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

**From:** Katy Read [<mailto:Katy.Read@ofgem.gov.uk>]

**Sent:** 08 July 2015 17:25

**To:** Hughes, Seamus

**Cc:** Wightman, Stuart; Edmund Ward; Sarah Driver

**Subject:** RE: NI RO

Hi Seamus,

That's great thank you. We'll tweak the feasibility study in line with this.

On a slightly different note, I understand the policy was due to be finalised and draft regulations available a couple of days ago. Are these available?

Also, we need to start planning for any potential IT changes. We think that the biomass banding and tiering would really need to be an automated option due to the very high costs and risks of the manual option. Apologies that this is coming ahead of the feasibility study delivery – it's just that this is quite a short timescale relative to the usual IT development process. **So could you please give a formal confirmation regarding the level of certainty that the banding and tiering changes will be ready for implementation in October?**

We need this to start integrating the changes into our IT planning and allocating resource etc.

Also, our IT release in October is due on 5<sup>th</sup> October. Would it be possible for the banding and tiering places to be implemented on this date or would this be a problem? If so we can come up with a workaround.

Many thanks

Katy

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**From:** Hughes, Seamus [<mailto:Seamus.Hughes@detini.gov.uk>]

**Sent:** 07 July 2015 13:51

**To:** Katy Read

**Cc:** Wightman, Stuart; Edmund Ward

**Subject:** FW: NI RO

Katy

Please find attached updated cost control policy template as promised.

Regards

Seamus

**Seamus Hughes**

Energy Efficiency Branch

Department of Enterprise, Trade & Investment

Netherleigh

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Belfast, BT4 2JP

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

**From:** Hughes, Seamus

**Sent:** 07 July 2015 10:56

**To:** 'Katy Read'

**Cc:** Wightman, Stuart; Edmund Ward; 'Sarah Driver'

**Subject:** FW: NI RO

Sarah

Thanks for this and apologies for the confusion. It's been a bit of a moving feast over recent days here. I will have a word with Stuart this afternoon and we will get an amended policy template to you today to provide clarity on what is now proposed.

Regards

Seamus

**Seamus Hughes**

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Annotated by RHI Inquiry

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

**From:** Katy Read [<mailto:Katy.Read@ofgem.gov.uk>]

**Sent:** 07 July 2015 10:47

**To:** Hughes, Seamus

**Cc:** Sarah Driver; Edmund Ward; Wightman, Stuart

**Subject:** RE: NI RO

Hi Seamus,

Thanks for your reply. That's no problem if things have changed, but this does go against with the latest proposal we had through with some of the dates specified.

So just for clarity, I've made comments on the attached as to what the split should now be for the different parts, and noted where the proposal specifically refers to October for the degression measures just to highlight where we would be going against the detail specified here.

Can you confirm that you agree with my understanding please?

Many thanks

Katy

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**From:** Hughes, Seamus [<mailto:Seamus.Hughes@detini.gov.uk>]

**Sent:** 07 July 2015 09:51

**To:** Katy Read

**Subject:** RE: NI RO

Hi Katy

The tiered tariff for biomass and change to the banding are the cost control measures to be in place from October. Any further degression measures will be taken forward after that date.

Regards

Seamus

**Seamus Hughes**

Energy Efficiency Branch

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

**From:** Katy Read [<mailto:Katy.Read@ofgem.gov.uk>]

**Sent:** 06 July 2015 19:47

**To:** Hughes, Seamus

**Cc:** Wightman, Stuart; Edmund Ward; Sarah Driver

**Subject:** RE: NI RO

Hi Seamus,

Thanks for letting us know, that's very helpful for planning.

Following our last communication with Stuart, we understand the cost control/degression measures to be planned for October as well (attached). Is this still the case?

Thanks

Katy

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**From:** Hughes, Seamus [<mailto:Seamus.Hughes@detini.gov.uk>]

**Sent:** 06 July 2015 14:58

**To:** Katy Read

**Cc:** Wightman, Stuart; Edmund Ward; Sarah Driver

**Subject:** RE: NI RO

Hi Katy

Just by way of a "**heads up**" the industry here is now becoming aware that changes are afoot for the non domestic RHI later in the year and although none of the detail is out there yet it is likely that Ofgem may see an increase in application volumes over the next while.

As you know our proposed staging of changes at this time is CHP, tiered biomass tariff and change to the biomass banding from October. Beyond that we are going to be looking at tariff degression and expansion to other technologies and tariffs.

Revised from Ofgem on 12/07/15  
Annotated by RHI Inquiry

Regards  
Seamus  
**Seamus Hughes**  
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**Please consider the environment - do you really need to print this e-mail?**

**From:** Katy Read [<mailto:Katy.Read@ofgem.gov.uk>]

**Sent:** 03 July 2015 12:51

**To:** Hughes, Seamus; Wightman, Stuart

**Cc:** Sarah Driver

**Subject:** RE: NI RO

Hi Stuart,

We have discussed further with our RO colleagues and it looks like the delay to their Orders won't actually affect us after all, meaning that pushing for October still seems like the sensible option. I've summarised our understanding below:

- The current NI RHI regs allow biomass CHP to be accredited but this is *not* permitted if the CHP station has ever received a heat uplift on the RO. The tariff is based on the biomass tariffs.
- The current NI RHI regs do not allow bioliquid CHP
- The current RO Guidance (p44) explains that from 1 October 2015 CHP stations newly accredited cannot get a heat uplift on the RO unless their technology or fuel doesn't meet the RHI eligibility criteria. And "Where the heat produced is from a technology and / or fuel source which does not, and has never met the RHI eligibility criteria the generator may still be able to claim the CHP uplift under the RO for 2015/16 and post-16 capacity."
- The NIRO Order amendments are now expected to come into force 1 December 2015, but the rule above is already in place so this is what will be applied from October regardless
  - This means that from 1 October 2015 and new biomass CHP stations accredited must join the RHI to get their heat payments, which is possible currently. However, if they are over 1MWth, they won't be eligible. If they are under 1MWth they will be eligible but will be on the biomass tariff which is likely to be the 'large' banding of 1.5p/kWh – significantly lower than the proposed 3.5p/kWh that you have proposed for the phase 2 changes
- Any new bioliquid CHP installations accredited from 1 October will:
  - Be able to continue getting their uplift on the RO if we have **not** changed the NI RHI Regs by then
  - Be able to join the RHI if we **have** changed the NI RHI regs by then

So with these points in mind, do you want to push for the CHP amendment to come into force in October as originally proposed?

Apologies for any confusion.

I can follow up with a call if any of this is unclear.

Thanks

Katy

**Katy Read**

Senior Policy Manager

Non-Domestic RHI

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**ofgem e-serve**

**From:** Wightman, Stuart [<mailto:Stuart.Wightman@detini.gov.uk>]

**Sent:** 02 July 2015 14:23

**To:** Sarah Driver

**Cc:** Katy Read; Hughes, Seamus

**Subject:** RE: NI RO

Sarah, unfortunately, unlike the NIRO, the NI RHI is constrained by the budget allocated by HMT so we will have to push ahead with cost control measures ASAP (Oct), but the other Phase 2 proposals can wait until the new year.

Received from OFGEM on 11.05.2017

Stuart  
Annotated by RHI Inquiry