

FROM THE PERMANENT SECRETARY

Mike Brennan



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Dear William,

Public Accounts Committee Evidence Session - Generating Electricity from Renewable Energy

I thought it might be helpful to follow up on my letter of 9 February to you relating to the PAC session scheduled for 18 March to discuss the NIAO Report on Generating Electricity from Renewable Energy.

Since then we have engaged with Renewable NI, who as you know raised a formal complaint with the NIAO following the report's publication. The essence of the complaint was the NIAO report's claim around excessive returns for small-scale wind which was based on analysis from only one wind turbine. As you are aware Renewable NI commissioned KPMG to carry out an analysis of the small-scale wind sector in NI and then report back.

On 20 January, Renewable NI published KPMG's report An Economic Review of Small-Scale Wind in Northern Ireland. It states that it reviewed actual costs for 134 small-scale wind assets, representing 20% of the total NI small-scale wind assets. A key finding of the report is that the "average annual return of 9.7% ... is broadly in line with the Government's target rate of return of 10%".

This is contrary to what is reflected in the NIAO report which suggests estimated potential returns of more than 20% per annum. While this may indeed be possible in certain circumstances for a very small number of generating stations, we would wish to review KPMG's findings which are based on actual data across a much larger sample in order to establish a more accurate position.

My team in Energy Group is already engaging with Renewable NI to access the data underlying the KPMG report. As the new information is quite extensive it will take until the end of May to complete our review. You will therefore understand that on 18 March, we will not be in a position to answer detailed questions in relation to these particular areas.

I very much however welcome the opportunity to discuss the NIAO report with the Public Accounts Committee on the 18 March.

I would also like to take this opportunity to confirm that witnesses on the day will now be myself, Richard Rodgers and Trevor McBriar.

I hope this is helpful in advance of our session on 18 March.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Mike Brennan', written in a cursive style.

MIKE BRENNAN
Permanent Secretary
Department for the Economy