



Department of

**Finance**

An Roinn

**Airgeadais**

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**Máirtín Ó Muilleoir MLA, Minister**  
Clare House, 303 Airport Road West,  
Belfast BT3 9ED

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**Mr Jim Allister MLA**  
Northern Ireland Assembly  
Parliament Buildings  
Stormont

**22 December 2016**

**AQW 9074/16-21**

**Mr Allister has asked:**

To ask the Minister of Finance whether he will place in the Assembly Library a copy of the original letter of approval issued by the Department of Finance and Personnel when the Renewable Heat Incentive Scheme was referred to DFP Supply.

**ANSWER**

I have placed a copy of the original letter of approval issued by the Department of Finance and Personnel when the Renewable Heat Incentive Scheme was referred to DFP Supply in the Assembly Library.

*Máirtín Ó Muilleoir*

**Máirtín Ó Muilleoir MLA**

**Central Finance Group  
Supply 1**

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[REDACTED], (by e-mail)  
Department of Enterprise, Trade and Investment  
Netherleigh  
Massey Avenue  
BELFAST  
BT4 2JP

27 April 2012

Dear [REDACTED],

**RENEWABLE HEAT INCENTIVE FOR NORTHERN IRELAND – APPROVAL**

I refer to [REDACTED] submission of 22 February 2012 seeking approval to the above project. DETI propose to implement a Renewable Heat Incentive (RHI) scheme in Northern Ireland for non-domestic customers; and provide a short term capital support, by way of a Renewable Heat Premium Payment (RHPP) for domestic customers in advance of the NI RHI scheme being extended to this sector. It is proposed that Ofgem are given responsibility for the administration of the NI RHI via Direct Award Contract. It is noted that the DETI Accounting Officer and the DETI Minister have approved the appointment of Ofgem to administer the NI RHI. It is further noted that HM funding of £25m is available to 2015/16 for the proposed scheme. In addition the cost of the development work is estimated at £386k. Forecasts of operating costs for the next four years are £136k, £157k, £198k and £249k, based on NI accounting for a 3% share of the workload. Ofgem has confirmed that it will only pass through actual costs to DETI.

Having considered the Business Case and the additional clarification provided on 26 April, I am content to convey DFP approval to this proposal. This approval is given on the basis that:

1. Whilst the scheme is envisaged to be open to new installations until 2020, approval is given for the period 1 July 2012 to 31 March 2015, representing the period for which HMT funding has been secured. Any decision to continue the scheme beyond 2015 would require further/separate DFP approval;

2. As outlined in Section 7.53 of the Business Case, arrangements are put in place for scheduled reviews to allow the progress of the scheme to be monitored, assessed and if necessary, changes implemented. It is noted that the first review is scheduled to start in 2014 and that the reviews will be carried out by DETI;

In considering this letter, it should be further noted that DFP Supply approval is granted subject to the strict adherence to the following three conditions:

- o that the project is commenced within 24 months of the date of this letter;
- o that there are no substantial changes to the scope/scale of the project as described in the business case;
- o that resource or capital costs or assumptions vary by no more than 10% from the value stated;

Requests for revised approval will take account of factors such as:

- o Where Supply is approached on the earliest indication that compliance with one or more of the above conditions is under question.
- o Adherence to correct appraisal procedure;

Should the request for DFP Supply approval be declined, these factors, along with any other mitigating circumstances will be taken into account when determining the extent of the irregular spends.

*Further requirements in relation to this project include*

DFP does not require a PPE to be submitted for this project; however suitable arrangements for PPE must still be made; i.e. a PPE must be completed by 31 August 2015. DFP will require an assurance that this PPE has been completed and may ask to see it at a later date for the purposes of quality assurance.

It should be noted that this approval relates solely to agreement to proceed with the project. It does not imply approval for expenditure to be incurred beyond existing agreed public expenditure controls.

Yours sincerely,

[REDACTED]

[REDACTED]

CC [REDACTED]