
From: Edgar, Leona
Sent: 06 July 2016 10:41
To: Timothy Johnston; Johnston, Timothy; Richard Bullick; Bullick, Richard; Stephen Brimstone; Brimstone, Stephen; John Robinson; Clive McFarland; Weir, Philip, TEO SpAd
Cc: Gardner, Jeremy; Wallwin, Judith; Parkhill, Laura
Subject: FW: Renewable energy scheme - Evening Extra 5.7.16

Leona Edgar

Senior Information Officer

The Executive Office
Stormont Castle
Stormont Estate
Belfast BT4 3TT

Email: leona.edgar@executiveoffice-ni.gov.uk
Tel: 028 9037 8119
Mobile: Personal information redacted by the [REDACTED]

From: EIS Typists [<mailto:EISTypists@justice-ni.x.gsi.gov.uk>]
Sent: 06 July 2016 10:40
Subject: Renewable energy scheme - Evening Extra 5.7.16

Programme	Evening Extra
Date & Time	5.7.16 – 17.10
Subject	Renewable energy scheme
Prepared By	Typist: Debbie Arthurs MMU: GI

JAYNE MCCORMACK

Private consultants are to double check claims made for financial assistance under an energy scheme which has now been found to have been opened to abuse and has been ordered by the Economy Minister, Simon Hamilton, following a report by the Audit Office.

Julian, what's been uncovered?

JULIAN O'NEILL

Well the Audit Office has been reviewing expenditure at what was the old DETI, Department of Enterprise, Trade and Investment, and it has found serious issues with a scheme operated by DETI, the Renewable Heat Incentive or RHI for short. Now thousands of applications were received under this initiative by businesses and private individuals over a period of years. It encouraged the installation of eco-friendly heating systems, things like biomass boilers by paying a tariff per kilowatt of heat burned over a 20 year period but with the help of a whistle-blower the Audit Office has uncovered that the system was open to abuse and even potential fraud. One example it cites is of a farmer in line to claim £1million over a 20 year period for simply having the heating on in an empty shed.

JAYNE MCCORMACK

The first question you have to ask about all of this is how was all this able to happen?

JULIAN O'NEILL

Well the Audit Office reports says, in its words, 'the scheme had serious systemic weakness right from the very start', it was introduced in 2012 following a parallel scheme in Britain and it was designed to increase the uptake of renewable heat technologies but crucially unlike the British scheme Stormont did not apply rules where payments would be reduced after a certain point in time, so the costs potentially spiralled. The Audit Office says had the Stormont scheme operated a tiered payment structure, like there was in Britain, it would have helped potential abuse of the system. Scenarios were equipment was simply operated for the sake of operating simply to increase the level of grant received, back to that scenario I talked about where the farmer was heating an empty shed.

JAYNE MCCORMACK

What sort of figures are mentioned in the report in terms of abuse?

JULIAN O'NEILL

The audit found that DETI failed to get spending approval for £12million of funding under this scheme last year but it points to much bigger issues. Stormont had envisaged the UK government would fund most of the RHI scheme but the expenditure commitment has ended up well above a Treasury cap, the upshot, according to the Audit Office, is that over the next five years the additional cost to the block grant could be £140million and significant costs will continue to be incurred until 2036. Now abuse of the system has been mentioned, this may or may not extend to

fraud, we don't know the extent of it in terms of just how many applications there may prove to be issues with.

JAYNE MCCORMACK

So who is going to take responsibility for this mess?

JULIAN O'NEILL

Well it should be said that the scheme has now closed, the Minister in charge of what was DETI, Simon Hamilton at the Department of Economy, describes the audit report as 'deeply shocking'. Now when the scheme was operational Arlene Foster and Jonathan Bell ran the department but Mr Hamilton says civil servants have admitted it was they, civil servants and not the Ministers who were at fault. There's probably going to be much more on this, expect perhaps witnesses at hearings of Stormont committees. Simon Hamilton is now left to try and get to grips with the financial burden of all this, as a first step he's appointed external consultants to conduct on the spot inspections of renewables projects under this RHI programme to ensure they met the spirit and letter of the scheme, he says the policy purpose of this scheme was well founded but where fraud is found it will be firmly dealt with. I should add just in conclusion, Jayne, that this whole scheme was administered on behalf of DETI by a body called the Office of Gas and Electricity Markets.

This e-mail message has been scanned for Viruses and Content and cleared
