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Edmund Ward
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Dear Edmund

PRELIMINARY ACCREDITATION ISSUES – CHP PROJECTS

As we discussed during our teleconference on 15 March, the Department is anxious, given the RHI budgetary position, to establish the potential liability relating to the applications for preliminary accreditation which were received by the closing date for the scheme of 29 February 2016. We understand that there were 8 such applications.

As you know, the budget position for the RHI is acute: forecast expenditure associated with commitments under both NI RHI schemes is already expected to reach £49m in 2016/17. With future RHI funding for NI now capped at 3% of DECC's budget, over £125m of additional funding may have to be found from the NI Block to meet existing RHI funding for the next 5 years.

I would be grateful if you would advise as soon as possible on the status of the applications for preliminary accreditation.

The Department is considering the need to attach a condition to the grant of any preliminary applications requiring the application for 'full' accreditation to follow within a specified period of time. In light of the current budgetary pressures, the Department needs clarity regarding future expenditure requirements and this would provide some certainty going forward. The Department suggests that it would be reasonable to require the application for full accreditation be submitted within 12 months of the grant of preliminary accreditation (or by 31 March 2017 at latest), but we would wish to discuss this further with you.

The Department would also be grateful if you would advise whether any applications for preliminary accreditations have been/are likely to be rejected, for example on the basis that they do not comply with the requirements of Regulation 26(1) relating to planning.

I am currently engaged with Finance colleagues regarding budget assessments/profiling and the Department needs clarity in relation to the status of the preliminary applications in order to ensure that the costs for those which have been approved are factored into budget profiles and that we can give definite timescales for when the full extent of the budget liability will be clear.

Yours sincerely

STUART WIGHTMAN
Head of Energy Efficiency Branch

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