

**Northern Ireland Non Domestic RHI Scheme  
Buglass research on hardship  
April 2020**

**Statement by the Minister for the Economy**

I would like to record my thanks to Andrew Buglass for the research undertaken into financial hardship relating to participation in the Non-Domestic Northern Ireland Renewable Heat Incentive (NIRHI) Scheme. I fully appreciate the complex and challenging nature of this work.

I would also like to thank those NIRHI participants who took the opportunity to engage with Mr Buglass and inform the research, and other interested parties who reached out to contribute.

The report highlights some recent experiences of participation in the Scheme, from both financial and non-financial perspectives. While noting the challenges of separating the impact of businesses' participation in NIRHI from wider business or economic factors, the report is clear that the changes in tariffs—which many have advised they have found difficult to bear—have significantly impacted on cash flow for participating businesses. The economic consequences of this are varied and are dependent on the circumstances of each individual business.

The conclusions present challenges to the Department for the Economy, and the NI Executive. It is clear that the tariffs which were set at the outset of the scheme in 2012 were unsustainable and led to a point that between 2015/16 and 2017/18 significant funding from the NI block grant had to be diverted from other vital public services to sustain RHI tariff payments. A total of £33.8m<sup>1</sup> had to be paid to participants out of the local NI block grant over and above the finance available from Treasury. The subsequent legislative changes in 2017, 2018 and 2019 were therefore necessary to bring costs within budget and to realign the Scheme with the Department's State aid obligations. The consequences of failing to take such action would potentially have been severe for the NI Executive. It may also have had severe adverse consequences for participants in the event of action by the EU Commission to enforce State aid rules.

The tariffs that were brought forward in 2019 were therefore essential and were underpinned by a robust evidence base, in the form of the independent report of

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<sup>1</sup> Total of £33.8m comprises the following: 2015/16: £4.7m; 2016/17: £26.9m; 2017/18: £2.2m

Ricardo Energy. Nevertheless, this most recent research has shown that the reduction in cash flow resulting from the reduced tariffs has been challenging for some. The Department acknowledges that many have made wider investment decisions and have ongoing financial obligations beyond the scope of the tariff. The Department also acknowledges that the public attention and scrutiny of the Scheme's flaws has led to some negative perceptions of those participating.

The Department has committed to keeping the variables that underpin the tariffs under review. Independent experts Cornwall Insight have recently completed a review of the variables and the Department is currently consulting on revising the tariffs based on this updated evidence base.

I am also considering options for the future of the Non-Domestic Scheme. Potential closure, as signposted in the *New Decade, New Approach* deal, is one such option which will be carefully considered by the Executive. I, and my Executive colleagues, will give this research on hardship close consideration when examining options for the way forward.

I welcome the report's conclusion that the most important principle to be adopted is that of fair and equal treatment for all those who have participated legitimately. Since my appointment as Minister for the Economy I have been clear that my approach to the Scheme will be guided by fairness both to those participants who have acted in good faith, and to taxpayers who fund the scheme. I will continue to be guided by this principle.

**Diane Dodds MLA**  
**Minister for the Economy**