

## INQUIRY INTO THE RENEWABLE HEAT INCENTIVE SCHEME

RHI REF:

DATE: 16 March 2018

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 Supplementary Witness Statement of: John Mills
 

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I, John Mills, will say as follows:

Further to my first statement in response to the Inquiry's Notice 143 of 2017:

1. I understand that I may be allowed to provide this (second) supplementary statement, to clarify some errors which were present in my first statement, and to add some personal information which I had not included before.
2. When I prepared my first statement I had concerns about the fact that the hearings were both in public and televised. There were some facts relating to my family life that (I considered) had some relevance to the issues before the Inquiry. However, I was anxious about the possibility that these could be discussed openly.
3. However, I have been assured that, if at all possible, the participants will endeavour to make no direct reference to Sensitive personal information redacted by the RHI Inquiry perhaps only referring to "my family circumstances".
4. I have already disclosed my family circumstances in my first statement, namely that Sensitive personal information redacted by the RHI Inquiry However I had not indicated that Sensitive personal information redacted by the RHI Inquiry during October/November, 2013.
5. During that time, Sensitive personal information redacted by the RHI Inquiry  
Sensitive personal information redacted by the RHI Inquiry We were really concerned  
Sensitive personal information redacted by the RHI Inquiry
6. I had already applied for the post in the Energy Department. However, I was now concerned that these family circumstances meant that it was essential to me to be able to maintain an appropriate work/life balance and that I could not work excessive hours..
7. David Sterling had invited me to speak to him about the job (generally). This took place some time before my meeting with Fiona Hepper in November 2013. During that meeting I told him about these family circumstances, told him that I would not be able to work "extra hours" and asked him about the post's "demands".

8. David reassured me. He told me that managing Energy Division did not require the hours that Fiona Hepper chose to work. He implied that Fiona was working unnecessarily hard.
9. Before I started the post I met again with David Sterling and David Thompson. Again, David Sterling emphasised the “quality” of the staff in Energy Division and that I could “rely on them” (i.e. referring back to my earlier concerns). They both said that I should prioritise (i) to managing the branch and (ii) streamline the information from the Branch to the Minister.
10. I have also explained that I met with the Minister and senior officials once every 6 weeks. Again, my impression during those discussions was the Minister’s disappointment that the domestic RHI scheme was not ready. We had promised the Minister that the scheme would be ready but deadlines had continually slipped. This is why I made it the Branch’s priority.
11. In relation to my first statement, there are some minor errors and clarifications I wish to make. Rather than correct this at the start of the evidence, it has been suggested that it would save time to indicate the nature of these corrections in this statement:
  - (a) Paragraph 48 refers to a draft DETI consultation response (on the domestic scheme) to the DETI Consultation of July/October 2013. I said in my statement the document was dated 13 February 2014. In fact the document is not dated. I referred to this date, as this was the date the document was created on the TRIM system.
  - (b) Paragraph 54 refers to a tariff review of the non-domestic scheme. At the time I prepared my statement I stated I did not know what the evidence was justifying that review. I have since been made aware of two documents from May 2014 which suggest I *should* have known: one a submission updating the ETI Committee and the second being heads of branch meeting updates.

My understanding was that a review of non-domestic tariffs may have been needed. I did not understand the reference to be to:

- (i) A general review of the whole scheme which ought to have been conducted in 2014;
- (ii) That this was a requirement of the scheme;
- (iii) That the funding of the scheme required/ was dependent upon a review;
- (iv) That the legislation in NI did not have “tiering”;
- (v) That there had been correspondence and meetings with a member of the public about the scheme - which intimated problems were already evident;
- (vi) That there was an urgency for any review.

- (c) In paragraphs 60 and 61 I speculated on how long it would have taken to introduce cost controls in 2014. I now accept that the real issue was being able to recognise the vulnerabilities of the scheme.
- (d) In paragraph 77 I have stated that “tiering” first entered my “consciousness” during Spring 2015. Further documentation (to which I have now had access) suggests this is not correct.

First, I can now see there is reference to “tiering” in the context of a tariff review in Heads of Branch updates for the period from May to July 2014. (I have explained my understanding of the issue of a review at (b) above). I would not have understood issues around tiering at that time.

I also recall now, that during discussions in November/December 2014 about the domestic scheme, an issue was raised whether there should be a “cap” on payments, of £2,000 or £2,500. I believe then, I became aware that there was no corresponding “cap” in the non-domestic scheme. I believe I discussed this with Stuart, and queried whether this could be correct, and was told that it was. Unfortunately I cannot recall why I did not consider that issue further. I think I must have decided that issues like this would be picked up during the work on Phase II of the non-domestic scheme which was already scheduled to start in January 2015. Unfortunately I did not appreciate its financial implications at that time.

- (e) Paragraph 80 referred to Ms O’Hagan’s correspondence, and, in that paragraph I stated I did not have knowledge of this.

From further discovery I can see I was “cc-d” into the e-mail chain. Regrettably, I have no recollection of reading the email chain or understanding its importance. Neither Fiona, Joanne nor Peter mentioned their discussions with Ms O’Hagan or of the claims she made regarding the flaws in the tariff system.

- (f) In paragraph 98 I stated that “the branch was estimating we would not achieve ...” targets of 4%-10%. It was not actually “the branch” that estimated that, the information was obtained from the (third) CEPA report.
- (g) In paragraph 110, I suggested that lack of spending controls were “not design flaws” in the RHI scheme. Looking at all the available material, I would wish to retract that. I thought then that the lack of “costs controls” were designed to “incentivise” the scheme. I appreciate now this was a design flaw.

- (h) In paragraph 111, I stated that I was not aware of the email on the nature of AME funding until around "May 2015". I would now say it was probably March 2015 because I have had had an opportunity to check the contemporaneous records.
- (i) In paragraph 126, I said that "... DFP re-approval would have taken a year". In fact, it effectively took about eight months in 2015. A tariff review would have taken longer.
- (j) In paragraph 160, the reference in the last sentence should be to "2015" not "2016".
- (k) In paragraph 174, I stated that when we received notice of extra AME funding in July 2015, and that "[u]" had asked for confirmation that the extra funding was available and that it was not just an "automated reply" (i.e. an acknowledgement that we had been given extra funding). I now consider Dr McCormick may have asked me to check this on his behalf.

Statement of Truth

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

Signed: \_\_\_\_\_

A handwritten signature in black ink, appearing to be 'J. Mills', written over a horizontal line.

Dated: \_\_16/03/18\_\_\_\_\_