Actions due to lack of resources within Energy Division.</td>
<td></td>
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<tr>
<td>Plan</td>
<td>Paul Dolaghan</td>
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<tr>
<td>Objective</td>
<td>Key Actions</td>
<td>Performance Target(s) and Date(s)</td>
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<tr>
<td>File Management</td>
<td>Filing (electronic and hard copy). Maintaining file lists, opening TRIM containers, reviewing files for retention/ destruction and FOI implications.</td>
<td>Ensure important information is readily accessible and files effectively managed within timescales set.</td>
<td>Vital information not readily accessible when required resulting in delayed response times.</td>
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<td></td>
<td>Paul Dolaghan</td>
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<tr>
<td>Internet and Intranet presence</td>
<td>Reviewing and updating as necessary.</td>
<td>Regular checks to ensure information is up to date and relevant.</td>
<td>Poor Divisional image portrayed through inaccurate and out of date information.</td>
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<td></td>
<td>Paul Dolaghan</td>
<td></td>
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<tr>
<td>Miscellaneous support services</td>
<td>E.G. Arrange regular staff briefings by G5; booking meeting rooms; arrange hospitality; booking travel and accommodation; ordering and maintaining stationery; photocopying as required e.g. for JR cases; proof reading of draft legislation; issue of Letters of Offer; printer maintenance. Preparation of papers for e.g. Executive/ Committee business and consultation exercises.</td>
<td>To provide essential support services to all HOBs in a timely and effective manner.</td>
<td>Disruption to schedules.</td>
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<td></td>
<td>Paul Dolaghan</td>
<td></td>
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<tr>
<td>Risk Register and Statements of Assurance</td>
<td>Seek and obtain relevant input from HOBs and prepare draft response for G5 clearance within deadline</td>
<td>Provide accurate returns within timeframe.</td>
<td>Failure to produce accurate information within timeframe.</td>
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<td></td>
<td>Paul Dolaghan</td>
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<tr>
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<td>Key Actions</td>
<td>Performance Target(s) and Date(s)</td>
<td>Risks</td>
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<tr>
<td>‘Changing for the better’ Initiatives (HR Connect, AccountNI, NI Direct)</td>
<td>Attendance relevant working groups/seminars. Providing support and feedback to Division as appropriate. Paul Dolaghan</td>
<td>Division kept up to speed and interests represented in relation to these initiatives.</td>
<td>Division’s interest not taken account of and Divisional staff not fully aware of developments that affects them.</td>
<td></td>
</tr>
<tr>
<td>PSA Targets &amp; Corporate and Divisional Plans</td>
<td>Draft plans/targets in relation to Co-ordination Branch. Seek input from other HOBs and compile Divisional plans. Paul Dolaghan</td>
<td>Maintain clear and easily accessible record of targets and progress towards achievement.</td>
<td>Division loses sight of overall progress and targets.</td>
<td></td>
</tr>
<tr>
<td>Honours</td>
<td>Seeking nominations from HOBs for garden party invites and honours lists. Complete templates and draft returns in respect of nominees for G5 approval. Paul Dolaghan</td>
<td>To ensure appropriate representation.</td>
<td>Sector not adequately represented.</td>
<td></td>
</tr>
<tr>
<td>Fuel Poverty</td>
<td>Attendance at interdepartmental working groups. Taking forward agreed actions through liaison with HOBs. Preparing and agreeing action plans for DSD. Report progress on quarterly basis and feed into DSD Annual Report. Paul Dolaghan</td>
<td>To ensure DETI interests registered and taken forward as appropriate.</td>
<td>DETI interests not represented.</td>
<td></td>
</tr>
<tr>
<td>Objective</td>
<td>Key Actions G7 and / or DP Responsible</td>
<td>Performance Target(s) and Date(s)</td>
<td>Risks</td>
<td>Risk Rating</td>
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<td>-----------------------------------------------</td>
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<td>--------------------------------------------------------------------------------------------------</td>
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</tr>
<tr>
<td>Climate Change Adaptation Sub-group</td>
<td>Attendance at meetings of Climate Change Adaptation Sub-group (established as a subgroup of the Cross Departmental Working Group on Climate Change).</td>
<td></td>
<td></td>
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</tr>
<tr>
<td></td>
<td>Take forward agreed actions through liaison with other Energy Branches and Divisions across DETI.</td>
<td>To ensure DETI interests registered and taken forward as appropriate.</td>
<td>DETI interests not represented.</td>
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<td></td>
<td>Contribute to action plans for DoE.</td>
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<td></td>
<td>Paul Dolaghan</td>
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</tbody>
</table>
## DIVISIONAL GOALS FOR 2014/15
### RENEWABLE HEAT BRANCH

<table>
<thead>
<tr>
<th>Objective</th>
<th>Key Actions</th>
<th>Performance Target(s) And Date(s)</th>
<th>Risks</th>
<th>Risk Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monitor uptake of the non-domestic RHI and oversee the administration arrangements with Ofgem - of Phase 1 of RHI</td>
<td>Monitor the uptake of the non-domestic RHI and carry out policy reviews as required. Manage of the administration of the agreement with Ofgem - ensure the service is delivered according to the Agency Services Agreement and within the agreed budget.</td>
<td>ongoing/ongoing</td>
<td>Tariffs under the scheme are overly generous and lead to higher than expected uptake and excessive payments, impacting on budgets.</td>
<td>L3, I4 = 12</td>
</tr>
<tr>
<td>Deliver the RHPP scheme</td>
<td>Deliver the administration of the RHPP scheme until the introduction of the domestic RHI. Ensuring timely and accurate payments to installations with the appropriate level of checking as per agreed audit arrangements.</td>
<td>Ongoing</td>
<td>Staff Resource not available to maintain level of checks.</td>
<td>L3, I3 = 9</td>
</tr>
<tr>
<td>Introduce the domestic RHI scheme in Northern Ireland</td>
<td>Secure approvals for launch of scheme. Lay Renewable Heat (domestic) regulations. Put administrative procedures in place to enable launch of scheme. Promote the scheme to stakeholders.</td>
<td>May 2014 May-June 2014 June-By August 2014 Ongoing</td>
<td>Support not available from IT colleagues to develop administrative database</td>
<td>L3, I4 = 12</td>
</tr>
<tr>
<td>Phase 2 - extension to</td>
<td>Develop final policy proposals for amendments to non-domestic scheme</td>
<td>Sept 2014</td>
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</tr>
</tbody>
</table>

Note: G7 and / or DP Responsible: Joanne McCutcheon / Peter Hutchinson / Dan Sinton
### DIVISIONAL GOALS FOR 2014/15

#### RENEWABLE HEAT BRANCH

<table>
<thead>
<tr>
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</tr>
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<td>Sept 2014</td>
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</tbody>
</table>
Following Casework approval a submission to Minister will be required. This would include issues such as;
- Final policy for approval
- Briefing for ETI Committee (and SL1 if possible)
- Timetable for introduction
- Press Release

To launch scheme an appropriate IT system will be required and guidance documents for applicants.

**Domestic RHI reading / papers**

- CEPA Analysis work - DT1/13/0111260
- Public consultation - DT1/13/0111258
- Overview of responses - DT1/14/0032062
- Overarching policy document / response to consultation - DT1/14/0083031
- Casework guidance - DT1/14/0089729
- Business Case - DT1/14/0067766
- Synopsis - DT1/14/0082995
- David Thomson letter - DT1/14/0082515
- Risk Register - DT1/14/0082983
- Information on GB scheme

**Non domestic key issues / papers**

- Phase 2 consultation included proposals to expand the scheme for new technologies including;
  - Biomass over 1MW
  - Biomass / Bioliquid CHP
  - Bioliquid
  - ASHPs (air to air and air to water)
  - Biomass Direct Air
  - Deep Geothermal
- DECC have preliminary advised that they will not be taking forward plans for support for air to air heat pumps, biomass direct air or bioliquids.
- DETI also proposed an ‘uplift’ tariff for biomass fuels district heating schemes.
- In addition to policy options on tariffs / technologies, there is also a need for technical issues to be considered including;
  - Biomass Sustainability i.e. sourcing of biomass / imports – mostly significant for large systems but DECC have begun the introduction of a “supplier” list for all sizes.
  - Cost Control or Degression
Message: DT1/11/0061136

From: Patel Akhil (Finance)
To: Hutchinson, Peter, Varsani Rita (Finance)
Cc: 
Sent: 8/06/2011 at 17:35
Received: 8/06/2011 at 17:36
Subject: RE: Northern Ireland RHI - Funding arrangements

Peter,

Good to hear from you.

Rita and I manage what is known as the levies control framework (LCF), which is a new framework which came in this year and which seeks to limit the imputed spend on levies policies (even though they are demand-led schemes etc). The RHI is not actually a levy as it is funded out of direct taxation but given that it is demand-led it is subject to similar controls as the main levies policies (the RO, Feed in Tariffs and the Warm Home Discount). Further information on the LCF can be found here and here.

I say this as policy specific points ought to be officially answered by the policy team.

On your questions: you'll have to ask the policy team what they have announced about the RHI. There is definitely an ongoing issue with HM Treasury about what we say about spending beyond 2015. Of course, since generators receive a multi-year tariff there will definitely be some RHI spend beyond 2015, however you'll have to ask the policy team what were said about the RHI being open to new generation beyond 2015 and at what level. I would be able to answer that.

On the second question: the ARE budget for the RHI is an annual one and we currently do not have any ability to roll forward underspends. If we overspend against our budget then we would have to adjust the policy such that we underspent against our future annual budgets by a corresponding amount. So we are not automatically required to close the scheme if we overspend. However, if we do not manage to find these savings we would have to fund the residual overspend from DEL. Clearly, this represents a large financial risk on the department so the policy team is currently looking to develop a system of tariff degressions that could be deployed at key points to ensure (among other things) that we manage the risk of overspending against our budget.
The annual AME budgets do not rise in line with inflation, i.e. we bear the inflation risk (this is true of departmental budgeting anyway, so this is not a surprise).

I hope that this helps. My direct line is below should you want to follow up on these answers now or as your scheme is worked up.

Best wishes,

Akhil

Akhil Patel | Levies Framework Manager
Department of Energy and Climate Change
Area 2B | 3 Whitehall Place | SW1A 2HD

0300 068 5359 | akhil.patel@decc.gsi.gov.uk

From: Hutchinson, Peter [mailto:Peter.Hutchinson@detini.gsi.gov.uk]
Sent: 08 June 2011 17:10
To: Patel Akhil (Finance); Varsani Rita (Finance)
Subject: Northern Ireland RHI - Funding arrangements

Akhil / Rita,

Jonathan Marshall kindly passed me your contact details so I could ask a couple of questions regarding the funding procedures for the Renewable Heat Incentive (RHI). I am currently working on the design and the development of a Northern Ireland incentive scheme, for this we have £25m over the spending period (£2m/£4m/£7m/£12m) which was allocated from HMT/DECC on a pro-rata basis on the GB funding.
As we will shortly be finalising the scheme I had some questions about the funding arrangements for the GB RHI which might impact on the Northern Ireland scheme:

- Most importantly possibly, the GB scheme will remain open to applications until 2020 however funding is only secured for this spending period until 2015. Have there been discussions with HMT regarding funding post 2015 to provide the required confidence to state that the RHI will remain open until 2020? This will be an issue for Northern Ireland when we consult as we will have to say when the scheme will close to applications, if no funding is secure post 2015 it may be hard to state the scheme will remain open until 2020 similar to the GB scheme. This issue might also impact on the actual design of the proposed incentive scheme. Grateful if you could advise on this issue?

- Secondly, I understand that your funding is classified as AME. How does this impact on unspent money over the year, is this money lost or can it be rolled-over to the following year? Also how will you manage against overspend in your budget - i.e. could the scheme close temporarily if it was over subscribed?

- Finally (for now!), I understand that the GB tariff levels will rise with inflation, will your yearly funding from HMT do likewise?

Thanks in advance for your help in responding to these queries. As our scheme develops it might be useful to speak further about funding arrangements and monitoring.

Thanks,

Peter

Peter Hutchinson

Sustainable Energy

Department of Enterprise, Trade & Investment

Netherleigh
so this displacement is a relatively small proportion of the total. Therefore the potential impact on the existing or future gas network is limited.

48. In terms of job displacement, whilst new skills are required for the installation of renewables this would displace work that would have otherwise been undertaken on installing the counterfactual technology. If it is assumed that two\(^{17}\) man days are required for the installation of an oil boiler (excluding the fuel tank) then this would halve the number of additional jobs that may be created – that is, a net increase of 37 jobs. The current market developments are that traditional heating companies are developing teams and up skilling staff with expertise in renewable heat technologies.

49. In summary renewable heat will lead to job creation but this will be partly offset by job displaced from fossil fuel heating jobs.

\(g\) Net present value

50. Options considered for the development of the renewable heat market, purely on the basis of monetised costs and benefits, have a negative net monetised cost benefit. This of course takes no account of non-monetised costs and benefits, and is heavily influenced by assumptions about the future carbon price. In monetised cost-benefit terms; however, tariffs set for Northern Ireland are clearly preferable to the GB RHI rates, and delivers more renewable heat. The NPV for the NI rates is £-242m and using the GB RHI rates is £-394m, both assessed against a do nothing approach.

\(h\) Affordability

51. As previously stated, funding of £25m is available to 2015/16 for this scheme, following that DETI will need to secure additional funding from DECC to continue the scheme to 2020. DECC has indicated that the GB scheme will be open to new entrants to 2020 and in the GB State Aid application noted that the expected subsidies paid in 2020 in the GB RHI to be in the order of £2.3bn, a 3% pro-rata share of these subsidies is £70m.

52. In developing the NI RHI, CEPA assumed a funding profile of £2m/£4m/£7m/£12 (as indicated) and then an additional £5m per annum to 2020, i.e. £17m/£22m/£27m. This is less than an incremental 3% share of GB expected spend. The expected subsidy spend for the DETI policy in 2020 is £38m, again this is within both the profiled budget assumed by CEPA and the share that could be expected through DECC.

\(^{17}\) The oil boiler would generally be a direct replacement for an existing oil boiler. Renewable heat equipment would be a new installation and would require additional work to install/modify controls and ancillary works, which leads to the estimate of four man days.
5. THE OBJECTIVES AND CONSTRAINTS

5.1 The overall objective is to deliver the maximum possible renewable heat in Northern Ireland, but this has to be delivered in a way that is consistent with other DETI policies and objectives and presents value for money.

5.2 Listed below are directional objectives and expected outcomes.

<table>
<thead>
<tr>
<th>Primary Objective</th>
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<tr>
<td><strong>Area</strong></td>
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<tr>
<td>Levels of renewable heat</td>
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</table>

<table>
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<tr>
<th>Secondary Objectives</th>
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<tbody>
<tr>
<td><strong>Area</strong></td>
</tr>
<tr>
<td>Carbon emissions</td>
</tr>
<tr>
<td>Oil imports</td>
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<tr>
<td>Gas use</td>
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</tbody>
</table>

5.3 All these objectives will be achieved to the greatest extent when renewable heat displaces oil, rather than current or future gas consumption. This is clearly true for the oil imports and gas use objectives, and is true for the carbon emissions objective because oil produces more carbon dioxide per unit than gas.

Funding

5.4 The appropriate RHI for NI must be developed with the available funding in mind. At present, DETI has £25m from the Treasury for renewable heat. The money is

[^36]: Based on the expected levels under the recommended policy option, rounded to one significant digit. These figures should only be taken as indicative rather than as firm targets, and as inputs to the first review of any RHI.
allocated for the period 2011/12-2014/15 and cannot be used for any other purpose than renewable heat in Northern Ireland.

5.5 Communications between DETI, DECC Finance Team and HM Treasury indicates that that funding beyond 2014/15 will be available for those installations that are installed within the Spending Review period (i.e. up to 2014/15).

5.6 The £25m funding scenario should therefore be considered as being for comparison purposes only. Since any policy based on the GB RHI would be long term, it would not be compatible with funding only for the period to 2014/15. Two longer-term funding streams have been considered below.

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</thead>
<tbody>
<tr>
<td>Funding 1: Short term</td>
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<td></td>
<td></td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<tr>
<td>Funding 2: Long term increasing</td>
<td>2</td>
<td>4</td>
<td>7</td>
<td>12</td>
<td>17</td>
<td>22</td>
<td>27</td>
<td>32</td>
<td>37</td>
<td>42</td>
</tr>
<tr>
<td>Funding 3: Long term static</td>
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<td></td>
<td></td>
<td>12</td>
<td>12</td>
<td>12</td>
<td>12</td>
<td>12</td>
<td>12</td>
</tr>
<tr>
<td>GB funding profile(^{37})</td>
<td>35</td>
<td>98</td>
<td>194</td>
<td>332</td>
<td>524</td>
<td>712</td>
<td>1,007</td>
<td>1,381</td>
<td>1,796</td>
<td>2,276</td>
</tr>
</tbody>
</table>

5.7 In calculating “Funding 2”, the starting position was the subsidy proposed for the GB RHI, this was then prorated to determine what the subsidy level for an NI equivalent might be, assuming the same subsidy per head of population. The relative populations of NI and GB (1.8m \(^{38}\) and 60m \(^{39}\) respectively, in mid 2009) were applied to the figures in Table 5 of the GB RHI Impact Assessment\(^{40}\), which shows a present value of subsidy to 2020 of £5.4 billion, and a lifetime present value of subsidy of £22 billion.

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\(^{37}\) As detailed in the DECC submission to the EU Commission for State Aid Approval

\(^{38}\) Source: NI Statistics and Research Agency.

\(^{39}\) National Statistics figure for UK, less figure given above for Northern Ireland.

that the experience in GB and NI has shown that many installations have had a higher demand (time of operation) than had been assumed in the tariff calculations; this is especially true of certain sectors. As the demand is higher than what has been assumed the tariffs can become over-generous. This issue would need to be considered as a matter of urgency. The email from Janette O’Hagan (DT1/14/0088268) is also relevant to this point, where applicants could over-use technologies for financial gain. Again CEPA had advised in their 2011 analysis that this wouldn’t be the case. The solution would be to “tier” tariffs, where a certain tariff is provided for the first 15/20% of use and then another lower tariff is provided for the rest of the heat use. This is used in GB tariffs. Certainly this should be considered for biomass under 100kW as a matter of urgency. This has been discussed briefly with Edmund Ward and he advised that Ofgem would be able to implement without too many changes to existing systems.

- **Budget** – the initial budget was for £25m until March 2015, this came with correspondence with HMT that payments made under the initial funding would be covered in future years (DT1/11/0044780). DECC have received a budget of £430 for 2015/16, a DETI share of this would be the order of £10-12m however no confirmation has been forthcoming. Correspondence from DECC has suggested the money will be provided to NI from HMT (DT1/14/0061088). Finance are aware. In future years a more joined up approach with DECC may be sensible regarding budgeting i.e. a single UK budget covering both schemes? In terms of admin budget, the expected costs of Ofgem is expected to be £260k – a bid has been submitted as part of June Monitoring. These costs are based on 3% of GB costs. Ofgem are scheduled to submit a “change control” to current protocols to confirm these costs.
Jon

Many thanks - this is most helpful and will help us clarify our options in our economic appraisal.

We will of course still require Ministerial and DFP approval in due course for any scheme proposed here.

DFP would, I think, lead on feeding back to you on forecasting so I have passed on your email to our finance team here who will liaise with DFP in that regard.

Best Regards

Alison

Alison Clydesdale
Sustainable Energy
Department of Enterprise, Trade & Investment
Netherleigh
Massey Avenue
Belfast, BT4 2JP
Tel: 028 9052 9248 (ext: 29248)
Mob: 028 9052 9304
Texphone: 028 9052 9304
Web: www.detini.gov.uk

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Alison,

Sorry for the delay in coming back to you. Taking your points in turn:

i) With DECC, we have agreed that they can make commitments to spending in future years (up to 20 years) for installations that are installed within the SR period (i.e. the initial payments have to affordable within the SR profile), and providing that the policy is set up so that payments should be basically flat over the 20 year period in real terms (i.e. no backloading to ease short-term affordability pressures). This same agreement would apply to any NI scheme.

ii) DECC’s GB RHI profile is £56m/133m/251m/424m. NI’s share of this is 2.98%, so £1.7m/4.0m/7.5m/12.6m. The NI scheme would need to follow this profile as much as possible – on which further below. We will need you to feed into us forecasts of
NI RHI spending for the Office of Budget Responsibility’s bi-annual forecasts – this can be fed through me or Mark Parkinson (in the Devolved Countries Unit within Treasury).

iii) This funding does have to be used for renewable heat, but if NIE decide you would like to use it for a grant scheme or some such then this would be permissible as long as the cost of NIE spending is constrained to the AME consequential.

The other key point it is necessary to let you know about is that the DECC RHI spending is not being treated as standard AME, where the Exchequer takes on all risks of overspend. Instead, there is a risk-sharing arrangement whereby should RHI spending in one year exceed the SR profile, then DECC would need to repay this in future years. They can do this through announcing changes to the SR that will bring cost savings relative to the SR profile in future years. However, a small proportion of any required future savings (still to be determined, but likely to be of the order of 5%) will have to be funded through contributions from DECC’s DEL. Again, these rules would be applied in equivalent fashion to NI.

Happy to discuss any of these issues in more detail.

Jon

Jon Parker| Joint Head, Energy Branch | Energy, Environment and Agriculture
HM Treasury, 1/N2, 1 Horse Guards Road, SW1A 2HQ | 020 7270 5641

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From: Clydesdale, Alison [mailto:Alison.Clydesdale@detini.gsi.gov.uk]
Sent: 11 April 2011 13:00
To: Parker, Jon - HMT
Cc: Hutchinson, Peter
Subject: RHI NI

Jon

We spoke briefly the other day about the £25m allocation to NI for an RHI.

Can I ask you to clarify for me :-

(i) The position with the commitment to 20 year payments within NI.

(ii) The process for advising on the spending profile of the £25m AME that we have been allocated.

(iii) If the £25m can solely be used for an RHI - or we can use it to incentivise in a different way e.g. grant?

Happy to discuss.

Alison

Alison Clydesdale
Sustainable Energy
Department of Enterprise, Trade & Investment
Netherleigh
Massey Avenue
Belfast, BT4 2JP
Tel: 028 9052 9248 (ext: 29248)
Mob: 028 9052 9248
Textphone: 028 9052 9304
Web: www.detini.gov.uk

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Mr Lunny: No. If that was a correct reflection of a decision that had been made, it would have been a decision that was made —

Mr Hutchinson: Yes, well, I wouldn’t have been [Inaudible.]

Mr Lunny: — with Mrs McCutcheon and Mr Mills.

Mr Hutchinson: Unilaterally, yes. It would’ve been done after some discussion. So, unless that’s been the thinking at that stage, but it doesn’t sound familiar to me. Unless the thinking was, “Well —”. No, because I remember when Joanne was leaving to say, “Look, talk about the review and the handover and things like that”, so it doesn’t sound — and that submission talks about review — like they marry in that way, but I [Inaudible.]

Mr Lunny: Yes. It is inconsistent with your 15th of May submission to the ETI Committee. But your handover note, as we’ve seen, does talk about the very specific tariff that needs to be examined, potentially reviewed and potentially tiered, but it doesn’t talk about the general requirement for a review in 2014 or any decision that’s been made about when it should start.

Mr Hutchinson: No, as I say, I think that’s been discussed in the March meeting with John about, you know, the need to review and the need for reapproval. So, I haven’t repeated it in the handover note, because I think there’s a level of understanding there and because the handover note was really, “This is what the first three months are meant to be”. It wasn’t, “This will do for a year. This is sort of a as-you-read-into-the-job kind of thing”.

Mr Lunny: Is Mr Mills, then, the only energy division official who was continuing on after you left and Mrs McCutcheon left who was aware of the need for an entire scheme review to take place in 2014?

Mr Hutchinson: Yes, unless someone went through and read through the documentation that we’ve talked about, you know.

Mr Lunny: They wouldn’t know that from your handover. They would only know it from
Dame Una O’Brien: Was it ever taken up, your offer?

Mr Hutchinson: I did. I went back and met with my predecessor in the — or not predecessor, sorry —

Mr Lunny: Your successor.

Mr Hutchinson: —successor, sorry — in the summer, maybe in the August time, with Dan, and we talked through the domestic RHI regulations at that stage. I think they had got them in from Arthur Cox.

Dame Una O’Brien: Was that Seamus Hughes?

Mr Hutchinson: Yes, that’s correct, yes. So, I met with him and Dan, but I think we just really just talked through the domestic RHI regulations at that stage. I refer to that in my statement, so that —.

Mr Lunny: Yes.

Mr Hutchinson: But I don’t — I never went back and talked through the non-domestic scheme at any stage.

Mr Lunny: You were never asked back to talk about it.

Mr Hutchinson: No, no.

Mr Lunny: And you’ve said you prepared — the handover note you prepared was — took on board the fact that both you and Joanne McCutcheon were leaving within a short period of time of each other. Was it a more detailed handover note than might otherwise have been prepared?

Mr Hutchinson: Well, I think so. In my experience of joining other jobs, you normally get maybe a page maybe or two. Now, energy was slightly different: you’d have got it. You know, I think, whenever I joined energy, you got a folder with a lot of background information, and that’s what I was probably trying to replicate in some way. You know, “Here’s all the key reading. Here’s all the key information. Here’s all the key issues”, and
you’d think about for the next three months, trying to make it as helpful as possible.

But, yes, my experience of going into other jobs, normally you might be just given a page
or two, and then you learn on the job, but, in most other jobs I’ve gone into, there’s been an
existing grade 7 or an existing — you know, there’s been —.

Mr Lunny: There’s been a continuity of staff.

Mr Hutchinson: Yes, so that’s maybe the slight difference as well.

Mr Lunny: And when you talk about the handover that was left for you when you arrived
in energy division and you say there were background documents, were they general energy
division background documents or very specific to —?

Mr Hutchinson: Well, whenever I started, renewable heat hadn’t — had only really
started, you know, at that stage. It was a new policy area, so I think, whenever I joined, I
remember, there was one submission which, I think, had been done by a previous colleague
on the background to renewable heat and seeking sort of approval from the Minister. And
there might have been one other document maybe linked. I think they had done focus
groups on renewable heat policy at that stage, so those two documents on renewable heat,
and then there would have been — you would have been given, like, I think at that stage,
the strategic energy framework. You know, sort of more corporate energy documents.

Mr Lunny: General documents that applied across —

Mr Hutchinson: Yes, the organisation chart, who people were, things like that, yes.

Mr Lunny: And were there any guidelines available — written guidelines — about what
needs to be in a handover, how it should be structured or anything like that that you were
aware of at the time?

Mr Hutchinson: No, not that I’m aware of at the time. If I was doing one tomorrow, I
wouldn’t be aware of any guidelines on it. I think it just depends on the branch, in terms of
what seems to be proportionate.
Mr Lunny: OK. And I don’t want to take you back through the handover document. We’ve covered what it did address in terms of that 20- to 99-kilowatt band review. We’ve covered what it doesn’t address in relation to the general review. It doesn’t mention a couple of other things. The unusual funding structure is something it doesn’t expressly mention in the body of the handover document. It doesn’t expressly mention the monitoring requirement.

Mr Hutchinson: No, I think I provided the GB versus NI analysis —

Mr Lunny: The spreadsheet.

Mr Hutchinson: — as the spreadsheet that we looked at.

Mr Lunny: On uptake?

Mr Hutchinson: Yes, on uptake. But I think that’s the most of it I provided, yes.

Mr Lunny: It doesn’t mention the CEPA 10% projection from 2013, the projection that 10%’s not now going to be met.

Mr Hutchinson: No, no. It will have set the CEPA analysis document as a key piece of reading, probably, to read through; yes.

Mr Lunny: Yes, and it doesn’t mention the state aid decision as a key piece of reading, and that’s linked to the monitoring point. Were you aware of that?

Mr Hutchinson: No, no. I think I’ve attached the state aid papers probably because they provided a good sort of —. If you’re trying to understand how things worked and what variables there were in the background to it, I thought it was a more concise paper. But, yes, no, I haven’t attached the state aid.

Mr Lunny: Just on that point, at WIT-7599, it has the:

“State Aid application and addendum”

listed, along with all those other documents, their TRIM reference. Do you see that at the bottom?

Mr Hutchinson: Yes.
Mr Lunny: If we could maximise the bottom half. That doesn’t —.

Mr Hutchinson: The document might be in that TRIM folder, possibly. But, yes, you’d need to specifically look for it.

Mr Lunny: So the document could be in that TRIM folder but it isn’t expressly referenced.

Mr Hutchinson: Yes, it will be in that TRIM folder, but, yes, it’s not expressly.

Mr Lunny: And it does mention cost controls — the cost-control element of phase 2 — if we could scroll down to WIT-7605 — but it mentions it only in the very briefest terms. If we look at the bottom half of the page

“Non domestic key issues / papers”

you’ll see:

“In addition to policy options on tariffs / technologies” —

this is the last bullet point —

“there is also a need for technical issues to be considered including” —

and the second bullet there is:

“Cost Control or Degression”.

Mr Hutchinson: Yes.

Mr Lunny: So that’s the only reference, it appears, to cost control. It doesn’t emphasise that it’s an important issue that needs to be taken forward.

Mr Hutchinson: No, well, no, well, I’ve said —. I’ve given them an outline of work for a number of months. There could’ve been more things done — absolutely. I look at it and I think it’s quite detailed; it’s more than I’ve ever received. Maybe I was drafting it on the basis that, “I’m gonna go back and talk to them about each of these points at some stage, or Joanne might be”. I think Joanne was on leave — or, not on leave; she was on a career break — so she was on holiday over the summer, but it said that she would come in over the summer months if needed.
think she’d be aware of that, but John had the different approach, and I think, whenever I
moved, I think two other DPs moved at the same time, and then Joanne went on career
break a week or two before me.

Mr Lunny: And, obviously, both you and Mrs McCutcheon going within a short period of
time from each other left an experience void behind, in that you had both been in your posts
for a number of years. You’d both been there from the creation of the renewable heat
branch, isn’t that right?

Mr Hutchinson: Yes.

Mr Lunny: You were the two who had dealt with the creation of the non-domestic RHI
and, then, the phase 2 in relation to the non-domestic RHI: isn’t that right?

Mr Hutchinson: Yes, that’s right, yes.

Mr Lunny: And those that were left in renewable heat branch were almost all entirely
concerned with the RHPP or the creation of the domestic scheme.

Mr Hutchinson: Yes, they would’ve had mostly the RHPP, and then Dan would have had
some knowledge on the domestic RHI policy, yes.

Mr Lunny: You’ve been very fair in how you’ve explained the different attitudes of Mr
Mills and Mrs Hepper, but were you surprised that you were both being let go?

Mr Hutchinson: Yes, I think probably I was, and I think that probably goes into the level of
detail I tried to put into the handover note because I was conscious that it wasn’t going to be
an easy process to come in to any new staff, and that’s why, I think, myself and Joanne both
said, “Look, we’ll come back at any stage if anyone wants to have a chat for any length of
time about any issues”. But, yes, I think I —.

Mr Lunny: You made that clear to Mr Mills that you were available to come back.

Mr Hutchinson: Yes, before I left, I think I had that discussion with him, and I think he
asked, and I said, “Yes, that’ll be no problem whatsoever”.
Mr Lunny: Did you make it clear to her that this is a document that needs to go, as well, to your permanent successor?

Mr Hutchinson: Yes. Yes, and I think she’d have been aware of that because I think she was focused on —. Yes, she was taking over the whole role but did have an element of focus on the domestic. I think that’s how John had drafted the acting up.

Mr Lunny: You’ve indicated earlier, when we mentioned the handover note, that you’re not sure whether you emailed her a copy. You can’t be certain.

Mr Hutchinson: No. Part of me thinks that I would’ve emailed her a copy. I think that would’ve been standard practice. But, I have —. I can’t remember.

Mr Lunny: We haven’t been able to find it, but the other issue is in relation to hard-copy folders that you’ve said in your statement you prepared. They were folders with, can we take it, with the handover note at the start and then some of the key documents behind it?

Mr Hutchinson: Yes, that’s my memory. The more I think about it, I don’t know any more. But that was my memory for the past year, and talking to PwC, that I remember spending part of the time of my last week printing off the business case, the state aid papers, some of the useful reading which I’ve detailed; two folders of which, then, so, the two guys could come in and at least have it sitting on their desk, you know.

Mr Lunny: And that’s, the two guys are Stuart Wightman and Seamus Hughes. Did you know those two people were coming?

Mr Hutchinson: No.

Mr Lunny: No, you just knew there would be two permanent replacements for Joanne and yourself.

Mr Hutchinson: Yes. I’m not sure if it had been decided who they were by the time I was leaving, yes.

Mr Lunny: And you recollect that you prepared those folders. There’s obviously an issue
about whether they got them. We understand that neither Mr Hughes nor Mr Wightman
recollect them, nor Davina McCay.

There were, obviously, a number of officials who had had some involvement, sometimes
brief, in RHI issues, who were continuing on. So, obviously, Davina McCay was going to act
up for a while, but you’d mentioned Peter Briggs and Dan Sinton earlier; that, at times, they
had some involvement in RHI.

Mr Hutchinson: Er, yes, now, Peter would’ve been more involved in the electricity side
and wouldn’t have, I don’t think, have had a detailed knowledge of the policy issues, but,
yes, he’d have attended consultation events and acted as secretariat for some of those
interdepartmental groups. So, I wouldn’t have —. You know, I wouldn’t have expected him
to be over the detail of this. And Dan; yes, Dan would’ve been mostly involved in the
premium payment scheme, with some input on the domestic RHI, just because of the
overlap between the domestic RHI and the premium payment scheme.

Mr Lunny: Would you have had any interaction with them about the handover; about
saying, you know, “There’s this important issue here”?

Mr Hutchinson: Not that I remember. But this —. Dan only worked the first part of the
week, so, if I’ve drafted it on a Wednesday or Thursday, he may not have been there to have
the conversation on the Friday, and I wouldn’t have automatically been thinking to raise it
with Peter. I think I thought “I’ll raise it with Davina”, at that stage, for the attention of
permanent replacements.

Mr Lunny: And when you came back in, then — when your offer to Mr Mills to come back
and meet with your successor and talk him through things, when that was taken up, you
came back, you’ve indicated, met with Mr Hughes and Mr Sinton, but that all of Mr Hughes’s
questions were in relation to the domestic scheme. Is that correct?

5:00 pm
more about reviews in due course and also in the context of the DFP approval.

Now, I’m going to ask you about a further matter beyond the handover note. Peter Hutchinson’s evidence is that he prepared two files of material; that’s how he recollected them. Do you remember ever coming across those two files of material?

Mr Wightman: No. I think, as I said in my statement, whenever I arrived, I was sorta given a temporary office down the corridor a bit from the team, and there was nothing in that office, effectively, so all I would’ve had would’ve been then papers that I had — the induction pack that I was given, which is all corporate stuff, and some papers that I’d got off the Internet myself. And then, when I did move — I know that Seamus and Davina — the office they were in was actually the office Peter had been in before, and there was sort of tambour units — cupboards — in that office, so, if they were to be anywhere, they probably would’ve been in those cupboards, and, I think, according to their evidence, they couldn’t find those folders either.

Mr Aiken: OK. So, you don’t remember receiving —?

Mr Wightman: No.

Mr Aiken: We’ll see as we go, Mr Wightman, that, in different contexts, you do go into TRIM and access material.

Mr Wightman: Uh-huh.

Mr Aiken: A lot of that material is referenced in the body of the handover note.

Mr Wightman: Yes.

Mr Aiken: Now, that’s not to say you can’t find it on TRIM otherwise, but it does give you the TRIM links, as it were, to put in to look for the material. But you don’t remember getting the files.

Mr Wightman: No. Most — to be fair, most — well, the way I operate with TRIM is that you go to the title. You know, you’d search by title and type in “CEPA”, and anything — up
The Chairman: Yes.

Mr Wightman: — putting into TRIM is one thing, but if you don’t know it’s in TRIM it’s very difficult to find.

The Chairman: I couldn’t have made the point better myself, Mr Wightman. What should’ve happened to this document is not whether it goes into TRIM or not, it’s whether it is available to a complete changeover of staff, whether you have it on a risk register, whether you have it in an issues register, whether you have it in a simple file available to those whose job it is to try to put the scheme into operation — the schemes into operation — objectively, without having to go through any IT course to try and find it.

Mr Aiken: The one final point I should make in fairness to Mr Hutchinson is he has explained to you, although we have not found evidence of it, of hard copy — he talked about having —

The Chairman: He talked about two files —

Mr Aiken: Two files.

The Chairman: — which — they have also disappeared.

Mr Aiken: Yes. Well, not — yes, not available.

The Chairman: Well Mr Hughes says he never saw them.

Mr Aiken: Indeed. I’m not disagreeing with you Chair; I’m just trying to make sure I don’t appear like I’m commenting, which I’m not.

Dame Una O’Brien: Mr Wightman, you had a long-established working relationship with Mr Mills in your previous role, and indeed that was, as I understand it, one of the reasons why you took the job in DETI.

Mr Wightman: Uh-huh.

Dame Una O’Brien: So, as you were having these meetings —. I mean, you’ve described the conversations you would’ve had with Mr Mills about the other areas of your
Consultation. It explained that there were emerging trends in the Scheme that needed to be reviewed and referenced correspondence with a stakeholder (Ms O’Hagan) and a conversation with Ofgem which were relevant. The note explained that “cost control or degression” was something to be considered within the Phase 2 proposals.

7.108 I met with my immediate successor sometime over Summer 2014, I do not recall a specific date and I do not have notes from the meeting. The meeting involved myself, Seamus Hughes (my successor) and Dan Sinton (an existing staff member). The meeting solely focussed on the Domestic RHI Regulations and covered issues such as:

- Treatment of systems with combined capacity over 45kW
- Capping payments at £2000 to prevent over-payments
- Treatment of swimming pools
- Commissioning v installation i.e. MCS requirements
- Treatment of bioliquids

7.109 After that meeting, I had no further involvement in the policy area.

ej. Describe the system (if any) which was in place to ensure that important information in respect of the RHI Scheme (such as, for example, the nature of the funding arrangement for the Scheme, its budget, the assumptions and modelling underpinning its design, important dates or milestones in the life of the Scheme, important action points, etc.) was known to the officials with responsibility for the Scheme at any material time, regardless of staff turnover in Energy Division

7.110 All documentation relating to the design of the Scheme, the funding arrangements, the modelling assumptions etc. would have been readily available within the Divisional record management system.

7.111 As part of the handover process, I recall preparing hard copy folders of documentation which, I felt, was important to the development, design and operation of the Scheme. These briefing packs were to serve as an
introductory briefing for incoming team members. In addition to this, “useful documents” were highlighted within the Handover note which I prepared.

7.112 Some of the documents included as “useful reading” in the Handover note were:

- Executive Summary of the AECOM / Pöyry Study
- CEPA Analysis work (and addendum report)
- State Aid application and addendum
- Casework Synopsis paper
- RHI Business Case
- Links to the 2012 Regulations
- Documents underpinning the relationship with Ofgem
- Weekly Ofgem reports
- Spreadsheet analysis on uptake
- CEPA analysis work on Phase 2
- Phase 2 Public Consultation
- Overview of responses to Phase 2 Consultation
- Draft papers for Casework in relation to domestic RHI (including draft Business Case, synopsis paper and risk register)
- Information on the GB Scheme

7.113 In addition to documents specifically highlighted as “useful reading”, a number of other documents were referenced in the handover note. These included:

- Papers relating to the Carbon Trust Loans issue
- Correspondence received from Ms O’Hagan in May 2014
- Correspondence with HMT during the formation of the Scheme in relation to future payments

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178 See Annex 28
26. I had no involvement other than commencing the process of the November 2014 amendment via the Domestic RHI regulations to allow payback of Carbon Trust loans.

Question 7 – Again without prejudice to the generality of paragraph 5 above, please address the following matters:

a. The handover and/or briefing (if any) that took place between you and your predecessor as a Grade 7/Acting Grade 7 in Renewable Heat Branch in respect of the RHI Scheme including details of any documents referred to by him/her, any documents made available by him/her to you, any meetings or discussions between you (including details of the date and place of each), and any key information imparted by him/her to you (such as, for example, urgent action points in respect of the Scheme);

27. I had no interaction with the predecessor at Grade 7 level in Renewable Heat Branch as they had already left the Department on career break before I was appointed. I was appointed as Acting Grade 7 in Renewable Heat Branch on the afternoon of Wednesday 14 May 2014 around 3pm. I received the handover note from Peter Hutchinson (departing Deputy Principal) on Thursday 15 May 2014. I spent some time reading through and familiarising myself with the content before meeting with Peter on either the 15th or 16th of May 2014 in a shared office in Netherleigh. (Handwritten notes of this meeting are attached at Annex 3. The Handover note is also attached at Annex 1 and details the documents referred to by Peter).

28. Urgent actions were listed on the handover note and I recall Peter saying that realistically in the 6 weeks I wouldn’t be able to complete them all and would probably only get to around Action 4. This was not a realistic assessment of what could be completed in 6 weeks and was in fact wholly unachievable. Action 2 on this list referred to the launch of the Domestic RHI by the end of August 2014. The Domestic RHI required approvals, guidance notes and the introduction of secondary legislation before it could be launched and it was completely unrealistic to expect this to be completed by a new team during summer recess.

29. In my time working on the Scheme I made some notes on the handover note to show what I had actioned and what was outstanding.

30. Stuart Wightman was due to start on the 30 June 2014 and attended a Divisional Planning meeting in Netherleigh on 26 June, hosted by John Mills.
2015 divisional plan. I’m just going to show it because it’s nearby: WIT-17123. You exhibit it to your statement, I think, and we can see it’s: “May 2015”.

And I’m just gonna go straight to the non-domestic and domestic section for now — WIT-17140 — but it’s a document in a similar form. So, you’ve got your energy efficiency objectives that you’ve got to work through, and then we can see now what the — it’s not colour coded as such, but we can see what the objectives are for the non-domestic scheme and the domestic scheme. But I’m laying down a mark: this is May 2015; the world has already changed rather dramatically or is changing rather dramatically at this point in time.

And I’m not going to dwell on that now, but, for the panel’s reference, we have the document.

**Dame Una O’Brien:** Just to observe and clarify with you, Mr Aiken, if I may, going back to the document of June 2014, is there any reference in those actions to either a review or to taking forward the outcome of the 2013 consultation?

**Mr Aiken:** As to the first, no. As to the second, one could imply that into, “Move —

**Dame Una O’Brien:** Domestic.

**Mr Aiken:** — to phase 2. Move the domestic on; then move on the non-domestic by the 31st of — “, so we might imply that.

**Dame Una O’Brien:** But nothing specific on cost controls.

**Mr Aiken:** No.

**Dame Una O’Brien:** Indeed for either scheme.

**Mr Aiken:** No. And that’s a subject I’m gonna come to more specifically, but no.

Now, we’re on the 26th of June. We were looking at the document that would’ve been the subject of the discussion that day with your new colleagues, as it were, that you’re meeting — some for the first time. And you meet Davina McCay: had you known her before?
Mr Wightman: No, I hadn’t.

Mr Aiken: No. So, you’ve met her. We’ve — can we just —? And, again, I mean no disrespect: at this point in time, on the 26th of June, how would you describe your understanding about the RHI?

Mr Wightman: Very little understanding. I would’ve had an understanding of renewable electricity; renewable heat would’ve been still a very new thing to me. I literally wouldn’t have —. I knew the term “biomass” from my days in water and about willow and stuff — growing willow for biomass — but that’s about the height of it, so I would’ve had very limited understanding.

Mr Aiken: And we know — and Ms McKay’s given evidence and you explain it in your statement as well — that, after the meeting that was the subject of the divisional planning discussion — the 26th of June 2014 — you and Davina McKay have a discussion about your job as far as it relates to RHI. And, now, I’m afraid, we get into the business of the handover document from Peter Hutchinson, and you’re aware there’s some significant issues around that that we need to deal with.

What we now know is that, after that meeting on the 26th June 2014 — and it seems, in fairness to you, that Davina McKay did not necessarily remember this at the time she was doing her initial statement either — that you had the discussion, and I presume now you don’t really remember anything about the content of that.

Mr Wightman: I don’t, but, yes.

Mr Aiken: Yes, but, after that discussion, she emailed you to your DRD email address — so your work email that you were about to leave — emailed you a copy of Peter Hutchinson’s full handover note.

Mr Wightman: Yes.

Mr Aiken: And we can see that, please: WIT-17678. And this — unfortunately, we don’t
From: Stuart Wightman <Stuart.Wightman@drdni.gov.uk>
Subject: Renewable Heat Branch (2)
Date: 26 June 2014 17:42:37 BST
To: Wightman, Stuart

Begin forwarded message:

From: "Wightman, Stuart" <Stuart.Wightman@drdni.gov.uk>
Subject: Renewable Heat Branch (2)
Date: 26 June 2014 17:42:37 BST
To: Wightman, Stuart

Stuart Wightman personal email redacted by the RHI Inquiry

Stuart Wightman personal email redacted by the RHI Inquiry

Stuart Wightman personal email redacted by the RHI Inquiry

Stuart Wightman personal email redacted by the RHI Inquiry
Renewable Heat Branch

Staff

- Vacant DP – Peter Hutchinson had previously been in post (left 16.5.14) and was mostly involved in RHI Phase 1 and the Public Consultation on Phase 2

- Dan Sinton DP (part-time) – Dan has mostly been responsible for the RHPP and administrative preparation for the domestic RHI

- Linda McGready EO1 – Linda has been part of the RHPP team. She has only recently been promoted to EO1. It was envisaged that she would assist Dan with the introduction of the domestic RHI as well as overseeing the RHPP.

- Cait Paterson EO2 (job share) – Admin for RHPP scheme

- Philippa Whiteside EO2 (job share) – Admin for RHPP scheme

- Peter Briggs SO – Peter works for two branches. We are supposed to have 0.5 of his time but have been having less of this in practice. We have been using Peter to look after any issues re legislation, to write up PPEs and as secretariat to two cross-departmental groups.
Immediate actions (by end August 2014)

- Securing approvals for the launch of the Domestic RHI
  - Secure casework committee approval - almost complete
  - Secure Ministerial approval – granted, 23/6/14
  - Notification to ETI Committee – SL1 and final policy document due to be tabled as written paper on 3 July

- Launch of Domestic RHI
  - Phased ending of RHPP scheme
    - Passage of legislation by draft affirmative -first draft prepared. Some issues to be considered are; issues now considered and reflected in final policy document.
      - Inclusion of biomass wood stoves for a short period of time
      - Eligibility of swimming pools
      - Treatment of systems with a combined capacity over 45kW
      - Movement of large domestics (single systems over 100kW) into non-domestic scheme
      - Inclusion of bioliquids
      - Capping payments at £2000 per annum to prevent overpayments on inefficient homes.
  - Drafting of guidance documents / faqs - underway
  - Publication of guidance on nidirect.gov.uk/energwise
  - Development of IT system for administration – well underway

- Ofgem administration
  - Agreement of “change control” mechanism for administrative costs – due from Ofgem, has been chased
  - Agreement of data sharing protocols – with IT branch to investigate.
  - Agreement on Carbon Trust loan issue - ongoing
  - Discussion regarding impending changes to admin procedures based on Phase 2 policy.

- Review of current non-domestic scheme
  - Review biomass tariffs under 100kW
  - Consideration of tiered tariffs to prevent excessive payments

- Non-domestic Phase 2 policy
  - Determine policy on phase 2 for non-domestic, including;
    - New technologies and tariffs
    - Biomass sustainability issues
    - Air quality issues
    - Metering changes (in line with GB)
    - Use of process heat
    - Relocation of plants
  - Preparation of State Aid paper
  - Engagement with Ofgem re potential changes
Engagement with DECC re GB proposals

- Communications
  - Meeting with Navigator Blue to discuss research findings from previous media campaign
  - Agree the need for marketing activity in 2014/15 (budget of c £40k)
  - Business case and marketing brief for activity

- Arrange meetings of cross-departmental groups (heat and communications)
1. **Renewable Heat Incentive (RHI)**

**Overview**

- The RHI is an incentive mechanism aimed at promoting the uptake of renewable heat installations in the commercial sector. No upfront support is awarded but payments are provided for the lifetime of the technology (up to 20 years) and are calculated based on the size, type and heat use of the installed technology. Payments are based on metered heat output x appropriate tariff (tariffs differ for different technologies and are in the form of pence per Kwh). This scheme is similar in nature to the NI Renewables Obligation (NIRO) which incentivises renewable electricity.
- The scheme was designed following public consultation (July 2011) and independent economic analysis by Cambridge Economic Policy Associates (June 2011 and January 2012).
- The NI RHI was launched on 1 November 2012 (the GB scheme was launched in November 2011). The schemes are similar in many aspects however the tariffs for NI have been designed specifically for the local heat market. The NI tariffs tend to be lower than GB tariffs – this is because the cost differential between conventional heating and renewable heating is less in NI than GB.
- For the scheme to be launched approvals were required from a DETI Casework Committee, DFP, the DETI Minister and EU (re State Aid).
- The scheme is underpinned by secondary regulations.
- The scheme administered on a day to day basis by Ofgem. The relationship with Ofgem is via an Administrative Services Agreement. Money is transferred on a monthly basis to cover payments – this is looked after by Sandra Thompson (Energy co-ordination Branch).
- To date (12.5.14) there have been 153 applications under the RHI, all bar one for biomass, and 105 accreditations.

**Useful reading / documents**

- April 2009 Submission beginning the work on renewable heat - DT1/09/0033582 and DT1/09/0144352
- Executive Summary of a 2010 Study into the NI renewable heat market - DT1/10/0089593
- CEPA Analysis Work - DT1/11/0071551 (first report) and DT1/12/0034035 (follow up research)
- State Aid application and addendum - DT1/12/0000602 and DT1/12/0021740
- Casework Synopsis - DT1/12/0026878
- RHI Business Case - DT1/12/0035322
- Guidance notes for the RHI scheme - [www.nidirect.gov.uk/rhi](http://www.nidirect.gov.uk/rhi)
- Legislation - [Link to legislation.gov](http://link to legislation.gov)
- Documents underpinning relationship with Ofgem - DT1/13/0063865, DT1/13/0063864, DT1/13/0063866
- FAQs - DT1/13/0038171
• Spreadsheet analysis on uptake - DT1/14/0088879

Key contacts

• Ofgem

Day to day admin issues Teri Clifton teri.clifton@ofgem.gov.uk 0141 341 3991
Technical issues Edmund Ward Edmund.Ward@ofgem.gov.uk 0207 901 7168
Monthly payments Deckerson Thomas Deckerson.Thomas@ofgem.gov.uk 0207 901 3060
Monthly reports Mohini Depala Mohini.Depala@ofgem.gov.uk 0203 263 9917

• DECC (Organisation chart at DT1/14/0025193)

SCS Contact (G3)
Stakeholder Engagement & Communications
GB Domestic RHI
RHI Strategy
Nicola Barber nicola.barber@decc.gsi.gov.uk

• DCENR

Renewable and Sustainable Energy Division Des Byrne Des.Byrne@dcenr.gov.ie +353 1 678 3215
Renewable and Sustainable Energy Division John Rice John.Rice@dcenr.gov.ie

Current / emerging issues

• Data Protection – DETI and Ofgem have had many discussions regarding data sharing under the RHI. Ofgem receive applications and provide DETI with a weekly update on these, however the information provided does not include location, post code, type of sector and other information that might aid statistical records, briefing material or policy development. Ofgem are again considering how such information could be shared.

• Carbon Trust Loan – An issue arose in summer / autumn 2013 where Ofgem refused an application on the basis they had received a Carbon Trust 0% interest loan – this was despite the fact that Ofgem and advised applicants and DETI that they consider the two scheme were compatible. Following consideration, DETI revoked Ofgem’s decision and allowed applicants to avail of both schemes. This, however, has State Aid implications in that applicants mustn’t breach EU thresholds on de minimis aid. Ofgem had previously advised this situation had been sorted however it now appears this isn’t the case and are awaiting DETI instructions on how to proceed. In GB, Ofgem accredit installations and simply notify DECC that both sources of funding have been received – it is unclear whether this satisfies State Aid rules. Stephen Moore (EU) has been very helpful on this issue. Papers at DETI Container DT15/160/245/54/Energy DETI - Sustainables - Renewable Heat - Carbon Trust Loans and RHI 2013/14.

• Tariffs – It is becoming apparent that the payments made to installations are higher than would have been expected under the CEPA modelling. Ofgem (Edmund Ward) has advised (on 13.5.14)
that the experience in GB and NI has shown that many installations have had a higher demand (time of operation) than had been assumed in the tariff calculations; this is especially true of certain sectors. As the demand is higher than what has been assumed the tariffs can become over-generous. This issue would need to be considered as a matter of urgency. The email from Janette O’Hagan (DT1/14/0088268) is also relevant to this point, where applicants could over-use technologies for financial gain. Again CEPA had advised in their 2011 analysis that this wouldn’t be the case. The solution would be to “tier” tariffs, where a certain tariff is provided for the first 15/20% of use and then another lower tariff is provided for the rest of the heat use. This is used in GB tariffs. Certainly this should be considered for biomass under 100kW as a matter of urgency. This has been discussed briefly with Edmund Ward and he advised that Ofgem would be able to implement without too many changes to existing systems.

- **Budget** – the initial budget was for £25m until March 2015, this came with correspondence with HMT that payments made under the initial funding would be covered in future years (DT1/11/0044780). DECC have received a budget of £430 for 2015/16, a DETI share of this would be the order of £10-12m however no confirmation has been forthcoming. Correspondence from DECC has suggested the money will be provided to NI from HMT (DT1/14/0061088). Finance are aware. In future years a more joined up approach with DECC may be sensible regarding budgeting i.e. a single UK budget covering both schemes?
  In terms of admin budget, the expected costs of Ofgem is expected to be £260k – a bid has been submitted as part of June Monitoring. These costs are based on 3% of GB costs. Ofgem are scheduled to submit a “change control” to current protocols to confirm these costs.
2. Renewable Heat Premium Payment (RHPP)

Overview

• As the RHI scheme covered non-domestic applications only, it was agreed to introduce a short term grants scheme for domestic customers. This was done with the intention to introduce a longer term incentive mechanism (similar to RHI) for domestics in the future. Those availing of the grant would remain eligible to apply for the incentive mechanism when introduced.

• The Renewable Heat Premium Payment (RHPP) scheme was launched on 24 May 2012 and provides a payment to householders wishing to install a renewable heat technology in their home. The value of the support is fixed but varies depending on the technology;
  - Air source heat pump - £1700
  - Biomass - £2500
  - Ground source heat pump - £3500
  - Solar thermal - £320

• To date (12.5.14) there have been over 1700 applications, 960 of these had led to an installation being made and 800 have received payment. DETI has paid out £1.6m on this scheme in total.

• The most popular technology is biomass, accounting for 50% of applications / installations. Solar thermal accounts for c30%.

• The scheme is administered within the Branch, with the EOI and EOIi’s responsible for recording applications, checking eligibility, raising queries, carrying out visits and processing payments. Payments are authorised by the 2 DPs.

• Claims are checked (as per the procedures manual). The % of sites to be visited was agreed with Trevor Cooper and Audit at the start of the scheme. The branch maintains a pivot table to monitor how the Branch is performing regarding the number of site visits.

• Once the position is finalised on Domestic RHI the closure of the RHPP will need to be managed.

Useful reading / documents

• Terms and Conditions - DT1/12/0070156
• Information and Guidance - DT1/12/0070157
• Application form - DT1/12/0130587
• Application procedures - DT1/13/0022901
• Claim checklist - DT1/12/0114082
• Visit analysis - DT1/14/0051546

Current / emerging issues

• As with any grant scheme there are a number of issues relating to eligibility / applications to be aware of (Dan can provide verbal briefing). Some of these include;
  - Greenhouse NI – An installer installed a number of technologies despite not being appropriately accredited under the Microgeneration Certification Scheme (MCS). The installer advised applicants he was MCS accredited however it was discovered on
application that this wasn’t the case. Applicants who installed before the installer was 
MCS have been informed they won’t be eligible for the RHPP but may be able to apply 
for domestic RHI. Trading Standards (Nikki Craig) have been involved in dealing with 
complaints and are currently taking the installer in question to court.

- **Angus Orlingo Boilers** – A supplier notified Dan Sinton that a boiler, to which he was 
  sole UK distributor, had been installed in NI on a number of occasions without it being 
  supplied by his company. His company purchased the boiler from Polish suppliers and 
  had it accredited under MCS. His accusation was that NI suppliers had purchased 
  directly from Poland and installed in NI. As the boiler didn’t come through his company 
  it wouldn’t be MCS accredited (despite it being the same product). The team have 
  visited a number of Angus Orlingo boilers – it is very difficult to tell whether the boiler 
  installed is from the UK company or Polish suppliers. All appropriate documentation has 
  been supplied by applicants for these installations.
3. Phase 2 of the RHI

Overview

- As the initial RHI was focused primarily on well established technologies and did not cover the domestic sector, it was agreed that a second phase was required to consider innovative technologies and long term support for the domestic sector. This is similar to the approach in DECC.
- The proposals for Phase 2 were developed using independent economic analysis carried out by CEPA / AEA. This analysis informed a public consultation that took place between Jul – Oct 2013. 50 formal responses were received.
- The proposals had three main elements;
  - Introduction of a domestic RHI, payments to be made over 7 years with an element of upfront support. Payments would be made on a ‘deemed’ basis.
  - New technologies / tariffs in the non-domestic sector. This included large biomass, biomass/bioliquids CHP, ASHPs, deep geothermal and district heating.
  - Technical amendments to the Regulations on issues such as metering, air quality, biomass etc.
- The responses were analysed and final policy on domestic RHI scheme agreed – this is subject to Casework Committee and Ministerial approval.
- DECC have launched their domestic RHI (April 2014) but are still to confirm their position on the non-domestic elements.

Domestic key issues

- Some policy (Dan can advise further) issues for finalisation include;
  - Treatment of systems with combined capacity over 45kW
  - Capping payments at £2000 to prevent over-payments
  - Treatment of swimming pools
  - Commissioning v installation i.e. MCS requirements
  - Standards for bioliquids
- Casework to be arranged with Eugene Rooney (or PS). Papers required are;
  - Letter from David Thomson
  - Synopsis Paper
  - Business Case
  - CEPA Analysis
  - Risk Register
- First draft of legislation is prepared but to be finalised pending casework and agreement of policy issues. May also need to consider whether these Regulations impact on the existing non-domestic Regulations and should changes to the non-domesticRegs be enacted by these new Regulations. For example;
  - Treatment of domestics over 100kW
  - Metering issues
  - Relocation of plants
Following Casework approval a submission to Minister will be required. This would include issues such as:
- Final policy for approval
- Briefing for ETI Committee (and SL1 if possible)
- Timetable for introduction
- Press Release

To launch scheme an appropriate IT system will be required and guidance documents for applicants.

**Domestic RHI reading / papers**

- CEPA Analysis work - DT1/13/0111260
- Public consultation - DT1/13/0111258
- Overview of responses - DT1/14/0032062
- Overarching policy document / response to consultation - DT1/14/0083031
- Casework guidance - DT1/14/0089729
- Business Case - DT1/14/0067766
- Synopsis - DT1/14/0082995
- David Thomson letter - DT1/14/0082515
- Risk Register - DT1/14/0082983
- Information on GB scheme

**Non domestic key issues / papers**

- Phase 2 consultation included proposals to expand the scheme for new technologies including:
  - Biomass over 1MW
  - Biomass / Bioliquid CHP
  - Bioliquid
  - ASHPs (air to air and air to water)
  - Biomass Direct Air
  - Deep Geothermal
- DECC have preliminary advised that they will not be taking forward plans for support for air to air heat pumps, biomass direct air or bioliquids.
- DETI also proposed an ‘uplift’ tariff for biomass fuels district heating schemes.
- In addition to policy options on tariffs / technologies, there is also a need for technical issues to be considered including:
  - Biomass Sustainability i.e. sourcing of biomass / imports – mostly significant for large systems but DECC have begun the introduction of a “supplier” list for all sizes.
  - Cost Control or Degression
Air Quality – need to ensure RHI doesn’t impact negatively on air quality, however GB levels are very stringent and reflect that natural gas is being displaced in GB rather than heating oil. Stringent targets might have impact on biomass production in NI. Key contacts are Bruce Harper in DOE and Nigel Moore (DARD), Terence Patton (DARD) and Chris Johnston (AFBI).

- Relocation of plants.
- Changing definition of complex metering.

- Final decisions are required on technologies to be supported, tariffs and eligibility standards. These policy decisions will be need State Aid approval.
- There is also need for further liaison and consideration of DECC final proposal’s to understand linkages.
- Existing Regulations will need to be amended based on policy changes.
- Any changes will also need to be considered by Ofgem and there will be an associated cost – Ofgem had previously advised that they would need to scope operational changes once policy was confirmed, the costs of this scoping would be in the order of £80k (not currently in budget line).

Reading / Papers

- CEPA Analysis work - DT1/13/0111260
- Public consultation - DT1/13/0111258
- Overview of responses - DT1/14/0032062
- Information on GB scheme
- DECC response to consultations- DT1/13/0204229
Communications

Overview

- In December 2010, the Executive agreed to new protocols regarding the delivery of sustainable energy messages by Government Departments and Agencies. It was agreed that all Departments involved in sustainable energy messaging would deliver such campaigns via a single contract. The contracted marketing agency would have responsibility for ensuring consistency of messaging and timing campaigns; there would also be benefits in terms of research and evaluation. A single brand would also be developed.
- In July 2011, Navigator Blue was appointed and a single brand known as “EnergyWise” was adopted. A first campaign was held between October 2011 and March 2012 focusing on establishing the branding and promoting basic energy efficiency behaviours. Subsequent campaigns were held in 2012/13 and 13/14 that focussed on promotion of renewable heat and RHI/RHPP.
- In addition to outdoor media, TV and Radio activity a website has been developed on NI Direct (www.nidirect.gov.uk/energywise).
- The contract was for an initial period of 2 years with the potential to be extended for a further 2 years – the contract was extended in July 2013 and will therefore continue to July 2015. There is a budget of around £40k for 2014/15 that could be used for promotion of the domestic RHI.
- The management of the contract with Navigator Blue is the responsibility of the cross-departmental group on sustainable energy messaging. This group is chaired by EIS (Chris McNabb).

Useful reading / documents

- Original Exec Paper - DT1/10/0092498
- Protocols for using contract - DT1/11/0094701
- Research report from 2012/13 campaigns - DT1/13/0112541
- Examples of artwork – DT1/14/0030939, DT1/14/0018509, DT1/14/0018493
- 2013/14 Business Case - DT1/13/0176604
- Other documents in “Energy DETI - Sustainables - Sustainable Energy Communications” or (historical documents) in “Energy DETI - Sustainables - SE IDWG (Sustainable Energy Interdepartmental Working Group) - Sub Group - SE Communications”

Contacts

- OFMDFM
- GAU – Day to day contact
  - Mark Robinson
  - Mark.robinson@ofmdfmni.gov.uk
  - Ext 88226
- GAU – G7
  - Kim Martin
  - Kim.martin@ofmdfmni.gov.uk
  - Ext 88141
- NI Direct / Web info
  - Audrey Bertinat
  - Audrey.bertinat@ofmdfmni.gov.uk
  - Ext 88573
- Navigator Blue (contact with NB is normally via OFMDFM)
Current / emerging issues

- Navigator Blue is keen to present the research findings from the recent 2013/14 campaign – this would also be an opportunity to meet with the NB team and discuss potential options for 2014/15. This would be arranged by Mark Robinson, OFMDFM.
- If it is decided to carry out marketing activity in 2014/15 a business case will be required for the budget.
- The Communications Sub Group have not met for a number of months – whilst this is chaired by GAU, DETI have often instigated the meetings. Items for discussion would include forthcoming communication activity and development / maintenance of the NI Direct website.
Renewable Heat Sub Group / Strategy / BioEnergy Action Plan

Overview

- The Branch chair and act as secretariat for the Renewable Heat subgroup of SEIDWG.
- This group has two main responsibilities
  - monitoring progress against Bioenergy Strategy 2011-2015
  - Consideration of cross-cutting issues relating to deployment of renewable heat.

- It was originally envisioned that this group would assist in developing a Renewable Heat Road Map. This document would pull together cross-cutting issues (incentivisation, fuel supply, air quality, planning, heat in public estate, business opportunities etc) and demonstrate how the 10% renewable heat target might be secured and the benefits. This aspect of work was put on hold by Fiona Hepper until the domestic RHI is in place.

Useful reading / documents

- Renewable Heat Road Map , discussion document - DT1/13/0072361

Contacts

- Peter Briggs acts a secretariat for the group.

Current / emerging issues

- Peter Briggs has been asked to seek updated on the Bioenergy Action Plan.
- A meeting will be required in Autumn 2014.
43. All public expenditure must provide value for money whether it classified as AME or DEL. However, when expenditure is classified as AME, there is a recognition that it is demand-led and difficult to manage. Both RHI schemes were designed as demand-led, funded by AME with applicants applying after they had invested in their installations. It subsequently transpired that the funding for the RHI scheme (although categorised as AME) was always limited and should have been treated in same way as normal DEL. It is therefore not clear why the Non-Domestic RHI was designed as a demand-led scheme at the outset and introduced with no cost controls or the ability to quickly suspend/stop the scheme without the need for legislation.

44. I was not made aware that there was any sort of restriction on the AME funding for the RHI schemes when I first joined the Department in 2014. In late November 2015, DFP advised that it was likely that the future AME allocations (2016/17 onwards) would be capped at 3% of GB Budget. This led to the scheme suspension in February 2016. If it was known in 2014 when I joined the Department that the RHI funding was effectively to be treated as DEL, the priorities I was set should have been to introduce cost controls on the Non-Domestic RHI Scheme as a top priority instead of progressing development of the domestic scheme. Instead, I recall the concerns in Energy Division at that time being that we were under spending our AME allocation and as a result the Northern Ireland economy was losing out.

_Urgent Need to Review Tariffs to prevent excessive Payments_

45. Through my induction process I was provided with what I now know to be the first few pages of the more detailed Handover Note that had been prepared by the previous renewable heat DP who left in May 2014. This consisted of 1 page outlining the existing staff details and two pages of work actions to be taken forward for both RHI schemes over the coming months. I cannot recall seeing or discussing the more detailed background information in the Handover Note, only the staff details along with a bulleted list of prioritised work actions which I hereafter refer to as the ‘To Do List’.

46. It is now clear that despite the bulleted list being entitled as ‘immediate actions (by end of August 2014)’, this timescale was wholly unrealistic as these actions were always going to take much longer than a couple of months to complete. The fourth action was to complete a review of the Non-Domestic RHI Scheme and review the biomass tariffs under 100kw. However, with the first three actions taking over six months to complete, our attention couldn’t turn to

_Statement of Truth_

I believe that the facts stated in this witness statement are true.

Signed: 

Dated: 20 June 2017
have the full documentary trail, so what we don’t have is Davina McKay’s email to you and
we don’t have your DRD account email, but what we do have is that forwarding exercise that
you appeared to have engaged in on the 26th of June 2014 to your own personal email
address. So we can say that, at 17:42 on the 26th of June, you sent yourself what Davina
McKay had sent you.

Mr Wightman: Yes.

Mr Aiken: And we now have that attached — if we move on to the next page. What had
been sent to you and what you forwarded to yourself was the 14-page Peter Hutchinson
handover note, and it runs, members of the panel, from 17679 through to 17692. Now, in
particular, if we move on to the next page — so page 2 of this version — you will see,
members of the panel, the black writing from the original Peter Hutchinson handover note
and then red annotations, which are something Davina McKay added to indicate where she
had got to on the:

“Immediate actions”

page. And the immediate actions page is, in fact, two pages — pages 2 and 3 of this
document — and she has annotated activity against the first three bullet points.

Now, I want to then — you’ll appreciate we’ve got to work through this, Mr Wightman —
if we go, please, to WIT-17031, and this is paragraph 45 of your first witness statement,
which is in June 2017. Now, obviously, nobody is on trial before the Inquiry — this is not a
cross-examination — but, obviously, providing a witness statement to the Inquiry is an
important thing. You clearly put a lot of work into your witness statement and were doing —
setting out what you believed to be the case at the time you said it: is that accurate?

Mr Wightman: Yes, it is indeed.

Mr Aiken: Because what you say here is:

“Through my induction process I was provided with what I now know to be the first few pages of the more
detailed Handover Note that had been prepared by the previous renewable heat DP” —

Peter Hutchinson —

“who left in May 2014. This consisted of 1 page outlining the existing staff details” —

so that was page 1 that we looked at —

“and two pages of work actions to be taken forward for both RHI schemes over the coming months” —

that’s the two pages of immediate actions that have seven bullet points between them —

“I cannot recall seeing or discussing the more detailed background information in the Handover Note, only the staff details along with a bulleted list of prioritised work actions which I hereafter refer to as the ‘To Do List’.”

You then go on to make the point that in respect of those pages — the immediate actions page — you say the timescale that was envisaged on those pages was:

“wholly unrealistic”.

That’s a different point from the one I want to examine with you at the moment.

Noon

Now, if we move into the next page, please, you then —. Arising out of your position that you only had the three pages, you make the assertions that others did not bring various points that are to be found among the other 11 pages of the 14-page document to your attention. And, because our focus is on the non-domestic RHI, you’re drawing attention to others not having drawn your specific attention to the tariffs section of the main body of Peter Hutchinson’s handover note.

Now, para 116 then, please. WIT-17053. So, you’re talking about your meeting with Davina McCay and saying of that meeting on the 26th of June:

“\textit{I was given a hard copy of a renewable heat ‘To Do List’ ... that Davina [McCay] was working through. Our discussion focussed on the staffing in the team and the first few actions involving progression ... And in particular, the concerns that had been raised on the draft business case for the proposed Domestic RHI}” —
because Davina McCay had already gone through the casework committee, which I’ll look at with you later.

Now, stepping back from that, just to be clear, so that you understand what I’m saying to you, Mr Wightman: what you appear to be saying to the Inquiry in your initial statement is, “I got three pages from Davina McCay on the 26th of June, and that was the staff page at the front and then pages 2 and 3, which were the immediate-actions pages, and that’s all I got”.

Now, you then exhibit those three pages to your witness statement, and the version that you exhibit to your witness statement in June 2017 is the three pages, page 2 of which has the red annotations. You’re with me so far?

**Mr Wightman:** Uh-huh, yes.

**Mr Aiken:** Right. Now, we’ve looked at your personal email that was sent to yourself on the 26th of June, and, presumably, you now accept that you did get the full handover note and, therefore, the assertion that you didn’t and the extrapolation that flows out of saying you didn’t are not right.

**Mr Wightman:** Yes. It, you know —. In terms of there —. I’d said about —. I’d assumed. I was looking back and probably speculating that I must have got a copy of it from Davina — that I must have printed that version, you know, those three pages off, for instance, and taken them with me. You know, I —. It was from the one that was, you know — that has the electronic annotations in it.

**Mr Aiken:** Yes. Now, I’m going to — we’re going to look a bit further at it, because what Davina McCay appears to have been saying to the Inquiry is: after she discussed the matter with you on the 26th of June, she does the red annotations and sends you the version with the red annotations, and it’s a 14-page document.

**Mr Wightman:** Yes.

**Mr Aiken:** Just so we can clear this out of the way, you now, presumably, accept that (a)
you got the full handover note. You should have read it.

Mr Wightman: Yes.

Mr Aiken: And what I want you to reflect on — I appreciate you were, looking back, doing your best. That’s what you’re saying to the Inquiry. You were starting a new job. You were understandably interested in career development; that was the reason for taking it. And I appreciate it’s difficult when you’re now having to extrapolate again, but, doing the best you can, how likely is it that you didn’t read the document at the time? If you were to stand back: “I’m starting a new job. Someone’s telling me, ‘Here’s the handover document’”. They send it to you. You send it to yourself. How likely is it you wouldn’t have read it?

Mr Wightman: Um, in this case, I think it is highly likely. Because I had sat down with the divisional plan with John Mills, and, you know, you’ve been through the plan there very helpfully a minute ago, that set out the objectives with my name against it. And you’re coming into a new job, obviously want to impress as well, you’ve got things that get your name against it. You know, that’s my number-one priority. I just cannot recall going through that. Some of those issues that were raised, in terms of Mrs O’Hagan and Ofgem and around the tariffs, I’m sure they would’ve stood out to me. The bulleted list of actions make sense, because that’s like a to-do list. I’m thinking to myself, “Right. We need to get these into a branch plan”.

You know, at the start, unfortunately, yes, I accept that I — the narrative in the rest of the document provides important context to those actions, and I regret that I didn’t read it, but, in terms of is it likely that I would’ve, I already had the divisional plan, I had the — I had my objectives, basically, you know, to get on with it. Um, I certainly sent it home to myself with the intention of probably getting up to speed with everything on it, but I just — you know, as soon as I got into post, I was straight into the domestic scheme, straight into getting the business case finalised. To be fair, I just — it probably, then, was just — it was an omission
Mr Aiken: But I think what I — where we’ve got to so far, cos I’ve a bit more to do on this, I’m afraid, but where we’ve got to so far is you did get it all, you should’ve read it, you don’t remember reading beyond the three pages, but you’re in no doubt that that’s something you ought to have done.

Mr Wightman: Yes.

Mr Aiken: Now, there is a slightly more difficult question that flows out of this that I need to ask you to deal with. The three pages that are attached to your witness statement from June 2017 — so I’m going to show you, please, WIT-17227. So this is in your exhibits to your June 2017 statement. And if we scroll through to the second page, we can see that it has the red annotations on it. And it was this document that you attached to your first witness statement, saying, “This is what I got”. And if we move through to the next page just to close it off, please, we’ll see the third page, and there’s no annotations on it.

We know — and, as a matter of fairness, I’m going to acknowledge — you produced your personal email in February 2018, and you produced what was attached to your personal email in 2018. And you can make the obvious point for the panel that you may consider arises from that, or they will infer it, but what I need to ask you, if we go back, the panel having seen this document, which is the three pages, if we go back to the version that you provided as a result of the work you did to find what you’d personally received on the 26th of June, you’ll see that it is the red annotated version —. And that’s the whole document that’s there. What I need to ask you, which requires an explanation for you to give to the panel, is: where had you the three-page version, given that it is also subject of red annotations, in the form of the 14-page one that didn’t materialise until February 2018? Do you understand what I’m asking you?

Mr Wightman: Yes.
Mr Aiken: So, where had you the three pages that you could produce those in June 2017 but not the 14 pages, of which the red annotations are also part?

Mr Wightman: Whenever the —. The PAC inquiry was around September ’16 — ‘17 — ’16?

Mr Aiken: ’16.

Mr Wightman: The whole issue of the handover note came out at that stage, and it was around that time that I came across this version with the red writing already electronically — it was a hard copy of it. I can’t recall did somebody give it to me, or did I find it in a cupboard or did I find it in a file. I just remember, at that time, coming across it because we were consciously looking for this handover note. And all I could remember was — now, it was the full document at that stage — all I remember whenever —. I attached those first three pages because that’s all I could remember, back in 2014 when I joined, was the three pages. But, obviously, I’ve had the full document electronically in my possession since the 26th of June.

But, no, we came across this around the time of the PAC. I can’t recall did somebody hand it to me, did I find it in a cupboard, did I — I honestly cannot recall, but it was just around the time of the PAC, just before the PwC interviews and so forth took place, that I came across this version of it in hard copy.

Mr Aiken: So, just let me unpack that to be clear because it’s obviously an important issue, you’ll appreciate. The fact you had the full handover note is obviously a very significant thing in the context of an assertion that you only had the three pages. And they are in the same form, at least in terms of the red annotations. So, what I understand you to be saying is that, in 2016, when discussion over the handover note began in the context of the PAC investigation and the PwC investigation, that, within DETI or what would then be DFE, you came across, or someone came across —

Mr Wightman: Yes.
Mr Aiken: — the three pages, page 2 of which has the red annotations. You, thereafter, have inferred that, because you remember the immediate actions page, “That must have been what I got”.

Mr Wightman: No, sorry, just to correct: the full document; I came across the full document in 2016. But whenever I look back, I can only ever remember — cos I remember there being a handover note or a to-do list. I only ever remember the actions, and I put two and two together and thought, “Well, it was only these three pages that I must have got back in 2014”.

Mr Aiken: Right. So, the version that you were able to access in 2016: was that within DETI?

Mr Wightman: Yes.

Mr Aiken: In a hard copy form?

Mr Wightman: In a hard copy form.

Mr Aiken: Right. And what I understand you to be saying is that, in 2016, all 14 pages were there.

Mr Wightman: Yes.

Mr Aiken: But you didn’t produce, in June 2017, all 14 pages of that hard copy —

Mr Wightman: No.

Mr Aiken: — because what you could remember getting, rightly or wrongly, was the first three pages.

Mr Wightman: Yes.

Mr Aiken: So you took the first three pages from that — what I’m going to call the “2016 hard copy” — and exhibited those to your statement in June ’17 because that’s what you remembered seeing.

Mr Wightman: Yes.
Mr Aiken: Right. You can appreciate there are lots of other —. It could be said, and I want to give you the opportunity to confirm the position, that you had this version on the computer, you print out the first three pages, you produce the first three pages, and then, subsequently, you produce the later version. That’s not what occurred?

Mr Wightman: No.

12:15 pm

Mr Aiken: And the first time you realise that you’ve got in electronic form the 14-page document is on the 21st of February 2018, and you bring it to the attention of the Inquiry through the statement of the 23rd of February 2018.

Mr Wightman: Yes, unfortunately, that’s — yes.

Mr Aiken: You can understand why I’ve got to clarify this, Mr Wightman —

Mr Wightman: Oh, totally. Totally.

Mr Aiken: — and be clear about it, but what you’re saying is your statement in June 2017 was accurate at the time you made it, based on your what turns out be a mistaken belief.

Mr Wightman: Yes.

Mr Aiken: Am I doing justice to what you’re —?

Mr Wightman: No, all I could do when I did my statement — I think I mentioned it in the statement in June 2017 — was to the best of my recollection, looking back, but this is obviously hard evidence. I’ve found this email that I had sent the full document to myself, so, yes, that’s correct.

Mr Wightman: And you produced the email to the Inquiry.

Mr Wightman: Yes.

The Chairman: If you found the full 14-page document in a cupboard in 2016, why, accepting that you could only remember receiving the first three pages, why, when you produced your statement for the Inquiry, did you not say that — for example, saying, “I have
found a 14-page document in a cupboard in DETI. I can only remember receiving the first three pages”? You make no mention of the 14-page document, which you knew you had at that time, in your statement of 2017.

**Mr Wightman:** I know; I accept your point, Chair. I think there was two. I got two section 21 notices in 2017. I think one of them asked me about what I had in my possession at the time, and I think I probably did say the handover note, but I’d need to check that.

**Mr Aiken:** Well, we’ll check that out.

**Mr Wightman:** But, no, I think I referred to the first time I remember becoming aware of the full detail of the handover note was when it was brought to the Department’s attention as part of the PAC. But, I accept your point: if I haven’t included that in that disclosure, I should’ve made it clear in my statement.

**The Chairman:** I’m talking about your written statement for the Inquiry in June 2017, which was a year after you’d found and knew you had the full 14-page document. You only refer to receiving the three pages. That may be right — it may well be right — but why not say that you had found the full 14-page document?

**Mr Wightman:** In September or whenever it was. I accept that point: I should have made that clear.

**Dr MacLean:** When you first got this from Davina McCay, was it clear to you that this was a document that Peter Hutchinson had put out as a handover, or was this something that you thought that Davina McCay had produced —?

**Mr Wightman:** No, I think Davina made it clear that — whenever I had the meeting with Davina — the first meeting with Davina — on the 26th June, I think it was, I think Davina made it clear that this was done by the previous — the predecessors.

**Mr Aiken:** We’ve probably had enough revelations about the handover note, but we’re going to do a little bit more work, but I’m going to tentatively put on the record that, in
Renewable Heat Branch

Staff

- Vacant DP – Peter Hutchinson had previously been in post (left 16.5.14) and was mostly involved in RHI Phase 1 and the Public Consultation on Phase 2

- Dan Sinton DP (part-time) – Dan has mostly been responsible for the RHPP and administrative preparation for the domestic RHI.

- Linda McGready EO1 – Linda has been part of the RHPP team. She has only recently been promoted to EO1. It was envisaged that she would assist Dan with the introduction of the domestic RHI, as well as overseeing the RHPP.

- Cait Paterson EO2 (job share) – Admin for RHPP scheme

- Philippa Whiteside EO2 (job share) – Admin for RHPP scheme

- Peter Briggs SO – Peter works for two branches. We are supposed to have 0.5 of his time but have been having less of this in practice. We have been using Peter to look after any issues re legislation, to write up PPEs and as secretariat to two cross-departmental groups.

MG: Microgeneration Certification Scheme
Renewable Heat Sub Group / Strategy / BioEnergy Action Plan

Overview

- The Branch chair and act as secretariat for the Renewable Heat subgroup of SEIDWG.
- This group has two main responsibilities
  - monitoring progress against Bioenergy Strategy 2011-2015
  - Consideration of cross-cutting issues relating to deployment of renewable heat.

- It was originally envisioned that this group would assist in developing a Renewable Heat Road Map. This document would pull together cross-cutting issues (incentivisation, fuel supply, air quality, planning, heat in public estate, business opportunities etc) and demonstrate how the 10% renewable heat target might be secured and the benefits. This aspect of work was put on hold by Fiona Hopper until the domestic RHI is in place.

Useful reading / documents

- Renewable Heat Road Map, discussion document - DT1/13/0072361

Contacts

- Peter Briggs acts a secretariat for the group.

Current / emerging issues

- Peter Briggs has been asked to seek updated on the Bioenergy Action Plan.
- A meeting will be required in Autumn 2014.
Immediate actions (by end August 2014)

- Securing approvals for the launch of the Domestic RHI
  - Secure casework committee approval - almost complete
  - Secure Ministerial approval
  - Notification to ETI Committee - SLI + final policy tabled with ETI committee on 3 July

- Launch of Domestic RHI
  - Phased ending of RHPP scheme
  - Passage of legislation by draft affirmative-first draft prepared. Some issues to be considered are:
    - Inclusion of biomass wood stoves for a short period of time
    - Eligibility of swimming pools
    - Treatment of systems with a combined capacity over 45kW
    - Movement of large domestics (single systems over 100kW) into non-domestic scheme
    - Inclusion of bioliquids
    - Capping payments at £2000 per annum to prevent overpayments on inefficient homes.
  - Drafting of guidance documents/faqs - underway
  - Publication of guidance on nidirect.gov.uk/energwise
  - Development of IT system for administration - underway.

- Ofgem administration
  - Agreement of “change control” mechanism for administrative costs - requested
  - Agreement of data sharing protocols - with IT
  - Agreement on Carbon Trust loan issue - ongoing
  - Discussion regarding impending changes to admin procedures based on Phase 2 policy.

- Review of current non-domestic scheme
  - Review biomass tariffs under 100kW
  - Consideration of tiered tariffs to prevent excessive payments

- Non-domestic Phase 2 policy
  - Determine policy on phase 2 for non-domestic, including:
    - New technologies and tariffs
    - Biomass sustainability issues
    - Air quality issues
    - Metering changes (in line with GB)
    - Use of process heat
    - Relocation of plants
  - Preparation of State Aid paper
  - Engagement with Ofgem re potential changes
  - Engagement with DECC re GB proposals
- Communications
  - Meeting with Navigator Blue to discuss research findings from previous media campaign
  - Agree the need for marketing activity in 2014/15 (budget of £40k)
  - Business case and marketing brief for activity

- Arrange meetings of cross-departmental groups (heat and communications)
Communications

Overview

- In December 2010, the Executive agreed to new protocols regarding the delivery of sustainable energy messages by Government Departments and Agencies. It was agreed that all Departments involved in sustainable energy messaging would deliver such campaigns via a single contract. The contracted marketing agency would have responsibility for ensuring consistency of messaging and timing campaigns; there would also be benefits in terms of research and evaluation. A single brand would also be developed.
- In July 2011, NIDirect Blue was appointed and a single brand known as NERI Energy was adopted. A first campaign was held between October 2011 and March 2012 focusing on establishing the branding and promoting basic energy efficiency behaviours. Subsequent campaigns were held in 2012/13 and 13/14 that focused on promotion of renewable heat and RHI/RHPP.
- In addition to outdoor media, TV and radio activity a website has been developed on NI Direct (www.nidirect.gov.uk/energywise).
- The contract was for an initial period of 2 years with the potential to be extended for a further 2 years with a budget of around £40k for 2014/15 that could be used for promotion of the domestic RHI.
- The management of the contract with Navigator Blue is the responsibility of the cross-departmental group on sustainable energy messaging. This group is chaired by EIS (Chris McNabb).

Useful reading / documents

- Original Exec Paper - DT1/10/0092498
- Protocols for using contract - DT1/11/0094701
- Research report from 2012/13 campaigns - DT1/13/0112541
- Examples of artwork - DT1/14/0030093, DT1/14/0018509, DT1/14/0018493
- 2013/14 Business Case - DT1/13/0176604
- Other documents in “Energy DETI - Sustainables - Sustainable Energy Communications” or (historical documents) in “Energy DETI - Sustainables - SE IDWG (Sustainable Energy Interdepartmental Working Group) - Sub Group - SE Communications”

Contacts

- OFMDFM

GAU – Day to day contact  Mark Robinson  Mark.robinson@ofmddfni.gov.uk  Ext 88226
GAU – G7  Kim Martin  Kim.martin@ofmddfni.gov.uk  Ext 88141
NI Direct / Web Info  Audrey Bertinat  Audrey.bertinat@ofmddfni.gov.uk  Ext 88573

- Navigator Blue (contact with NB is normally via OFMDFM)
Current / emerging issues

- Navigator Blue is keen to present the research findings from the recent 2013/14 campaign – this would also be an opportunity to meet with the NB team and discuss potential options for 2014/15. This would be arranged by Mark Robinson, OFMDFM.
- If it is decided to carry out marketing activity in 2014/15 a business case will be required for the budget.
- The Communications Sub Group have not met for a number of months – whilst this is chaired by GAV, DETI have often instigated the meetings. Items for discussion would include forthcoming communication activity and development / maintenance of the NI Direct website.
1. Renewable Heat Incentive (RHI)

Overview

- The RHI is an incentive mechanism aimed at promoting the uptake of renewable heat installations in the commercial sector. No upfront support is awarded but payments are provided for the lifetime of the technology (up to 20 years) and are calculated based on the size, type and heat use of the installed technology. Payments are based on metered heat output and appropriate tariff (tariffs differ for different technologies and are in the form of pence per kWh). This scheme is similar in nature to the NI Renewables Obligation (NIRO) which incentivises renewable electricity.
- The scheme was designed following public consultation (July 2011) and independent economic analysis by Cambridge Economic Policy Associates (June 2011 and January 2012).
- The NI RHI was launched on 1 November 2012 (the GB scheme was launched in November 2011). The schemes are similar in many aspects however the tariffs for NI have been designed specifically for the local heat market. The NI tariffs tend to be lower than GB tariffs – this is because the cost differential between conventional heating and renewable heating is less in NI than GB.
- For the scheme to be launched approvals were required from a DETI Casework Committee, DFP, the DETI Minister and EU (re State Aid).
- The scheme is underpinned by secondary regulations.
- The scheme administered on a day to day basis by Ofgem. The relationship with Ofgem is via an Administrative Services Agreement. Money is transferred on a monthly basis to cover payments – this is looked after by Sandra Thompson (Energy co-ordination Branch).
- To date (12.5.14) there have been 153 applications under the RHI, all bar one for biomass, and 105 accreditations.

Useful reading/documents

- April 2009 Submission beginning the work on renewable heat - DTI/09/0033582
  - DTI/09/0144352
- Executive Summary of a 2010 Study into the NI renewable heat market - DTI/10/0089593
- CEPA Analysis Work - DTI/11/0074551 (first report) and DTI/12/0034036 (follow up research)
- State Aid application and addendum - DTI/12/008602 and DTI/12/0021740
- Casework Synopsis - DTI/12/0026878
- RHI Business Case - DTI/12/0035322
- Guidance notes for the RHI scheme - www.nidirect.gov.uk/rhi
- Legislation - Link to legislation.gov
- Documents underpinning relationship with Ofgem - DTI/13/0063865, DTI/13/0063864, DTI/13/0063866
- FAQs - DTI/13/008171
- Weekly Ofgem reports - DTI/15/160/245/46/Energy-DEH-Sustainables
- Renewable Heat - RHI Accreditations and Reports
- Spreadsheet analysis on uptake - DT1/14/0088879

**Key contacts**

- **Ofgem**
  - Day to day admin Issues: Teri Clifton  
    public@ofgem.gov.uk  0141 341 3991
  - Technical Issues: Edmund Ward  
    Edmund.Ward@ofgem.gov.uk  0207 901 7168
  - Monthly payments: Deckerson Thomas  
    Deckerson.Thomas@ofgem.gov.uk  0207 901 3060
  - Monthly reports: Mohini Depala  
    Mohini.Depala@ofgem.gov.uk  0203 263 9917

- **DECC** (Organisation chart at DT1/14/0025193)

**SCS Contact (G3)**
- Stakeholder Engagement & Communications
- GB Domestic RHI
- RHI Strategy

- **DCENR**
  - Department of Communications, Energy & Natural Resources
  - Renewable and Sustainable Energy Division: Des Byrne  Des_Byrne@dcenr.gov.uk  +353 1 678 3215
  - Renewable and Sustainable Energy Division: John Rice  John.Rice@dcenr.gov.uk

**Current / emerging issues**

- **Data Protection** – DETI and Ofgem have had many discussions regarding data sharing under the RHI. Ofgem receive applications and provide DETI with a weekly update on these, however the information provided does not include location, postcode, type of sector and other information that might aid statistical records, briefing material or policy development. Ofgem are again considering how such information could be shared.

- **Carbon Trust Loan** – An issue arose in summer / autumn 2013 where Ofgem refused an application on the basis they had received a Carbon Trust 0% interest loan – this was despite the fact that Ofgem and advised applicants and DETI that they consider the two scheme were compatible. Following consideration, DETI revoked Ofgem’s decision and allowed applicants to avail of both schemes. This, however, has State Aid implications in that applicants mustn’t breach EU thresholds on de minimis aid. Ofgem had previously advised this situation had been sorted however it now appears this isn’t the case and are awaiting DETI Instructions on how to proceed. In GB, Ofgem accredit installations and simply notify DECC that both sources of funding have been received – it is unclear whether this satisfies State Aid rules. Stephen Moore (EU) has been very helpful on this issue. Papers at DETI Container - Sustainable Heat & Energy - DETI - Sustenables - Renewable Heat - Carbon Trust Loans and... [highlighted]

- **Tariffs** – It is becoming apparent that the payments made to installations are higher than would have been expected under the CEPA modelling. Ofgem (Edmund Ward) has advised (on 13.5.14)
that the experience in GB and NI has shown that many installations have had a higher demand (time of operation) than had been assumed in the tariff calculations; this is especially true of certain sectors. As the demand is higher than what has been assumed the tariffs can become over-generous. This issue would need to be considered as a matter of urgency. The email from Janette O'Hagan (DT1/14/0088268) is also relevant to this point, where applicants could over-use technologies for financial gain. Again CEPA had advised in their 2011 analysis that this wouldn’t be the case. The solution would be to "tier" tariffs, where a certain tariff is provided for the first 15/20% of use and then another lower tariff is provided for the rest of the heat use. This is used in GB tariffs. Certainly this should be considered for biomass under 100kW as a matter of urgency. This has been discussed briefly with Edmund Ward and he advised that Ofgem would be able to implement without too many changes to existing systems.

- **Budget** – the initial budget was for £25m until March 2015, this came with correspondence with HMT that payments made under the initial funding would be covered in future years (DT1/11/0044780). DECC have received a budget of £430 for 2015/16, a DETI share of this would be the order of £10-12m however no confirmation has been forthcoming. Correspondence from DECC has suggested the money will be provided to NI from HMT (DT1/14/0061088). Finance are aware. In future years a more joined up approach with DECC may be sensible regarding budgeting i.e. a single UK budget covering both schemes? In terms of admin budget, the expected costs of Ofgem is expected to be £260k – a bid has been submitted as part of June Monitoring. These costs are based on 3% of GB costs. Ofgem are scheduled to submit a “change control” to current protocols to confirm these costs.
2. **Renewable Heat Premium Payment (RHPP) - Domain for Customers**

**Overview**

- As the RHI scheme covered non-domestic applications only, it was agreed to introduce a short term grants scheme for domestic customers. This was done with the intention to introduce a longer term Incentive mechanism (similar to RHI) for domestics in the future. Those availing of the grant would remain eligible to apply for the incentive mechanism when introduced.
- The Renewable Heat Premium Payment (RHPP) scheme was launched on 24 May 2012 and provides a payment to householders wishing to install a renewable heat technology in their home. The value of the support is fixed but varies depending on the technology:
  - Air source heat pump - £1700
  - Biomass - £2500
  - Ground source heat pump - £3500
  - Solar thermal - £320
- To date [12.5.14] there have been over 1700 applications, 960 of these had led to an installation being made and 800 have received payment. DETI has paid out £1.6m on this scheme in total.
- The most popular technology is biomass, accounting for 50% of applications / Installations. Solar thermal accounts for c30%.
- The scheme is administered within the Branch, with the EOI and EOI’s responsible for recording applications, checking eligibility, raising queries, carrying out visits and processing payments. Payments are authorised by the 2 DPs.
- Claims are checked (as per the procedures manual). The % of sites to be visited was agreed with Trevor Cooper and Audit at the start of the scheme. The branch maintains a pivot table to monitor how the Branch is performing regarding the number of site visits.
- Once the position is finalised on Domestic RHI the closure of the RHPP will need to be managed.

**Useful reading / documents**

- Terms and Conditions - DT1/12/0070156
- Information and Guidance - DT1/12/0070157
- Application form - DT1/12/0130587
- Application procedures - DT1/13/0022901
- Claim checklist - DT1/12/0114082
- Visit analysis - DT1/14/0051546

**Current / emerging issues**

- As with any grant scheme there are a number of issues relating to eligibility / applications to be aware of (Dan can provide verbal briefing). Some of these include;
  - **Greenhouse NI** - An Installer installed a number of technologies despite not being appropriately accredited under the Microgeneration Certification Scheme (MCS). The installer advised applicants he was MCS accredited however it was discovered on
application that this wasn’t the case. Applicants who installed before the installer was
MCS have been informed they won’t be eligible for the RHPP but may be able to apply
for domestic RHI. Trading Standards (Nikki Craig) have been involved in dealing with
complaints and are currently taking the installer in question to court.

- **Angus Orlingo Boilers** – A supplier notified Dan Sinton that a boiler, to which he was
sole UK distributor, had been installed in NI on a number of occasions without it being
supplied by his company. His company purchased the boiler from Polish suppliers and
had it accredited under MCS. His accusation was that NI suppliers had purchased
directly from Poland and installed in NI. As the boiler didn’t come through his company
it wouldn’t be MCS accredited (despite it being the same product). The team have
visited a number of Angus Orlingo boilers – it is very difficult to tell whether the boiler
installed is from the UK company or Polish suppliers. All appropriate documentation has
been supplied by applicants for these installations.
3. Phase 2 of the RHI

Overview

- As the Initial RHI was focussed primarily on well established technologies and did not cover the domestic sector, it was agreed that a second phase was required to consider innovative technologies and long term support for the domestic sector. This is similar to the approach in DECC.
- The proposals for Phase 2 were developed using independent economic analysis carried out by CEPA/AEA. This analysis informed a public consultation that took place between Jul -- Oct 2013. 50 formal responses were received.
- The proposals had three main elements;
  - Introduction of a domestic RHI, payments to be made over 7 years with an element of upfront support. Payments would be made on a 'deemed' basis.
  - New technologies/tariffs in the non-domestic sector. This included large biomass, biomass/bioliquids CHP, ASHPs, deep geothermal and district heating.
  - Technical amendments to the Regulations on issues such as metering, air quality, biomass etc.
- The responses were analysed and final policy on domestic RHI scheme agreed – this is subject to Casework Committee and Ministerial approval.
- DECC have launched their domestic RHI (April 2014) but are still to confirm their position on the non-domestic elements.

Domestic key issues

- Some policy (Dan can advise further) issues for finalisation include;
  - Treatment of systems with combined capacity over 45kW
  - Capping payments at £2000 to prevent over-payments
  - Treatment of swimming pools
  - Commissioning vs Installation i.e. MCS requirements
  - Standards for bioliquids
- Casework to be arranged with Eugene Rooney (or PS). Papers required are;
  - Letter from David Thomson
  - Synopsis Paper
  - Business Case
  - CEPA Analysis
  - Risk Register
- First draft of legislation is prepared but to be finalised pending casework and agreement of policy issues. May also need to consider whether these Regulations impact on the existing non-domestic Regulations and should changes to the non-domestic Regs be enacted by these new Regulations. For example;
  - Treatment of domestics over 100kW
  - Metering Issues
  - Relocation of plants
Following Casework approval a submission to Minister will be required. This would include issues such as;
- Final policy for approval
- Briefing for ETI Committee (and SL1 if possible)
- Timetable for Introduction
- Press Release

To launch scheme an appropriate IT system will be required and guidance documents for applicants.

**Domestic RHI reading / papers**

- CEPA Analysis work - DT1/13/0111260
- Public consultation - DT1/13/0111258
- Overview of responses - DT1/14/0032062
- Overarching policy document / response to consultation - DT1/14/0083031
- Casework guidance - DT1/14/0089729
- Business Case - DT1/14/0067766
- Synopsis - DT1/14/0082995
- David Thomson letter - DT1/14/0082515
- Risk Register - DT1/14/0082983
- Information on GB scheme

**Non domestic key issues / papers**

- Phase 2 consultation included proposals to expand the scheme for new technologies including:
  - Biomass over 1MW
  - Biomass / Bioliquid CHP
  - Bioliquid
  - ASHPs (air to air and air to water)
  - Biomass Direct Air
  - Deep Geothermal
- DECC have preliminary advised that they will not be taking forward plans for support for air to air heat pumps, biomass direct air or bioliquids.
- DETI also proposed an ‘uplift’ tariff for biomass fuels district heating schemes.
- In addition to policy options on tariffs / technologies, there is also a need for technical issues to be considered including:
  - Biomass Sustainability i.e. sourcing of biomass / imports – mostly significant for large systems but DECC have begun the introduction of a “supplier” list for all sizes.
  - Cost Control or Degression
Air Quality – need to ensure RHI doesn’t impact negatively on air quality, however GB levels are very stringent and reflect that natural gas is being displaced in GB rather than heating oil. Stringent targets might have impact on biomass production in NI. Key contacts are Bruce Harper in DOE and Nigel Moore (DARD), Terence Patton (DARD) and Chris Johnston (AFBI).

- Relocation of plants.
- Changing definition of complex metering.

Final decisions are required on technologies to be supported, tariffs and eligibility standards. These policy decisions will be need State Aid approval.

- There is also need for further liaison and consideration of DECC final proposal’s to understand linkages.
- Existing Regulations will need to be amended based on policy changes.
- Any changes will also need to be considered by Ofgem and there will be an associated cost – Ofgem had previously advised that they would need to scope operational changes once policy was confirmed, the costs of this scoping would be in the order of £80k (not currently in budget line).

Reading / Papers

- CEPA Analysis work - DT1/13/0111260
- Public consultation - DT1/13/0111258
- Overview of responses - DT1/14/0032062
- Information on GB scheme
- DECC response to consultations- DT1/13/0204229
Mr Aiken: Can you remember any discussion with her about those items?

Mr Hughes: No.

Mr Aiken: You just don’t — you don’t remember. There may have been, but you don’t remember?

Mr Hughes: There may or there may not, but it doesn’t ring a bell with me.

Mr Aiken: Right.

If we then move through to the next page, just so we see the end of the immediate actions, there’s two more points; one is to do with — I think, it’s the firm that were then used to try and —

Mr Hughes: Navigator Blue, yes.

Mr Aiken: — increase business for the scheme, and then cross-departmental groups in terms of meetings. Now, can you remember, having been given this document — and we’ll see you work through the rest of it as we move through it — but the immediate actions page had:

“(by end August 2014)”.

Ms McCay has explained to the Inquiry that she had, before talking to you, already formed the view that she was being — it was unrealistic to think that even the four points that she’d been told she would get to would be got to. Can you remember your reaction to what was expected or implied from this document was expected?

Mr Hughes: Well, I don’t recall actually what Davina might’ve said about that at the time of handover, but, certainly, within a very short period of time, it became very clear that, you know, we were in, sort of, into July and there’s a lot of stuff that was on that list and we certainly weren’t going to get it done by end of August.

Mr Aiken: So, you’ve explained that your understanding was it was domestic scheme —.

Mr Hughes: Yes. The priority that I had coming from Stuart would’ve been the domestic
scheme, finalising on the Carbon Trust loan issue and sorting out the finalities of the data-sharing protocol document with Ofgem. Those were the three priorities.

Mr Aiken: To get —

Mr Hughes: Immediately —

Mr Aiken: — immediately into gear.

Mr Hughes: Yes.

Mr Aiken: Now, I’m going to move through the document a little further, and this is where it starts to go slightly out of order from the version the Inquiry panel will have looked at with Ms McCay.

The Chairman: Did you ever discuss the document with Stuart?

Mr Hughes: Um, I don’t recall actually discussing this document, no. I can’t recall that. As I say, the issues, certainly that I’ve mentioned there, were discussed and were agreed the actions on, but I don’t recall any discussion in the branch on the actual document, no.

The Chairman: It’s just that when you say you were given three priorities by Stuart —

Mr Hughes: Yes.

The Chairman: — and you had this document that was headed, “immediate action by end of August”, it didn’t occur to you to say, “Well, thank you for the priorities; what do we do about this?”?

Mr Hughes: No, I —. Hindsight’s a wonderful thing, but I didn’t at the time think of —.

Mr Aiken: If we move through to the next page, please. So, this is where it’s gone slightly out of order. The communications page would’ve been slightly later in Ms McCay’s version.

Mr Hughes: OK. OK.

Mr Aiken: But you have highlighted various bits. And then, if we go through to the next page, please, some further highlighting to do with the communications issue and:

“Navigator Blue”.
And then we move through to the next page. Now, this would be the first substantive page in Ms McCay’s version that the panel will have looked at, and you can see you’ve highlighted — if we just maximise that, please:

“Cambridge Economic Policy Associates” —

CEPA — and then you’ve got:

“Sandra Thompson”.

And if we just scroll down then, you’ve got:

“Useful reading”.

And then we have annotations where strike-throughs have been added and ticks. And then you’ve got one annotation on the right-hand side towards the bottom about weekly Ofgem reports:

“Can’t access” if I’ve interpreted your handwriting.

Mr Hughes: Yes, that is my handwriting.

Mr Aiken: What I want to ask you about this is: does that mean that this document stayed out on the desk and, as you worked through the material that’s listed, you tick off or strike through that you’ve read it? Can you just explain these annotations?

Mr Hughes: Yes, those annotations there, when I would’ve received a document, over a number of days or possibly even more than that, I would’ve looked at those documents, and when I have looked at them, I’ve obviously ticked them off as having looked at them. Beyond that, I wouldn’t have used that handover note as a reference point in the sense that, by that stage, I was given my priorities in terms of what Stuart wanted done. That was reflected in my personal performance agreement and those were the — that was the focus of my work, which, in effect, took us up to December ’14.

Mr Aiken: But the panel can take it that this set of annotations is a reflection of you
referred to, which is Mr Hutchinson —

Mr Aiken: Yes.

The Chairman: In the handover note dealing with tariffs, he says as follows:

“It is becoming apparent that the payments made to installations are higher than would have been expected under the CEPA modelling. Ofgem (Edmund Ward) has advised” —
on the 13th of May — before Mr Hutchinson left — 2014 —

“the experience in GB and NI has shown that many installations have had a higher demand (time of operation) than had been assumed in the tariff calculations ... especially true of certain sectors.”

Well, you might be aware of that coming from an agricultural background.

“As the demand is higher than what has been assumed the tariffs can become over-generous.”

And that was the point to which urgency was attached.

Mr Hughes: Yes.

The Chairman: Now, it’s clear, for me, anyway, from what you’ve said so far that that didn’t ring any bells with you —

Mr Hughes: No.

The Chairman: — but nobody said to you, “By the way, you’re looking at these

Mr Hughes: No. Nobody said that to me.

The Chairman: Because that would appear to be daylight clear —

Mr Hughes: Yes.

The Chairman: — as to what he wanted done.

Mr Hughes: Yes. No, it wasn’t pointed out to me.

Mr Aiken: Just move right across —

The Chairman: Sorry, Mr Aiken.

Mr Aiken: Not at all, Chairman. If we go down to the end again, so, if we get to 216, and
Mr Hughes: Uh-huh.

Mr Aiken: Now, you’re told that finance are aware —

Mr Hughes: Yes.

Mr Aiken: — of this issue, but, before I ask you some specific questions about that, had you ever dealt with AME funding before when you came into this role?

Mr Hughes: No.

Mr Aiken: You therefore hadn’t come across any variant of AME, any non-standard version and —.

Mr Hughes: No.

11:00 am

Mr Aiken: That all came as a later shock to you. Is that right?

Mr Hughes: Yes. Very much so.

Mr Aiken: And the suggestion in here is that there is something to be clarified over the budget. Can you remember — at the time now I’m talking about, not your later work in 2015 where we get into all about the budget every day — but in the summer of 2014, doing anything about the budget issue?

Mr Hughes: No, I don’t recall anything.

Mr Aiken: You don’t remember. You just got on with getting the three issues —

Mr Hughes: The job in hand. Yes.

Mr Aiken: — dealt with.

And, what isn’t explained here, in fairness to you, is the forecasting mechanism that is used, it seems, or was known by this point to have been used, to forecast and secure by getting a confirmation back from DFP through HMT’s Office for Budget Responsibility, that’s not something that’s recorded here for you to know about the forecasting. Now, Sandra Thompson’s name is mentioned, and in coordination, and you obviously didn’t know her
when you start, but you got to know her, and that was the person within energy division that
you would’ve talked to about finance-type issues.

Mr Hughes: Yes, that’s right.

Mr Aiken: So, at a point in time, you would’ve learned about forecasting and AME and so
on.

Mr Hughes: Yes.

Mr Aiken: Do you remember at what point that was?

Mr Hughes: I can’t recall, to be honest.

Mr Aiken: You don’t. But certainly not when you were —.

Mr Hughes: Not at that point in time, no.

Mr Aiken: And this note doesn’t raise that as an issue.

The other and very serious matter now that the Inquiry’s looking at that this note, in
fairness to you, doesn’t appear to deal with is the monitoring of the non-domestic scheme.

Mr Hughes: Yes.

Mr Aiken: So there are various — there’s a couple of pages summarising the RHI scheme.

There’s then explaining the emerging issues that have to be dealt with, and we can see what
they are. And then there’s the phase 2, of which there’s a non-domestic expansion as part,
and there’s various matters raised in there that need to be taken forward that you then do
look at in 2015. But there’s nothing in here that tells you that you’re to monitor and what it
is you’re to monitor.

Mr Hughes: Yes.

Mr Aiken: And we’re going to come to this, but, looking at load factors, fuel prices, did
you know you were to do that?

Mr Hughes: No. That wouldn’t have been pointed out to me.

Mr Aiken: And so consequently you weren’t doing it.
Mr Hughes: No, I wasn’t doing that.

Mr Aiken: And then the other point — and we’ll come to this as a subject later on — that’s not in here is a mandatory duty that was on your Department, and therefore the people working for the Department in this area, under the 2012 regulations — so, it had been in place from November 2012 — to publish statistical information. And, again, that’s not something that’s in the note —

Mr Hughes: No. It’s not.

Mr Aiken: — for you to take forward. And we’ll come back to that as an issue.

Dr MacLean: Mr Hughes, would you have routinely, in your previous jobs, acquainted yourself with any regulations that were relevant to areas you were working in?

Mr Hughes: Um, yes, well, I would’ve done probably in some of the scheme stuff that I would’ve been working on in DARD which may have had an EU dimension or whatever, I would’ve been looking at, yes.

Dr MacLean: Was that something that you had an opportunity to do with this scheme, to look through the regulations to —?

Mr Hughes: Not in any great detail. I certainly would’ve looked at the regulations, you know, at various points in time, going through, and, you know, as I would have read into it, would have gleaned more from it, you know, the more you read it. But, I mean, I wouldn’t have been routinely looking back at the regulations, no.

Dr MacLean: On this particular issue, I can take it that you probably didn’t notice the statutory duty —

Mr Hughes: No, I did not.

Dr MacLean: — rather than that you did and then ignored it.

Mr Hughes: No, we didn’t know. We didn’t know.

Dr MacLean: OK.
Mr Aiken: I think if I deal with it this way, Mr Hughes: there’s a difference between you’re doing a task and you’ve a set of regulations in the background and, because you’re looking at that specific issue, you have a reason to go and look at a particular provision to help your understanding of that issue. That’s one way of dipping into the legislative background.

Mr Hughes: Yes.

Mr Aiken: The other way is: I’ve got these regulations and you start at regulation 1, you read right the way through the 50 pages of them — and the explanatory note might be a good place to start and work backwards. But can I take it that it wasn’t the latter? You didn’t sit down and read the regulations from start to finish.

Mr Hughes: No. Absolutely not.

Mr Aiken: But there may have been, and as your knowledge developed, occasions when you would’ve gone to a particular provision —

Mr Hughes: Correct. Yes.

Mr Aiken: — because of the context of something you were doing.

Mr Hughes: Yes.

Mr Aiken: And, can I — and this picks up on a point Dame Una raised with you earlier, that, in a way similar to Ms McCay described to the panel, you would’ve accessed historical material in response to looking at a specific issue, as opposed to being in a situation where you could systematically start at document 1 and read your way through the 100 documents to get a grasp of the subject I’m dealing with.

Mr Hughes: Yes.

Mr Aiken: I take it, if I were to suggest to you, you should really have started at document 1 and read right the way through to document 100, you would tell me I’m not living in the real world to expect you to do that.

Mr Hughes: Yes. Impossible. Yes.
it and researched it at the time, but once we had moved to the point where my priorities
and my targets were agreed, and my personal performance agreement with Stuart, that
would have been the document that would have been sort of the focus.

Dr MacLean: So, it gets further and further —

Mr Hughes: Yes, yes.

Dr MacLean: — down the pile in the drawer, with time.

Mr Hughes: Yes, yes.

Mr Aiken: I just want to move through the rest of this so that we can get the rest of your
—. And then we’re going to be looking at it again as we deal with some specific issues. But if
we just scroll down. We’ve now got the RHPP, and you’ve annotated that it’s for domestic
customers. So, I think, without meaning any insult, Mr Hughes, and I don’t in saying this, but
picking up on the point that Dame Una made and, for instance, I’m drawing attention to the
likes of:

“Domestic customers”,

the level of your understanding as you commenced this task is close to zero.

Mr Hughes: Abso—. Well, I accept that. I mean, as I have said, I had no background in
energy. It was a totally new role; new work area. Yes.

Mr Aiken: I’m just going to break off from this to say to you: when you came to look at
the CEPA reports, how did that feel first time around?

Mr Hughes: They were and are very, very complex reports, and they didn’t make a lot of
sense to me, to be perfectly honest, on initial reading of them.

Mr Aiken: Just keep —. This is the RHPP page, which is, obviously, going to be superseded
by the domestic scheme that you’re told is 95% there when you come in. If we move
through a little further, please and then —. Now we’ve got phase 2 of the RHI, and let’s work
on the assumption that these highlightings have been added for some redaction purpose at
a later date. If we just scroll down, there’s no other handwritten annotations on this section.

There is a —. You can see the asterisk, if I call it that. Does that look like your style?

Mr Hughes: It’s possible I would’ve done that, yes.

Mr Aiken: And if we move —.

Dr MacLean: Sorry, just before going on, in answer to Dame Una’s earlier question, I think that’s where the public consultation appears in the domestic section.

10:45 pm

Mr Aiken: The further that we go into the document, the ticking-off process doesn’t seem to have been followed through. So, if you were accessing any of the documents that are recorded here, for instance, you haven’t annotated the doing of that.

Mr Hughes: No.

Mr Aiken: But, can I ask you this question: how realistic would it have been for you to take — from you came in — the time out to read all of the material that had been referenced in the document?

Mr Hughes: It would have been impossible and it wouldn’t have happened.

Mr Aiken: Why do you say it would have been impossible?

Mr Hughes: Cos I wouldn’t have had the time to take time out from what I was doing to read into the document and understand what was in it. You know, there’s a lot of documentation there.

Mr Aiken: And from you come in, is there things you’ve got to do; you don’t have a six-weeks period to —?

Mr Hughes: Well, I mean, yes, I mean, obviously, the, we’re back to the prioritisation of the domestic scheme. That was all in train, and those other things. And they were there to be taken forward. So that was the focus of the work. And, really, there was no other, um, scope for downtime to go in and read into documents that may be referenced within that
handover note.

Mr Aiken: If we just scroll further through, please. So, that’s the complete document that we’ve moved through.

Mr Hughes: OK.

Mr Aiken: Now, you explain, in your PwC interview, that you did read the document.

Mr Hughes: Yes.

Mr Aiken: And the Chairman has already drawn attention to the particular point to do with the urgent action and tariffs. And what I want to do is show you the whole document. And then you’ve explained, and your evidence is, that you did read the document. And, however it came about, any importance or priority that should have been attached to the tariff review of the non-domestic scheme, you didn’t identify.

Mr Hughes: No.

Mr Aiken: So, to be clear; it’s not the case that you recognised, “Oh, that’s urgent to do with tariff reviews but I’m not going to do that”, you’re saying you didn’t actually recognise it —

Mr Hughes: I didn’t recognise it.

Mr Aiken: — as something of urgency to deal with.

Mr Hughes: Correct.

Mr Aiken: Now, in fairness to you, I want to draw to your attention, and I dealt with the panel with this issue with Ms McCay, but I’m going to draw it for your, in fairness, attention; what’s not in the document, the 14 pages that we’ve looked at.

It appears that, in the context of the domestic scheme, and if we can scroll back up because they’re slightly out of order, I’m not going to try and —. Yes. If we just keep going back up till we get to the —. If we just pause there, please. So — up one more page. Thank you. So, this is the section that gives you a broad overview of RHI and gives you the reading
that you’ve indicated you’ve gone and looked at. And then, move through to the next page, please. We’ve got then some current and emerging issues in connection with it. And then if we move through a few pages until we get to the domestic scheme as part of phase 2. Just keep going. Thank you. Just pause there. So, we have a list of matters to do with the domestic scheme, and that was priority for you.

Mr Hughes: Yes.

Mr Aiken: That’s what your evidence is to the Inquiry. And it appears that this document did not inform you that, by the time it was authored, it was known, as and from the 19th of February 2014, that the domestic scheme required state aid approval. Did you, at any point, as you engaged with finalising the domestic scheme and getting it through so the regulations were made, realise that this needed a state aid application?

Mr Hughes: I can’t recall at that point. I mean, certainly, I wouldn’t have been because, I mean, we, I mean, state aid to me would have been, you know, relevant to commercial undertakings. The domestic RHI was personal, you know, private individuals. So, it wouldn’t have been, it wouldn’t have been, um, something that I would have thought about, and it, certainly, I don’t recall being brought to my attention, no.

Mr Aiken: Well, it’s something that isn’t in the handover note. We’ll come back to state aid, because Mr Moore draws the issue to your and Mr Wightman’s attention in the context of the —

Mr Hughes: Later —

Mr Aiken: — phase 2 non-domestic matters in 2015 —

Mr Hughes: Yes.

Mr Aiken: — by which time the domestic scheme is already live, but it’s not something that’s in the handover note. That’s what I’m drawing to your attention, in fairness to you.

Mr Hughes: Yes, I know it’s not.
Mr Scoffield QC: Can you remember, then, Mr Hutchinson ever coming to you to say, “The handover note has been completed” or “Here’s what I’ve done with it”?

Mr Mills: I think I do recall Peter saying, “I’ve done the handover note”.

Mr Scoffield QC: And —.

Mr Mills: And I said, “Great. Well done”.

Mr Scoffield QC: But you, on your recollection, you can’t recall saying to him, “Can I see a copy?” or “Can you give me a copy?”?

Mr Mills: No, I don’t.

Mr Scoffield QC: What did you intend that he should do with it? What did you envisage he would do with it once it was completed?

Mr Mills: To use it as the basis for handing over to, as it turned out, Davina, and then it would be available to others that came afterwards.

Mr Scoffield QC: So, in your mind, once it was complete, it would be passed to Davina. She was the stop-gap, as it were, and it would then be for her to disseminate it on to whoever else needed to see it.

Mr Mills: Um, yes, but it would be a record available to those who came afterwards.

Mr Scoffield QC: Can you remember having any discussions with Davina McCay about the handover note and what she had done with it or what she should do with it?

Mr Mills: Not particularly, no. As I say, domestic was the priority at that time.

Mr Scoffield QC: So, was it essentially left to her, then, once she was in possession of it as to how it should be used and passed on?

Mr Mills: Um, yes, I guess so.

Mr Scoffield QC: Did you envisage that it would be put into the TRIM system, or is that something that you wouldn’t have expected to happen?

Mr Mills: I would have expected things to be put in the TRIM system, and I was quite — I
would be usually insisting on things going into the TRIM system. Often, that was because the
TRIM system allowed several people to work on a document, so, with a handover note that
was a one-off, I’m not sure I would have thought of that very much.

**Mr Scoffield QC:** If it transpires that it wasn’t put into the TRIM system and was passed
on in other ways so that it wouldn’t be readily available for someone coming into post at a
later stage who was looking through TRIM for a document of that type, is that something
which would either surprise or disappoint you?

**Mr Mills:** Well, a person would have to — TRIM’s great — but a person has to know that
there’s something there to look for, so putting it on TRIM per se is no, is not going to solve
anything in itself. I mean, whether I would have said to her when Stuart came, “By the way, I
insisted Peter Hutchinson did a handover note, and please make sure you’ve got that”.

**Mr Scoffield QC:** The point you’ve made there is a common-sense point: if it goes into
TRIM and no one knows it’s there or how to find it, that doesn’t really do anyone any good.
The important point is to make sure that it gets to the people that need to see it. So, I
suppose, following on from that, I wonder if you could outline to the panel if there were any
steps that you took — other than ensuring that Peter Hutchinson produced the note — to
ensure that it both got to, and was read by, the people who needed to see it next.

**Mr Mills:** Well, I’d like to be able to say, yes, I’d made — I’d said to Stuart Wightman and
Davina, “Have you got Peter’s handover note?”, but, in truth, I can’t remember. It would
have been a common-sense thing to do. I —.

**Mr Scoffield QC:** Is that something you think you probably did do, or something that you
can’t recall and you can’t say either way, or something you think you probably didn’t do?

**Mr Mills:** I can’t recall if I said it or not. I had, you know, I would have agreed the priorities
with Stuart in the form of a PPA and made sure —. Well, I did a presentation to the whole
division on the new divisional plan in June, including to those who were arriving. So I would
have done that general thing and then, specifically, I would have agreed a PPA with — a
personal performance agreement — with Stuart Wightman.

Mr Scoffield QC: You mentioned earlier that you have no recollection yourself of seeing
or reading the handover document at the time. Have you any recollection of discussing it
with either Stuart Wightman, perhaps in the context that you’ve just mentioned, or Seamus
Hughes?

Mr Mills: No, very unlikely I would ever have discussed it with Seamus. And I don’t
particularly have a recollection of discussing a handover note with Stuart. As I say, when
Stuart immediately came in, the priority very much would have been, “We’ve just had the
domestic RHI casework, we need to follow up, we need to get that done”.

Mr Scoffield QC: And that, as we’ve explored previously, was the priority and the
direction of travel that you had in the branch at that time.

Mr Mills: Yes.

Mr Scoffield QC: I’m just wondering how we can square the fact that you, on your
evidence, had been eager for Peter Hutchinson to produce the note. You requested him to
do it, you checked up that he had done it, and then you don’t seem to have taken any
further step after that to ensure that the important information that it contained and the
priorities that it contained were then picked up by his successors and acted upon.

Mr Mills: OK. Fair enough. I guess I would say that, if, in hindsight, that was regarded as
the document that has the seeds of the warning of what would eventually happen, then it
goes back to the fact that I wasn’t — I wouldn’t have been looking for such a risk. I would
have — my mindset was at the time: underperforming, slowly, not going as fast as we want
to achieve on the RHI, maybe not going to get the 10% target by 2020. And so I was not
looking for anything dramatic. The divisional plan had just been agreed, so it should have
been up to date as for the major things that needed to be done. So I wasn’t looking for
you were more familiar with, as it were, from your background.

Now, the key point that you wanted to explain to the panel is to do with summarising what those two years in energy division that you spent — I appreciate there’s a smile creeping across your face, but can you try, from a high level, to explain what the message is you want to convey of that two years that you spent there?

Mr Wightman: When I look back now, it was just a — it was just a blur. It was so busy. I just — we just felt as if it was just constantly firefighting from one issue on to the next. And my experience in policy — you try to be proactive; it just seemed to be reactive the whole time. Now, obviously, the — we’ll probably come to it, in terms of resources and trying to get resources, but, obviously, all you can do is escalate your concerns and then just basically keep the head down and get on with the next piece of work. So it was very challenging that way.

I’ve never come across, you know, in a policy area in particular, where you were just moving from one immediate action on to another immediate action on to another immediate action. So it was just — and, even now, I can remember stuff from my time in DRD. When I look back at that two years, it’s just — it is literally just a blur; I was so, so busy. That’s you know, just to give — to set some sort of scene.

And one of the things that maybe hasn’t come across — there’s been a lot of talk about resources, but the impact those resources actually had at the branch level. You know, telephone calls: the telephone calls were numerous. The telephones never stopped. Seamus, who gave evidence a couple of weeks ago, was constantly on the phone. It’s just to try to get that context of — you’re trying to do policy work, but at the same time you’re constantly taking phone calls from people, so —.

Mr Aiken: Well, that may be because, amongst other things — the panel will have to reflect on this — you were not just doing policy any longer.
Finance Branch. In 1992 I transferred to Roads Service Headquarters to work on a new Accounts Payable project. I remained there until December 1994 when I transferred to the then Department of Agriculture, (later Department of Agriculture and Rural Development at Loughry College. I remained at Loughry until early 2001 when I was successful in promotion to DP and transferred to DARD Rural Development Division working on the Peace II programme. On conclusion of the Peace II programme of work in June 2007 I transferred to Farm Policy Branch, Dundonald House Belfast. I remained in this post until I transferred to DETI, Energy Division, Netherleigh on 30 June 2014. I remained in post within Energy Division RHI Branch until I transferred to GSNI Minerals and Petroleum Branch on 6 February 2017.

3 I joined the RHI Branch on 30 June 2014, having been successful in an opportunity advertisement as Deputy Principal working to the Grade 7, Head of Branch and remained there until 3 February 2017. During the period July to December 2014 I worked mainly on the Domestic RHI, (probably around 90%), and thereafter my time was split roughly 50/50 between the Domestic and Non Domestic Schemes.

4 Upon joining the Branch, on the same date as my Line Manager, (Stuart Wightman, Grade 7), I was informed by him that the priority was to work on the introduction on the Domestic RHI Scheme and also to take forward two specific issues on the Non Domestic Scheme, namely the handling of Carbon Trust Loans and the development of a Data Sharing Protocol with Ofgem.

5 In terms of staffing responsibilities, I initially had a part time EOI and two part time EOII’s, who worked solely on the Domestic RHI side with some limited access to a staff officer who didn’t report to me. At a later stage approval was obtained for a

Statement of Truth

I believe that the facts stated in this witness statement are true.

Signed: 

______________________________

Dated: __________2 June 2017 __________