

Notes of interview
Monday 16th January 2017
 Peter Hutchinson

Attendees:

Name	Initial	Company
Peter Hutchinson	PH	-
Clare Kennedy	CK	PwC
Keith McMaw	KMcC	PwC

Meeting notes:

CK	It is just coming up to 11 o'clock on Monday 16 th January 2017. It's the second interview of Peter Hutchinson who is in the room and also Keith McMaw and Clare Kennedy from PwC. So Peter for the record can I thank you for coming back. I do very much appreciate it and hopefully this interview will be quicker than the previous one but we are just very interested in your thoughts and maybe since the last time, clearly you have had more time to think things through and maybe some details will be clearer so we are just grateful for anything that you really can add to helping us establish the facts at issue. If you do need a break at any stage Peter please just let us know and we absolutely will pause the tape and just as previously can I just ask you Peter to keep the content of the interview confidential because we still have some more to go.
PH	Yes.
CK	So the first area that I want to take you back to Peter is around the actual scheme funding and your understanding of the nature of that funding and because actually when we asked you that previously it was our fault that we didn't drill down hard enough into it and just to try and understand. I think that you had sort of mentioned that there was a risk to the scheme but in terms of it being AME or DEL or non-standard AME what was your understanding at that time of what it was specifically?
PH	I suppose if you remove the terms of AME, DEL or whatever my understanding and the understanding of the team was that it was there was very clearly a profile of the spend so £2m, £4m, £7m, £12m that you had to stay within those limits on an annual basis that any underspends on an annual basis would be lost. Any overspends would be recovered in the following years and any commitments made under that initial £25m would be then covered by Treasury for the full life time of the scheme so if you were spending £12m in year 4 then there was an assumption that that £12m would carry on for the 20 years.
CK	So this if for the grandfathering nature of it?
PH	Yes well the grandfathering of it and yes once you were in the scheme, Treasury then had guaranteed that they would be paying for the ongoing payments if you like and the scheme is grandfathered obviously and that was the same as the NIRO in terms of how that operated. Yes I remember it was classed as AME in the letter from the Chief Secretary of the Treasury to OFMDFM in 2010; it was classed as AME. There was correspondence between ourselves, Treasury and DECC finance to sort of understand how that would all work and I think that they were all recorded and saved. Then after

	<p>that £12m stopped, I think then we wouldn't be sure what we would get and I think CEPA then modelled a few different options about what it might look like though I think in the policy consultation we would have said that the scheme was opened until 31st - I can't remember whether we said it was open until March 2015 or 2016 or if we said look this will be open to 2020 but with a break point or whatever. I think because we knew our budget was until 2015, sorry I'm getting confused in my years, 2015 we might have said something like and caveat it you know we expect this to be open to 31st March 2020 however we only have budget until 2015. Because of you know that kind of risk of overspend and underspends, we did consult in that cost control mechanism which would have provided some comfort if you like if things started getting out of hand if that was in place. The one thing that we should say is we started a year late compared to GB so what we should have been spending the year that we should've been spending £2m we actually had a £4m budget or something like that or the year that we should've had a £7m so there was always that slight buffer in our minds anyway which is slightly protective but that didn't mitigate the need for some sort of cost control though we consulted as in the July 2013 and that was shortly after DECC had introduced degression in their scheme.</p>
CK	<p>Sorry I'm interested and obviously I'm not a civil servant so some of these terms I may not necessarily understand them all but whenever you talk about this letter having come from the Treasury to OFMDFM it classed it as AME. Did it draw it out as being non-standard AME because I guess we are using the term non-standard AME so obviously there is DEL, there's AME and our understanding of the scheme primarily from the Alison Clydesdale email in 2011 was that it was non-standard AME.</p>
PH	<p>I don't think it would've done in that letter I think that it was a very short paragraph which basically said we are introducing the scheme in GB you can have £25m over four years and I think that it did give you the breakdown of £2, £4, £7, £12 and I think it talked about AME but I don't think it said non-standard or anything like that, then I think Alison did some further emailing Treasury contacts or emailing DECC and that's where that issue of yes its £25m but things are guaranteed for the 20 years came up I think that was a John Parker email from Treasury and then that issue of how these underspends - I mean we emailed DECC finance to say look how are you managing underspends or overspends because obviously it's a demand led scheme and how do we control that and I think that they said that that's where that came up, oh underspends are lost overspends are recouped. I think that came from DECC finance team then.</p>
CK	<p>Recouped from where?</p>
PH	<p>From the following year. So basically I think that's what DECC finance would have said so if your budget is £12m in one year and you spend £13.5m then that extra £1.5 is taken of your budget for the following year. I think that's what DECC finance would have said. That would have presented difficulty because if payments are for 20 years and people are in the scheme then any underspend or any overspend in one year would have had a run on effect in my mind anyway that if you overspend significantly in one year then that's going to continue on for the 20 years unless you have remedial action to either reduce the amount of people coming into the scheme or cut the tariffs.</p>
CK	<p>So you wouldn't necessarily have seen the risk of an overspend being against the sort of the NI block grant?</p>
PH	<p>No I think it was. I think that's in the emails as well from DECC finance that the overspends against is recouped by us now again I say that and I'm trying to think do I know that because I read the emails you know with yourselves a few months ago or....</p>

	<p>But no I think it was clear to us that it wasn't... if we were overspending then it would have an impact on our budget absolutely and that's why we brought in costs, we consulted our cost control measure in 2013 because DECC had done their degression model in 2013 a couple of years after they had launched and we thought we need to do something similar because I think that in that consultation we talk about the budget as finite and we can't overspend which is slightly different from the NIRO model where it is coming out of the consumer - it's coming out of bills if you like but this is a finite budget that we need to control and the model we have in the 2013 consultation was really just a simple model of protection more than anything else. It wasn't sophisticated like the degression model but degression could've been brought in. I think you know to do some sort of degression I would needed to have engaged with economists or to understand what were the trigger points should be but certainly in the absence of that, having a system where we just close it down or we give trigger points or warnings to people seemed a model that would give us some protection at that stage.</p>
CK	<p>And I do want to come on to that consultation period later. Just to be clear in terms of the risk of overspend so from Alison's emails in 2011 you would have understood that the risk of overspends would have been to the NI budget?</p>
PH	<p>I'm not sure whether it's her emails or my emails to DECC finance I think that her emails to Treasury might have been more to deal with - I'm not sure if they got into that level of detail. I think that I would have had a couple of emails to DECC finance on that point and I think that was probably where those more specifics go into because I suppose DECC are managing the scheme for GB and we were in a similar position, whereas Treasury were saying to Alison, 'look you have £25m providing you stay within that limit for the four years then that funding is guaranteed and then after the next spending review then we see what happens and see what level of budget is post that', but I think it was my emails or Joanne's emails or maybe it was Alison's emails, I'm not quite sure, to DECC finance team who drilled into more of the 'right what happens in this scenario, what happens in that scenario'.</p>
CK	<p>Ok because if I read this is Bernie Brankin's email to Alison so this is 3rd May 2011.</p>
PH	<p>Sorry I forgot I had the email.</p>
CK	<p>It is there. So 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, and then she is obviously pointing out the risk and the challenge, and then you have Alison coming back to you actually the next day, saying you know we will require evidence of your ability to control the scheme, obviously highlighting the financial risk, so before we started the tape you know you were talking about free money and this perception of it being free money because there was no risk to the NI budget, as such, but you were clear in 2011 that if we could use maybe our language it was non-standard AME, or is that making it too simple Peter? You tell me?</p>
PH	<p>No, no, you are right to think AME, DEL whatever it was money that we had in our budget and if we spend too much of it then there are consequences if we don't spend it then we lose it is basically how we that's any money. Yes free money is not something that I would have recognised, I don't think it's an accurate term for any type of money I suppose, but I think the fact that we had those cost control measures consulted on in July 2013, was a demonstration that we knew it wasn't free money, we knew there were risks, we knew there was consequences, and we knew we had to stay within that certain profile. As I said, you know starting a year later should've given us some... a buffer zone if you like because we are always tracking a year behind</p>



	GB, and if we were taking 3% of their spend then that should have been provided some sort of comfort.
CK	So whenever there are the emails that I think you are referring to, and you should have them in your pack as well Peter, so it's between yourself and Miss Achill Patel, the levies framework manager at DECC and also a girl at the finance in DECC on 8 th June 2011, so you are asking a couple of questions regarding the funding procedures for RHI and one of the specific questions you ask relates to AME and you are saying 'I understand that your funding is classified as AME how would you manage against overspend in your budget?' So when you are asking that I guess that... when you read it cold it doesn't necessarily come across as if you are appreciating the risk that's there to the NI budget.
PH	Sorry I don't have that email.
CK	Oh sorry.
PH	No it's ok.
CK	But what you are saying is that you did?
PH	I don't know if I'm asking how do you manage overspend , then surely that is some sort of risk? I don't know if it was free money would you care about an overspend? Obviously we did care about an overspend and I think that it was £2, £4, £7, £12 meant that we were very clear in terms of, ' right we can't breach that this year ' and CEPA would've built that into the model in terms of like this is how much you've got to spend initially and if DECC had just said here's £25m over the four years there is no particular model, there is no particular profile, and if you overspend we will bear that risk, then we wouldn't have worried so much , or we would have asked questions but I think that we were always fairly clear and take away the terms AME, DEL that it was a budget and budgets needed to be managed in a certain way and therefore it was appropriate to ask those questions about how do we manage this and Alison's right in that email, it was always going to be difficult, or there was always going to be a risk and that's why whenever we worked with CEPA we tried to build in that constraint into the model that we can't spend any more than this – we can't spend any more than this by year 4 and that's why it was always subject to review and revision because the tariffs in 2012 may not be appropriate for 2014 and things can change over time.
CK	Ok. So your understanding Peter is that team 1 so yourself, Fiona and Joanne essentially were clear that there was a risk of overspend to the ??
PH	I think that is also a point you know my handover note talks about one thing that I had in my mind as I was leaving, was that there was that risk there and was a UK budget more appropriate, I think that I raised that in my handover note, maybe the team who were taking over would like to have discussed that with DECC - do you have a joint budgeting process or a joint funding process because that would mitigate the risk in some regard. Obviously our budget is small, a lot smaller than compared to GB but we still have the complexity so maybe there was the greater risk of an overspend on our budget compared to GB.
CK	That's interesting actually because Keith do we have Peter's handover note because?
PH	I think that I probably have it.



CK	I must admit that that didn't come out of it for me that sort of nuance about the source of funding.
PH	You know you are always wary about these things, and so, yes in my handover note.
CK	I'm sorry and obviously the only reason I am going into this in so much detail you know, Peter, is because the new team obviously seems to have lost this knowledge.
PH	So in my handover note there is a bullet saying 'budget'. So the initial budget was for £25m until March 2015; this came with correspondence from Treasury. Payments made under the initial funding would be covered in future years and then I refer to a TRIM document which I assume is a John Parker email. DECC have received budget of £430, there I'm assuming they are missing an 'm' sign so £430m for 15/16 a DETI share of this would be in the order of £10-12m, although no confirmation has been forthcoming. I think at that stage we were working with Treasury, or maybe finance, to say look are we getting or to say when is this money coming and that's my point about you know maybe in our first, whenever we agreed the final policy we said this is up until March 2015, because we didn't know DECC planned ahead and said we've got this up and running until 2020 because they must have had a bit more confidence that Treasury would fund them until that point but we didn't know. Correspondence from DECC has suggested that the money will be provided NI from Treasury Finance are aware. Then it goes on in future years, a more joined up approach with DECC may be sensible regarding budgeting ie a single UK budget covering schemes? In terms of admin budget as expected and then it goes into the Ofgem costs of you know the sort of admin costs but I think it was all even at that stage, even then you could see that it was going to get complicated, you know even though there was a person working in our finance team in the division, and you could see how much of her time was being taken just recording payments and things like that and that's probably why I've thrown that line in there saying, look have a conversation with DECC about a joint budgeting, they had their resources, they had a lot of staff. Could they have managed our bit of the budget themselves and then that would have given us a bit more protection because if their budget is £430m and ours is £10m, you know if we overspend by £1m you know we are in big difficulties whereas that £1m could have been subsumed with the DECC underspends because I think at that stage they were, especially their first four years, I think that underspent every year and I think that that £430m was sitting in the year lower than what they had initially expected when they designed the scheme, I think that they were talking more £600-£700m than 2015/16. So a joint budgeting process would've helped us.
CK	And I understand that I guess it's not specifically bringing out the point that it's .
PH	No it's not saying if you overspend – maybe it's just assumed maybe we thought that this is a given and any money has an underspend and an overspend and that's how you manage the budgets and your initial point of view should be well our budget's £12m we need to stay within that £12m.
CK	Yes and which is the much bigger picture.
PH	Which is and certainly from the John Parker email that was the picture because you have to stay within that £25m because that's what Treasury will guarantee. It won't go any further than that and that was our funding envelope if you like.
CK	We will actually go back and look at that handover document and that link that you have around that piece and just see what was said because you know you have the new team coming in who essentially have said we just thought it was AME you know we didn't see that there was a risk to the block grant because it was AME in our budget line and actually you know in no documents that they had seen was it

	specifically called out. Do you know they could see that yes of course there was going to be an underspend there is going to be overspend it's a demand led scheme but you know it's just that they thought you know that Treasury would cough up and to be fair to them Peter and I'm interested in your thoughts if we look and we have at the casework committee minutes if we look even at the strategic paper that went up to DFP and if we look at the specific risk register which was set up around the scheme like nowhere does it specifically call that out.
PH	I suppose just in our mind there was a profile spend and you stick to that profile.
CK	Regardless.
PH	Yes regardless if its AME, DEL or whatever it's £2, £4, £7, £12 you don't breach those £2, £4, £7, £12 under £25m in the first four years and then there was those emails from DECC finance which gave us that comfort, it gave us that understanding that whenever we went to CEPA were saying to them this is how you design the scheme. If it was you don't care what you spend then you would have been going to CEPA and saying well just give us the most generous scheme you can possibly do which is not what we wanted. We wanted something which was proportionate and based on the GB scheme in terms of the methodology and it also if you thought it was free money it goes back to well why would we introduce, why were we consulting cost control, why would we want cost control, why would we review it if it was free money, why would you care? Why would GB have degression, why would GB have all of these schemes to try and make sure that all the costs were borne down? We... yes that's my point of view that you know the budget... the profile was clear we spent to that profile you don't breach that £25m that was all in whenever you go to the business case it was £25m, it's not carte blanche to spend whatever we want here and DFP, whenever they approved it that they said that's fine but you have to do a PPE or a review at the end of the first four years so those things were built into it from our point of view but yes we didn't spell out this is a funny type of AME that no-one has heard off before , that it was, there was a risk of overspend and this is how we manage it, there is a risk of not getting funding into it, I think that one of the risks was....
CK	Yes I know it is absolutely.
PH	It wasn't just set it up and forget about it.
CK	No and I'm not saying it is , it is a benefit of hindsight, Peter, but I totally understand but looking back now would you have expected that risk to have been called out more clearly in some of the documents we've talked about for it to be like a specific risk in the register.
PH	A risk of confusion over the type of budget?
CK	Yes, over the type of budget because you know the fact that you know it is hindsight so you now have Team 2 and there has been a lot of talk about free money they didn't see the risks so should that have been a specific risk that the cost was to the NI block grant?
PH	I don't know my starting off position in any kind of budget would have been this is how much you've got so you don't spend any more than that and I'm not aware of how uncommon this type of budget is, I'm not aware of how common AME spend is , I've never had any AME spend before on any other type of work so it's always this is your money, if you don't spend it then we are talking it off you and if you spend too much then you are in big trouble and that's just how it is. So I don't understand if something is free money why would you have a profile? If you can just spend what you like, why would someone say well here's £25m but you can spend whatever you

	like? Why did you tell us we've got £25m then just to tell us we can spend what we like? You know there is that sort of... and again it goes back to if you have £25m but you can actually spend what you like why would you introduce cost control? And why would you consult on it? That consultation, I'm pretty sure I wrote the words this budget is finite. I think those words are in there.
CK	Well I guess every budget is finite isn't it?
PH	Well unless it's free money and you can spend whatever you like. You know and I don't have access to that, but I think that I might have said in that consultation maybe that the risk is the finite, you need to check that Phase 2 consultation document what we talked about in cost control. I don't know if I said in that the risk is to the block grant.
CK	Sorry, I have it hear.
PH	Oh you've got it. If it's not in the first paragraph then it probably won't be there because.
CK	It's not in the bit that I have in front of me Peter but we will go back and look at it. It's basically saying DETI's proposing to introduce cost control measures that would ensure budgetary levels won't be breached and to remove the need for emergency reviews or reductions in tariffs at short notice so again it.... Oh the RHI is different in nature to the NIRO in that there is a finite budget for new installations and these budget limits cannot be breached. You know it's not calling it out specifically.
PH	Yes well I suppose the budget limits cannot be breached. I don't know. In my mind, again it goes back that was just in our minds that it was the profile, was there, and we spend to the profile and we did not breach the profile, it was not we never, and I hope in any documentation that I ever wrote, that I never referred to it as free money and I never wrote we don't care about a risk of overspend here. I think if you read the papers and you read the risks you should've been fairly clear without... if you read the papers and read the risks, read that bit of cost control to the GB scheme, without anyone telling you what type of money it was, I think you'd have a natural understanding that we don't breach the spending limits. Maybe you have that and then someone says but its AME and they go, well forget about it its AME. I don't know if that's... but again as I say AME, it was money, it was in a profile and we had to spend to that profile and that's how we designed the scheme to that profile and that's why we talked about cost control because we didn't want to breach that and why reviews were important and why the tariffs would probably come down over time as well, and that was the GB scheme, and that's an arrow and things come down after a while, you know you just don't let it....
CK	So if we look at the scheme risk register now, correct me if I'm wrong, we have a copy of well we only have one copy of the risk register which is that one, but we haven't seen any further updates to it or anything but we will come to that in a wee minute. We talked about the fact that it doesn't call out non-standard AME in it – it doesn't actually call out the fact that you need re-approval or that approval from DFP was only given in 2015.
PH	Yes.
CK	Why was that Peter?
PH	I don't know, I'm just trying to look and see, to see if it was covered in any way. I don't know. I think we were looking at the risks to performance of the scheme and risks of not achieving the target so those, or the risks not acknowledging the target



	and the risk of mal administration, if you like, and we haven't put a risk of failure to receive, you know, but I suppose this was in 2012, and that was in 2016, so it may be that they were not thinking that far ahead, I don't know maybe we didn't see it as a significant risk if it was approved once. The business case was there on record and it's for the four years as far as I'm aware or it was for the £25m anyway so....
CK	Yes it is time bound.
PH	Yes so the business case is for the £25m anyway so again assumption would have been if you got more money, and it was new money, and you would look at now how you were going to spend it again and you'd need to look at how the first £25m was spent before you decide how you are going to spend the next tranche of funding, but it is not there and I don't have a.... I don't know of any other schemes that you would say that would be marked as a risk or not, we've tried to look at the risks of the scheme failing if you like in that first four years and that's where we focussed on so we are not going to get state aid for that – that's a thing that we don't meet the target so we are looking at the first four years and we are setting the risks for that first four years.
CK	And who actually wrote that document?
PH	Again I think probably with a lot of these things I might have done the first draft and these things are all done within a process.
CK	Like our own reports.
PH	Yes, so I don't know myself, Joanne, Fiona maybe others in the team, Dan and co, might have sat down and talked about what the risks might be and we would've then, I would maybe have drafted the first draft and they would have looked at it and said we will put this in and take that out or whatever it might be. I think CEPA also looked at risks for us because that is part of the 10 steps of NIGEAE or whatever it might be.
CK	NI what?
PH	Northern Ireland Guide Expenditure and Appraisal and Evaluation NIG
CK	Is that the green book?
PH	Yes, it was the Northern Ireland version back then anyway. The Economic Appraisal that CEPA did had to be to the standard, the green book and NIGEAE.
CK	And it was cutting out risks.
PH	Yes. So I think they looked at risks. So they might have had. They probably had five or six risks looking at the performance of the scheme. So they might have looked at risk of impacting the gas network or risk of overspend. Things like that, and then we probably added in a couple, to do with more the kind of the business – so risk of the team falling apart or risk of so think money more so admin kind of risk to resource delivery. Staff instances, fraud we might have put in. Things like that. Failure in administration. Maybe under that failure of administration it could have been noted. I don't know.
CK	The other thing it doesn't call out, I'm just interested in your views, is that the review was to happen in 2014. It's not as specific as that. So obviously in the RIA this regulatory impact assessment which had to go with the business case, it references reviewing 2014. My recollection of the risk register, and I must admit haven't read it in the past couple of days, is that it doesn't call out that specifically, it absolutely

	mentions reviews but it's not as specific as to when those reviews where mandated to happen.
PH	Yes I suppose you could have had a risk to say failure to review the scheme. I think probably would have said the likelihood of that would have been whenever drafting 1n 2012 the likelihood is low because it would have all been in our minds we have to review this. It's based on the tariff is based on assumptions and variables that have to be reviewed then to make sure they are kept fit for purpose. So maybe we didn't think or foresee a scenario where we wouldn't have reviewed it if you like. It's throughout a lot of the documents and it's just you know the NIROs being reviewed so it was built into the physic of those kind of schemes that they were reviewed and they were updated and I think we said 2014 at the time because we weren't sure what the uptake might look like in the first year and half or two years, whatever it might be, and it really you know I think we said 2014 to DFP because we thought that sounded reasonable, but in reality it could have happened earlier, it could have happened later, depending as the scheme performed, and how you felt it was necessary, and as I have said earlier on you might have decided let's just review one element, or review all of it, let's review a banding, let's review heat pumps, let's review whatever it might be.
CK	The other thing that I am sort of mindful of as well and it does call out the main risk being the incorrect tariff levels are set either too high or too low. In just reviewing it as well I don't think it calls out specifically revisiting the assumptions that are in CEPAs analysis. You know the assumptions about the sort of output, the heat output things like that.
PH	I suppose you know how this risk is currently managed.
CK	Incorrect assumptions made in tariff setting methodology.
PH	Yes, and we say you know how is this risk currently managed additional economic analysis carried out and how it is amended. So again I will need to look at this. It says additional actions required to fully manage it. Planned reviews of this scheme so tariff can be revised depending on market conditions. So it does talk about the review there. Ongoing engagement key industry stakeholder. So I would have been out at that stage quite often doing presentations on renewable heat to ask renewables their association then of how are things that had gone wrong to maybe once or twice a year AFB and CAFRE would have held events, I would have gone out to once or twice a year, so at least then you where updating people what you are doing and you can take questions or comments or thoughts from people and just that informal kind of, its now talked about in the Civil Service co design is the big phrase. It was like that it was let's hear your thoughts you know, is this working , is it not working, and more often than not people were saying, no we are not interested in it. Whenever I was going out to those things.
CK	And why were they not interested at the time?
PH	I think at that stage the NIRO was working well for people. People liked wind and people liked solar PV. It was easy. You put in a wind turbine and it blows and you forget about it, and if you had a lot of land. At that stage my memory is I don't know what the ROCROC levels where but wind was seen as a good investment. People understood it, financiers understood it, banks understood it and a lot of farmers and others with land were then putting it up and these energy service companies these ESCOs would have been going in to farms or land owners and saying look you have got that spare, we will put this for free and we will split the profits or something like that or we will give you money and we will buy the land. So wind and solar PV and probably AD, anaerobic digestion was quite big at that stage. They are all electricity technologies. So Michael Harrison and anaerobic digestion guys would have had a lot

	<p>more interest than we had. Biomass didn't seem to interest people, heat pumps the same. It was seen as something new, innovative that we maybe had a bad reputation in terms of how it functioned, was seen more as a domestic product possibly as well. There was those kind of things. So it was always going to be a trickier sell. You know we were starting from a very low base in terms of renewable heat and renewable electricity was a lot more well established. And you know whenever I was going out and talked to people you would have been seeing, no we are more interested we are going to put up a turbine. The bank will lend us money for the turbine, they won't lend us money for a biomass boiler.</p>
CK	So when did the NIRO end?
PH	The NIRO would still be going on as far as I'm aware. I think there are some changes
CK	Is it accepting new applications?
PH	Well there is electricity market reform happened a year or two ago so it might have changed, it might now be what's called a small scale FIT. I'm not really overly of it , I knew more of it when I was working there, but the ROCROC levels might have come down. So I don't know if the ROCROC levels came down it suddenly meant wind, and AD and solar PV was no longer of interest, and the attention then switched. I don't know.
CK	I'm just interested to understand from a consumer's point of view , you know why then there seems to have been this massive switch to renewables because there clearly was at a point in time.
PH	Certainly whenever, I think I said before. Whenever I was going out doing these talks in 2011 or 2010/2011/2012, before the scheme launched there was AFB1s, I would have had 50/60 people in the room and Michael Harrison on NIRO side might have had 20 or 30. The RHI launched and I was going out trying to promote it and get people interested and I had 10 or 15 people in the room at that stage and Michael Harris would have had 80 or 90.
CK	So you tried not to take it personally Peter.
PH	You had this kind of. I remember down in Enniskillen one night staying on until 9.00 to do a talk and 4 people where there, and Michael had a room of 90 or 100. Maybe that's an exaggeration but that's my recollection of the time. The scheme had launched, we were getting the updates from Ofgem, there was no-one taking it up. I was going out speaking to people they were like 'hmm yeah interesting but I am going to do a turbine or I am going to do this or I am going to do that', on the electricity side of things. It was seen as a more secure tested technology. And CEPA where right in their kind of analysis and what they did in 2012. The market was immature, there weren't an awful lot of suppliers in terms of the technology, and the fuel was seen as risky in terms of will you actually be able to get the pellets or the chips. So that's that went into some of their analysis in terms of that's why the tariff might have changed slightly after that first consultation because they said well yes maybe there is a bit of a risk that people don't feel like they can get enough wood chip to satisfy themselves or they have to compete with the South which you know obviously if you have to compete with the South for the wind or the sun – so it was seen as a bit and AD in terms of the electricity side, I think the ROCs where quite generous at that stage to try and get AD going in the North, so those were the – the farmers and the guys that where interested where talking to us about, they didn't really talk to us about the renewable heat technologies obviously you were seen, you could store, you could sell it onto the grid. It was all very well, the NIRO had been up and running I think since 2005/2007 something like that. So it had been in place for a good 5 or 6 years and



	<p>people knew how it worked and people liked it, and there was a tradeable asset. You know if you traded the ROCs on an annual basis but you had a guarantee that the ROC price wouldn't fall below a certain price. So if it went up you did well if it stayed at the base then you knew exactly what you were getting. So that was what we found. But I had been out doing quite a lot and we did a lot of advertising at the start in terms of energy wise so we were doing all this and still it flat lines, so the kind of narrative which is established now that this was flawed from the start and it was always far too generous, it's hard to reconcile that with what we were experiencing at the time in terms of what people were saying to us and what we were seeing in terms of uptake.</p>
CK	<p>I'm just interested from your perspective Peter from the knowledge that you did have at the time, like what do you think changed? Why did the interest</p>
PH	<p>I think probably what Mark Coburn said in his PAC stuff bears some cognisance that as the tariffs continued at the 2012 level at what they were set and where increasing on RPI then the gap between that and the fuel price got wider and wider and wider. I think probably as more suppliers come into the market and people who are selling the technology come into the market then maybe the technology gets cheaper so that goes into</p>
CK	<p>And was that happening on the ground?</p>
PH	<p>Well not in my time – not that I am aware off. I am aware you know people phoning you. I remember English people, English suppliers saying well we are thinking about coming across and setting up in Northern Ireland and how does your scheme work? That would have happened a bit. So that was happening in maybe early 2014, you would have an English Biomass Company saying we are based in Liverpool or Manchester but we might set up an office. How does your scheme work? Is it similar to GB? So you would have had things like that happening. Which is what you would have wanted, you wanted people to come across and you wanted a bit of competition in the market. But certainly whenever we were launching in 2012 you would have had one or two pellet suppliers you would have had a handful maybe slightly more of boilers suppliers and things like that. But as the premium payment rolled out you saw more people coming into it, you saw more suppliers you probably saw more boilers so that (I'm not an economist) that probably drives the price down slightly, it increases consumer confidence. So all these variables that go into the tariff design in 2012, so you have got all the technology assumptions in terms of how much it will be used and what is the efficiency of the boiler is, and you have got the fuel cost assumptions in terms of how much is oil and how much is the pellets and how much is wood chip and you have got the non-kind of those kind of issues in terms of how confident is the consumer. Can the consumer get finance for this. CEPA had done some work on this on how much savings do people in NI have to pay these things. So I'm without doing any – I'm assuming as the tariff went up with inflation the gap between that and the fuel price widened. I'm also assuming that people became more comfortable with the technology and as things were installed and worked people were more confident that it worked and they could use from their application. Maybe there is a greater access to finance or maybe because the capital cost came down to a certain level they didn't need savings or need to go to the bank anymore and then more suppliers out actively selling the scheme and actively saying look this works for you – you need to do it and maybe getting one or two examples of such and such down the road is getting this you know you could do the same. And maybe I don't know, maybe something with an arrow would that as an arrow started to wind down and people thought that right, they can't put up the turbine anymore and also whenever I was leaving an issue with the NIRO would have been planning application so as people, the market was getting saturated with small scale renewable electricity type technology so maybe it was like you can have a bit of a turbine but it's going to cost</p>



	<p>you a quarter of a million to get it connected to the grid so suddenly it wasn't an attractive proposition to people and maybe that's why then they switched to renewable heat. So there is those factors but that's why I go back to if you are reviewing it and you can start to say well fuel prices changed with the capital costs have changed and consumer confidence is changed or we applied a 12% discount rate at the start whenever we applied it, look the technology is more mature now you don't need a 12% discount rate, you have discount rates appropriate for installers now. So those kind of things fundamentally changed what the scheme is designed to do, and the 2012 design is no longer appropriate for the 14-15 market and beyond is my assumption.</p>
CK	<p>I'm interested because what you are talking about you know we accept you obviously have the input price you have the efficiency user to have the tariff rates, and you know at the point in time where CEPA gave you their report in 2011 the first one. Yes, the 2011 one where they are saying we specifically looked at tier tariffs and it doesn't apply in NI because of the variance between the subsidiary rate and the actual cost, and then in 2012 effectively what they are saying, my reading of it is, that actually that wasn't the case anymore and that they did miss it and they did miss looking at tiered tariffs again. I mean does that ring true to you Peter?</p>
PH	<p>Well, it has to because that's what Mark had said I know and I would trust what he said. I think what he said is whenever they re-looked at them and the tariffs changed after that consultation because I think the banding changed because we weren't convinced because there was sensible points made and CEPA took these on board that incentivising at 46 kilowatt boiler to the same level as a 999 kilowatt boiler didn't make sense and therefore they re-looked at the banding in how you could group things together and that fundamentally changes the tariff then because the reference installation changes.</p>
CK	<p>And sorry did that come out that re-looking at the banding and the reference points was that something can you re-call that came out of the consultation that was done in 2011.</p>
PH	<p>I think it probably did yes. I think 2011 people were saying you are incentivising the really small or basically the domestic 46 kilowatt boiler which would have been in the higher band, was basically a large domestic boiler to the same level as an industrial boiler 999 kilowatt is less than a megawatt boiler. So there was some, now CEPA had always said look it's going to be different in NI because you are going to have more smaller ones because it's the heat market that's going to be smaller whereas GB they are targeting the more SME or bigger market. So it was always going to be slightly different. But that's what the stakeholders are saying to us and again we would go back to CEPA and say look this is what they are saying, can you look at this, what do you think? And we would allow CEPA then with their expertise and AEA to look at the numbers and decide what was the best fit for us. So they, I think they came up with lets change the banding to this and we said yes that looks fine that looks more appropriate. It wasn't exactly the GB but it was slightly closer and then because the model runs and the reference insulation changes. So instead of incentivising so that one point whatever might have been that 1.5p which was above might have been a 300 kilowatt boiler in the first year now reference your reference is like a 60 kilowatt boiler, and it might be wood chip instead of wood pellet or vice versa and then that has an impact on the price and then I think they did look at some of that evidence we gave in terms of the five responses, five or six responses that biomass prices might be slightly higher in NI, or there might be that consumer fear if you like that we won't get it because we are competing with the south and they might have factored that in, but I think that was a small impact on the price. But those are the tariffs then that so I think listening to Mark, he says they didn't look at it again. We would have definitely discussed it again because it comes up in the ground source heat pumps.</p>



	So again maybe on the phone we would have been saying look are you sure we don't need tiering or whatever it may be.
CK	More broadly?
PH	Yes - it's all these meetings. I remember having one meeting in conference room b in Netherleigh with Mark and Ian. Oliver and Mahmood the AA guys. Mark is right, tiering is one issue of a hundred or a hundred and fifty you are going through so you would have been going through what about the co-efficient and performance of the ground source heat pump, what about the demand level, what about this what about that and we would have been saying what do we need tiering and I think because they work on the first one and because we would have – it may not have been in emails but I would be sure that we discussed it either on the phone or in a meeting during the second bit as well – do we need this and they obviously did not recommend it at that stage said no we don't. But that doesn't go that you don't introduce it in 12 mths or 18 mths or whatever. If it's out in the first phase doesn't mean – and again looking at the uptake in the first 18 mths you have 100 in without tiering. If you had tiering at that stage would you have had even less in so uptake would have been far less again and then you really panic and thinking this isn't performing at all what do we need to do here to sort it out. So there would have been a real confusion in how it was operating. But our bottom line was we were happy to listen to what CEPA and AEA told us in terms of the what their assumptions where and how they were coming up with the calculations. We would have challenged them and critiqued them and questioned them to get our own minds round it because we knew we were the only ones up in front of the committee so we would have said what about this or what about that and they would have gone away and looked at it and said no this is the recommended position, and then we took that forward and that's how it went, and it was scrutinised by a lot of people before it got into place.
CK	I just have a couple of questions – I'm just noting them down so I don't forget them. Would it have been you primarily that would have been liaising with CEPA and AEA?
PH	I think so, I would have been probably myself and Ian Morrow would have been the CEPA contact at that point and that Ian would have been the project manager for them. Occasionally I might have been phoning Mahmood who was the AEA technology at that and really a specific technology question I think there where things around CHP that we were trying to get right and he was a CHP expert. If there were things to do with energy efficiency I might have spoken to him because he was an energy efficiency expert as well, but mostly on a day to day I would email or phone Ian at least a couple of times a week probably during that period and then whenever they came over to meet us, Joanne and Fiona would have also been there. Joanne definitely, Fiona probably for most of the meeting or at least 80% of the meeting depending on her diary commitments definitely would have made the effort to come across and chat to them. I think that was the same on the second project as well. And Sam Connolly probably would have been there as well, the economist. Probably would have been involved in the meeting certainly and would have seen probably would have been copied into emails going back and forth. Especially any kind of analysis emails he would have been copied into them.
CK	To go back over what you said. Your recollection is that in those conversations between the 2011 report and the addendum report you would have been challenging them around the need for tier tariffs and they would have
PH	Now I wouldn't have been having a real go at them I would have just been asking
CK	No –As one of a number of questions



PH	<p>Just saying do we need tiering. It would have been as simple as that – or have you looked at this. I think Mark said in the PAC that there is an email from me to maybe Ian especially around ground source heat pumps. I don't recall that but maybe I look at the tariffs for ground source heat pumps and say that has gone up quite a bit do we need tiering and I think that they then there is a footnote in the addendum report saying well if you are going to do it this way yes but if you are not then no. But yes we would have been asking the question I'm surprised that CEPA wouldn't have looked at themselves without us asking the question because that was quite often you know we would have asked them we have looked at that. They were very professional and very, very competent and we had we were dealing with a marinated of complicated issues and they did it very well and I think what Mark said in the PAC was when you look at the reports now they stand up in terms of the detail and the work and the effort that went into them, and that one issue of whether or not they should have recommended then or not but I think again its if it was such a major issue I would have thought it would have presented itself straight away seeing as the scheme launches you get everyone piling in and I think that was the example of the feed in tariff in GB whenever they set solar PV tariffs I remember got set oddly or something happened in the calculation or maybe a real switch in capital costs happened and suddenly they had to cut their tariffs like from 40p to 15p overnight or something like that. So because there is a huge influx. We never saw a huge influx and anecdotally on the ground we never heard significant interest.</p>
CK	<p>Sorry to go back over this and just to be clear. When you say tiering and you question tiering it would have included the Biomass Technology it would have been a more general question it wasn't just about your solar heat pumps.</p>
PH	<p>I don't know what that email says just you know look at ground zone. Maybe I did just say what about the ground source heat pump tariff because it was the highest one. Maybe that's but in the general conversations we would have being saying - you are content we don't need to or anything and they said no.</p>
CK	<p>I'm interested in that you have obviously referenced various degrees of scrutiny that it had to go through and obviously you have your economist going through it. You have Fiona as the grade 5 you have your grade 3 David Thompson as you say signing it off to go to case work. Goes to case work goes through all of that you need DFP approval and obviously you - need ministerial approval and then well you need your assembly approval.</p>
PH	<p>Yes it went to the committee and as I said it was my understanding that actuary renewable scrutinised it on behalf of the committee as well and they were content with how the scheme and they were scrutinising the regulations which set out how it is running and the tariffs are in the schedule in the regulations, and then there is a vote then in the assembly about it.</p>
CK	<p>I'm interested because obviously there has been a lot of stuff in the press about let's compare the GB scheme with the NI scheme and there is only a difference of 100 something words and that primarily relates to the regulations. To the tier tariff bit but would that have been picked up in any of these levels of scrutiny? Can you remember Peter being asked a specific question by any of these levels of oversight about why the NI scheme was different? Or the proposal was that it would be different?</p>
PH	<p>No, I remember being asked why are we doing a separate scheme to NI and we would have had the rationale in terms of that I think maybe as I said if I was out doing presentations on the scheme some might have brought it up or I might have even mentioned it. We have put the tariffs up side by side and I had said well the GB runs this and NI runs this oh you will note the GB has got a tier tariff and this is how it</p>

	works. We have looked at that and we don't need it in NI and that's what it would have been as simple as because that was in our mind that we have looked at this CEPA and co have looked at this and they have recommended that we don't need it at this stage. I don't recall coming up within the case work . I don't recall that's not to say someone did I have no idea but again if they had we probably would have said CEPA have looked at that for us and were content that we don't have to have it.
CK	That actually has been very interesting from my perspective certainly in terms of the context. If I could come back to where we started which was the risk review register Peter. Now again we haven't seen everything yet but we have asked the Department to look and see if there are any other versions of the risk review register. They haven't managed to come up with anything so I guess my question to you is I am mindful that the last time you said well it would have likely to have been reviewed quarterly now having looked we have no evidence that it was reviewed at all. Or the risks where reviewed and assessed.
PH	Well I would say the standard practice in terms of risk reviews in the department at the time and we had been doing reviews would have been a quarterly review and you would have updated it on any kind of maybe in that time it just never had to be revised in that early days because I as I say as uptake was low we might not have been thinking there was any risks materialising at that stage. I would have thought as a as a base level as Joanne goes on a career break in April 2014 I leave the Department in May 2014 they would need to update the risk owners in May 2014, because we were not there.
CK	I mean I guess standard practice from what I know is that obviously in the second page of the document review history even if the risk register and the risks still were the same would it not be standard practice to mark it?
PH	Probably would have been. It depends though – it depends how you are reporting it. It might have been see you might have printed this off and you might have looked through it and said no it looks fine and never thought about recording the first page. I don't know, I don't know. There is a risk owner there who is XXXX I don't know who that is. How that's happened. All I can say is my assumption standard practice would have been a quarterly and if there is any significant changes in terms of right we now think this more important risk or there is more likely to happen that would have been marked and tracked changes and probably sent up for clearance. I don't recall that ever happening in my time us saying this is now suddenly crystallising we need to sort this out. I don't recall that ever happening.
CK	So you don't specifically recall yourself ever having re-visited the risk register?
PH	No – I assume that I did but I can't specifically recall a moment and if it is not in the review history I don't know. Again you probably only know if a change has been made because then you track it. If you look through it and think it all sounds fine as it is then you may not be changing it but again as I say the owner would have to change whenever they leave the Department.
CK	But typically you would mark down the fact you would evidence the review even if nothing changed. Or would you not? You tell me?
PH	I don't know it depends where it comes from. If that came out from it might have been an email to say look this is a nil return or no the reviews and that might have been it. So it might have been an email just back up to me or Joanne or whoever saying look no there is nothing or I don't know if it came out centrally or how it would have been reviewed.



CK	And I mean typically this sort of quarterly review process was there something inbuilt into the system that would have triggered those reviews?
PH	Again I don't know if this was held by ourselves or if it was held centrally by like a governance team who might have been going out asking for risk reviews or quarterly assurance statements or whatever might be for those kind of things. That would have been more so that would have come out centrally we would have looked at it and then replied back to the centre if you like saying no nil return or we are content with this which is why then I hesitate to say it would be necessarily recorded on the front page because if it was just a simple email back saying content I don't know.
CK	OK we will look into that. I want to move onto now to. I'm sorry are you ok do you want to take a break Peter.
PH	Yes just take a 2 minute break.
CK	Yes of course no problem at all just pausing the tape.

CK	Ok resuming the interview at five past 12. So Peter just before we broke there very briefly we were just coming back to the casework committee papers or just about to discuss the casework committee and the meeting in particular sorry I can understand tiered tariffs you had specifically been told you don't need it but within actually the casework committee meetings minutes there are a number of other sort of cost controls that are specifically raised as being something that is almost a given that it is going to be in the actual regulations and I guess my very specific questions are why that or why those cost controls didn't make its way into the actual regulations of 2012 the 2012 regulations so if I call out the first one and I don't know if you have it these are the actual minutes that I have in front of me so on page 3 under the sort of policy context and you will see just in the third paragraph up from the bottom it says that the department had also included an option to hold emergency reviews if the need arises. Now we from our point of view don't see that in the final regulations and I'm wondering why not?
PH	I would need to look at the regulations if they are in front of me to see what it said. I would have thought that the regulations would have said something along the lines of the minister has the power to review the scheme as and when it requires you know I think there is probably a section in the regulations that talks about review. The term emergency review is really just a policy term that is being used there. The basic premise of the regulations was that well we can review these at any stage that we want and we can amend them at any time that we want.
CK	Including the tariffs?
PH	Including the tariffs, including anything, including banding or including eligibility or whatever it might be. I would need to look at the regulations to see what it said but I would be pretty sure that there is a section that talks about review the term emergency review is probably just used in terms of a policy context but if we need to review this in a case of an emergency we can do that and that's true we can do that and that's true we can review it at any stage we wanted. Is my recollection of the tariffs anyway.
CK	And we will go back and check that and these don't have page numbers but going on a few pages and it's under the budgetary management solutions section 5 and it talks about well it actually talks about Fiona having said that a monitoring committee



	would be established in respect of the budget and the department would receive monthly reports from Ofgem on the applications, accreditations and spend budget for the NI scheme. I mean obviously and we have copies of the monthly reports were provided by Ofgem now we haven't seen the existence or seen evidence or the existence of a monitoring committee per se and maybe I'm lending too much weight
PH	Yes it sounds very grand.
CK	Yes it sounds very grand but what in reality was that? I mean certainly what was envisaged when you went to casework and what was the reality post implementation of the regulations.
PH	I think the basic premise would be like we will get monthly reports from Ofgem and the team who are dealing with the RHI will monitor them and analyse them and consider what action needs to be taken. So any kind of committee would be the committee of the team that are doing it. I don't think there was any visions of a third party or anything like that you know an independent person you know it was like we will get these reports and the team and Fiona as head of the team would be keeping a watching brief on a monthly basis of what was going on and we developed some systems in terms of like how can we track this? And how can we track the number of applications, accreditations to spend and things like that just for our own information in terms of.... And that would allow us then to say look how are we going against the target and how are we going against uptake how are we going against spend against the budget and then that would have fed into any future review you know that you would have had that tracked so we would tracked it against GB uptake would have monitored the installation sizes that were coming in the types of technology and then just keeping a watching brief and seeing what looked right.
CK	And I do want to come on to that as well Peter so I mean to me as an outsider that title of monitoring committee does look very grand it does and almost implies say someone from example the finance division would sit in on it or someone sort of independent of the team itself but that was never envisaged from your perspective?
PH	I don't recall it going into casework having said oh we have got this plan for a monitoring committee or terms of reference drawn up for it or anything like that I think that it was... like this was probably when was this this was probably March was it? So the scheme didn't launch to November so we were probably still working through with Ofgem how they were going to administer it so there was probably still a level of flexibility. I think maybe Ofgem had done like a scoping paper for us and they had talked about a monitoring committee and that might have been their staff and our staff looking at uptake possibly. Possibly – I would need to take a look book at their feasibility study that they did I think they talked about a monitoring committee in terms of Ofgem and DETI meeting regularly to discuss what's happening but again that would have been more in terms of Ofgem performance so how long are Ofgem taking to accredit what issues are they seeing but I don't remember any big discussion about like we will have this committee and we will sit down and assess these every month and he'll be on it and we'll bring someone in I don't recall that ever happening but that's not to say there wasn't a conversation that I just wasn't party off but certainly we would have received a monthly from Ofgem as they have said we would have kept an eye on it and tracked in terms of uptake and spend the key things that we were looking at at that stage and those probably didn't happen or start happening really until the February / March of 2013 when things started to actually started coming through the system.
CK	I was going to ask you in terms of when you would have first received those monthly Ofgem reports?



PH	I might have received them from month one but there has just been no applications on it so I mean it was a blank spreadsheet so we may have done that or they might have realised the futility of that and sent us through the reports whenever accreditation started happening. That might have been end of January 2013 into February I think that's when the first accreditations or first applications started coming through the system.
CK	And if it was envisaged then that this committee was essentially, was the team would you have got together on a monthly basis for example would you, Joanne and Fiona have sat down and said this is what how many accreditations we have do you know you have talked about these sorts of boiler sizes etc etc so did that actually happen?
PH	Well Joanne obviously raised on a chat with her that I think she met with Fiona on a weekly basis, I think that Fiona met with other grade 7s on a weekly basis, maybe a fortnightly basis. I think I had meetings with Fiona and Joanne and probably other maybe other members of the team would have been in on that so Fiona had met with their teams either on a fortnightly or monthly basis and at those meetings you would have been discussing all sort of branch issues and probably at that stage we would have been saying you know this is how many have come in now and this what and definitely in those early days there would have been a sense of frustration if you like or a sense of how can we promote this further and we would have been talking to the Navigator Blue in terms of advertising and things like that but yes certainly in those monthly or fortnightly branch meetings with Fiona. Definitely I recall meeting with Fiona and Joanne and I think Dan would have been involved in them.
CK	Sorry who's Dan?
PH	Dan would have been another DP in the team.
CK	Oh Dan Simpson?
PH	Yes he would've looked at mostly the premium payment so maybe on a monthly basis myself, Dan and Joanne met with Fiona and we would have gone through how the GB.... How the RHI was performing in terms of numbers, how the premium payment was performing, any issues with either scheme and at that stage there was quite a few issues on premium payment in terms of potential fraud and things like that which we were working through with trading standards and then any other kind of policy and then probably talking at that stage 2013 the work we were doing with CEPA in terms of the domestic scheme so we would have had monthly meetings where you would have been discussing a whole range of things and I'm sure uptake of the scheme would have been one that we would've talked about then.
CK	And we talked about this before we started the interview as well so with Fiona going during middle of December 2013 you were obviously there until May 2014 and from what you are describing that same team meeting structure didn't necessarily take place.
PH	Well I don't recall attending.
CK	For you.
PH	Yes for me. I don't know how often Joanne would have met with John then following that. I recall meeting John once on the domestic scheme whenever we had drafted the business case for it to get his views on that and how to proceed with that and I recall maybe going along to one heads of branch meeting after Joanne had left in that short interim. I may have had another conversation or two with him I don't really recall. I do recall I think it was Tuesdays going up to see Fiona and Joanne and you have



	chatted about all the different things. I don't recall being involved at that stage when John came in but Joanne might have been doing it I don't know.
CK	Ok so in terms of you and in terms of monitoring of the scheme in that period sort of post Fiona would you have been meeting with Joanne to discuss it or how was that monitoring been done.
PH	Yeah well Joanne would have been in the next room so I would've been in and out with Joanne every day and chatting away on a whole range of issues and then Joanne would have had team meetings with ourselves, me and Dan and then the admin kind of guys as well at that stage and I think that at those meetings they weren't necessarily involved in the day to day running of the RHI but I might have said look this is how it is going and this is how many we have got and we are going to do some advertising and updated them on that and then we would have talked about more the premium payment and that's what they were involved in day to day and try get their feel for how it was working and then also going into the domestic RHI if they were going to administer it how was that going to be done so we held quite regular meetings with the team on those issues.
CK	Just in terms of that monitoring before I come back to the casework committee you sort of mentioned a girl in the finance team who was doing a lot of the monitoring was that Sandra Thompson.
PH	Yes well Sandra would've looked at the payments coming in and coming out and she would have been looking at the for the whole of energy and all the finance things so it wasn't just this but certainly I recall that on a monthly basis she would have been saying well Ofgem have requested this amount are you content? I think in those early days I think myself and Joanne could say yes that looks appropriate and then as the figure got higher I think maybe it had to go to Fiona for approval on a monthly basis I don't know what the threshold might have been.
CK	But she was very much looking at spend?
PH	At spend and looking at the budget and she would've been saying look can you look at this, look this is how much we have got for the year. This is how much you are spending do you think that we are ok in terms of staying within that limit and those early days I always think we always looked ok at that stage and we would've done some modelling in terms of if we received so many accreditations this year this was what the payment might look like and this is what the annual spend will be so we would have been doing some kind of figures for Sandra on the caveat that this is outside of our control but if we have 20 by month three we think we might have X by the end of the year and that's how much the spend will be for the year then so we would have been doing something. I think there was a summary reforecasting going on at that stage and Sandra would have then fed back to DFP.
CK	And it would have been you specifically Peter that was doing that?
PH	She would've been coming to me for it I would have probably done some of the stuff and talked to Joanne about it and said like are you happy enough and as payments got higher different people had to approve them I think. I think for the cash forecasting if it was over £100k or something like it was beyond my remit I think.
CK	So the Sandra Thompson bit was very much looking at the scheme as a whole not in an individual installation basis but in its entirety?
PH	Yes she was looking at look this is how much money we have got for the year and this is how much we are spending so far and do you think its broadly online or do you not.



CK	Yes because there are these monthly reports that have to go up to the finance division and that is basically my understanding that they actually had to be signed off by Fiona look here is our budget on this work so you are actually being asked on a monthly basis what your budget is going to be. Would you have been involved in that process?
PH	I would have thought so in some way I definitely would have seen them anyway as I say from memory you should've been getting the things in from Ofgem then you would've been getting sort of a request for how much money they thought they needed to pay people that month. We would've looked at it just to see if their calculations were accurate if you like to checking that and then we would've then said yes you can transfer that money across to Ofgem to make those payments and then there is probably some reconciliation after that that Ofgem would come and say well we have requested £93k but we have only actually paid out £82k we will hold that money in our account and we will offset that in future months. There was agreements of that in place that with the basic premise that by the end of the year if they had a zero in their account they wouldn't be able to claim interest of our money if you like.
CK	In terms of the profiling then Peter that you would have done around spend obviously very very difficult for a demand led scheme can you just talk us through the mechanics of that and how you went about profiling that spend?
PH	No it was – it would have been difficult. I think there was a couple of spreadsheets that I had done for my own peace of mind which would have said right this is the type of boiler this is how much the spend might be and then some basic figures on the basis but there was always variances some boilers are bigger some boilers were running more than others and some boilers were more efficient than others so you would have been doing that and now at that stage I don't know how many systems were in place and how many payments had actually been made because obviously they were being paid quarterly and then the other thing that would have affected it would have been sort of seasonal variances so you had to factor that in but on a basic kind of crude right this is how many we have got so far and this is...if we track along like that for the rest of the year this is how many we think we might have, the expected spend for each system would be this therefore in a range this is what we might expect to spend this year. Is it within the budget that we have got? Yes it is and then you would feed that all back in and you would be keeping it. I don't know if you were keeping an eye on that on a monthly basis or that was more quarterly I don't know when that forecasting was going back to DFP in terms of AME forecasting.
CK	Yes AME was certainly quarterly.
PH	Yes so it was probably that AME forecasting that I'm talking about in terms of they have come back and said how much each. That would have been how much more are you spending this year that would have been trickier to try and work out.
CK	How did you try and assess what you thought the demand might be?
PH	I think in the CEPA stuff and definitely the EU state aid papers we had a very rough kind of number of applications per year. I don't know if that came from the model or came from a sort of pro rata of GB because whenever we were going to Ofgem to try and work out how much work will you be doing for us I think we talked about using our model to say look this is the number of applications and then they thought no lets just if GB are having this amount then we will take 3% of that because that is a safer kind of assumption for their running costs but they are definitely tables in the EU paper I think that we had to do for state aid which would have said this is how many applications we roughly expect because I think talked about £3-£4k over a lifetime or something like that or £6k maybe and what that attributed to in terms of the heat demand and all of this kind of thing and then you know the CEPA stuff you know on a



	very crude basis if you looked at their reference installation you could have then said well that's how much we think a bog standard system could be getting but there would always be variances in terms of there would always be higher and lower in that so you could've done a low forecast, medium forecast and a high forecast in terms of this is how much we think the maximum is we could spend this year. This is the lowest we think we will spend on this and the medium and pitched it out like that.
CK	So can you recall specifically which base line you used then? Was it the GB scheme sort of tracking against it or was it more around the CEPA numbers or the state aid numbers?
PH	I think at the start it was more around I think maybe the state aid numbers which might have been from GB figures I just remember there was a table which sort of said we think we can have this amount but I think in the early year I think that in the first year that table might have said we expect 300 or something like that and we were obviously nowhere near 300 so you had to do some sort of adjustment like that but on a basic level it was saying if we think that we are going to have 100 this year and we think that on average an annual spend for each individual system would be around between x and y then that's how much we think we will spend on this annual basis.
CK	I'm sorry Peter and if you don't remember that's fine this figure for annual spend where did it come from do you remember?
PH	Just those....
CK	How much you would expect the annual spend on each installation how much would they have been?
PH	Well if you take how many installations you think you are going to have in place and what each of them on average might get.
CK	Sorry you mean annual spend in total rather than on an individual installation level.
PH	Yes I mean on a total. But that...on an individual basis if you looked at the CEPA reference installation basically the annual spend should be the annualised cost difference between biomass and oil that should – that's your basic benchmark on what it should be.
CK	So we have looked at those figures and now don't quote me but I think the annual spend on an installation level and this is just on an average no I had looked at it for biomass specifically around your 99 kilowatt boiler because obviously the vast majority of applications were in there. I think it was running at £4k of what is in the CEPA calculations whereas if you actually look at the actual spend it's obviously significantly greater than that. I mean would your analysis have picked that up.
PH	It would certainly have picked up that there were ones that were higher than that yes. There was certainly I remember in those early days were but your assumption would have been if they are getting more if they are running more heat then they are paying for more fuel so the value of the subsidy to them is diminished because they are having to pay more out and that's how it worked because I think well like you've had to pay £8k more on pellets than someone else had to.
CK	Yes absolutely but I guess from a budgeting perspective though do you know if you were having individual installations that were significantly above the sort of CEPA profile that would cause you difficulties from a budget perspective.



PH	Yes, if you were definitely if you were having if your number of applications were the same level as what CEPA had expected at that stage which they obviously weren't you know you had much less so within yOur.... They were still content you were going to be within the budget profile but yes there were some installations that were running higher and I think that's why we were having conversations with Ofgem at the time to tell us this sector in which these systems were.
CK	The higher output?
PH	Well all of them?
CK	All of them ok.
PH	So they gave it....we had a big ongoing tussle with Ofgem in terms of data sharing and the two things that we wanted were postcodes of the installations and the type of sector they were in because then if you could look and say well all the hotels are getting paid far more but yes that's ok because look you need heat on the hotel all the office blocks are less because they are running 9 to 5. You could have done some sort of analysis or review saying there is an explanation for this and because we had covered to our minds tiering with CEPA the natural assumption wasn't this is a perverse incentive it is they need more heat and they are paying for it and they are paying the price of the pellet and that's diminishing their benefit of the incentive to them but that's what they are having to do and at that stage there were very few so it was hard to make a really definitive call at that stage that something was going wrong I think whenever I got to that position whenever I was leaving looking at it there was enough evidence to suggest that something could be happening which wasn't initially envisaged by CEPA.
CK	That information that you were looking at from Ofgem Peter do you remember when the data sharing agreement was signed like was it signed at the outset of when the scheme started in November 2012 or did it take a while?
PH	Oh it took a while to go but I don't know – did they – I don't know if the second team ever got more information than we ever got. I remember always wanting that.
CK	But did that never come during your time?
PH	I don't think We had those monthly reports during my time yes.
CK	And you can see the output figures yes?
PH	Yes we had those monthly reports in my time because they were reported in the handover note that went to the Ofgem reports in that container where I was saving those there was I think I saw in this I was still talking about data sharing, data protection so DETI and Ofgem had a discussion about that and are saying Ofgem receive applications and provide DETI with a weekly update on these however information does not provide location, postcode, type of sector and other information that might aide statistical records, briefing material or policy development. So at that stage whenever I was leaving we didn't have that we were still having a fight with them about whose data it was and who owned it and who didn't own it and rightly so they were cautious about it because – but we were trying to say look we don't names we don't want addresses we just want postcodes so we can sense is there a lot of these happening in a certain place and is that a good thing or a bad thing and are these happening a lot at hotels or nursing homes or whatever and does that explain a heat demand or if we are ever working with Navigator Blue and the advertising guys we target that we could go out and say look this works for nursing homes or this works for you know.... So we could do that so that's why we wanted that information and it



	would have aided any kind of as I say policy briefing material so if the minister was speaking up she could say this is happening well in a certain place or it could have been used for PR kind of activity.
CK	So that was recognised at that stage actually that there were boilers that were being operated significantly higher or for longer?
PH	Well I don't know well yes for longer. I think that there would have been some I think that would have said yes the demand is higher than what it was set but again if CEPA – we had gone through a tiering thing with CEPA so our initial reaction wouldn't have been that's a personal incentive its they are... there is a necessary reason for that and if they are running their systems for longer then the incentive is less to them because they are paying more for fuel. Now looking at hindsight if the fuel is much cheaper than we thought it was then the incentive is greater than what you thought.
CK	So the monitoring that you would have been doing Peter would have been actually at an individual installation level?
PH	Yes it would have been on those... that spreadsheet that you would have got and you would've you know you didn't have many installations so I would have been glancing through the figures and saying look I probably would have done some spreadsheets in terms of breakdown by technology but again it was all two or three larger ones at that stage and that would have been more of the issue for me whenever I was leaving as there was a lot small ones coming on they are not as cost effective if you want the larger ones coming in the 99 kilowatt was an issue that people were maybe gaming them and that is where the conversation was with Ofgem before I left.
CK	So you would have seen that pattern sort of in the early days so this is say 2013 – you would have seen that pattern where there were some boilers that were running for longer but they wouldn't necessarily have raised a concern in your work at that stage?
PH	Whenever you have only got 10, 12 or 20 it's hard to make a judgement call if this is a pattern or these are anomalies.
CK	And you didn't have the information necessary to analyse it further?
PH	No and so if you had 50 and you had half of them running far higher than you thought would have been necessary and in the back of your mind you were saying well CEPA looked at this so it's not a perverse incentive so there is some other reason they are running their systems far higher then and then you think well if it's a hotel or a nursing home or a process heat thing and they need their heat 24/7 then they need their heat then there is a reason for that a legitimate reason and also the incentive is diminished because they are paying far more in fuel than we have modelled.
CK	But that would have changed for you obviously it did change for you because by May 2014 you are really calling out the fact that there may be something wrong here?
PH	It changes because the more information you get I think the clearer picture you get and I think as I am leaving you have a couple of things you had a lot of 99 kilowatt boilers as I've said which strikes you as people are just installing them because they are the most generous. You get maybe in the figures again I haven't looked at them for years and years you are getting consistently people using more heat than would have been modelled so again that information from Ofgem would have been helpful to say these are all a certain sector and we accepted all that certain sector will require more heat so that's ok. You had Miss O'Hagan who had been in to see us in the autumn and had raised the issue in that meeting about this might happen but it was, and as I said before, my recollection of that meeting was it was very anecdotal it



	<p>wasn't the main thrust of the meeting at all. She was in talking about her product which was an energy efficiency product and she started talking about what's the links between energy efficiency and RHI and we would have been talking about I think she was saying could you have a standard approach in the non-domestic scheme where you had to have a certain level of energy efficiency before and we would have been talking about the difficulties in saying what's the energy efficiencies of a shed or a drying system to a hotel to an office to a poly tunnel wherever it might be and at that stage I think she had said look I'm trying to sell my product into I think it was nursing homes she said but the renewable energy guys are going in and saying you don't need energy efficiency to get into the RHI so don't bother with it and that was what I remember and which was technically correct you didn't need it but our assumption was always you could do energy efficiency first and renewables second because it was cheaper to do energy efficiency first. So you have a couple of things you have my analysis of it my own kind of nervousness maybe about the whole 99 kilowatts you've got Miss O'Hagan who emails me before I leave and my recollection was that the email was a different type of tone of what we had beforehand it was more urgent it was more pressing. I then speak to Ofgem on that matter. I don't know if I was phoning Edmond anyway, maybe I was speaking to him about carbon trust loan possibly, where I was saying cheerio to him and at that those kind of two or three things that my analysis and Miss O'Hagan then instigates me to say look does this bare any cognisance to you and he says yes in GB that's what he sees, he sees that people are gaining it to the 199 kilowatt systems and he sees also that people are running them longer than expected and that's just because people need more heat than they first thought they needed or maybe the sectors and he said it was different.. I think he did say that it depends on the sector as well, so those two or three things in my mind then I think right, there's enough here to say you need to review this tariff then and I then put that in a list of actions to be done by the end of August. I don't... I wouldn't have... at that stage you know if I could have foreseen what happened now then there's no way I saw what was happening then, it has actually happened, I think it was just the tariffs were now.. which had been in my mind appropriate in 2012 had gone through all that scrutiny, had not been instigating incredible demand in my time was now becoming that they had turned a little bit for various reasons in terms of capital costs or fuel costs or consumer confidence or whatever it might be, more suppliers in the market and therefore it required now is the time to look at this.</p>
CK	<p>In terms of that conversation with Edmond was it you who lifted the phone to him and I know you said you can't remember why you phoned him, it wasn't Edmond phoning you to make you aware of this issue?</p>
PH	<p>I don't think so, I don't know, you would need to speak to Edmond, I don't think so I think it followed on the Miss O'Hagan email and I think it was.. but I think probably my primary reason for phoning him was I'm leaving on Friday so this is who you'll want to speak to and in the part of that conversation... and I think it was that carbon trust thing that I was speaking to him about, so I don't know he's phoned me about the carbon trust or I've phoned him about the carbon trust and as part of that conversation I've said what about this issue, I think.. my recollection is that it's me because I think that it follows on from the Miss O'Hagan email and I think then he says oh yes this is what I've seen in GB and I don't think that he had looked at the NI figures because he was more the technical kind of.. And I think he did work on the GB and I don't think he said to me at any stage because I would have marked it down if he said it...</p>
CK	<p>I think he references the NI market</p>
PH	<p>If he said... it might have been, he said experience in GB & NI so yes, so he might have said... I think he said something along the lines of yes I think that could be an issue and that we've seen that in GB as well</p>



CK	He's not necessarily saying he's seen it in NI?
PH	He said.. I think.. I don't think it was definitive, because I think if it was definitive I would probably have said Ofgem have said this is definitely an issue
CK	Yes Yes It's even more urgent than me telling you to do it in August
PH	Yes I think it was more just.. oh yes that might be we've seen that in GB and I think he was saying generally speaking the demand loads.. I think our demand loads were the same as the GB technology assumptions, I think there was a standard kind of industry, I think and he said yes what I'm seeing is people are using their technologies more than you'd think in the tariff assumptions and that's you can only see it now that the scheme's actually operating and there might be different reasons for that and that was happening even in GB with a tier tariff that people were doing this and there might be legitimate reasons for it or there might not be but and I'd marked there the solutions to tier tariffs that would have been.. that's probably incorrect in terms of tiering was one solution, you could have simply cut tariffs, you could have looked at the banding again, you could have done a number of things with tiering was certainly must have been the thing that I spoke to Edmond about, I think I must have said is this a big issue in terms of a systems fix for them and he said no, because I think that's what we were aware of because we didn't have a lot of admin budget to pay Ofgem and anything you did with Ofgem tended to come at a cost so if I'm saying to them look you need to change your systems to have a tier tariff is that going to be timely or costly and he said no he didn't think it would be so that gave me comfort
CK	That is useful Peter, thank you. Again just in terms of that handover note and we were talking about it before we started the tape as well, I mean your expectations were that when you wrote this in May that it should happen within the next couple of months
PH	Yeah well..
CK	I think you reference August
PH	Yes I reference August, now I respect that it was complicated policy area and I'm just saying you know my experience of Civil Service sometimes the handover notes aren't as detailed as you'd need and bearing in mind that this was a complex one I was trying to spell out what I thought was the work plan for the next three or four months, the priority had been in the Branch to get the domestic RHI launched that was fine, but I think we were at a stage where most things were prepared for the case work and then after that then you could be moving onto the non-domestic and looking at that, and as I said there was now an Economist resource within energy division who I think could have looked at that, it wouldn't.. it may not necessarily have been an issue of right you need to go out and tender for an Energy Economist to look at this you've got expertise there and it was only.. I've only mentioned the biomass tariff under 100 kilowatts and it does say consideration of tier tariffs to prevent excessive payments.
CK	That's helpful, just one thing before I finish the monitoring bit Peter, you're talking about what you were doing on a monthly or quarterly basis, sort of seeing that pattern asking for more data from Ofgem to help inform your analysis, would that have been something you would have discussed as a team, so Joanne would have been as aware of it as Fiona would have been aware of it...



PH	Yeah I think so because I think Joanne and Fiona would have been in the meetings with Ofgem, the teleconferences about all these data protection issues, I think we'd of had regular teleconferences with Ofgem.
CK	But would they have understood the nuances of like on an individual level the sort of heat loads are actually running higher, can you remember having discussions around those.
PH	I don't know, I wouldn't.. I don't know if we'd gone into that level of detail I think it was, this is the information we've got it would be nice to have this information because we would be able to carry out more analysis and I think that certainly whenever we talked about the sector that we wanted the two reasons for having the sector is understanding what heat is required in that sector and then targeting in terms of either Invest NI going out to their client companies or advertising so those would have been the two reasons.
CK	Rather than it being let's call that a concern and look we're taking a conscious decision that we're rolling with this for now.
PH	What's that sorry?
CK	So it wouldn't have been a conversation where you're actually flagging, if you look at these heat loads their greater than the assumptions that were built into the model so look there may be a concern here.
PH	I don't think it would have been that formal no, it might have been there's a few here, again I don't know how much data we had at that stage.
CK	I know you didn't have a lot.
PH	And again making a judgement on 50 or 60 and some of which might have only been paid once or twice or it might have been winter, I don't know it was cold winter or not so you had all these things in your mind you know, is this too high or is it not too high. I think just by the stage it got to in the spring time there was enough now and Miss O'Hagan's important in this as well in that email to me in May I think ok, there's a bit more urgency in this, she's seeing something on the ground, I'm not hearing it from anyone else, and I wasn't, I didn't hear this from anyone else going out to speak to people or anything like that and we're not even really seeing it in the numbers, there was no big spikes at that stage or anything like that, it was increasing but it increasing as you would have maybe expected it to increase but she says this I looked at the figures, yes there's maybe a bit of unease, Ofgem confirm it, not categorical in any way, not enough for me to barge into the Minsters office and say you need to shut this down but enough to say to the new guys coming in, you'll want to look at this, this is important.
CK	That has been very helpful and again it has taken us completely away from the casework committee minutes and I do just want to bring you back to that for one further question because we talked about things that are referenced that you could under the budgetary management category and it does say again on that same page we were on Peter 'if necessary the scheme could be closed to new applicants mid-year if applications were higher than expected and budgets risked being overspent' so again that to me in simplistic terms is a form of cost control being muted which we don't see being taken into the regulations.
PH	Again I'd need to look at the regulations, I think in the regulations there's the power to suspend the scheme at any stage so the Minister has the power to suspend I think, I think near the end.. at the end of the regulations I think there were sections to say we



	<p>can review it at any stage and we suspend it whenever we like so that's the base level of panic button mode if you like and then what we propose on the 2013 consultation was a more graduated response, let's warn people that this may happen, let's tell people look this is now getting to the stage of x% of our budget is committed so if you want to install you need to get it, because it was a scheme that you installed first and then claimed for accreditations so there was a level that you had to be open with people to say you couldn't close it on a Tuesday and people saying, I was installing this tomorrow I've paid the guy.</p>
CK	<p>So your understanding of what is meant here is not what GB would have had certainly in terms of their degression policy?</p>
PH	<p>No, well they wouldn't have had degression at that point, in March 2012 I think all they would have had would have been interim cost control which was forecasting and monitoring, I don't think they consulted on, I would need to check, degression maybe until the Autumn 2012 and then they didn't come up with their final policy closer to February 2013. So degression wouldn't have been on the radar at all at that stage, cost control slightly different would have been because that's what DECC where talking about, control the budget so, we hadn't. when was that, that was March 2012, I don't know how detailed DECC had at that stage we were sort of always keeping an eye on what DECC where doing and trying to learn from them with the mind that we're a year behind them so we can do that. That might have been a point where DECC had this interim measure and were still thinking about what their fully blown so we didn't want to go down a road that we'd then need to have to change and DECC when they launched their scheme had no inbuilt mechanism but the panic button mode is suspend the scheme if you reach a big overspend in any year suspend it and review it would have been our.. look we've got this power, we can do it, so we're not caught in a road that we can't get out of.</p>
CK	<p>That is helpful as well.</p>
PH	<p>But I'd need to check the regulations.</p>
CK	<p>That's fine, listen we can do that as well, but it's good to know what you think that means and what that refers too because we obviously we weren't clear when we were on it.</p>
PH	<p>I don't think it means oh we've got this all singing all dancing cost control mechanism at this stage, it was look we can turn off the tap if we need to turn off the tap here if there's too many applications coming in and the budget has exceeded in any one year the regulations give us the power to suspend at any time and we can review it at any time but in the background was always well let's have a more formal system built in whether it be what we consulted on or do we need degression now the numbers where so low whenever we were going out degression might have been seen as, is it an overly complicated methodology to install, is it simpler just to say right we'll close it down or a simpler method of review, regular reviews where you'd cut the tariffs or increase them for other technologies.</p>
CK	<p>So it was always envisaged even before the scheme actually got up and running that you would, sort of July 2013 cost control that was always sort of envisaged or not?</p>
PH	<p>I don't know at that stage, I don't know where DECC were, if DECC had an interim cost control it probably was envisaged in some regard that we need to do something but that really developed in-house it's very bog standard simple kind of let's just close it down, I don't know if it came from anything previously, it might have been more of a grant scheme kind of system of like trigger points, let people know that we were getting to the end point, I think degression came in I think they probably had their</p>



	degression model in about February 2013 at that stage we had already gone out to tender for phase 2 and had a clear terms of reference of what the consultants had to look at for phase 2, so CEPA and AEA won that contract on the domestic and looking at new things in the non-domestic, so we hadn't gone out to tender in December time saying we want a degression model in this because we didn't know there was a degression model on its way, and if you decide you wanted a degression model you either go out to tender again or you look at it with your Economists in-house to say look could you work this out, what are the necessary trigger points, where do you think we should cut things.
CK	So did, actually because I am interested, the cost control proposals that were in that July 2013 consultation document, where they, did they actually come then from CEPA's work?
PH	No they had just come from ourselves, looking.. it would have been outside the scope of their work, I suppose you could have asked them to look at something but it would have meant a contract variation and additional budget and whether or not they had the time and we had the money I don't know but I think at that stage we were in a situation where look there's 50 applications but we need to have something to give a bit of certainty to investors in case in the worst case scenario what could we do and then it was that, because I think DECC, DECC' first go at it was their interim cost control was really monitoring analysis and forecasting so saying this is how much we're going to spend this year, and then if you get close to it then we're going to start shutting things down, so that was a very simple kind of system that could be put in place that would just be a protective measure if the worst case scenario happened that right, it's got to April or sorry not April October and we've spent 80% of our budget and we're only halfway through the year, let's start shutting this down, and again as I say because you might have had systems who were very costly to put in you wanted to tell people and warn people look you need to get your forms in pretty quickly or you're going to be out or you can apply next year, and that would have allowed because any overspend in one year follows on I'm pretty sure because if you're paying the same people every year similar amounts that overspend is going to follow you for a long time, so that mean if you stay within that 12 million or whatever it might be, then you're at least protected in that and then those people can re-join the scheme once the new financial year opens then.
CK	So what is your understanding of who first muted this idea of having these triggers? Where did it come from?
PH	It was probably ourselves, myself and Joanne, I would have thought would have talked and if Fiona had said we need to have something in this consultation on it let's have a think about what works and what we can do, what we can do in-house, and that's where it would have come from I don't think it came from, it would have come from CEPA or anything like that because we didn't ask them to look at it, it would have come from ourselves saying right we're consulting on non-domestic and domestic I think at that stage DECC were doing a lot of other things in terms of metering and so we were thinking what other kind of admin kind of things do we need to look at and cost control was one because we had never had it in at the start and now DECC were moving forward with it and we felt we needed to have something in there
CK	Informed really by the fact they had implemented degression?
PH	Yeah, well DECC had looked at cost control and degression so we didn't have a fully, we didn't have time or the expertise to have a full degression model in there and it might have been overkill with what we were faced with at that time and 40 applications so you need a really complex trigger system were things come down



	naturally but we just needed a safety net just to have something and it was important to consult on it so people knew that it was coming down the line and again as people's views on it and I think even in the consultation we leave it open ended we might introduce degression so we gave ourselves that flexibility that if something happens by the time this consultations over and we think degression's a more appropriate way and we think we can instigate it simply then we'll do that instead.
CK	And it is a very obvious question but I have to ask it, why was that safety net not put in place in 2012?
PH	At the start of the thing?
CK	Yes why wait a matter of 8 months?
PH	I don't where GB were at that, I don't know if GB did their interim cost control in the summer of 2012 they might have done, I think that's whenever they brought in interim cost control so I think they launched in November 2011 and then in the summer of 2012 they talk about interim cost control I think, I'd need to go back and look at the dates, so we're going into that casework with GB nothing so we have nothing but we're talking about it as an issue what the solution's going to be we're not quite sure so then DECC do this in the summer and that gives us a bit more of a view of what it might look like and then we proceed with that in the 2013 consultation but in the background DECC have moved forward again in terms of, I'm not quite sure of the dates now, November 2012, I'm not sure of the dates, maybe DECC did have that in there, DECC might have had cost control I think we.. I wonder if it came down to, it might have come down to the fact if DECC had brought in cost control in 2011 we might have already been engaged with CEPA at that stage so it wasn't in their terms of reference for the first point of work and therefore we were always thinking about it, in terms of cost control we did have that, we felt that we had a comfort that we were working on a budget constraint and the tariff was on that budget constraint, we felt that we had some comfort that we were a year behind DECC and the budget was always going to trail a year behind so we had that kind of comfort, so we had those things and we had look we can close this and review it whenever we want, so there was enough there if things were going wrong that we could intervene.
CK	I must be very honest, I still fail to understand how the sort of budget profiling built into a tariff could be seen to be acting as a cost control, I can understand how it could inform a tariff rate based on assumptions but I don't see how it could actually act as a cost control.
PH	Well they place a constraint on the model saying that tariffs can't be selected that we'd breach the.. so if their forecast...
CK	But your demand could still exceed that.
PH	Yes but their model is all based on what the expected demand is going to be based on the best evidence available and what the technology capacity is, like what is the do you have enough installers out there to put these in, do you have enough boilers to sell, do you have enough fuel to source them, so it's got all these constraints placed on it, do people have enough money actually savings built up, is there enough in there to actually to come to a scenario where you've got far more systems in than you actually thought you would be able too. So there's those kind of constraints, this was my understanding and again this is based on what we did in 2011/12 without the benefit of what we know now, so you had all those things built into it and then CEPA and AEA saying no well we're confident that this tariff doesn't breach your budget cap, if a tariff had been selected or reference installation had been selected that the tariff was going to then cause a breach then it would have been pulled back and we felt that we



	had that because they knew that there was that cap placed in it, and I think in their reports they did say no we're still confident this doesn't breach but yes it's all.. all of it's based on assumptions and variables and if those assumptions and variables changed then the outcomes change.
CK	The cost control bit and the attempts, well the suggestion the proposal to bring them in Peter they obviously didn't happen, and that was in your watch, so my understanding July 2013 you went out to consultation, the responses were.. well it was closed in October 2013, you mentioned and this was off tape, 75 consultations..
PH	No that was the first one.
CK	Oh that was the first one, sorry.
PH	It was probably much less, I don't know if there were maybe 30/40 the second time round, again it goes to the picture of less interest this time around, I think probably 40 sounds about right.
CK	Would the majority of those responses, can you remember, be covering the domestic element of it or where there many consultation responses received in relation to the non-domestic scheme?
PH	I think it would be fair to assume that the majority would have been on the domestic scheme at that stage so that consultation had three elements – domestic RHI, changes to the non-domestic in terms of the new tariffs and cost control & admin and it's fair to say I think cost control and admin probably got very little responses unless the real technical people would have got involved in metering and things like direct air and biomass and all that kind of stuff.
CK	But there wasn't an outcry that you were suggesting or proposing a form of cost control?
PH	No, I don't recall one, there was nothing that made us think we need to go back and look at that again, I think everyone said that sounds fair enough.
CK	And your understanding, and we did cover this the last time, but your understanding as to why those cost control measures were not put in place at that time?
PH	Well I think what you were looking to do is, you would have been wanting one set of regulations to amend the non-domestic scheme, in terms of introducing new tariffs, if that was what the decision was and the cost control or any other kind of admin kind of issues in terms of metering so you have one set of regulations to put them through. And so I think there was a lot of those kind of other issues still to be resolved with DECC so are you going to have air to air heat pumps, are you going to have biomass direct air heating, are you going to have a geothermal tariff.. so all those tariff issues where still to be resolved or what's the eligibility standards for those tariffs so therefore you don't bring forward a set of regulations until you have all the issues sorted out and I think that's where we were, I think that's referenced in the handover note, that's why it made me think of it because I was thinking about that Phase 2 of the RHI, so there's some policy issues.. non domestic, so we had proposed a few things, new tariffs and an up-lifter of district heating and there was still things to be sorted out so biomass sustainability was one, cost control, degression, air quality was one, relocation so how do you deal with plants relocating and changing definition of complex metering, so those were all the things that feed into a set of regulations once you had an agreement on all those things and I don't think we were in a position where we had an agreement on everything, you'd have maybe said yes we're ok on cost control we know what we'd do on that we know what we'd do on relocation of



	<p>plants and we know what we're going to do on complex metering but air quality was still an issue for us, because DECC were moving ahead with things on air quality and that was a particular issue in NI because of the type of fuels that we were using and the regulations in DECC would have been very tight compared to over here and there was a change that if we were moving from oil to biomass there's actually a positive whereas in GB they're moving from gas to biomass which is why they were concerned about air quality, so there's a range of issues still to be sorted out if you like, so I think it was probably let's wait until we get them all sorted out, one set of regulations and we'll change the scheme in one fell swoop if you like, is my interpretation of it reading on that and there was probably an element of let's leave it because the biggest push in the consultation was the domestic scheme let's get that going and because uptake was so low and budgets were still within our limits there was less urgency if you like but it was still something that we knew we had to do and it's referenced in there but once we knew what we were doing on geothermal and other tariffs and admin issues then we set one set of regulations to fix it.</p>
CK	<p>And was it the case knowing that you needed to sort those things out, were you actively trying to sort those things out from October 2013 onwards or were things like that differed because the priority was on the domestic?</p>
PH	<p>No, well some things were in the hands of DECC, so if they were setting standards on eligibility or setting standards for certain new technologies I'm thinking more of the heat pumps, I don't know if there was maybe water sourcing pumps or maybe heat pumps or maybe air to air heat pumps, air to air and air to water, so there might have been new technologies coming in, in GB and we were very keen to make sure that our standards were the same so whether or not they had got to that stage yet I don't know, the other ones biomass direct air which is like kilns again waiting for their standards so we can work with them, I don't think DECC had got to that position yet on what they were going to do so we were probably, so there's an element of waiting for them, there were other things like biomass sustainability where I think DECC were bringing in this kind of thing where you had to declare where your fuel was coming from and there was also standards in terms of knocks into the air particular to the matter.</p>
	<p>Tape finished at just after 1.00pm</p>

CK	<p>Resuming interview of Peter Hutchinson, it is now 1.10pm So Peter we were just talking before that the tape stopped around the cost controls and that not being implemented immediately.</p>
PH	<p>Yes</p>
CK	<p>You were sort of saying that you wanted to basically have one overarching, or comprehensive...</p>
PH	<p>Well yes, that's my assumption that it was felt that you know, this can all be done quickly enough so let's do it all in one set because the legislative process was you know, slightly time consuming in that regard and so if there maybe five or six things that had to go through in that regulation let's wait until we've got them all ironed out and those would have been new tariffs, which I think we're basically agreed as per the</p>



	<p>consultation but we were waiting to see what DECC did, we would have needed state aid approval on that and probably case work and I thought the other things would have been minor issues in terms of relocation of plants which I think was a given what was the metering was a given so that was agreed, Biomass sustainability and air quality where two things that we'd been probably actively looking at within the team I've marked in my handover note meeting with contacts within DOE, Bruce Harper and Nigel Moore so we would have been working with those guys to say what should we do in NI which is different from GB and what's the evidence say to explain that if you like, so if you doing that suite of regulations you would have had those five or six things covered, cost control is given as guaranteed or you know what it would have looked like was basically secured after the consultation with two or three other issues the same then there were probably two or three other issues that required more work on and maybe one issue which we required DECC to give us some guidance on....</p>
CK	<p>So it wasn't that those issues weren't being looked at during that period of time?</p>
PH	<p>No, certainly there was... first those issues that we were waiting for DECC guidance on there was an element of wait and see so let's wait and see what DECC do on I think those heat pumps was one thing, let's wait and see what they do on direct air, let's wait and see and then also let's make our final decision on I think deep geothermal And deep geoheating might have ones that we needed a bit more of a... let's decide what we're doing on this now and then there were two or three issues that were secured and we knew what we were doing on cost control or whatever it might be and then the final issue would have been, we need more conversations in NI so biomass sustainability and air quality is one that strikes me that I remember having meetings with CAFRE & DOE because they were nervous if we instigated the GB regulations the impact that would have on wood chip, willow, it was willow they had funded a lot of farmers to grow willow and willow wouldn't have met the standards in GB and they were making the argument that the standards in NI should have been different because we were replacing oil rather than gas which there was a legitimate argument for, but DOE at the same time were saying we've got to meet our air quality standards in terms of knocks in particular matter, so it was trying to square that circle so those were the things that were ongoing in the background if you like, so we weren't in a position to say 'we know exactly what we're doing let's introduce the regulations' it was 'we know 50% of what we're doing and let's wait until or it makes sense to get the other 50% sorted before we proceed' and there didn't appear to be a real pushing need in terms of analysis of the uptake at that stage for cost control because the budgets were fairly well... we were within these budgets at this stage, but certainly that cost control system probably could have been introduced at any stage with a bit of help from Arthur Cox in terms of drafting the regulations and a bit of work with Ofgem but not huge amounts in terms of forecasting and getting them to agree where the trigger points would be.</p>
CK	<p>Who made that decision to bring everything together as one and get this, I guess most comprehensive set of regulations because certainly from our looking at the GB scheme it was revised about 11 times, they did review on the piece meal basis but obviously the decision taken in NI was different ...</p>
PH	<p>Well GB had teams and teams and teams of people so I was working on cost control, domestic, non-domestic, biomass, air source, they had a team for each of those things so that needs to borne out that we weren't as resourced, and that's not an excuse in any way but just that's why GB were able to move a bit faster, I don't know if there's a conscious decision but certainly that one set of regulations felt like the most appropriate way, otherwise you'd have been going back up into the DETI committee every two or three months with a tweak here and a tweak there so one set of regulations to get it all through... and it probably was thought that it would happen fairly soon, it probably took longer than it was... those minor issues, I think waiting</p>



	on DECC for those things probably took longer because they consulted on those kind of things before us but were taking longer to make those final decisions and I don't know where they ended up with them it definitely was after my time anyway.
CK	There must have been a discussion about look we're going to actually bring everything together and present it as one updated regulations.
PH	But that would have been the natural assumption that you'd have brought it all, it was one consultation, there was domestic issues and non-domestic so the natural assumption would be you'd have a set of domestic regulations whenever that came forward and maybe a set of non-domestic amending regulations, so that... I don't know if there's a decision say... I don't think anyone ever said should we plough ahead and do maybe two thirds of the non-domestic, I don't know, I can't recall that I think it was just right we've had the consultation, domestic we need to push ahead with and get it all sorted because that's where the opinion is, the non-domestic, yes we've got most things sorted there let's get the other things ironed out before we then push ahead, but I don't... again I don't recall a conversation where we had that decision it was just that was the natural next step if you like
CK	Ok, so that was just an assumption that you were working towards?
PH	Yes.
CK	But not necessarily. Were you checking in with anyone, more senior in terms of confirming that was your understanding?
PH	I don't recall, it was long... I don't recall anyone ever saying to me, it's one set of regulations or anyone saying to me, shelf that until that point, it was just the consultation finished and then it was full steam ahead to get the domestic set up and get the non-domestic in a position that would get the regulations through and that maybe took longer than was necessarily envisioned because those, footery issues took longer to iron out, biomass sustainability and those new tariffs the direct DGO Thermal because if we were introducing new tariffs for new technologies we would need to be giving a lot of guidance to Ofgem in terms of how they administered it so that's why it made sense for us to wait until DECC had made those decisions and then utilise what their evidence was saying on things like performance so the heat pumps you would need to have a certain co-efficient performance or you would need to have a certain certification or something like that so we would then wait until... because we wouldn't have had the expertise to make those decisions on our own if you like.
CK	It wasn't the case that there was a conscious decision to differ the non-domestic scheme over the domestic scheme?
PH	No, I heard that somewhere that the Minster made this decision, I never heard that.
CK	That is something that has come out.
PH	I don't think we ever sent a sub up to the Minster to say should we do x or should we do y, it was just the consultation ended and then let's proceed, now certainly there was more interest in the domestic scheme amongst stakeholders and we were getting further behind DECC in terms of the GB RHI whereas those other secondary issues in terms of... take the cost control out of it.. but those other issues in terms of new tariffs, DECC hadn't made decisions on them so there wasn't the same push on the sector there was maybe a slight push on the geothermal guys who were keen to get in so we'd of had them coming in saying look we need... and bio-liquids might have been another one but still needed some guidance from DECC in terms of right if we're



	doing deep geothermal what is the standard, how far down in the bore holes and things like that was the temperature.
CK	So as far as you're concerned there wasn't a conscious decision taken to defer implementation of the non-domestic aspects of the scheme over the domestic.
PH	No, I don't recall it was both... it was a train track approach but domestic was slightly... we had more control over the domestic because we had designed it and were very sure how to go ahead with it once we had a few minor issues that we were more in control of I think is probably... I think in the handover note I talk about things like swimming pools and larger domestic systems and farmhouses I remember being one but those were issues that we could decide on, there were issues in the non-domestic that we really needed to either wait for DECC to make a decision on maybe Ofgem and maybe then EU guys as well so the thing slightly out of our hands and then that biomass sustainability issue would probably would have need to have some sort of agreement between DOE and DARD in terms of like if DECC... if DETI say this is the knock standard could both of those Departments be happy with it.
CK	Just listening to you, you have such knowledge of the scheme, it is that knowledge just seems to have been lost Peter if I'm being very honest with you even with that handover document having been put down and that detail being put in that handover document, now I'm trying to remember what you said about that document because I appreciate there was a temporary.... Davina had come in
PH	Yeah, my recollection was that, and Davina was maybe there for a very short period of time, and I think it was quite, get the domestic RHI through casework was her remit, I think it was for four weeks or something like that.. so that would have gone to her and I would have talked her through it because she was the only person physically there whenever I was leaving, the two people who replaced myself and Joanne didn't obviously come in.. so I think I'd have talked her through it and...
CK	The domestic?
PH	The whole thing, especially the immediate actions I would have talked through and I think I passed her on that Janette O'Hagan email and said look this is what's happened, and this is what's come in and what you might want to think about, but she was there for a very short period of time and really was solely on domestic so this is really for the people after that I would say and that's why I did it, you know I'd also say... I'm not sure... I don't know how things work... I'm not sure how much my responsibility is to brief up if you know what I mean, normally it's whenever I come into a new team it's my line manager who tells me what the issues are not my staff members if I could make that point, but Joanne had started this before she went on career break and said to me look can you populate that with a bit more detail and I did with as much detail as I thought would be helpful at that stage and gave to Davina with the view that would be passed on to the new team, I think.. again this is a few years ago, I think I remember printing off a lot of documents and having two big lever arch files probably with all these kind of the documents that I refer to that be the business case, and the casework papers for the non-domestic we'd done in 2012 so if someone was coming in they could read through and get a bit of handle of what.. how things.. on the proviso that it's all quite complex stuff and in a foreign language some of it, and I think they would have needed two lever arch files for the guys coming in to work through. I do recall maybe on my last day popping my head in to say, or John maybe calling me in, and saying would I come back for a day or two and brief the new guys when they came in, I went back once, my replacement contacted me I think maybe in the summer time to talk about the domestic regulations so I went back and met with himself and I think maybe Dan at that stage and talked through the domestic regulations and I think talked about those issues that I just mentioned –



	<p>swimming pools, the hard things, I think that was... my recollection was we only talked about the domestic that day, I probably had an assumption that I would have gone back but I didn't pursue it, it was up to them if they had a question that they could contact me and that was how I left it. I would say, this is even with hindsight, I think the staff changes is very regrettable at that stage, it's a complex scheme, you had Fiona who was well over it going in November time on promotion, you had Joanne then going on career break in the April time and Joanne had been there for three years and was well over it and well over the Ofgem stuff in particular and then me who had been working on it for four or five years and it's just very complex and I think at the time that was pointed out that it might have been an unwise decision to let everyone go but that wasn't my decision and I was... I asked for the move and was happy to be granted the move because I'd done it for four or five years and it was probably enough, enough was enough and I was happy.</p>
CK	And who pointed that out, that it was an unwise decision?
PH	I think Joanne definitely raised it, that she didn't think...
CK	With John?
PH	Possibly, you'd need to speak to Joanne, that's my understanding that she might have said it might not be wise to let him go at the same stage it might be wise to keep him in place for a year and let things bed in, possibly another Grade 7 might have said it as well, but no-one is irreplaceable in this world and so I think that was probably his point of view, if I wanted to move that's ok and part of me is grateful for that, part of me regrets it.
CK	Would John have been aware of that level of detail, I'm only asking because he was the one, he was the member of staff who took it from the January 2014 onwards
PH	I think it would be hard for him to have that level of detail, I think I was probably, I had the most level of detail because I worked on it so closely and probably Joanne next, Dan had a good level of detail but was more focused on the domestic and he was a good technical person, so maybe less than the policy or what the policy decisions were being and then Fiona had a very good level of detail because she had been there from the start so she had been there from the first CEPA stuff so she was able to ask all the questions so anyone coming in cold at that point it's difficult because your reading 400 pages of technical briefing and it does take you a certain time to get a feel for what is happening in it, but yeah I think anyone coming in it's difficult that's why I tried to be as detailed as possible in the handover note without being ridiculous and really tried to point them to, this is an important document, this is an important document and these are the issues to be done in the next three or four months.
CK	I'm interested and thank you for that Peter, the Fiona to John handover which I mean I know happened, where you asked to feed into any handover document at that stage from an RHI side?
PH	Possibly, possibly I don't know if.. Fiona might have done a first day brief for John, which would have been a common thing and if that was the case we would have done maybe a one page or two pager to say this is the current position, these are the issues, these are the decisions being made over the next three or four months, would have been the standard format I think, certainly if a new Minister was coming in or a new Permanent Secretary you'd have done the same sort of thing and then it would have been up... then they would have had a list of ... right these are all issues to be done in the next two months, these are issues for six months, I think I probably fed into something like that or if I didn't Joanne probably did, it might have been Joanne.



CK	And I can understand why that is the case, that is what happened and to be honest that's probably what should happen but do you recall specifically being asked to feed into a handover?
PH	No I don't recall specifically... no if there had been an exercise like that, that would have come out from the co-ordination team in... Fiona would have said to Paul, look pull together a first day brief and Paul would have been then....
CK	Who's Paul sorry?
PH	Paul would have been the Grade 7 in charge of all co-ordination matters, so any kind of briefing that needed to be co-ordinated and so it wouldn't have been a sole RHI briefing that John would be getting it would be 20 issues to do with gas and electricity and whatever it might be.
CK	It was just if you could recall personally.
PH	I don't recall specifically... if I was guessing I would have guessed that would have happened because any Grade 5 coming into that role would have needed to have significant briefing and I think I'd be fairly certain that that exercise took place and he wouldn't be getting that level of detail he wouldn't be given fourteen or fifteen pages on it, he'd have been getting two or three pages on all the issues in energy and really saying this is the current position and these are the decisions that will be coming to you in the next two or three months to sort out.
CK	The only other main topic Peter that I wanted to discuss was the review in 2014 that was supposed to happen in 2014 and I know we touched on it in your previous interview as well, if we can just go back and maybe you've had time to reflect as to why that review didn't happen during your time...
PH	I think, again on reflection... what I've heard said and I think it's been brought up in PAC that whenever we put forward the idea of a January 2014 review that was in DFP business case that went to them probably in the March time I don't know, it's sort of after 18 months or 20 months after the scheme we sort of proposed there be a review, we were probably thinking that it would be in place by the summer, there was delay in getting it in place because we were in scrutiny on the regulations over the committee over the summer months and probably delays with Ofgem in terms of getting the admin procedures in place and so the scheme probably didn't start until four months later, four or five months later so there was probably that rationale, we said January 2014 but that was based on a July 2012 start date, it didn't happen to November so it's not as urgent until later into the Spring time so there's that, there's probably also the fact there's not an awful lot of data come January 2014 in terms of uptake, there's bits and pieces and we talked earlier on about an emerging picture maybe later on into the spring time, so probably in that.. Whenever it's been discussed.. I think it probably was discussed in the Janette O'Hagan meeting if she's saying to us there's an issue we would have been saying to her well we're going to review this in 2014 and we'd value your input and we would have given her the chance to input into the consultation probably which was ongoing or it might have closed depending on the dates, but certainly in terms of the review it was to happen in 2014 and it probably was dependant on what the issues were seen in the scheme at that stage so whenever we're sitting there in January/February 2014, we've got all this other stuff to be doing in terms of domestic and non-domestic, we look at the scheme and it's still no uptake and budgets are low and there's a level of this is ticking along run and it doesn't a really in-depth analysis at this stage, I don't know again if that's a formal decision or just something that flows, no-one ever..



CK	That was my question, because that rationale makes sense to me, but I guess it's not my understanding of how the public sector works in that there's January 2014 it's there it's written down so, everybody's there around their evidence of we've had a conversation and this has been decided.
PH	No, I don't recall anything like that happening at any point saying let's... certainly I think in that Janette O'Hagan meeting, Fiona probably talked about a January 2014.
CK	Well she certainly talked about cost controls, sorry the consultation process around it, that was certainly referenced, I don't think the review from memory was Peter.
PH	In the meeting?
CK	Yeah, it was definitely 'we're consulting on this' and actually tariffs would be one of things that would be looked at.
PH	My recollection is something she might have said in the meeting, look this is an interesting point we will be reviewing this next year and we'll bear this in mind kind of thing, to ask for my assumption what had been said but again it's a long time ago, but I don't recall anyone ever sitting down saying we're definitely not doing this or we definitely are doing this, but if you're sitting looking at it in January 2014 I don't think there would have been a real strong outcry that this something is going wrong here, the one thing that we'd have been saying is that uptake is low and maybe we need to do something.
CK	I can understand that, I guess from your prospective and you being the one who was intimately involved in the scheme, did you being aware that January 2014 was out there, did you actively do anything to check in and make sure, look are we delaying this or not.
PH	I don't recall ever sending anything up to Joanne or Fiona, I don't recall a discussion about it, well Fiona wasn't there in January 2014, I don't recall a discussion about it, I recall the focus being on getting the other things launched and keeping a watching brief and that's what we were doing, watching brief on the monthly analysis and the monthly reports and let's get things sorted in terms of the domestic and non-domestic. I don't recall a formal decision, I don't recall ever sending up to the Minster and saying we're not going to review this, I don't recall the Minster wouldn't have been involved in that decision, it would have been... I think it was, things moved ahead, and it was let's keep on watching, it's a scheme with 40 or 50 people into it at the minute in a year it doesn't strike us that it needs to have a massive review at this stage but we'll bear that in mind as things go on and I think by the time I was leaving because of those other issues I've discussed it was more pushing at that stage, but that's just my inclination at that stage, that you know, review that element of the tariff, and that's probably why I said.. I wonder if that's why I said in the handover just review that tariff there's no other uptake really so I haven't said review the whole scheme, I haven't said review heat pumps or whatever I've just said review that one as the first starting off point.
CK	I'm interested again because there was that change of personnel from Fiona to John, what your describing I guess that makes sense and Fiona's all over the scheme and there's a watching brief and that's the assumption that you're working towards, did you do anything Peter to check in that your assumption was still correct given the change in command at the top, that was also John's view of it.
PH	No I don't recall ever really.. I don't recall me personally ever having a detailed discussion about the non-domestic with John, I probably maybe, I think me and Joanne met with him and probably gave him a brief overview of it, I'm assuming that



	happened, I do recall going to a meeting about the domestic scheme with the business case and getting his early views on that, that's my only recollection of a meeting to talk about the RHI, but there could have been others but I don't recall them personally.
CK	Can I just ask, your right within your handover document you don't reference a bigger review, an entire scheme review, was that deliberate?
PH	I think I was.. no I don't know what my thinking was on it, it was maybe just this is the most pertinent issue and it was a manageable issue, reviewing one tariff seemed like it could have been done in that timeframe, I had probably had given not a lot of thought in terms of what the whole big review would have taken, because I think whenever we did that in 2012 our kind of thinking would have been a review would have involved bringing in someone like a CEPA or someone like that and getting them an independent analysis and a new set of tariffs or a new set of whatever, probably at that stage it felt like that was less pressing it was more an in house, you've got Economists there who could do it, because we didn't have them in 2012, there was an Economist unit obviously in DETI but they would have advised on all projects and they were good like that but by 2014 there was an in-house Economist based in the energy division which was a new thing so he was there so maybe I was thinking well that's the way we're doing things has changed slightly so that could be done quicker if you like but I don't know if it's a deliberate thing thinking I'll not swamp them or this is the most important issue, why would you review the heat pump tariffs if there is no-one is taking them up, yes maybe you should review them to see if they need to go up, maybe they're sufficient but the thing that seemed to be most pushing with Miss O'Hagan and Ofgem and my own analysis was the under 100 kilowatts tariff for biomass.
CK	That makes sense. I actually just have one final question and that just relates to the monitoring piece again and the only reason I'm asking is that we haven't looked at everything and I'm just wondering could you help direct us to where on the fabulous TRIM we may find these spreadsheets or some evidence of the actual monitoring profiling that was being done.
PH	I don't recall where they are on TRIM , I remember a spreadsheet which was done, which was GB uptake, in the previous 12 months, so what our uptake was in November 2012, how does that compare against GB uptake in November 2011 on the basis that that's the most fair reflection one year into the scheme, rather than a date analysis, so how many do they have and how many do we have and what's the percentage of uptake and probably something similar in terms of heat capacity to see are we getting more applications but they're smaller or are we getting less applications and hoping that would track at around 3 or 4 or 5% around that 3% being the budget and the heat demand and I think then there would have been figures, well it's referenced in this actually so you would be able to... it is referenced in this I think it's.. there's definitely a bit that I say this is where we... useful documents, spreadsheet analysis and uptake DT1.14 so that's that spreadsheet that I'm talking about, there were others which basically... which would probably in the same container as that if I've saved it in any rational way.
CK	And was that your spreadsheet or Sandra Thompson's?
PH	No that's my spreadsheet which basically said NI applications and accreditations, capacity and things like that, so you could look at it and say if NI started getting it say north of 10% that would trigger alarm bells saying we are getting far more applications than GB did at that stage and we're actually 10% of applications but only 2% of heat capacity so we're getting far more applications but they're all much smaller so what's going on here. But within that as well I think I took a lot of the data that



	CEPA had in their model and in their technology assumptions and put them into different spreadsheets so you could go into each tariff and model out what a tariff might look like if the heat demand went up or the heat demand went down what it might look like, if prices went up went down... just for my own kind of interest in it, to how it was monitored, I assume they're probably in there as well, probably saved badly.
CK	We love TRIM.
PH	Do you have access to TRIM?
CK	We're getting access to TRIM so yes.
PH	But I'd assume they're in that container, but there are some spreadsheets... again they were just for my kind of... because it's a hard task to dissect this kind of information that Ofgem are giving us so how do I that and my view was well take what CEPA assumptions are put them into some sort of spreadsheet where you can mess about with the variables and see what comes out.
CK	And that have informed, your analysis would have informed the quarterly AME forecast or these monthly forecasts.
PH	Yes and any kind of projections so you could go into that and say well this is if we got a whole raft of ground source heat pump tariffs this is what we would be expecting to be paying on them.
CK	You'll be glad to know I've no further questions, Keith do you?
KMW	No.
CK	Have we covered everything?
KMW	We have yeah.
CK	Peter is there anything else that you would like to draw to our attention.
PH	No I think I've said most things, I think just for the record I'm happy to be involved in this process and for the record I do regret that this didn't happen 7 or 8 months ago in advance of PAC that there wasn't a fuller kind of picture of what happened and why it happened and the decisions that were taken and I think it would have aided the PAC process and given them a fuller understanding of why decisions were taken because there was always a rationale and there was always work that went into these things. I think with all the speculation and misinformation and conjecture that there are some fundamental things that I don't think are beyond dispute and this was designed over a lengthy period of time with a lot of work, it was scrutinised heavily by everyone, we didn't skip any processes in terms of , we went for the strategic outline case consulted outline business case, it was approved by our Grade 3, David Thompson, it went through all the scrutiny and as I said before Action Renewables scrutinised it on behalf of the committee, I would also say as I said earlier, the early days of it did not strike us as a scheme that was out of control in any way and there were always policy levers to pull it back if it did and we were always mindful of them and we were always mindful there was a budget profile and we had to stick to that it's regrettable that things have got lost in the staff changing and there's always reasons for that in terms of corporate knowledge going and because of the complexities of it, I'd also say in terms of you hear the stuff on the news, the Miss O'Hagan meeting in Autumn 2013 in my mind was not someone coming in as a whistle-blower revealing a great fundamental mistake, it was her updating us on a product that she was selling



	and how it might have linked to the RHI and anecdotal information, one or two people she was in contact with and that was that. So it's wrong to say we ignored her or rejected her or anything like that, that's not my recollection of the meeting at all anyway and she might differ or other people might differ but that's not my... and I'd say that why I acted the way I did whenever I left wasn't.. was just because she's emailed me again it's greater.. it bares greater cognisance to what I think is going on in the scheme anecdotally at that stage based on my own analysis and then that's backed up by Ofgem and those three things then lead into me suggesting the change and it's a shame that those changes didn't happen and that's all I can say.
CK	And just to clarify those policy changes that you referenced that is specifically the ability to review and the ability to suspend the scheme.
PH	The policy leavers yeah, so if things were going out of hand there's always the... I'll go back and look at the regulations.
CK	And we will as well Peter.
PH	But I was sure there is a general power, the Minister can review at any stage and the Minister can suspend the scheme at any stage, but I'll check that and those would have been the panic button, if things were going wrong, if a large overspend is seen at any stage then you take action, because you had that budget profile that you're working too. But that's all I'll say.
CK	Can I just ask in terms transcript, would you like a transcript of this interview.
PH	Yes I'll take a transcript that would be helpful.
CK	How would you like us to send that to you, just email it to you?
PH	Yes, just email, I think last time it didn't come through in the encryption so I'll take none encrypted version is fine.
CK	Just to your Department of Education address?
PH	Yes
CK	Peter thank you very much and just for the record it is 1.45pm and the interview is terminated.

