


Mr Wendsley Arnold

WT Mrs S. Arnold

Personal Information
redacted by the RHI Inquiry



2 May 2018

Dear Sir

Re: The Independent Public Inquiry into the Non Domestic Renewable Heat Incentive (RHI) Scheme

Provision of a Section 21 Notice requiring the provision of evidence in the form of a written statement

I am writing to you in my capacity as Solicitor to the Independent Public Inquiry into the Non Domestic Renewable Heat Incentive (RHI) Scheme (known as 'the RHI Inquiry') which has been set up under the Inquiries Act 2005 ('the Act').

I enclose a copy of the RHI Inquiry's Terms of Reference for your information.

You may be aware from media reports that the RHI Inquiry is conducting its investigations into the matters set out in its Terms of Reference. The Inquiry is continuing with the process of gathering all of the relevant documentation from relevant departments, organisations and individuals. In addition, the Inquiry has also now begun the process of requiring persons who have been, or who may have been, involved in the range of matters which come within the Inquiry's Terms of Reference to provide written evidence to the Inquiry Panel.

In this context, it would be of assistance to the Inquiry to have a statement from you setting out your involvement with the Non Domestic Renewable Heat Incentive Scheme in Northern Ireland ('the Scheme').

In keeping with the approach we are taking with others, the RHI Inquiry is now issuing to you a Statutory Notice (known as a 'Section 21 Notice') pursuant to its powers to compel the provision of evidence in the form of a written statement in relation to the matters falling within its Terms of Reference.

The Section 21 Notice enclosed with this letter requires you to provide evidence to the RHI Inquiry Panel in the form of a written statement addressing the matters identified in the Schedule to the Section 21 Notice. As the text of the Section 21 Notice explains, you are required by law to comply with it.

The aim of the enclosed Notice is to require you to provide all relevant evidence within your knowledge which is pertinent to the Inquiry's Terms of Reference. The Schedule to the enclosed Section 21 Notice provides further detail as to the matters which should be covered in the written evidence which is required from you. In the event that there is a category of information in respect of which you have no evidence, please state this in your response. Where you can provide evidence, then the more comprehensive your statement is, the less likely it is that the Inquiry will have to revert to you at a later stage for clarification, although in many cases this is likely to be necessary to some degree.

If it would assist you, I am happy to meet with you (or your legal representative) to discuss what evidence you may be able to provide and whether it is covered by the Inquiry's request.

Receipt of this correspondence and its enclosures places you under a duty of confidentiality to the RHI Inquiry in respect of them. You may share the correspondence and the enclosed Notice with a legal representative or representatives, but neither you nor they may show, communicate the contents of, or provide this correspondence or the Notice to any other person or organisation without

the express permission of the RHI Inquiry. Any breach of this duty of confidentiality is actionable at the suit of the Inquiry Chairman.

You will also find attached to the Section 21 Notice a Guidance Note explaining the nature of a Section 21 Notice and the procedures that the RHI Inquiry has adopted in relation to such a notice. In particular, you are asked to provide your evidence in the form of the template witness statement which is also enclosed with this correspondence.

Given the tight time-frame within which the RHI Inquiry must operate, the Chairman of the Inquiry would be grateful if you would comply with the requirements of the Section 21 Notice as soon as possible and, in any event, by the date set out for compliance in the Notice itself.

Finally, I would be grateful if you could acknowledge receipt of this correspondence and the enclosed notice by email to Patrick.Butler@rhiinquiry.org.

Please do not hesitate to contact me to discuss any matter arising.

Yours faithfully



Patrick Butler

Solicitor to the RHI Inquiry

02890408928

SCHEDULE

[No 51 of 2018]

1. Provide details of your occupation(s) and/or employment during the period November 2012 to the date of answering this Notice.
2. Explain, in respect of any sector in which you did business in the said period, whether your decision to enter this sector and/or the timing of such entry was related in any way to the availability of subsidies under Non Domestic Renewable Heat Incentive Scheme in Northern Ireland ('the RHI Scheme').
3. Explain why you / your business first became interested in the RHI Scheme.
4. Please explain the direct or indirect involvement that you had with, or in relation to, the RHI Scheme or any aspect of it prior to its suspension in February 2016. In particular, please provide full details of the following:
 - a. Why you decided to apply to the Scheme;
 - b. The date each of your biomass boilers was installed;
 - c. The date you made each application to the Scheme;
 - d. The date each of your biomass installations was accredited;
 - e. The installed capacity (in kW) and efficiency of each of your biomass boilers;
 - f. The date upon which you received your first RHI payment;
 - g. The person or company you employed to provide and install each of your biomass boilers; and
 - h. The person or company, if any, you engaged to assist with each of your applications to the Scheme.
5. If you are or have been engaged in work in the poultry sector, provide, for the period from November 2012 to date, a summary of the following:
 - a. The dimensions (length and breadth) of each of your poultry houses;

- b. The size (in bird numbers) of each crop produced per house and the number of such crops per annum per house (if there is any difference in this regard between houses served by renewable heating and those which are not or between the period prior to accreditation under the RHI Scheme and the period following accreditation, please set it out and provide an explanation for it);
 - c. The annual heat demand (in kWh) of each house (if there is any difference in this regard between houses served by renewable heating and those which are not or between the period prior to accreditation under the RHI Scheme and the period following accreditation, please set it out and provide an explanation for it).
- 6. It appears to the RHI Inquiry from information provided to it that you applied for accreditation of an installation or installations under the RHI Scheme between August 2015 and 18 November 2015 when there was a marked 'spike' in the number of such applications generally. As to that (and in respect of each such application), please address the following matters:
 - a. Why did you make an application to the Scheme at that time?
 - b. Did anyone encourage you to make an application to the Scheme at or around that particular time? If so, please identify who did so, when, and what reason was given for the encouragement.
 - c. Were you warned in any respect about the possible introduction of cost controls, tiered or amended tariffs, or an annual eligible heat cap into the Scheme? If so, in respect of each such warning, beginning with the earliest, please identify who provided this warning, when they did so, how it was communicated and (insofar as you can) in what terms.
 - d. Without prejudice to the generality of sub-paragraph c. above, were you in contact with any Minister, Special Adviser ('SpAd') or Civil Servant in

- respect of proposed changes to the Scheme? If so, please provide full details including, in respect of each such contact, who it was with, when it occurred, how it occurred and (insofar as you can) the substance of what was said, discussed or communicated.
- e. Please explain, in respect of your installation(s) for which application for accreditation to the Scheme was made within the above period, how long it took from ordering the relevant plant to it being installed and commissioned.
 - f. Please explain any steps taken by you to expedite your application to the Scheme, including steps taken in order to ensure that your application was submitted in advance of 18 November 2015.
 - g. Please explain, given that you had already made five successful applications to the RHI Scheme on 05 November 2015, the reasons (e.g. a further heat requirement) for your applications in respect of six additional biomass boilers during the aforementioned 2015 'spike'.
7. Please advise whether you have any connection with the Ulster Farmer's Union ('UFU') (such as, for example, being a member of it) and, if you do have such a connection, please provide full details of same.
 8. Please advise whether you have any connection with Moy Park (such as, for example, supplying chickens to Moy Park and/or being a member of a Moy Park Growers' Association) and, if you do have such a connection, please provide full details of same.
 9. Specify whether you were encouraged by the UFU and/or Moy Park and/or anyone connected with either entity to seek accreditation under the RHI Scheme, were assisted in doing so, or were provided with information which encouraged you to apply or to consider applying or which influenced the timing of such application. Please provide full details of such information, including, but not limited to, the identity of the person(s) providing the information, the

relevant dates and any and all documentation relating to this.

10. Specify whether you were encouraged by any other party to seek accreditation under the RHI Scheme, were assisted in doing so, or were provided with information which encouraged you to apply or to consider applying or which influenced the timing of such application. Please provide full details, including the identity of the person or persons concerned, the relevant dates and any and all documentation relating to this.
11. Specify whether you used any information which had been shared with you to advise, encourage, assist, or cause other persons to apply, or consider applying, for accreditation under the RHI Scheme. In respect of any such instance, please provide full details, including (but not limited to) the information you shared, the third party concerned and the date of any steps taken by you in that regard.
12. Specify whether you are aware of the UFU and/or Moy Park sharing information in relation to the RHI Scheme (in particular, but not limited to, information about the amendment of the Scheme or the introduction of costs controls into the Scheme) with any other persons, giving details of the identity of such other persons and what information was shared by in relation to the RHI Scheme, as far as you can.
13. Please provide details of each and every communication, either direct or indirect, between you and any other person in relation to the RHI Scheme (providing the nature, date, and place of each communication as well as details of the persons between whom each such communication occurred).
14. Specify any email addresses used by you and any telephone numbers used by you in relation to any communication about the RHI Scheme.
15. Specify when you first became aware that tariffs payable under the RHI Scheme exceeded the cost of biomass fuel used to produce heat and/or the cost of producing a unit of heat (so that there was an incentive in some cases

to produce heat merely to make profit from the Scheme) and how you so became aware. Without prejudice to the foregoing, please also provide details of the following:

- a. The type of biomass fuel burned by each of your / your business' biomass boilers (for example, wood pellets or wood chips) and, in the case of wood chip (if applicable), the moisture content of same;
 - b. Whether you / your business were able to obtain a discount on fuel prices by, for example, bulk buying, group buying, and/or entering into a long-term supply contract and, if you were so able, please provide details of this;
 - c. The prices paid by you / your business for each fuel type (in £/tonne and/or p/kWh) including details of how these prices changed over time (if applicable);
 - d. Any other operating costs you / your business incurred (e.g. electricity) when producing heat with biomass fuel;
 - e. the steps (if any) taken by you to alert other persons (including, for example, DETI or Ofgem officials, the UFU, Moy Park, and/or other poultry farmers) to the fact that the relevant RHI tariff exceeded the cost of biomass fuel and/or the cost of producing a unit of heat with biomass fuel.
16. The Enhanced Capital Allowances Scheme (ECA) was available for certain renewable energy technologies, including some of those falling within the RHI Scheme. This enabled businesses to claim 100% tax relief on the purchase of eligible equipment in the year of purchase. In relation to this, please explain:
- a. Whether you availed of such relief in respect of any of your biomass installations;

- b. If so, please explain:
- i. At what stage you became aware of the ECA scheme and how you became so aware;
 - ii. Whether you were encouraged to avail of the said tax relief, providing all relevant details of who encouraged you, and when and how they did so;
 - iii. Whether the prospect of benefitting from this tax relief enhanced your interest in the RHI Scheme;
 - iv. Whether you were aware at any time of any changes that occurred in respect of the ECA system (such as, for example, the removal of any renewable heat technology from the list of technologies eligible for 100% write-off in a single year), including, in particular, how you became so aware;
 - v. The date(s) on which you purchased your biomass boiler(s);
 - vi. The date(s) on which you registered with the ECA scheme;
 - vii. The amount of tax relief you benefitted from for each biomass installation under the ECA scheme, providing all documentation in relation to this;
- c. Whether you applied for, received or in any way benefitted from any further form of financial assistance in order to purchase and/or install any biomass boiler(s) and related heating systems which are accredited under the RHI Scheme, (including but not limited to, grant aid, interest-free loan, tax relief or any other form of financial incentive).

17. Except to the extent that it has already been comprehensively addressed in your answers to the foregoing questions, provide details of your past and current connections (if any) with the following, insofar as they are of potential relevance to the RHI Scheme and the Inquiry's Terms of Reference:
- a. The Democratic Unionist Party ('DUP');
 - b. Action Renewables;
 - c. The Renewable Heat Association of Northern Ireland ('RHANI').
18. Except to the extent that it has already been comprehensively addressed in your answers to the foregoing questions, please set out any potential risks, flaws, problems, anomalies, loopholes, or other issues regarding the RHI Scheme which came to your attention, setting out details of when you first became aware of each such issue and the actions (if any) taken by you as a result.
19. Except to the extent that it has already been comprehensively addressed in your answers to the foregoing questions, please provide any further evidence within your knowledge or belief which is relevant to the matters that the RHI Inquiry is investigating as set out in the RHI Inquiry's Terms of Reference.

NOTE:

It is important for the efficiency of the RHI Inquiry that the issues identified above are addressed as fully as possible and by reference, where available, to the dates and locations of specific incidents to which reference is made. The statement should be broken down into paragraphs, which should be numbered sequentially from '1' to the end. The use of appropriate section headings or sub-headings is also encouraged. A template witness statement is provided with this Notice for your assistance and should be used as the format for your response.

INQUIRY INTO THE RENEWABLE HEAT INCENTIVE SCHEME

RHI REF: NOTICE 51 OF 2018

DATE 23/5/18

WITNESS STATEMENT OF: WENDSLEY TYRRELL ARNOLD

1. I have been a self-employed poultry farmer from 1988 until the present date.
2. No, my involvement in the poultry sector far pre dates the introduction of the RHI Scheme.
3. As a business we became interested in the RHI scheme as a consequence of becoming interested in upgrading the heating system on our farm. We had been using the same heating systems in our poultry units since their construction almost 25 years previous and had actively been researching new methods of heating in order to upgrade. Through this research we had been become aware of more high tech renewable heating options, we were very interested in a system that would allow us to reduce our reliance on gas and also allow us to harness our energy in a more efficient way. We had become aware through various stories in the media and through farming periodicals that there was a new impetus on farms and businesses reducing their carbon footprint to comply with EU emissions targets (for 2020.) Adopting a more environmentally friendly approach to energy was also behind the decision for us to install a large solar energy system on the farm in early 2012 and so we wanted to pursue a similar avenue when it came time to install a new heating system.

Following on from what we had learnt, In June 2012, we travelled to England to further this research at an open day/trade show at a company called Euroheat (a renewable energy company) who had become a large importer

for high quality wood chip and wood pellet hot water heating systems from mainland Europe. We were able to view the technology, see how it worked and also learn of its particular application in the poultry-farming sector as a means of improving bird welfare and food conversion rates.

While we were massively impressed with what we saw in terms of the application of the technology, we also became aware that due to the cost of such an advanced system it was not something we could pursue at that particular time.

When we returned from the trip and continued our interest in the product we became aware that an incentive scheme for such systems was in the pipeline to be introduced in Northern Ireland. We naturally became interested in the scheme as it offered a viable aid to help offset the considerable financial burden of changing the heating system on our farm. As the government seemingly encouraged it we were excited to get on board and modernize our farm business. It did however take us a further 2 years to raise sufficient funds and secure enough finance to enable us to go ahead with installation.

4. a. The reasons why we decided to apply to the scheme are laid out quite comprehensively in question 3. After our initial interest in renewable heating it became quite obvious that participation in the RHI scheme was the best and only option available to us as a means of incorporating cleaner, better performing and more efficient means of heating into our farm. The initial capital costs of each installation were high as well as the running and maintenance costs and participation in such a scheme was a fundamental requirement. We were also aware that the government itself was actively promoting the scheme to businesses through workshops etc. and that they were willfully encouraging us to make use of the opportunity to get involved with renewable technology.

It must also be stated that early in 2012 we had also made use of a government ROCS scheme for use with solar panels and the scheme had been well run and was proving to be effective. We had no reason to believe that the RHI scheme would be any different and so the decision was made to apply.

b. I have 11 boiler installations, which are spread over 2 separate farms; below I have included the RHI Number for each installation and the answers to question 4b-4e in table format.

NIRHI000-	Installation Date	Application Date	Accreditation date	kW rating	Efficiency (%)
Personal Information redacted by the RHI Inquiry	16/10/14	13/2/15	21/3/15	99	94
	16/10/14	13/2/15	21/3/15	99	94
	16/10/14	12/2/15	28/2/15	99	94
	16/10/14	22/1/15	28/2/15	99	94
	16/10/14	22/1/15	28/3/15	99	94
	24/9/15	14/10/15	31/1/16	99	94
	24/9/15	14/10/15	31/1/16	99	94
	24/9/15	14/10/15	31/1/16	99	94
	24/9/15	14/10/15	31/1/16	99	94
	24/9/15	14/10/15	31/1/16	99	94
	24/9/15	14/10/15	31/1/16	99	94

f. I received my first RHI payment on 15/4/15. This payment was relating to the quarter beginning 5/11/14 and ending 4/2/15.

g. CHP Mechanical Services Ltd

h. Alternative heat and Action Renewables.

- 5 a. I own and operate 2 separate poultry farms. I have been operating one farm with 5 poultry houses since 1988. The sizes of those houses are as follows (I have denoted them unit 1-5 for your convenience)

Unit 1 – 69.15m x 14.16m

Unit 2 – 69.15m x 14.16m

Unit 3 – 69.15m x 14.16m

Unit 4 – 74.65m x 14.14m

Unit 5 – 74.65m x 14.14m

In May 2015 I also purchased a second poultry farm. This particular site has 6 poultry houses on it. The sizes of the houses are as follows (I have denoted them Unit 6-11 for your convenience)

Unit 6 – 74.65m x 14.14m

Unit 7 – 74.65m x 14.14m

Unit 8 – 93.65m x 14.14m

Unit 9 – 89.65m x 14.14m

Unit 10 – 89.65m x 14.14m

Unit 11 – 44.58m x 14.12m

b. I have incorporated the required information into table format below, using the same unit numbers as question 5 a. I have included a break in the table and clearly noted in red so you can easily differentiate between site 1 and site 2 (Please note that I have only owned the second farm i.e. Units 6-11 since May 2015 and as such only have data available from that date. The first birds were placed on this site at the beginning of November 2015 and we have only ever operated all units on this site with renewable heating)

	BIRDS PER CROP	CROPS PER YEAR				
		NOV 12 - NOV 13	NOV 13 – NOV 14	NOV 14 – NOV 15	NOV 15 – NOV 16	NOV 16– NOV 17
SITE 1						
UNIT 1	18700	6	6	8	7	6
UNIT 2	18700	6	6	8	7	6
UNIT 3	18700	6	6	8	7	6
UNIT 4	22000	6	6	8	7	6
UNIT 5	22000	6	6	8	7	6
SITE 2						
UNIT 6	20000	NA	NA	NA	7	7
UNIT 7	20000	NA	NA	NA	7	7
UNIT 8	26000	NA	NA	NA	7	7
UNIT 9	25000	NA	NA	NA	7	7
UNIT 10	25000	NA	NA	NA	7	7
UNIT 11	13000	NA	NA	NA	7	7

For poultry units 1-5 (i.e. SITE 1) there is a noticeable increase in the number of crops per year immediately after the installation of the Biomass system and the subsequent accreditation into the Renewable Heat Incentive Scheme (The installation occurred in November 2014.) There were a number of reasons for this particular increase. Firstly, during that particular period Moy Park were requiring younger birds to fill out orders and as such birds which usually would have been on site for 42 Days were instead being taken to factory at 32-33 Days when they reached a very specific weight. When this was coupled with affect of the actual biomass system itself, which provided a much cleaner, healthier environment in which the birds could grow to the required rate more quickly, we saw an increase increase in the turnover between crop cycles. The crop turnover was 6 the year before the Biomass installation, jumping to 8 the year it was installed and then returning to 7 the following year when Moy Park resumed their order for more standard aged birds. From November 16 to November 17 the number fell back to 6 because

we took an extended intercrop period of 7 weeks between one particular crop in order to carry out essential works on site.

As we never produced any birds on site 2 without the use of renewable energy there is nothing to make a direct comparison with in terms of crop cycles. It is evident however that the 7 crop cycles a year has been achieved during the 2 subsequent years since we purchased the site thus showing consistency with the results from the other farm.

c. I have outlined in a table below the annual heat demand per house (only full years of usage shown) in kWh for each poultry house since we began keeping records of kW usage i.e. since we installed biomass boilers in each house.

	Annual heat demand kWh		
	NOV 14 – NOV 15	NOV 15 - NOV 16	NOV 16 – NOV 17
UNIT 1	285170	255990	212030
UNIT 2	268800	252100	190470
UNIT 3	289740	270200	187290
UNIT 4	279050	234710	213000
UNIT 5	319670	300280	222900
UNIT 6	N/A	244730	262990
UNIT 7	N/A	207590	192690
UNIT 8	N/A	259430	234660
UNIT 9	N/A	285040	242970
UNIT 10	N/A	271420	214760
UNIT 11	N/A	187510	146030

Annual heat demand in kWh is unavailable before the installation of the biomass heating systems on each site as the kWh meters were installed in conjunction with the boilers.

Moy Park allocates a standard annual heat demand of 400 kWh for a standard 28000-bird poultry unit.

- 6 a. As I mentioned briefly in the previous questions, during May of 2015 an opportunity arose to purchase a second poultry farm consisting of 6 poultry units. This particular farm was old and had remained largely unchanged since its construction and I took the decision to update and renovate the farm in a similar manner as I had done with my original site.

I had almost a year of experience with the biomass installation on the original farm and had been impressed by the results I had been able to achieve in respect to bird welfare and ultimate growing performance of the entire site and as such viewed the need to switch the newly purchased farm onto the same system as a necessity.

My original enquiry into the renewable heat system for the second farm occurred in May 2015 when we originally occupied the site. By the time further finance was acquired and the necessary order submitted as well as the ground works completed for boiler houses etc. this took the timeframe for actual work commencing on the installation into late August 2015 and reaching completion in late September 2015. As the scheme was still open to new participants at this time we had legitimately installed the additional boilers onto a separate site in need of renovation we again availed of the opportunity. The fact that it fell into the 'spike' period was a total coincidence of the timing of the purchase of the second farm.

- b. No

c. No

d. No

e. Preliminary enquiries were made by us in respect to ordering the equipment in late May 2015 when the second farm was purchased, a concrete order was made in early June 2015 after finance had been secured. It took a further 2 months approximately for the equipment to arrive and for us to carry out the necessary ground works and construct boiler houses etc. Work commenced on the installation of the equipment at the end of August and was completed and commissioned at the end of September 2015.

f. None, the process took its natural course. It may have been streamlined a small amount as we had used the project management experience from the same job being carried out on our original farm 12 months previous. Also as we were impressed by the high standard of work from our original contractors, we employed them again thus leading to some element of familiarity and continuity. It must be said however that there wasn't any particular way to 'expedite' the process or pre apply to the scheme, any application couldn't be made until the system was completed and commissioned. As it happens the whole process (from ordering to completion of installation) took roughly the same amount of time as the installation on our original farm had done the year before and the same impeccable standard of work was maintained.

g. In correction of this question, my original 5 successful applications were made in November 2014, not 2015 as stated in the question. The reasoning behind the 6 further applications is laid out comprehensively in the previous questions. The 6 additional biomass boilers were installed on a different, recently purchased farm and as such aren't related to the original 5 installations.

7. Yes, I have been a fully paid member of the Ulster Farmers Union for more than 20 years.
8. Yes, I have grown and supplied chicken to Moy Park since 1988 and I am also a member of the Moy Park Growers Association.
9. No, I have never had any contact with the UFU about anything related to RHI.

As Moy Park are effectively my employers, I had informed them of my decision to install a renewable heating system. Obviously as the installation itself would render my farm/s vacant for the total time of installation, I had a duty to inform them. Moy Park never provided me with any information relating to the RHI scheme and certainly did not encourage me to apply in any of my boiler installations.

It must be stated that Moy Park had been advocates of a hot water heating system for quite some time due to its advantageous affect on bird welfare and bird growth rates. As growers, we were encouraged to adapt such a system as this was the direction the Moy Park wanted farmers to go in order to maintain a high industry standard in line with the rest of the UK and mainland Europe. Hot water heating systems provided a much cleaner alternative to the brooder systems that most farms operated before and Moy Park encouraged the uptake of such systems. If a grower didn't adopt this type of system then it became quite obvious very quickly that they would be operating in the bottom quartile of performance within the Moy Park grower group and as such would find it very difficult to compete with those who had employed a hot water system. It is my understanding that there are currently penalties applied to growers who are still using the old system of heating thus accentuating the performance issue associated with not having a hot water heating system.

It must also be stated, however, that although Moy Park were strong advocates of a hot water heating system they never (at least not to me) specified that the hot water heating system had to be powered by renewable fuel. The same system could quite easily have been installed using gas or oil as the fuel source instead of wood chip or pellet and it is my understanding that Moy Park didn't especially care which one it was as the end result in terms of welfare and growth rates would have been exactly the same.

The RHI scheme offered a viable way to adopt this system and reduce my dependence on fossil fuel (Government emission targets were well documented by this stage and it felt like the correct direction to go) and so the decision to use the RHI scheme was a simple one and did not require encouragement from Moy Park. Our own research coupled with government guarantees of subsidy where more than enough encouragement needed to join the RHI scheme.

10. No

11. No

12. No

13. I did not discuss RHI with any other party other than my Installer, the third party company used in conjunction with said installer to process my application and Ofgem while my application was in the accreditation process.

14. info@allfiredupstoves.com, Personal information redacted by the RHI Inquiry

15. Initially the price of wood pellet fuel was high and it maintained that price point throughout the first year that we used the system. This high price of fuel coupled with the outlay involved with arranging and paying back loans and finance agreements (some of which were obtained at higher than

average interest rates) meant that there was no discernable evidence to suggest that the payments were exceeding the total overall cost of producing a unit of heat (note that I do not consider fuel to be the only contributing factor to the overall cost of producing one unit of heat. High monthly outgoings in terms of loan repayments, higher electricity costs and repairs all added to the cost of energy production)

As the supply of pellets increased to meet demand the price of the pellets began to decline 11 months after we first began using the system and continued to fall for the next 8 months (approximately). It was at this point it became more evident that if you used the system more than required then it would be profitable (also note that there was supposed to be a proposed return on investment for those brave enough to invest in renewables as stipulated by the schemes architects.) (Also note that our energy usage reduced in the second year of operation when the fuel prices were at their lowest. This was a result of learning to use the system more efficiently after an initial learning curve coupled with adding energy saving additions to the farm through repairs and extra insulation etc.) Energy usage in poultry farming is generally high due to the heat requirement of young chicks but we reduced our energy requirement through responsible methods in the exact timeframe when it has been portrayed that all scheme participants increased usage to generate profit. It must also be stated that the price of fuel has steadily increased since mid 2016 and continues to do so. The reduction in the tariff (which vastly underestimates the true cost of production of a unit of heat) leaves my business extremely susceptible to even the smallest rise in fuel price, especially when it is coupled with the sizeable loan repayments involved with the initial capital investment.

a. Wood Pellet

b. No, I have purchased all my fuel through one supplier but it was on an order-by-order basis and no long-term supply contract was in place. There

were no bulk buying discounts available and as far as I'm aware the price paid per load was the market price at the time.

c. The price paid per tonne has changed quite considerably since we placed our first order, I have included a list of prices in £/tonne highlighting the price fluctuations (I have included the date of the price change in brackets beside each amount for your convenience, the date represents the first date we placed an order for pellets at the new price, you can assume that all orders between the dates were purchased at the previous price listed unless otherwise stated)

£182 – 16/10/14

£170 – 30/9/15

£155 – 14/10/15

£149 – 8/4/16

£147 – 6/7/16

£145 – 19/8/16

£148 – 28/6/17

£158 – 30/1/18

£165 – 9/2/18

d. Approximate service charge for 11 Boilers per annum – £6600

Approximate additional electricity charge for 11 Boilers Per annum (please note that as the boilers and the heat exchangers aren't metered separately from the rest of the electricity on the farm that this figure is hard to estimate. This approximation is derived from the average difference between electricity usage before and after the biomass installation.) - £8000

I firmly consider the repayments on my loans obtained to purchase and install the boilers in the first place as an operating cost directly related to

producing heat with biomass fuel. My loan repayments equate to £Personal information redacted by the per quarter for the next 9 years. Approximately half of that amount can be directly attributed to money borrowed to fund the installation of my 11 boilers.

e. None

16 a. No, I did not avail of the ECA scheme.

b. N/A

c. No

17 a. None

b. No current connection but they assisted in processing my application to the scheme.

c. Current fully paid member of RHANI and have been since its inception.

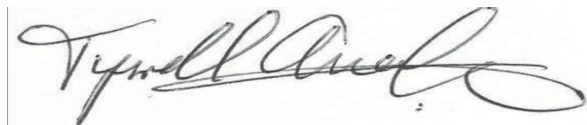
18. No

19. No

STATEMENT OF TRUTH

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

SIGNED:

A handwritten signature in black ink, appearing to read 'Tyndall Arnold', written on a light-colored rectangular background.

DATED: 23/5/18