

Irrelevant information redacted by the
RHI Inquiry

From: Niblock, Ann [Ann.Niblock@ofmdfmni.gov.uk]
Sent: 05 February 2016 16:22
Subject: DESK IMMEDIATE: DETI URGENT DECISION REQUEST: CLOSURE OF THE
RENEWABLE HEAT INCENTIVE SCHEME (RHI)
Attachments: E (UP)(16) 06 - DETI Urgent Decision request - Closure of the Renewable .docx; SUB
057 Min Signed.pdf
Importance: High

Please see the attached from Neill Jackson.

Ann Niblock
PS/Neill Jackson
Ext 88124

Copy distribution list see below

**FROM: NEILL JACKSON
EXECUTIVE DIVISION**

DATE: 5 FEBRUARY 2016

TO: PS/FIRST MINISTER AND PS/DEPUTY FIRST MINISTER

DETI URGENT DECISION REQUEST: CLOSURE OF THE RENEWABLE HEAT INCENTIVE SCHEME (RHI)

Issue: The Minister of Enterprise, Trade and Investment has requested agreement to take an urgent decision in relation to closure of the Renewable Heat Incentive Scheme (RHI), subject to Assembly approval of the required legislation.

Timing: Immediate: a decision is required by 8 February, to enable inclusion of appropriate notification in briefing material for the Business Committee meeting of 9 February, with a view to scheduling the motion for debate on 15 February.

Press Office Advice: Unlikely to generate media interest for OFMDFM.

FOI Implications: Unlikely to be disclosable.

Recommendation: It is recommended that Ministers consider the request from the Minister of Enterprise, Trade and Investment, and the advice provided, and if content, respond to the Minister by means of the letter attached at Annex A.

Background

1. The Minister of Enterprise, Trade and Investment has requested agreement, in accordance with paragraph 2.14 of the Ministerial Code, to take an urgent decision in relation to closure of the Renewable Heat Incentive Scheme (RHI), subject to Assembly approval of the required legislation, in order to minimise significant Resource DEL overspending on the scheme.

2. The Minister advises that the Non Domestic RHI Scheme, which was introduced in November 2012, and the Domestic RHI Scheme, which was introduced in December 2014, provide payments for people to move from conventional heating, mainly oil, to sustainable heating such as wood pellets (biomass).
3. Successful Domestic RHI applicants receive a payment of up to £3,500, with seven annual tariff payments of up to £2,500. The Minister advises that there have been about 700 applications since the scheme was introduced.
4. The Non Domestic RHI Scheme involves 20 years of annual tariff payments, averaging £24,000 per applicant. The Minister advises that a surge in applications for this Scheme was the catalyst for the legislative changes he brought through the Assembly in November 2015 to introduce a tiered tariff on RHI biomass payments. This triggered a further rush of applications, with over 900 being received in the run-up to the legislative changes.
5. The Minister advises that the high level of applications means that over 6% of Northern Ireland's heating needs are being provided by renewable technologies, exceeding the Programme for Government target of 4%, and placing us well on track to achieve the 2020 target of 10%.
6. However, as a result of the success of both schemes, the Minister advises that forecast RHI expenditure in 2016/17 is expected to be around £45m.

Discussion

7. The Minister advises that the affordability of the Northern Ireland RHI schemes depends on the budget available. AME cover available to Northern Ireland is £18.3, £22.3, £25.7 and £28.9 million from 2016-17 to 2019-20. HMT has confirmed that should RHI spending in any year exceed the allocated budget, Northern Ireland would need to repay this in future years.

The Chancellor's Autumn Statement confirmed that the AME cap for Northern Ireland would be set at the Barnett share of about 3%. Northern Ireland will have to cover the full costs of any overspend, meaning that the Block RDEL will be penalised for any excess spend for a period of at least the next five years and possibly up to 20 years ahead.

8. Minister Bell advises that he must proceed on the basis that the major overspend that has now arisen will now impact upon the NI Block, as DETI does not have the funding to meet this overspend. He is therefore proposing immediate closure of both schemes to prevent the overspend from increasing further, subject to Assembly approval of the required legislation.
9. He advises that the financial risk is such that he is seeking agreement to his urgent decision request on the basis that there is not sufficient time for the established convention of consideration of the draft legislation by the ETI committee.

Views of Other Ministers

10. The Minister has copied his urgent decision request to all Executive Ministers. No responses have been received to date.

Urgency/Timing

11. A decision is required by 8 February, to enable inclusion in briefing material for the Business Committee meeting of 9 February, with a view to scheduling the motion for debate on 15 February.

Recommendation

12. It is recommended that the First Minister and deputy First Minister consider

the request from the Minister of Enterprise, Trade and Investment, and if content, respond to the Minister by means of the letter attached at Annex A.

Neill Jackson

NEILL JACKSON

EXT: 88149

Drafted by: Bernie McCusker

Cleared by: [Neill Jackson]

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ANNEX A**E (UP)(16) 06****Mr Jonathan Bell MLA
Minister of Enterprise, Trade and Investment****DETI URGENT DECISION REQUEST: CLOSURE OF THE RENEWABLE HEAT INCENTIVE SCHEME (RHI)**

You wrote to us on 5 February 2016, to request agreement, in accordance with paragraph 2.14 of the Ministerial Code, that you take an urgent decision in relation to closure of the Renewable Heat Incentive Scheme (RHI), subject to Assembly approval of the required legislation, in order to minimise significant Resource DEL overspending on the scheme.

We have considered your request, and in the circumstances you describe, we are content to agree that you take this urgent decision.

A copy of this memo has been sent to all Executive Ministers, to the Attorney General, the Departmental Solicitor, First Legislative Counsel and Executive Secretariat for information.

**ARLENE FOSTER MLA
First Minister****MARTIN McGUINNESS MLA
deputy First Minister**